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How to Build a New Peace Structure on the Korean Peninsula

Seong Ho Jhe

Through a statement by a spokesman of the North Korean Ministry of Foreign Affairs on 28 April 1994, Pyongyang proposed replacing the Korean military Armistice Agreement signed on 27 July 1953 between the United Nations Command on the one side and the North Korean People's Army and the Chinese People's Volunteer's Force on the other with a peace treaty between the DPRK and the United States. The proposal went further: replace the armistice bodies with a peace-guaranteeing regime to lessen the sharp antagonism between the two countries. Immediately afterwards the North intentionally violated the current Armistice Agreement, first paralyzing the Military Armistice Commission (MAC) by withdrawing its own delegation and compelling China to recall its delegation from the commission, and then closing down the Neutral Nations Supervisory Commission (NNSC) by expelling its Polish members from North Korean soil.

From that time on, North Korea has persistently been undermining the armistice bodies and reinforcing its peace offensive to sign a peace treaty with the US. On 24 May 1994 Pyongyang established a "Representative Office of the DPRK People's Army at Panmunjom," which was intended to replace the MAC. In this attempt to supplant the Armistice Agreement it also proposed

direct talks with the US military. On 3 May 1995, the North Korean People's Army Mission at Panmunjom took measures that could potentially de facto abolish the Joint Security Area (JSA), which straddles the Demilitarized Zone (DMZ) at Panmunjom and which is the site of the MAC and the NNSC. The mission issued a statement that it would take measures to change the status of the JSA: prohibition of NNSC personnel from access to North Korean facilities in the JSA and prohibition of NNSC personnel and "personnel and journalists of the U.S. Army side" from entering the portion of the JSA north of the Military Demarcation Line (MDL).[1]

Such unilateral acts have resulted in the virtual suspension of the operation of the armistice regime. As a consequence, a sense of crisis looms larger now on the Korean peninsula than ever before. Against this background, how to build a new peace structure is attracting a good amount of attention here and abroad.

More often than not when citing preconditions for the fulfillment of Agreed Framework signed on 21 October 1994 between the DPRK and the US, either in the mass media or through diplomatic channels, Pyongyang has demanded the replacement of the Armistice Agreement with a North Korea–US peace treaty.[2] Thus it is quite likely that future US-DPRK high-level talks will deal with the issue of creating a new peace mechanism between the two countries.

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1 Such North Korean acts not only mean the violation and weakening of the 1953 Armistice Agreement but also constitute the unilateral abrogation of the 1976 agreement on security regulations in the JSA signed between the United Nations Command (UNC) and the North Korean Military Command. In accordance with this agreement, North Korean and UNC personnel assigned to the MAC have the right to move across the MDL in the Joint Security Area. US military personnel make up the most of the staff of the UN delegation on the MAC. See Larry Niksch, "Rising Threats to the Korean Armistice," *Washington Times*, 21 May 1995, p. 4.

2 See statements by a spokesman of the DPRK Ministry of Foreign Affairs on 28 February and 19 April 1995. Refer to the reports by Chosen Chungang Bangsong (North Korean Central Broadcasting Station) on 30 May 1995.

Seoul must at this stage take a firm position on the transition to a peace regime, as a countermeasure against the North's proposal. Peace-treaty making and peace-regime building are not exactly the same. Building a peace regime cannot be attained with a peace treaty alone, rather it needs an accumulation of documents including a peace treaty, a nonaggression pact, arms control arrangements, etc. Formation of a peace regime on the Korean peninsula would begin with a nonaggression pact (or declaration), then a peace treaty if necessary, an international guarantee of peace on the peninsula, a treaty on inter-Korean arms control, and eventually the affiliation to a multilateral military control regime on the regional level in Northeast Asia. This paper examines the principles, conditions and alternatives for the establishment of a perpetual peace regime on the Korean peninsula.

The Nucleus of the Issue

The issue can be outlined as follows.

First, the Korean Armistice Agreement signed on 27 July 1953 is unique in that it has been in effect for nearly half a century. Usually, a peace treaty is signed within a short period after the conclusion of an armistice agreement. The San Francisco Peace Treaty, for example, was signed in September 1951 six years after the Japanese government surrendered unconditionally to the allied powers on the USS *Missouri* on 2 September 1945.

Second, peace has been maintained on the peninsula through a military balance. Note that North and South Korea adopted the July 4 Joint Declaration in 1972, and later the Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation between the South and the North come into force in February 1992 (the 1992 Inter-Korean Basic Agreement or the Basic Agreement), but failed to build a more reliable peace. As the Armistice Agreement has not been able to establish a permanent peace,

new documents produced by the two Koreas would not be able to do so any better.

Third, the issue of building a peace regime is basically political. North Korea wants a peace treaty only with the United States. This, together with its behavior of the past decades, clearly reveals its unwillingness to recognize the legal and political entity of South Korea, not to mention peaceful coexistence between the two Koreas. A peace regime can be founded on the peninsula only if the two Koreas are sincere in their will to coexist.

Fourth, required at the moment is not another document but the fulfillment of the details of those already agreed by the two Koreas. Rather than a new peace treaty right now, let us observe the spirit and letter of the Armistice Agreement. It is more important to build political and military confidence as a step prior to a peace treaty making.

Fifth, transformation of the armistice regime into a peace regime should take place in the form of a document confirming or declaring the consolidation of peace on the Korean peninsula through the sincere implementation of the Armistice Agreement. The Basic Agreement can help consolidate peace if it is properly carried out by the parties concerned. A peace regime is not produced by letters alone; it needs both parties to sincerely carry out their obligations in existing agreements.

Sixth, sincere implementation of the Basic Agreement is what can replace the armistice and produce peace. Such a state would make an agreement on a peace regime easier.

In essense, political and military confidence building between the two Koreas should precede any transformation of the armistice regime into a peace regime; it is not at all proper to talk about a peace treaty that harbors ill-intent on the part of Pyongyang to ignore the South Korean government.

Principles and Conditions for a Transition to a Peace Regime

Principles—Peace and unification issues on the Korean peninsula should be resolved between the two Koreas based on principles of autonomy, national self-determination and resolution by the concerned parties. This is the national commitment by which the two Koreas should abide, and the spirit that conforms to the Basic Agreement.

In this light, Seoul should hold fast to the following principles on the issue of transforming the current armistice regime into a new peace regime on the Korean peninsula.

First, the issue should be discussed and resolved between the parties directly concerned, the two Koreas, because it is deeply concerned with national existence and security of South and North Korea who were the main parties to the Korean War. It is quite natural that they should be the ones to resolve it based on the principles of autonomy and resolution between the parties directly concerned.

Second, the existing armistice regime should be maintained and obeyed until the transition to a peace regime is completed. It is absolutely impossible to sign a peace treaty under flagrant violation of the Armistice Agreement, and as clearly stated in Article Five of the Basic Agreement, it can be promoted only under full observance and sincere implementation of the Armistice Agreement.

Third, transforming the current armistice regime into a peace regime should be pursued gradually and incrementally. To attempt to change the status quo rapidly on the peninsula could bring about instability rather than peace, which would make it hard for the two Koreas to gain understanding and support from the surrounding nations in building a peace structure and moving towards reunification. In this context, existing treaties and friendly relations with other countries must be respected.

Fourth, the transition to a peace regime should proceed under the confirmation of a commitment to a mutual peace, and an

alternative should be sought that guarantees a lasting peace on the peninsula. It should be promoted under the initiative of the two Koreas. If necessary, they may also seek international guarantees of a new peace regime on the peninsula, through cooperation and support from the surrounding countries.

Conditions—The acute inter-Korean military confrontation of the past four decades still continues. The current armistice regime has recently come under a serious challenge due to North Korean unilateral measures to undermine and enervate the Armistice Agreement. A sense of crisis looms larger than ever before, especially at the DMZ.

It is thus evident that permanent peace building on the peninsula cannot be brought about simply by adopting some new document to replace the Armistice Agreement. Seoul should approach the question of peace building essentially as a process to be completed over time, not something that can be realized immediately by the conclusion of a treaty or agreement, and the first step should be reducing tension and building confidence.[3]

This means that a transition to a peace regime must be promoted after the internal and external conditions have matured, or at least in a gradual and procedural way corresponding with the fulfillment of conditions suitable for it on the peninsula.

The "internal conditions" are well detailed in the 1992 Inter-Korean Basic Agreement. For example, Articles one to four of the Basic Agreement can be summarized as mutual recognition and respect of each other's system between the South and the North, and especially North Korea's renouncement of its communist revolution strategy. Even after having signed the Basic Agreement, Pyongyang is still unwilling to recognize and respect South Korea as a country. So long as the North continues to

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3 Jin-Hyun Paik, "Myths and Realities of Building a Peace Structure on the Korean Peninsula," prepared for the International Conference on Fifty Years of National Independence: Past, Present, and Future of National Security in the Republic of Korea, by the Korean Association of International Studies, 16–17 June 1995, p. 5.

denounce and vilify—not to mention attempting subversive acts against—the South, defining it as a colony of American imperialism, no stable peace regime can be expected on the peninsula.

Sincere implementation of the Basic Agreement with political and military confidence building should precede the replacement of the armistice regime. It would require establishment of a hot-line between the military authorities of both Koreas, a mutual observation system of military exercises and maneuvers, and enhancement of their transparency to ensure any perpetual peace mechanism. To secure peace on the peninsula, confidence building and restoration of national homogeneity through exchanges and cooperation between the two Koreas are also necessary. They are important means of consolidating stable and durable peace.

If a peace treaty is signed between North and South Korea, issues of arms reduction, withdrawal of foreign troops and the dissolution of the United Nations Command will be raised. Therefore, South Korea must possess credible independent deterrence in order that a peace treaty may be negotiated.

As "external conditions," I refer to fostering an international environment that can make possible the signing of a peace treaty between the two Koreas. Such conditions can be secured through scaled reduction of US troops on the southern part of the peninsula, restoration of operational control authority by the South Korean army in preparation for the complete withdrawal of US troops, and readjustment of US-ROK military relations. Closer consultation between Seoul and Washington is also needed to block North Korea's demand for a peace treaty with the United States.

Seoul could obtain international recognition of its legitimate qualification as a party to a peace treaty. Because Pyongyang has been avoiding inter-Korean dialogue on the matter of building a peace regime, such international recognition has legal and political implications.

Seoul may consider the following alternatives to procure international recognition as a party to both the Armistice Agreement and a peace treaty. Based on a few legal and political lines of argument, South Korea should foster circumstances for the transition to a peace regime by arguing to the outside world that the Republic of Korea is the very party to a peace treaty, especially, for example in the United Nations Security Council or General Assembly or both. Let the two Koreas be confirmed as the legitimate parties to a peace treaty through a UN resolution recommending a South–North Korean peace treaty under the principle of resolution of Korean affairs by the parties directly concerned.

Alternatives for the Transition to a Peace Regime

From the perspective of international law, the following alternatives could be considered as a means of transforming the current armistice regime into a new peace regime: (1) signing of a peace treaty; (2) sincere implementation of the Basic Agreement, particularly the nonaggression clauses and clarification of what is meant by restoring and completing a state of stable peace through revising the Basic Agreement; (3) adoption of a charter for the Korean National Community; (4) adoption of a "Joint Declaration of Peace on the Korean Peninsula" (5) a slight revision or reinforcement of the Armistice Agreement in accordance with its Articles 61 and 62.

However, a revision of the Armistice Agreement would not be possible because North Korea considers the armistice as nearly nullified and would reject the idea, so the fifth option will not be further mentioned. The third, of course, is also infeasible at this time, but will be discussed below.

The Making of an Inter-Korean Peace Treaty

The typical method of ending the state of war and restoring the state of peace is signing a peace treaty. In general, a peace treaty

would include an unambiguous statement that a war has ended and a state of peace is being restored from antagonistic and abnormal relations, clarification and resolution of the causes of the war, mutual pledge of nonaggression, mutual respect for national boundaries, pacific settlement of disputes, transformation of any demilitarized zones to peace zones, responsibilities for the war and reparations or compensations.[4]

Restoring the state of peace that existed before a war broke out is the goal of a peace treaty, but what is more important is to renounce any will to reopen a war and to materialize the real will of the parties to peaceful coexistence. In that sense, a war-deterring mechanism is necessary to prevent counter-provoking another war. In the case of Korea, withdrawing military facilities, arms and personnel from the demilitarized zone and removing them rearward would not only be a means of deterring the provocation of a new war but would also be a prerequisite for building up confidence and security.

It is desirable that the two Koreas should conclude a peace treaty to end the Korean War if they could do so. Considering the sharp conflict between the South and the North over who should be the parties to a peace treaty, however, it is difficult to anticipate signing any such treaty between the two Koreas in the near future. In addition, clarifying and removing the original cause of the Korean War is not at all a simple matter. It is hard to expect either of the two Koreas to admit responsibility for having started the war.[5] Therefore the issue of reparations or compensation cannot be resolved easily.

Mutual recognition of each other's political entities and systems is prerequisite to signing a peace treaty between the two

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4 On the general content of a peace treaty, see Wilhelm G. Grewe, "Peace Treaties," *Encyclopedia of Public International Law*, Vol. 4 (Amsterdam–New York–Oxford: North Holland Publishing Company, 1982), pp. 102–10.

5 Jang-hie Lee, "Some Means for Converting the Korean Armistice Agreement to a Peace Treaty," *The Korean Journal of International Law*, Vol. 39 (1994), p. 29.

Koreas. This demands abolition of any laws that deny recognition and respect of the other's political entity and system. North Korea would need to revise its declared intent of communizing the entire peninsula by overthrowing South Korea as is stipulated in the Covenant of the North Korean Workers' Party and implied in Article Nine of the DPRK Socialist Constitution, and abolish the criminal law provisions on the banning of exchanges and cooperation between common people of the two Koreas as well, because they are against mutual recognition and respect of each other's systems. South Korea would be obliged to amend or abolish Article Three, on territory, of its constitution as well as its National Security Law, on the basis of the principle of reciprocity and the spirit of reconciliation. Considering the political burden in abolishing the laws, however, it would be difficult for the two Koreas to anticipate any such measures on the basis of reciprocity in the short run.

Revision and Supplementation of the Basic Agreement

Transition to a peace regime is possible without concluding a peace treaty. A peace regime can be consolidated on the peninsula if the two Koreas sincerely implement the 1992 Inter-Korean Basic Agreement and its protocols on reconciliation, nonaggression and exchanges and cooperation.

But sincere implementation of the Basic Agreement would not bring about a peace regime in the legal sense. Article Five of the Basic Agreement states that "The two sides shall endeavor together to transform the present state of armistice into a solid state of peace between the South and the North and shall abide by the present Military Armistice Agreement of July 27, 1953, until such a state of peace has been realized." The article has the following legal implications.

First, the present inter-Korean relationship is in a state of armistice. A state of armistice is legally an extension of a state of war, not a sound state of peace.

Second, the two Koreas promise to endeavor together to transform the state of armistice into a solid state of peace. Therefore North Korea's efforts to sign a peace treaty with the United States by excluding South Korea is in the violation of Article Five of the Basic Agreement.

Third, the two Koreas shall observe and comply with the existing Armistice Agreement until a state of peace has been realized and consolidated. That is, the North and the South shall maintain the armistice regime until an explicit agreement is reached on ending the armistice and restoring a peace between the two Koreas. Thus the Basic Agreement embodies a common will of the two Koreas to maintain a state of armistice until the moment a peace mechanism is established on the peninsula.

In consequence, the two Koreas cannot end the state of armistice or replace the Armistice Agreement in the framework of the Basic Agreement alone as it is, according to its Article Five.[6] Sincere implementation of the Basic Agreement, of course, may be a condition for the transition to a peace regime but it will not necessarily bring about its realization. A possible alternative would be to revise or supplement the Basic Agreement, declaring a definitive end of the armistice (a state of war) and restoration of a state of peace. Thereafter the South and the North would be able to regulate the inter-Korean military relationship and establish a perpetual and solid peace regime on the peninsula in accordance with the revised Basic Agreement.[7]

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6 Neither can the Armistice Agreement itself be transformed into a peace regime, even if it is well abided by and implemented sincerely by the two Koreas. This conforms to international law theory and the spirit of the Basic Agreement. Seong Ho Jhe, "The Proposal of North Korea on Peace Treaty with USA: A Comment on South Korea's Position," *Seoul International Law Journal*, Vol. 1, No. 1 (1994), pp. 130–1.

7 Seong Ho Jhe, "It Is Urgent to Build a Peace Regime with the Help of UN," *Chayoo Kongron*, No. 320 (November 1993), pp. 78–84.

Adoption of Charter for a Korean National Community

In international law, a peace treaty that stipulates a definite will to end the state of war and restore the state of peace need not be necessarily labeled "peace treaty." This is true both in theory and in practice. Therefore, as envisioned in the Korean National Community Unification Formula announced in September 1989, adoption of a charter for this Korean national community could be a means to transform the armistice to a peace regime. This charter could define political relations between the two Koreas and contain the main contents of a peace treaty, so it could be a practical alternative to establish a peace regime on the peninsula. According to the unification formula, the charter for a Korean national community would include pledges of nonaggression and prescriptions for peace and unification. A permanent peace could be established on the peninsula through the adoption of the charter.

If the two Koreas agree to go further into the stage of a North-South confederation or a Korean commonwealth, a breakthrough may be secured through an inter-Korean summit-level conference. When the top leaders of the two Koreas come together and discuss matters of the Korean nation with open minds, tangible results are very likely to come about. Prior to the summit meeting, working-level contacts would need to be held to agree on its form and agenda. The following might be the topics at the summit conference: the basic characteristics of inter-Korean relations during the transition period to unification; discussion over the unification formula; negotiation method and procedures as well as establishment of inter-Korean confederation, its management and organization.

In order to set up a peace regime with the adoption of a charter like this, matters of resolution of antagonistic relations and state of war should be defined, mutual non-aggression and renouncement of use of force, mutual respect for territorial borders, peaceful resolution of conflicts and others that comprise the

nucleus of a peace treaty should all be contained in the charter. It should be treated by international law as a legal document that regulates special intra-national relations rather than a treaty signed between two sovereign states.

This charter may also be termed as agreement, treaty or anything else appropriate. Unlike the Basic Agreement which has not been ratified nor regarded as a treaty, it is desirable that the charter would be ratified as well as registered in the UN Secretariat so as to secure the document's domestic and international legal effect.

Adoption of a Joint "Declaration of Peace on the Korean Peninsula"

Adoption of a joint declaration to end the state of war and restore peace on the Korean peninsula (call it the Declaration of Peace on the Korean Peninsula) may be considered as an alternative to the revision of the Basic Agreement. Under international law, a declaration to end a state of war is regarded as one of the means to the cessation of war.[8]

Such a peace declaration could be adopted in a summit conference between the two Koreas. It would have a predominantly political character, in spite of having a legal value and connotation in a measure, so it would not be sufficient to complete the transformation of the current armistice regime into a peace regime.

The declaration could be attached to the Basic Agreement as an additional protocol in order to nullify Article Five, but it might be more desirable to revise Article Five and supplement the agreement by adopting the peace declaration as its protocol.[9]

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8 Han-kee Lee, *International Law I* (Seoul: Parkyoungsa, 1977), pp. 406–9.

9 Registering the declaration at the UN Secretariat could also be considered, which could secure its effectiveness in the international setting as well as supply legal validity. Due to North Korea's position, such a declaration will probably not be adopted any time soon, but it must be considered as inter-Korean relations improve.

If such a declaration were to be adopted, it is quite unlikely that a peace treaty would be signed. It could be utilized, however, as a measure preliminary to peace-treaty making, a symbolic gesture in the process of reconciliation and confidence building between the two Koreas.

International Guarantee of the Korean Peace Regime

A new peace regime on the Korean peninsula could be supplemented with an international guarantee in order to help secure a permanent peace regime.

The means for such a guarantee could take various forms: cross-nonaggression pact; a peace-guaranteeing agreement by related countries; endorsement, support or guarantee by related countries or by the United Nations; or a multilateral security guarantee within the framework of a regional security cooperation regime.[10]

A cross-nonaggression pact would imply the accumulation of various mutual nonaggression pacts concluded among the surrounding major countries which are deeply concerned with peace and stability on the peninsula. The surrounding countries could be two, China and the US, or four including Russia and Japan. The idea of two is based on the legal logic that they each participated in the Korean War and that they each have a voice in building a durable peace structure on the Korean peninsula. The latter idea is based on international realities and power politics surrounding the peninsula.

Such nonaggression pacts, however, would not be necessary if the two Koreas were to seek an international guarantee of peace through a peace-guaranteeing agreement signed by related countries. There might arise problems as to the number and

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10 See Dong-jin Chun, *A Case Study on International Guarantee of Peace* (Seoul: RINU, 1991), pp. 52–61; Kyu-Sup Chung, Kang Weon Sik & Moon Heung Ho, *An Alternative to Foster Favorable Environment for Unification of the Korean Peninsula under a New Northeast Asian Order* (Seoul: RINU, 1992), pp. 141–4.

scope of nations participating in such a peace-guaranteeing agreement. It would be desirable for the two Koreas to induce the participation of many countries, from Northeast Asia and the outside world as well, in order to enhance the effectiveness of an inter-Korean peace mechanism—the more the better. Expanding the number and scope of the participating countries, however, would mean inviting excessive and unnecessary intervention by external powers, which is against the principle of autonomy and national self-determination.

In the case of an international guarantee of peace, as in the case of the nonaggression pact idea, we could assume that the participating nations might be either two or four. In terms of effectiveness and guaranteeing power of stable peace, four major powers' participation may be better than two, but from a legal perspective neither Russia nor Japan has any legitimate voice in building an international peace-guaranteeing regime on the peninsula. The participation by the two major powers is estimated to be more desirable in terms of legality, national prestige and peace-guaranteeing power as a whole.

The two or four major powers could support or endorse or guarantee the inter-Korean peace regime through a joint communiqué or joint declaration after the transition to a state of peace is completed. In this case, the guaranteeing power would be lower than in the case of conclusion of a peace-guaranteeing treaty.

A guarantee of peace by the United Nations is also possible, but it would have only a symbolic meaning. To enhance the role of guaranteeing the peace on the Korean peninsula, the two Koreas would invite the UN to dispatch a UN peacekeeping operation forces or a peace observation commission at the Demilitarized Zone.[11] Such a peace guarantee by the United

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11 Jae Shik Pae, "Some Legal Issues on the Admission of the Two Koreas to the United Nations: An Analysis and Assessment," *The Korean Journal of Unification Policy*, Vol. 2, (1993), p. 22.

Nations, however, might result in an intervention by other foreign powers or at least render the issue of building a peace structure on the peninsula dependent on the UN in a measure. North Korea is highly supposed to object to UN intervention, especially a UN peacekeeping operation at the DMZ.

Provided that a government-level consultative organization on Northeast Asian multilateral security and cooperation is constituted in Northeast Asia, one similar to the European Conference on Security and Cooperation, an inter-Korean peace regime could within its framework be supplemented over the long run with an international guarantee.

Relevant Issues to be Raised in a Transition to a Peace Regime: An ought-to-be Position for Seoul

Response to the Argument for Dissolution of the United Nations Command

North Korea is now attempting to sign a peace treaty with the US in order to effect the withdrawal of the US forces stationed in South Korea as soon as possible. Taking advantage of the issue of concluding such a treaty, Pyongyang may also argue for, or attempt to set up as a precondition for the peace treaty making, the dissolution of the United Nations Command in South Korea.

Questions arise whether the Armistice Agreement loses its validity simultaneously with the dissolution of the UN Command (UNC). South Korea may counter the North Korea's supposed allegation with the following logic.

The UNC is merely a subsidiary organ of the UN that is constituted by a resolution of UN Security Council in accordance with Article 29 of the UN Charter. The supreme commander-in-chief of the UNC, having no international legal personality, only signed the Korean Armistice Agreement on 27 July 1953. On the side of the United Nations Forces and the South Korean Forces, the party to the Armistice Agreement is not the United Nations Command but the United Nations itself and South Korea.

Therefore so long as the UN exists, the Armistice Agreement retains its validity even if the UNC is dissolved.[12]

Therefore unless and until a peace agreement between the North and the South is concluded, the dissolution of the UNC will have no influence on the present Armistice Agreement. Validity of the armistice ceases when the two Koreas sincerely implement and comply with the Armistice Agreement and the Basic Agreement in accordance with Article Five of the Basic Agreement, build mutual political and military confidence, and adopt an inter-Korean peace agreement under the "principle of resolution of Korean affairs by the two Koreas." In case the UNC dissolves on condition that the Armistice Agreement remain valid, there arises an issue of the replacement of the armistice-implementing body representing the side of the UN and South Korean forces with a new one, because the UNC would cease to exist. Above all, the maintenance, observation and implementation of the armistice is a great concern for Seoul in that it greatly affects the political and military interests of South Korea.

To secure and maintain its vital interests in regard to this matter, South Korea may set up a new implementing body and mandate the role of monitoring observation and implementation of the Armistice Agreement to that organ through negotiation and consensus with the relevant parties, including the UN, North Korea and China. For example, such new implementing body could be a UN peacekeeping operation command.

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12 According to the "coalition army theory," it may be that they regard South Korea and the sixteen countries having participated in the Korean War as parties to the Armistice Agreement on the one hand, in admitting China and the DPRK as its parties on the other hand. Then despite the dissolution of the UN Command, the armistice is still valid so long as the parties to it, that is, South Korea and the sixteen nations, retain their entities. On the coalition army theory, See Richard Baxter, "Constitutional Forms and Some Legal Problems of International Military Command," *British Yearbook of International Law*, Vol. 29 (1952), pp. 325–59; F. Seyersted, "United Nations Forces," *British Yearbook of International Law*, Vol. 37 (1961), p. 420; Byung-Hwa Lyou, *Peace and Unification in Korea and International Law*, Occasional Papers/Reprint Series in Contemporary Asian Studies, No. 2-1986 (73) (Maryland: School of Law, University of Maryland, 1986), pp. 61–3.

Of course, such a role could be mandated to the existing command by agreement among the relevant parties: US-ROK Combined Forces Command or the ROK military Command.[13]

Response to the Argument for Withdrawal of US Forces from South Korea

North Korea argues that the UNC is actually composed of US troops and that its dissolution would bring about the withdrawal of the US troops from South Korea. South Korea should counter North Korea's logic by maintaining that the dissolution of the UNC and the withdrawal of the US troops are totally separate issues.

As is well known, the US troops began to be stationed in South Korea in accordance with Article Four of the US-ROK Mutual Defense Treaty signed on 1 October 1953. The multinational forces constituting the UNC were dispatched to South Korea in accordance with the resolution of the UN Security Council adopted on 7 July 1950. This makes it clear that the United Nations forces and the US troops are legally separate entities.[14]

As a consequence, the procedures for the dissolution of the UNC would be entirely different from those for the withdrawal of the US troops of the South. A decision of the UN Security Council would be needed as a form of adoption of its resolution in order to dissolve the UNC. In case of its dissolution, the mandate to establish the UNC rendered to the US by the UN Security Council resolution on 7 July 1950 would have to cease to be effective.

Withdrawal of US troops, however, can be implemented by terminating the US-ROK Mutual Defense Treaty only through

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13 Myung-ki Kim, *United Nations Command in South Korea and International Law* (Seoul: Institute for International Studies, 1990), pp. 141–6.

14 *Ibid.*, pp. 64–70.

consultation and agreement between the United States and the Republic of Korea.

The South, by mentioning the example that the US troops have been stationed in Japan up to the present after a peace treaty was signed in San Francisco in September 1951 between Japan and the allied powers, may claim successfully that concluding a peace treaty and the withdrawal of foreign troops do not necessarily bear any relation with each other. If Pyongyang argues that the US forces must be withdrawn from South Korea in case of replacement of the current Armistice Agreement with a peace treaty, South Korea must make it crystal clear that such argument is groundless and unwarranted.

Seoul should also make it clear that an inter-Korean peace treaty has no influence on the US-ROK Mutual Defense Treaty. The latter is not aimed at launching an attack on the North. Its goal is defending the South from military attack or threats from the North and other foreign countries. Therefore the US forces can play a role as a stabilizer guaranteeing peace and security in Northeast Asia as a whole.

If Pyongyang demands the withdrawal of US forces from South Korean soil or nullification of the US-ROK Mutual Defense Treaty, it may constitute unlawful intervention in domestic matters. This is a matter of ROK national sovereignty.

Even in case Seoul effects the withdrawal of the US troops, it should emphasize that an inter-Korean peace agreement should first be signed under the principle of resolution of affairs between the two Koreas and international guarantee of peace be secured to safeguard against the reopening of a war on the peninsula.

Conclusion

North Korea's proposal of a peace treaty with the United States is certainly closely related with its attempt to foster favorable conditions for unification on its own terms of federation by

weakening of the US-ROK alliance and effecting the withdrawal of US troops. As far as it is Pyongyang's ultimate objective, the South should firmly counter the North's machinations.

South Korea has been emphasizing that a discussion over the establishment of a peace regime on the peninsula should be conducted between the two Koreas—the legal and main parties of the Korean Armistice Agreement. Seoul should continue to insist upon the principle of autonomy and the principle of resolution of Korean affairs between the parties directly concerned.

Building an inter-Korean peace regime is significant for the South in that Seoul can get the North to recognize South Korea and ascertain Pyongyang's real will to coexist with it. Only when Pyongyang renounces its proposal to sign a peace treaty with Washington and discuss with Seoul the issue of transforming the armistice regime into an inter-Korean peace regime, can Seoul confirm the DPRK's recognition of the Republic of Korea as a legal and political entity. This is the very reason why Seoul cannot renounce the principle of resolution of Korean affairs between the two Koreas in a transition to a peace regime.

Besides such political cause, North and South Korea have already affirmed this principle in Article Five of the Basic Agreement and Articles Nineteen and Twenty of the Protocol on the Compliance with and Implementation of Chapter I (Reconciliation) of the Basic Agreement between the North and the South. Therefore the South should be steadfast that for a transition from the armistice to a peace regime, North Korea should sincerely implement and comply with the Basic Agreement and the Declaration on Denuclearization of the Korean Peninsula to build mutual confidence between the two Koreas, and that the transition to a peace regime (including the signing of a peace treaty) should be based on the principle of resolving Korean affairs between the two Koreas.

Although it is important to make a peace regime for perpetual peace, we should not overlook the importance of internal and external circumstances favorable to bring about such outcome.

In other words, a transition to a peace regime should be promoted after both internal and external conditions have matured, or at least in a gradual and incremental way corresponding with the fulfillment of conditions suitable for it on the peninsula. It is absolutely necessary that the two Koreas sincerely abide by the existing Armistice Agreement until a state of consolidated peace takes firm root on the peninsula.

Therefore the North first of all should take no actions to weaken the armistice regime any further, but should normalize the function of the MAC and guarantee the role and activities of the NNSC before it intensifies its peace offensive, proposing the signing of a peace treaty with the US.

In light of this, Seoul should make known to the world the North's self-contradictory logic of proposing a peace treaty while nullifying the Armistice Agreement and enervating the Armistice bodies, and demand that Pyongyang stop immediately. The South must maintain close cooperative relations with Washington to counter Pyongyang's proposal for a peace treaty with the US and its argument on related issues, such as for dissolution of the UNC, withdrawal of US forces from South Korea, etc.

In conclusion, replacement of the present armistice regime with a peace regime should be pursued in a gradual and piecemeal way, especially in seeking a transition to a peace regime and international guarantee of peace, in consideration of the reality of inter-Korean relations and international circumstances. The most appropriate alternative must be selected and promoted among above-mentioned alternatives. It depends on whether the Korean people can exercise independence from external powers and take the initiative in forging a peace regime.

빈 면

The North Korean Nuclear Issue and the Korean-American Alliance

Chung Min Lee

Seoul-Washington Relations in the Post-Bipolar Era

Forty five years after the outbreak of the Korean War, the Korean-American alliance stands out as one of the key success stories in post–World War II US engagement in East Asia. Through six Korean and ten American administrations, the alliance has matured across the political, security and economic spectrums. Although the US-Japan relationship remains as the key pillar in US strategy vis-à-vis the Western Pacific, an economically vibrant and a democratic Republic of Korea contributes vitally towards regional stability and prosperity. Taken together, both Seoul and Washington can rightly claim credit for fostering an enduring transpacific partnership.

Although the alliance has had little choice but to focus its efforts on managing the North Korean nuclear issue over the last several years, the bilateral agenda goes well beyond the nuclear question. Notwithstanding the overall importance of the North Korean nuclear problem, both Seoul and Washington are in the process of redefining longer-term strategic priorities including the all-important question of re-engineering the alliance as the Korean Question moves firmly into the realm of political reality.

Moreover, while both sides have reaffirmed the abiding strength of the alliance particularly since the advent of the North

Korean nuclear crisis, an undercurrent of uncertainty coupled with contrasting approaches has also surfaced.

To be sure, official statements, presidential summits, as well as established and ad-hoc consultative channels continue to emphasize the overall strength and cohesiveness of the alliance. However, despite the success that has been built for nearly fifty years, the alliance stands at a key crossroads with the following key challenges: (1) maintaining "strategic robustness" in an emerging multipolar Northeast Asia in parallel with shifting net assessment priorities, (2) managing spill-over damage from rifts in the US-Japan relationship despite ongoing efforts to stabilize this all-important alliance, (3) dealing with a more powerful and influential China concomittant with uncertainties in a post-Deng China, (4) articulating a comprehensive roadmap for bilateral and multilateral engagement under changing domestic political environments, (5) extrapolating alliance cohesion based on scenario-specific evolutions on the Korean peninsula, (6) the extent to which South Korea can sustain and hold the political initiative going into protracted change within the North, and (7) the degree to which trilateral strategic planning and policy coordination can be maintained between Seoul, Washington and Tokyo.

At a more fundamental level, the Korean-American alliance is likely to be affected increasingly by Pyongyang's efforts to broaden its ties with Washington, not to speak of Japan's desire to restart normalization talks with North Korea. In a nutshell, managing the Korean question is likely to become even more complex in the months and years ahead owing to the newly added US–North Korea dimension.[1] And ironically, assessing US strategy towards Pyongyang and the peninsula on the whole is

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1 For an interesting treatment of recent North Korean overtures to the United States and its implications for Seoul, see Larry A. Niksch, "North Korea's Campaign to Isolate South Korea," *Korea and World Affairs*, 19 (Spring 1995), pp. 29–39.

likely to receive more attention in Seoul despite constant assurances from Washington that it will continue to respect Seoul's primary role in South-North relations and overall change on the Korean peninsula.

Although it is highly unlikely that the North will succeed in either decoupling the South from the United States or even creating cleavages in the relationship, Seoul has to take into account Pyongyang's linkages with Washington in the process of coordinating its policy with the United States. As a case in point, while the United States continues to emphasize that it will not enter into direct military discussions with North Korea nor engage in negotiations over the Armistice Agreement, Seoul has expressed its concern that under certain circumstances Washington may choose to enter into direct military-to-military talks with the North.

The alliance will be increasingly affected by North Korea's overtures to the United States and Washington's strategy towards developments in the North. Recent US policy towards Pyongyang appears to be based on the following three assumptions. First, while the United States will continue to emphasize deterrence and defense within the confines of the ROK-US Combined Forces Command (CFC), political engagement with the North should also be pursued. Indeed, to the extent feasible, Washington should take the lead in pacifying Pyongyang through a number of incentives. Second, while the United States will continue to place top priority on consultation and coordination with Seoul, this does not necessarily mean that Washington will always abide by or be persuaded by Seoul's strategy towards the North. And third, although the United States remains firm in its belief that Korean unification can only be realized by the two Koreas, it is also true that the regional powers have a stake in the outcome. As a result, to the degree that the Korean question could be internationalized, it is in the interest of the United States as well as Japan to expand its contact with the North.

Understanding recent US strategy and policy towards North Korea should begin with an appraisal of the Clinton administration's nonproliferation and counterproliferation strategy. Given the regional implications of North Korea's nuclear program, the Clinton administration from the very beginning targeted this issue as a central challenge to its nonproliferation agenda. Nevertheless, as efforts to persuade North Korea to comply fully with NPT and IAEA provisions initially failed (one should recall that Pyongyang declared in March 1993 that it was withdrawing from the NPT) the Clinton administration began to emphasize a "package approach" in an effort to cajole North Korean into giving up its nuclear program.

As Pyongyang refused to deal with the South either through already established channels such as the Joint Nuclear Control Commission (created under the December 1991 South-North Joint Declaration on the Denuclearization of the Korean Peninsula) or other official channels, the United States took the lead in negotiating directly with North Korea. In hindsight, although it will never be known whether North Korea would have negotiated directly with the South had Washington insisted that it would not enter into direct talks with the North to resolve the nuclear issue, Seoul should have made it clear from the very onset that Pyongyang had no recourse but to enter into direct talks with the South.

The net result, of course, was that as negotiations between Washington and Pyongyang proceeded, Seoul had to rely on the United States to relay its views to the North. Moreover, although South Korea grudgingly accepted the central negotiating role of the United States insofar as the nuclear issue was concerned, the more important question then as now was how far and over which issues Washington was willing to expand its dialogue with the North. Having lost its initiative vis-à-vis the nuclear issue, the challenge for Seoul lies in sustaining future initiatives beyond the nuclear agenda.

US Nonproliferation and Counterproliferation Strategy

Clearly, from an overall perspective it cannot be denied that the NPT's indefinite extension in May 1995 was a major boost for the global nuclear nonproliferation regime. Although there was concern leading into the extension conference that a significant amount of opposition would be mounted against indefinite extension, the end result was a victory for nonproliferation.[2] Nevertheless, it remains to be seen whether current efforts to stem the tide of weapons of mass destruction (WMDs) would be significantly enhanced by the NPT's extension, both at the global and regional levels. This is not to suggest that recent moves to strengthen the International Atomic Energy Agency's (IAEA) safeguard mechanism, the signing of the Framework Agreement between the United States and North Korea in October 1994, and greater emphasis on such nonproliferation mechanisms as the Missile Technology Control Regime (MTCR) will not contribute to enhancing nonproliferation regimes. However, efforts to contain, if not roll back the proliferation of WMDs are bound to become increasingly tied to a series of political and strategic

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2 The Non-Aligned Movement expressed six main concerns: (1) agreement on a timebound framework for the total elimination of all nuclear-weapons; (2) adherence by the nuclear-weapon states to nuclearweapon free zone agreements, especially in the Middle East and Africa; (3) completion of the CTBT; (4) conclusion of a treaty providing legally binding positive and negative security assurances to non–nuclear-weapon-states parties to the NPT; (5) conclusion of a treaty banning the production and stockpiling of fissile material for nuclear weapons that is non-discriminatory, effectively verifiable and universally applicable; and (6) guaranteeing free and unimpeded access to nuclear technology for developing non-nuclear weapons states. Thomas Graham, Jr., "The United States and the Prospects for NPT Extension," *Arms Control Today* 25 (January/February 1995), p. 3. For an Indonesian perspective, see Rear Admiral R.M. Sunardi's paper of June 1994 where he noted that "the voluntary scaling down of nuclear weapon testing by nuclear weapon states has no direct nonproliferation effect because it is non–binding for non-nuclear weapon states. This is the kind of dilemma [that makes an] indefinite extension of [the] NPT unlikely." R.M. Sunardi, "Reviewing the Non-Proliferation Treaty: What Asia Pacific States Should Strive For," paper presented at the 8th Asia Pacific Roundtable entitled "Confidence Building and Conflict Resolution in the Pacific," 5–8 June 1994, Kuala Lumpur, Malaysia, pp. 1–3.

realities quite beyond the grasp of the NPT or even the MTCR. At the same time, at least three aspects of current nonproliferation strategies have to be looked into greater detail.

First, the long-term viability of an "incentive-oriented framework" approach to potential violators of the NPT, the IAEA or related nonproliferation regimes. For example, to what extent should a combination of incentives be provided to noncompliance states akin to North Korea such as negative security guarantees, economic assistance, and diplomatic recognition? Although Pyongyang's case is unique, Washington has already furnished North Korea with a negative security assurance and has also begun shipment of 500,000 tons of oil per annum. In addition, the United States has also promised de facto recognition (such as an exchange of liaison offices) pending technical discussions and follow-on steps to the Kuala Lumpur talks.

Conversely, however, the US approach towards Iran's nuclear ambitions, for instance, stands in stark contrast to its more "elastic" stance vis-à-vis Pyongyang, and even more so since North Korea's work on a clandestine nuclear program is believed to be far more advanced than Iran's. For example, it could be argued that the United States, for all practical purposes, has accepted the notion that North Korea may even have developed, or at a minimum, could be considered a "virtual nuclear weapon state." Kathleen C. Bailey from the Lawrence Livermore National Laboratory, recently wrote that what is relatively clear is that "North Korea will for the present retain the spent fuel, the reprocessing facility, and whatever plutonium it might already have separated," and added that "for now, North Korea will retain any nuclear weapons it may have, plus the capability to produce more."[3] On the other hand, however, the US has taken

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3 Kathleen C. Bailey, "North Korea and the Threat of Proliferation in East Asia," paper presented at the Yomiuri Shinbun Symposium on "Proliferation and East Asian Security," 25–26 October 1994, Tokyo, p. 12.

a very hardline position on Iran's nuclear ambitions.[4] For instance, the Clinton administration continues to oppose "any nuclear cooperation with Iran by Russia or other countries" and Washington thus has pressured Moscow not to supply core nuclear technologies to Teheran.[5]

Second, the extent to which key counterproliferation strategies, agendas, and policies will be affected by contrasting if not contending political or even economic issues. For instance, in a recently published national security whitepaper, a very explicit and ambitious US regional counterproliferation policy was articulated. The report noted that while proliferation is a global problem, the United States must "tailor" its approach to specific contexts and emphasized that such regional threshold powers such as Iran would not be tolerated. It also added, however, that:

> We will continue to prevent Iran from advancing its weapons of mass destruction objectives and to thwart Iraq from reconstituting its previous programs. The United States seeks to cap, reduce and *ultimately, eliminate the nuclear and missile capabilities of India and Pakistan.* In the Middle East and elsewhere, we encourage regional arms control agreements that address the legitimate security concerns of *all* parties. . . . The United States seeks to prevent additional countries from acquiring chemical, biological and nuclear weapons and the means to deliver them. However, should such efforts fail, US forces must be prepared to deter, prevent and defend against their use. (Emphases added).[6]

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4 It may well be argued from an American point of view that if Iran succeeds in going nuclear it would have multiple ripples throughout the region, particularly at a time when the Middle East peace process is resulting in tangible benefits. Conversely, however, a nuclear-armed North Korea—despite the hope that has pinned on the October Geneva accord—will have a similar ripple impact in Northeast Asia. And yet, Washington continues a very conciliatory line towards the North.

5 Susan Eisenhower, "Campaign Against Iran Imperils the NPT," *Washington Post*, 16 March 1995.

6 A National Security Strategy of Engagement and Enlargement (Washington, DC: The White House, February 1995), p. 14. (Emphasis added). And so long as India

The key question, however, is the gap between declaratory objectives and policy means. Whether the United States will be able ultimately to "eliminate" the nuclear and missile capabilities of both India and Pakistan is a moot point since it is highly unlikely that even if Washington did have realistic policy options (including coercive measures), it cannot address (much less curtail if not dispell) the entrenched security dispute between India and Pakistan. Moreover, while India has warmed somewhat to the United States after the collapse of the Soviet Union, it is difficult to imagine that New Delhi would be willing to give up its fiercely independent security posture, particularly under US pressure.[7]

Third, how nonproliferation and counteproliferation strategies (mainly although not exclusively from the perspective of the United States) will impinge upon the longer-term prospects for intra-alliance cohesion whether in Europe, the Middle East or East Asia. For example, although the United States continues to emphasize its key security commitments (such as NATO and in the context of the US-Japan and the US-Korean security relationships) some have argued whether extended deterrence has been weakened on account of post–Cold War security imperatives. Specifically, there is genuine concern in Korea that despite assurances to the contrary, Seoul is not fully "in the loop" insofar as the ongoing discussions between Washington and Pyongyang is concerned.

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continues to be a "virtual nuclear weapons power" there is little incentive on the part of Islamabad to follow Pretoria's path by dissolving its nuclear weapons program. Moreover, in considering the legitimate security concerns of "all parties" in the Middle East, it remains to be seen how Washington will choose to deal with Israel's de facto nuclear arsenal as well as its continued opposition to signing on to the NPT.

7 For an interesting Indian perspective on this issue, see Brahma Chellaney, "Non-Proliferation: An Indian Critique of U.S. Export Controls," *Orbis* 38 (Summer 1994), pp. 439–56. Brahma argues that "the challenge for India is not only how to overcome the rigors of Western export curbs but also to withstand the political and economic pressures now being directly mounted by the major suppliers in conjunction with their technology controls."

When the Clinton administration assumed office in January 1993 it placed a very high priority on the nonproliferation of weapons of mass destruction. In addition, clandestine military programs of the "rogue states" became an increasing counterprolfieration concern based on such developments as Iraq's launching of some 90 al-Hussein modified Scud-Bs during the Gulf War,[8] Iran's nuclear and non-nuclear missile ambitions, and North Korea's nuclear and ballistic missile program. Therefore, the Clinton administration made it into an article of faith and that this "new threat" to global security would receive the highest national security priority and this sentiment was shared by virtually all members of the Clinton administration. For example, coupled with Clinton's famous warning to Pyongyang in July 1993 that any attempt by North Korea to develop and potentially employ nuclear weapons would mean the "end of their country as they know it", top US officials echoed the view that vigorous and concerted nonproliferation was the order of the day.[9]

The Clinton administration's nonproliferation and counterproliferation strategy was first outlined in the Pentagon's *Bottom-Up Review* report and contained four main elements: supporting and strengthening the NPT and IAEA safeguards, strengthening and expanding export control measures (especially in dual-use technologies), strengthening enforcement and compliance mechanisms directed against proliferators (unilateral or multilateral), and promoting regional arms control and openness, transparency, and CBMs.[10] While supporting negotia-

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8 Keith B. Payne, "Post–Cold War Deterrence and Missile Defense," *Orbis* 39 (Spring 1995), p. 202. Payne also writes that during the height of the Iran-Iraq War in 1988, the Iraqis fired about 190 al-Hussein missiles.

9 Clinton remarked, in full that "[W]e would quickly and overwhelmingly retaliate if they were ever to use, to develop, and use, nuclear weapons. It would mean the end of their country as they know it." *Korea Herald*, 10 July 1993.

10 Cited in Joseph F. Pilat and Walter L. Kirchner, "The Technological Promise of Counterproliferation," *Washington Quarterly* 18 (Winter 1995), p. 154.

tion and operation of multilateral restraint and inspection regimes and export control regimes, the US strategy also involved measures to ensure that US forces were ready to defend against a range of WMD threats to US interests.[11] And finally, the administration was ready to approach "proliferation through [America's] regional security strategies."[12]

By the fall of 1993, the Clinton administration's nonproliferation strategy began to emphasize the close correlation between intelligence collection and defense planning in order to assure that America's "force structure and military planning address the potential threat from weapons of mass destruction and missiles around the world."[13] This strategy was outlined in greater detail by then Secretary of Defense Les Aspin in December 1993 in which he launched the Defense Counterproliferation Initiative (DCPI).[14]

The administration's more vigorous counterproliferation strategy was outined in April 1994 by Assistant Secretary of Defense Ashton Carter. In a testimony before the Senate Armed Services Committee on April 28, he stated that:

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11 Paul R.S. Gebjard, "Not by Diplomacy or Defense Alone: The Role of Regional Security Strategies in US Proliferation Policy," *Washington Quarterly* 18 (Winter 1995), p. 168.

12 Ibid., p. 167.

13 Pilat and Kirchner, "The Technological Promise of Counterproliferation," p. 155. A detailed "menu" of the operational elements of counterproliferation also entails (1) diplomacy, (2) deterrence, (3) arms control, (4) coercive and cooperative disarmament, (5) economic and military assistance, (6) sanctions and embargoes, (6) intelligence, and (7) export controls, (8) security assurances and guarantees, (9) stabilizing measures, (10) adapting response capabilities, (11) lethal and nonlethal countermeasures, (12) active and passive defenses, and (13) military operations.

14 The DCPI's major mandate is to have the necessary military capabilities to confront an adversary armed with weapons of armed destruction and their employment in a crisis or actual conflict.

> The counterproliferation initiative is directed at preventing proliferation, and to ensuring that where our efforts to stop proliferation are not successful—and we hope they will be few—the US is not deterred from or thwarted in responding to aggression by special weapons in the hands of regional opponents.... Thus, counterproliferation refers to the activities of the Department of Defense across the full range of US efforts to combat proliferation, including diplomacy, arms control, export controls, and intelligence collection and analysis, with particular responsibility for assuring that US forces and interests can be protected should they confront an adversary armed with weapons of mass destruction or missiles.[15]

In essence, the US nonproliferation and counterproliferation policies emphasized three main points. First, a concerted effort on the part of the United States to remain firmly committed to the further spread of nuclear weapons. Second, the need to convince potential proliferators that is not in their interest to develop nuclear weapons since such a move "will make their states eager targets for preventive attacks by their potential adversaries, will not easily lead to survivable arsenals, and will raise the specter of accidental or unauthorized uses of nuclear weapons," And third, that the United States could cooperate with new proliferators by sharing information on organizational structures, technology and experience to reduce the danger of nuclear proliferation.[16]

North Korea's Nuclear Aspirations and the US Response

In the aftermath of the Kuala Lumpur round between the United States and North Korea over implementation of the October 1994 Framework Agreement, many have stated that it

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15 Cited in Pilat and Kirchner, "The Technological Promise of Counterproliferation," pp. 155–6.

16 Scott D. Sagan, "The Perils of Proliferation," *International Security* 18 (Spring 1994), pp. 104–5.

could lead to a fundamental resolution of the North Korean nuclear quagmire. Despite reservations that were aired both officially and privately prior to the Kuala Lumpur settlement, Seoul and Tokyo ultimately threw their support behind the US–North Korean accord, principally owing to Pyongyang's de facto acceptance of South Korean–type light-water reactors (LWRs).

Specifically, despite repeated claims by Pyongyang prior to and even during the Kuala Lumpur talks that it could not accept South Korean LWRs, North Korea ultimately agreed to negotiate directly with the Korean Peninsula Energy Development Organization (KEDO) with the implicit understanding that KEDO will supply South Korean LWRs.[17] As the chief US negotiator remarked:

> During our talks, the US and DPRK agreed that the Korean Peninsula Energy Development Organization (KEDO) will select the reactor model. As specified in the agreement establishing KEDO, the reactors will be of the type currently under production at Ulchin, South Korea. We also agreed that KEDO will select a prime contractor to carry out the LWR project. The prime contractor, which will be a South Korean firm, will be responsible for the LWR project, including design, manufacture, construction and management.[18]

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17 Article II of the Joint US-DPRK Press Statement of June 13 at "the LWR project will consist of two pressurized light water reactors with two coolant loops and a generating capacity of approximately 1,000 MW(e) each. The reactor model, selected by KEDO, will be the advanced version of US-origin design and technology currently under production." In parallel, Paragraph 2 of Resolution No. 1995–12 passed by the Executive Board of KEDO notes that "[KEDO] determines that, as stipulated in Article II (a) of the Agreement, the LWR Project in North Korea will consist of two reactors of the Korean standard nuclear plant model with a capacity of approximately 1,000 MW(e) each, and that Ulchin 3 and 4 will be the reference plants specified in the prime contract, upon the conclusion of mutually acceptable terms and conditions for the prime contract."

18 US Embassy Press Release, "Opening Statement of Thomas C. Hubbard, Deputy Assistant Secretary of State for East Asian/Pacific," Kuala Lumpur, Malaysia, 13 June 1995, p. 1.

Although the US–North Korean joint statement released in Kuala Lumpur does not explicitly state that the reactors would be of the type currently under construction at Ulchin, South Korea, there is very little doubt that North Korea understood that it had no choice but to accept South Korean LWRs. The South Korean Ministry of Foreign Affairs issued an announcement immediately following the US–North Korea joint statement to the effect that since the Kuala Lumpur arrangement was a "meaningful step" towards implementation of the LWR project it was going to support the accord. But more importantly, it also added that South Korea's two basic principles were upheld; namely, that ROK-type LWRs "must be provided to Pyongyang," and that Seoul "*must play a central role in the project.*"[19]

At first glance, the inordinate amount of stress on whether Pyongyang should receive South Korean LWRs combined with which party should assume the "leading" or "commanding" role in subsequent talks with the North may lead one to conclude that the core issues are essentially technical in nature, i.e., whether North Korea will really accept a Korean-type reactor. Although it cannot be denied that technical dimensions of the light-water reactor project is an important one, it would be erroneous to assume that it is *the* consuming one.

Indeed, efforts by South Korea to be fully engaged within and outside of KEDO to resolve the North Korean nuclear dispute reflects a strong desire on its part to ensure that it will be able to influence positively the "correlation of forces" between the two Koreas and to also sustain the upper hand over key political developments over the next several years. This is not to suggest that South Korea is not concerned over the military and strategic aspects of North Korea's potential nuclear weapons program. Nevertheless, while recognizing the importance of nuclear

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19 "KEDO Goes into Action to Provide Light-Water Reactors to the North," Press Release, Korean Overseas Information Service, Ref. No. 95-61, 13 June 1995, p. 1. (Emphasis added).

nonproliferation and existent military assymetries on the Korean peninsula, it is hard to see from a South Korean perspective that the North Korean nuclear issue can be "fully resolved" through a concerted "negotiation framework."

Conversely, insofar as the North Korean nuclear issue is concerned, Washington has placed a key emphasis on "freezing" North Korea's nuclear weapons program through a series of political, military and economic incentives. Whether or not this strategy will ultimately succeed remains to be seen, but as changes occur within North Korea coupled with an acceleration in inter-Korean dynamics, "luring" Pyongyang to the negotiating table is unlikely to result in a fundamental reorientation of North Korea's policy towards the South nor guarantee a soft landing for Pyongyang. At the onset of US concern on the North Korean nuclear program, Washington's basic strategy was premised principally on nonproliferation through deterrence or forcible nonproliferation. As noted above, the initial US reaction to the North Korean nuclear program was clear cut and simple: the United States (and for that matter, South Korea or Japan) would not tolerate a nuclear-armed North Korea. In a CIA study that was reported by the US media in December 1993, it was mentioned that US intelligence estimates believed that North Korea "probably has developed one or two bombs."[20] Right before the CIA estimate was reported, Secretary of State Warren Christopher warned North Korea in November that the US had "options other than negotiation" if the North did not accept IAEA inspections. Even then Secretary of Defense Les Aspin replied in an interview that "we will not let the North Koreans become a nuclear power."[21]

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20 *New York Times*, 26 December 1993. At the same time, various press reports indicated that although the CIA believed that Pyongyang may have developed one or two nuclear bombs, this view was not shared by all members of the US intelligence community. In particular, it was reported that the US Department of State's Intelligence and Research Bureau disputed the CIA's claims.

21 Quoted from Marc Dean Millot, "Facing the Emerging Reality of Regional

Nevertheless, as the tension declined somewhat following direct talks between the United States and North Korea in June (when North Korea decided to suspend its withdrawal from the NPT) and July (when Pyongyang agreed to open discussions with the IAEA), US strategy began to shift. Leading US Korea experts began to air views suggesting that even if North Korea succeeded in developing "one or two crude nuclear bombs" it would not significantly alter the correlation of forces in the peninsula nor have any substantial impact on US deterrence capability. Former US Ambassador to South Korea Donald Gregg wrote in December 1993 that "certainly we want to deter North Korea from developing a nuclear weapon, but if they do develop a nuclear weapon, deterrence can still work."[22] Moreover, a report published by the US Institute of Peace in February 1994 noted that:

In military terms, however, the significance of the North's nuclear program in its current state should not be exaggerated. Even if the worst-case assumption that Pyongyang now possess one or two untested devices or weapons is correct, this would not constitute a "nuclear capability" for use in any but extreme circumstances.[23]

By January 1994 senior US officials began to remark that President Clinton had misspoken when he said in November 1993 that "North Korea cannot be allowed to develop a nuclear bomb" and that what he was really referring to what was that North Korea could not become a "nuclear power." [24] In essence,

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Nuclear Adversaries," *Washington Quarterly* 17 (Summer 1994), p. 47.

22 *Asian Wall Street Journal*, 16 December 1993.

23 North Korea's Nuclear Program: Challenge and Opportunity for American Policy (Washington, DC: The United States Institute of Peace, February 1994), p. 11.

24 In an editorial published on 7 January 1994, the *Washington Post* noted that "[N]ow it is authoritatively suggested that the president misspoke and that what he meant was that North Korea cannot be allowed to become a 'nuclear power.' The apparent difference is that to be a nuclear power you need more than than

forcible nonproliferation—or nonproliferation through active deterrence—failed its first test, vis-à-vis North Korea.[25]

The shift in Washington's Pyongyang policy was, and remains, a key source of concern for the South Korean government. Although both sides continue to emphasize the importance of high-level and ongoing policy coordination at the bilateral and trilateral level (with Japan), developments since 1992–1993 suggest strongly that key conceptual differences persist. To begin, Korea's strategic priority has always been placed firmly in the context of maintaining a credible deterrent and defense posture vis-à-vis the North, and this basic strategic *weltanschaung* remains relatively unchanged despite the global end of the Cold War. Conversely, although the United States continues to retain its traditional web of alliances in the Western Pacific including forward deployment, containment and deterrence have undergone significant changes in the post-Soviet era.

For instance, the fact that the US continues to offer a positive security guarantee to the South while it has also provided a negative security guarantee to the North is a point of concern.[26]

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one nuclear device and also a delivery capacity. Whether or not the president in fact misspoke, if alters the whole strategic landscape of East Asia if he is moving to live with a North Korean bomb, even if the move is meant to be transient. . . . The Clinton people, to keep North Korea at the table, seem inclined to "pay" it for doing what it should be doing anyway." *Washington Post*, 7 Janaury 1994.

25 For an engaging treatment of the potential military options for Korea and the United States in handling the North Korean nuclear issue, see John M. Collins, "Korean Crisis, 1994: Military Geography, Military Balance, Military Optlons," *CRS Report for Congress* (Washington: Congressional Research Service, 11 April 1994), especially pp. 10–21. In addition, for a military perspective on the role of the US forces in South Korea, see Lt. Colonel William F. Smith, "The US Military Presence in Korea: The Warfighter's Perspective," unpublished research report submitted to the Air Staff, August 1992.

26 For example, in the 21 October 1994 Framework Agreement between the United States and North Korea which was signed in Geneva, Article III Section 1 notes that "the US will provide formal assurances to the DPRK, against the threat of use of nuclear weapons by the US" In a response to question posed in April 1994 whether the United States had gone beyond the 1978 negative security assurance during an interview given in April 1994, US Ambassador Robert Galluci (the chief US negotiator with North Korea), he replied that "we have offered and

Although it would be difficult to argue that these two types of guarantees are mutually exclusive (in the sense that they cancel each other out), one can posit whether a negative security assurance to the North is binding to the extent that the United States would not threaten the use of or the actual employment of nuclear weapons in the event of a North Korean conventional attack (even as a last resort).

It could therefore be argued that the US assurance to the North may enhance Pyongyang's perception of security (at least in the short term) while it could have the opposite effect in the South to the extent that the degree of the US defense commitment to Seoul may be *perceived* to have been weakened on account of recent US initiatives on the Korean peninsula. Throughout the Cold War, extended deterrence was premised—at least from a theoretical point of view—that all possible means would be utilized to deter an aggressor.

> [Owing to] Cold War fears of an overwhelming conventional attack on Germany by Soviet-led Warsaw Pact forces, or on South Korea by North Korea allied with China or the Soviet Union, *the United States was unwilling to promise not to use nuclear weapons to repel a conventional attack* or not to use nuclear weapons against a non-nuclear weapon state if that state was allied in an attack with a country possessing nuclear weapons.[27] (Emphasis added).

In essence, the critical issue is whether a shift is occuring in the overall content of extended deterrence as it applies to the defense of South Korea or other US allies in the region such as Japan.

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discussed more than that" and that the US side emphasized that "we do not know if this is what you North Koreans are really about, but if you are, let me tell what is possible down the road if you address a settlement to the terms we have talked about." Robert L. Gallucci, "Proliferation and National Security," *Arms Control Today* 24 (April 1994), p. 16.

27 Wolfgang K.H. Panofsky and George Bunn, "The Doctrine of Nuclear-Weapon States and the Future of Non-Proliferation," *Arms Control Today* 24 (July/August 1994), p. 4.

Clearly, US officials have always asserted that the United States remains steadfastly committed to Japan's and the ROK's defense. However, if the US negative security assurance to North Korea is to be believed, it remains unclear just how it may affect the American commitment to South Korea's defense over the long term. As one American analyst has noted:

> For the United States to simply maintain superior conventional forces, and assume that these will suffice to deter aggressions in situations like Kuwait and South Korea, would thus be a big mistake. Iraq or North Korea or a similar state might then seek to counter US conventional superiority by acquiring nuclear weapons, for use in military engagements to come, or to dissuage the United States from even getting into such engagements.[28]

With the removal of tactical nuclear weapons from South Korea following the Bush initiative of September 1991 and the negative security assurance that has been provided to the North, it appears as if the United States is strongly emphasizing the conventional component of its extended deterrence towards the South. Clearly, it could also be argued that so long as Korea and Japan remain under the protection of a US nuclear umbrella, deterrence vis-à-vis the North will always retain some nuclear dimension.

However, at a time when a significant draw-down of US conventional forces has already occured and with declining defense resources, conventional deployments are unlikely to increase either in Korea, or for that matter, in the European theater. At the same time, however, substantive change in the defense posture of the United States is likely to have a greater impact on Korean and Japanese security given that their reliance on US forces is higher than it was in the European context.[29]

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28 George H. Quester and Victor A. Utgoff, "No-First Use and Nonproliferation: Redefining Extended Deterrence," *Washington Quarterly* 17 (Spring 1994), p. 107.

Last but not least, South Korea continues to express its concern over North Korea's overall conventional capabilities such as its ballistic missile program (i.e., the Rodong-1 and -2 as well as the Taepodong-1), forward deployed forces along the DMZ, and its chemical and biological weapons arsenal.[30] In a related development US officials from Galluci to Davis have reiterated that it would elevate ties with Pyongyang so long as it addressed outstanding security concerns noted above.

Nevertheless, the Clinton administration remains unclear on just how it proposes to address these issues.[31] Given the absence of any progress on the basis of the two Korea's Basic Agreement signed in December 1991 including potentially far-reaching inter-Korean arms control and CBMs, it remains to be seen just how Washington will proceed on redefining the conventional assymetry on the Korean peninsula. Nor does US strategy effectively deal with the core security issue on the Korean

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29 Lawrence Freedman notes that "if only the solidity of an unusual alliance can compensate for the incredibility of an unnatural strategic act, then the NATO experience is of doubtful value as a model for other parts of the world. The non-nuclear members of NATO even have the benefit of Britain and France as reserve guarantors should the Americans decide to disengage. South Korea and Japan, by contrast, have a much more singular dependence upon the United States." For additional details, see Lawrence Freedman, "Great Powers, Vital Interests and Nuclear Weapons," *Survival* 36 (Winter 1994–95), pp. 35–52.

30 For a succinct overview of recent military developments within North Korea, see Michael Ertman, "North Korean Arms Capabilities and Implications," *Korea and World Affairs* 17 (Winter 1993), pp. 605–26.

31 As a case in point, the Pentagon's "East Asia Strategy Report" released last February pointed out that "North Korea continues to expend its national resources to: mechanize its huge, offensively postured ground forces; expand its already massive artillery formations; enhance the world's largest special operations force; and improve its large ballistic missile arsenal." The report continues on to stress that "North Korea's history of aggression, threats to peace, and exports of missile technology have created a context in which its developments of nuclear weapons would be an extremely dangerous threat to security on the peninsula, in Asia and for global non-proliferation." However, the report does not specify how it plans to address these outstanding conventional threats to stability in the peninsula. United States Security Strategy for the East Asia-Pacific Region, (Washington, DC: Department of Defense, Office of International Security Affairs, February 1995), p. 27.

peninsula, the fundamental rationale behind North Korea's nuclear program. As Paul Bracken has noted:

> The essence of the problem is that the North Korean state faces extinction in a world without communist support and protection, and this crisis of the North Korean state becomes a crisis for its neighbors through the mechanism of Pyongyang's military institutions—pulling together nuclear, chemical, and conventional military power for the purpose of protecting the state's continued existence.[32]

Future Peninsular Dynamics and Alliance Management

Although managing North Korea's nuclear problem remains as the most important policy priority for South Korea and the United States at the present time, South Korea's greater mid- to long-term concern lies in how the North will deal with its inevitable exit from communism. In addition, Seoul and Washington's response to these two intertwined but at the same time qualitatively different issues over time remains as the central challenge to the alliance.

For the United States, a key concern lies in persuading North Korea to give up its nuclear ambition in exchange for a series of incentives to be provided by Washington, Seoul and Tokyo. As a case in point, the Clinton administration has emphasized that "levels of cooperation with our nonproliferation efforts will be among our most important criteria in judging the nature of our bilateral relations."[33] In tandem with such a strategy, the United States has consistently argued that so long as North Korea adequately addresses Washington's nonproliferation concerns, it is ready to upgrade bilateral ties.

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32 Paul Bracken, "Risks and Promises in the Two Koreas," *Orbis* 39 (Winter 1995), p. 55.

33 The White House, A National Security Strategy of Engagement and Enlargement, p. 13.

Nevertheless, despite the best of intentions on the part of the United States and South Korea, it remains to be seen whether the North Korean nuclear issue can be brought to a satisfactory conclusion for the parties concerned. Such a prognosis is partially based on the assumption that each of the principal actors involved in the North Korean nuclear game have contrasting strategic objectives. For example, if the current US policy of engagement and enlargement is taken to its logical conclusion, it is only a matter of time before North Korea undertakes fundamental political and economic reforms. Nevertheless, the key question is how the North Korean regime will be able to institute meaningful reforms without endangering its hold on power.

As for the South, although it continues to reiterate its official position that it is against unification through absorption along the lines of German unification, potential developments within the North may well leave Seoul with little choice. To be sure, the most preferred outcome is for the North to undertake a meaningful opening to the outside world beginning with much needed economic reforms. However, the key point is that only the North Korean leadership can decide if and how it will undertake key structural reforms.

From a North Korean perspective, the nuclear issue has provided the regime with a major diplomatic and economic opportunity. Although verifying North Korea's central political objectives over the nuclear issue is virtually impossible, Pyongyang has adroitly handled the matter insofar as extracting concessions from the United States and South Korea is concerned. The real litmus test on North Korea's intentions will begin when and if Pyongyang truly accepts South Korean LWRs with follow-on measures such as accepting the inflow of South Korean technicians to work on the LWR project.

In the final analysis, while Seoul and Washington continue to grapple with the North Korean nuclear enigma, preventive diplomacy and overlapping negotiations are unlikely to resolve

the fundamental Gordian knot between the two Koreas. To be sure, inter-Korean dialogue, cross-recognition, greater South-North economic cooperation and even progress on key CBM fronts may alleviate tensions caused by the nuclear crisis leading ultimately towards a major transformation in South-North relations. Nevertheless, casting a new "negotating regime" on the Korean peninsula will not result in a fundamental reengineering of the Korean question. In more ways than one, real and enduring change on the Korean peninsula may well materialize only with a dramatic political transformation within the North. As a result, contrary to the prevailing view that active engagement will induce North Korea ultimately to embrace a more open economic and political system, the net utility of deterrence, defense and strategic planning is likely to increase in the months and years ahead. If history can serve as a guide, North Korea's ultimate exit from communism either voluntarily or through systemic dislocation is unlikely to be affected by preventive diplomacy or sustained negotation. Although only time will tell, this may well be the most important guidepost in coordinating strategies and policies between Seoul and Washington.

Breaking off the Cold War Chains on the Korean Peninsula:
The Relevance of Arms Control Measures

Yong-Sup Han

The global trend of the 1990s is for countries to pursue arms control rather than engage in arms racing. The military confrontation and rivalry that shaped the world order during the Cold War have altogether disappeared in Europe, leaving the Korean peninsula as the last site of the Cold War, the dregs of which continue to affect inter-Korean security matters significantly.

Recently, international attention has been drawn to the Korean peninsula for two reasons. First, North Korea's reckless venture to develop nuclear weapons might have jeopardized world-wide efforts to strengthen the non-proliferation regime so as to smooth out the extension process of the Nuclear Nonproliferation Treaty (NPT). Second, Pyongyang's conventional military threats could undermine peace and stability on the Korean peninsula as well as in Northeast Asia, even after the collapse of communism in Europe.

Despite some initial successes in resolving the North Korean nuclear issue, the two Koreas live in an uneasy situation. This peninsula is the most heavily armed region in the world. There are no signs of either side's reduction of its military threats against the other. Neither government is pursuing arms control

policy in a systematic or consistent manner. Instead, they continue to add advanced and lethal weapons to their existing arsenals.

However, there were some efforts between the two Koreas in the late 1980s and early 1990s to move toward peaceful coexistence away from the forty-year military confrontation, because changes in the security environment of the post–Cold War era compelled them to seek modification in security policies. South Korea pursued its Nordpolitik to create conditions favorable to peaceful coexistence with Pyongyang by establishing friendly diplomatic ties with North Korea's allies, the Soviet Union and China. On one hand, North Korea accelerated its nuclear ambition to hedge against a strategically isolated predicament so as to undercut South Korea's success in Nordpolitik, while seeking inter-Korean dialogue on the other hand in fear of collapse like what happened to communism in Europe.

Those efforts produced two major agreements at the end of 1991: the Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and the North, and the Joint Declaration of the Denuclearization of the Korean Peninsula. In the following inter-Korean talks for nuclear inspection agreements, neither side got what it wanted. The stalemate in nuclear talks blocked any further inter-Korean dialogue, and the two sides went their own ways. South Korea resumed Team Spirit military exercises and North Korea announced it would pull out of the NPT in 1993.

Thus, talks between the US and North Korea replaced the inter-Korean dialogue, resulting in the Geneva accord of October 1994. During the nuclear impasse, the Korean peninsula exposed itself once again as to how fragile is the peace and how high the possibility of war. North Korea threatened to go to war if sanctions were imposed. The United States dispatched an aircraft carrier to the Eastern Sea of Korea in a demonstration of force. Pyongyang's threat was seen as an intention to set peace-loving South Koreans hostage to the threatening menace of war.

As of today, approximately the same number of forces as were along the inter-German border are deployed along the Korean Demilitarized Zone, which has a front line one third the length of that dividing Europe during the Cold War. Pyongyang's military goals and doctrines remain unchanged. In addition, no country in Northeast Asia has explicitly declared a restraint in conventional arms buildup, though the magnitude of arms buildup is not so big as it was during the Cold War period.

Against this backdrop, one big question arises: what insights could the Western approach that was taken to resolve East-West security problems—to break off, in fact, the Cold War chains—provide for the Korean security problem? With this question in mind, the article summarizes the tenets of new security concepts that came into being in the 1980s and 1990s in Europe and in the US to address contemporary security issues. By dwelling upon those concepts I will elaborate on some security problems on the Korean peninsula and in the region. If the US approach to resolve the North Korean nuclear issue has been taken within the new security concepts, it will be useful to see the approach in depth, how it worked, and what implications it will provide for the conventional military arena. Finally, we will discover some constructive ways to correct our security problems.

New Concepts of National Security or International Security

As the Soviet Union changed its security policy toward the United States in the second half of the 1980s, the trends of security studies underwent a transformation. Gorbachev's radical defense reforms and the Stockholm Conference of 1986 in Europe created new situations that mandated changes in traditional security concepts and strategies.

It also became critical for security experts to come up with fresh concepts of security to cope with new security problems. Three major efforts are worth highlighting. Those efforts are

directly related to the three concepts of security: mutual security, common security, and cooperative security.[1]

Mutual Security

In the modern age security cannot be obtained unilaterally; the security of one nation cannot be bought at the expense of others. The danger of nuclear war alone assures the validity of the proposition.[2] According to this school of thought, the world faces common dangers and thus must also promote security in common. Mutual security policy strives to improve the security of both sides under conditions of some mutual insecurity. Herein, two sides can mean two nations, two alliances or two militant organizations threatening each other. As we see, the concept of mutual security came about during the Cold War.

The proposals to encourage mutual security are to make the interaction system among nations full of positive-sum games and to convince each side that security is a chief political and military goal for the other side, too. Shared improvement is practically feasible in particular situations where the actors see opportunities for positive-sum interactions. Thus, one party should create conditions in which the other party sees long-term gains to engage the other. In addition, one party should change its own view of security, making it clear that security is its chief goal—because the other side often tends to see the achievement of one side's dominant political-military goals as victory, not security.[3]

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1 Mutual security and common security have been used synonymously but mutual security refers exclusively to East-West security and common security refers to the security of nations in general.

2 Richard Smoke and Andrei Kortunov (eds.), *Mutual Security* (New York: St. Martin's Press, 1991), p. 61.

3 Ibid, p. 72.

Common Security

Nations trying to increase their own security by raising threats against others are ultimately destined to meet a security dilemma: a decrease in security as a paradoxical result of the quest for security.[4] The more defense measures one nation adopts to increase its sense of security, the more insecure the other feels. The reacting nation takes additional measures, and so on. In the end, each side's national security is reduced.[5]

Advocates of common security(CS) believe that international peace must rest on a commitment by each nation to joint survival rather than the threat of mutual destruction.

World security becomes more interdependent as interdependence rises among nations in political, diplomatic, and economic domains. Therefore, one nation's pursuit of its own security can endanger global security in the world devoid of any authority to control individual nations' pursuit of security. To break out of this security dilemma, the CS school of thought advocates disarmament. The goal of CS has been defined as preventing nuclear war and thus it is urged that nuclear arsenals be reduced. Measures to correct security dilemmas are to make nations aware of the irrationality of their arms competition. In encouraging disarmament, CS contends that nations should adopt a non-offensive defense posture.

Non-offensive defense (NOD) implies that nations change military posture, size, weapons, training, doctrine, logistics, and operational manuals so as to be capable of a credible defense, yet incapable of offense.[6] NOD is a strategy, materialized in a posture, intended to maximize defensive while minimizing

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4 Bjørn Møller, *Common Security and Non-Offensive Defense: A Neorealist Perspective* (Lynne Rienner Publishers 1992), p. 26.

5 Robert Jervis, "Cooperation under the Security Dilemma," *World Politics*, Vol. 30, No. 2, January 1978, pp. 169–70.

6 Bjørn Møller, "Non-Offensive Defense as a Strategy for Small States?" Denmark Center for Peace and Conflict Research, *Working Papers*, May 1994, p. 6.

offensive capabilities. Because political intentions are subject to abrupt turnabout, the NOD approach is fundamental in tackling an otherwise intractable arms race problem by targeting military capabilities rather than intentions.

The CS and NOD approaches encourage nations, if it is hard to achieve any agreed-upon measures, to take unilateral action. Unilateral measures would help "enemy nations" to wash away enemy images of other nations. Also, the NOD approach stresses the importance of global collective security in part because collective security measures have the potential to be stronger to deter aggression than those possible within an alliance strategy. This is so in part because small nations can compose offensive capabilities through collective contributions without which one nation would be forced to acquire all offensive capabilities to repel an aggressor.[7]

Regarding the utility of the unilateral approach, a good case in point is South Korea's unilateral action to abandon nuclear enrichment and plutonium reprocessing in November 1991. The United States also announced it would unilaterally withdraw all tactical nuclear weapons from South Korea. Those two initiatives helped to press Pyongyang to accept IAEA inspections after ratifying IAEA full-scope Safeguards Agreements. However, unilateral measures have shown their weakness in dealing further with North Korea, who regards them as something to be taken advantage of.

Cooperative Security

The concept of cooperative security implies that nations intend to achieve national security by pursuing security objectives compatible with other nations and seek to establish collaborative rather than confrontational relationships among national military establishments.[8] According to this concept, cooperative

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7 Ibid., pp. 16–17.

security is similar to common security in that nations should recognize security concerns of other nations, respect others' security interests as legitimate and pursue mutual coexistence. There is a slight difference between common security and cooperative security in that cooperative security tends to stress the need of institutionalized consent and agreed-upon measures in preventing war as well as means to prevent successful aggression so as to ensure the security of nations.

Cooperative security came into being after the Cold War. Its end and the demise of the Soviet Union unavoidably changed traditional security concepts and the foundations of past strategy. Furthermore, the Gulf War awakened the world to how multinational forces could be effectively mobilized with the most advanced defense technology, and render the aggressor Iraqi forces powerless. This most recent experience provided insights to cooperative security advocates about effective means to deal with future aggressors. Those factors together with the recognition that aggression by force is self-destructive and will entail enormous costs have affected quite a few nations to pursue cooperative security.

Under new situations massive-scale land attack and possibility of nuclear war are no longer the issue for defense planning; deterrence, nuclear stability and containment are no longer organizing principles of international security. Instead, security based on cooperation and on the prevention of conflict are the major issues to tackle.

Cooperative security cannot be accomplished by threatening violence. Nations should show mutual restraint, provide reassurances that they will not resort to force, and improve transparency in defense policies and military posture, arms transfers, etc. Cooperative security does not exclude the various existing arrangements that have contributed to the strengthening

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8 Janne E. Nolan, *Global Engagement: Cooperation and Security in the 21st Century* (The Brookings Institution, 1994), p. 5.

of the international regime to prevent war, prohibit proliferation of nuclear, chemical, and biological weapons and long-range missiles, and promote arms control. Mutual restraints should be verifiable and reassurances can be obtained by making transparent all military posture, doctrine, weapons production, and arms sales and acquisition. Thus, this school of thought actively examines new instruments of international mediation, peacekeeping, and collective intervention. Furthermore, they advocate cooperative engagement even with "enemy" nations, which has been clearly demonstrated in North Korea's nuclear issue, to which I will return.

Factors Hindering Application of New Security Concepts to the Korean Peninsula

As pointed out in the introduction, the two Koreas dwell within the residue of the Cold War. The Cold War between the two superpowers is gone, but not its effects. One Korea feels threatened by the other and thus increases defense measures to enhance national security. The two sides, however, end up with greater insecurity due to the security dilemma phenomenon. Before examining policies to resolve the security dilemma on the peninsula, we need to assess current security problems by raising two big questions: What are the major military threats the two Koreas perceive? Is there any inter-Korean security regime to resolve the security dilemma?

Threat Perceptions of the Two Koreas

South Korea's Threat Perceptions

There are four main factors that affect South Korea's threat perception: North Korea initiated the Korean War and is prepared to do so again, has maintained its offensive strategy to communize the peninsula by surprise attack, is maintaining a

military advantage, and is increasing its long-range missiles with an unveiled nuclear weapons program.

The Korean War: The devastating loss incurred during the Korean War and the possibility that Pyongyang may initiate another war make up one of the most serious security concerns to South Koreans.

South Korea was shattered by North Korea's surprise attack. Seoul in 1950 was without prepared defense or sufficient combat capabilities. Without US and UN intervention, the Republic of Korea would not exist. Above all, considering that the losses from another war could be more than twice those in the Korean War, preventing another war is the most important security issue for Koreans.[9]

The Korean War made the division of the peninsula irreconcilable, strengthening each side's enemy image of the other. By splitting the political spectrum in domestic politics followed by a massive purge of the opposition, repression has prevailed in both parts of Korea, creating bureaucratic inertia and deepening mutual political and military confrontation.

Because of the Korean War, the South transferred its right of operational control to the Commander of the UNC which later was given to the US Commander of the Combined Forces Command (CFC), making difficult the restoration of operational control by Korean leadership over South Korean forces.

Even though any real possibility that it could accomplish such a thing is in doubt now, North Korea's policy to communize the peninsula has not changed for the past four decades. The suspicions and misperceptions are so strong that South Korea is reluctant to place much confidence in the utility of negotiating with the North for its security. Bureaucratic and political rigidity still hinder the inception of a policy for improving South-North

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9 The ROK Ministry of National Defense estimated that the losses within the first ten days would be twice those incurred in the Korean War throughout three years.

relations. The thinking prevails that there can be no compromise with communists and that only comparative strength wins the competition with them. Such thinking rationalizes reliance on the United States for security on the one hand, which in turn hinders any self-reliance strategy.

North Korea's military doctrine and strategy: The military threat that North Korea poses to South Korea derives not only from the asymmetries in capabilities, but also from the manner in which they might be used. In the Korean War, Pyongyang employed the doctrine of surprise attack on the South, which was reinforced by the Chinese victory in its first and second campaigns in October and December 1950.[10] Their doctrinal basis comes from traditional Communist strategy. It was reinforced by guerilla warfare experience in the anti-Japanese struggle and refined by reflecting upon the lessons they learned in the Korean War. The late Kim Il Sung established the Four-Point Military Guidelines in 1962: arming the entire population, transforming the entire country into an impregnable fortress, converting the whole army into an army of cadres, and modernizing the military establishment. North Korea is now seen as the most dangerous garrison state in the world.

North Korean strategy has also put more emphasis on breakthrough and maneuver warfare implemented by massing numerically favorable ground forces at chosen points. This maneuver warfare strategy was adopted from the Soviet strategy. The idea is to defeat the enemy (South Korean) forces by first fracturing their defense lines at selected places then advancing rapidly into the rear areas where encircling operations can be undertaken. In this concept the enemy line is broken by massed, highly concentrated assaults against known weak points by successive waves of attacking forces arrayed in echeloned formations.

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10 Chinese Academy of Military Science, *Kangmei Yuanchao Zhanshi*, pp. 17–71.

From the position of numerical strength today, the importance of maneuver warfare is still being emphasized to overcome perceived disadvantages of being forced to engage in attritional warfare, due to its gap with South Korea in economic and technological capabilities. Defense experts forecast the possibility that North Korea would occupy Seoul within thirty days of battle once Pyongyang initiated a breakthrough warfare.[11] The main features of North Korea's military doctrine are well reflected in their organizational structure which consists of an Army Command, Air Force Command, Navy Command, Mechanized Command, Artillery Command, Missile Command, and Special Eighth Corps to conduct organized warfare, with an emphasis on combined war between regular and guerilla combat forces and between maneuver and massive firepower.

Military imbalance: Pyongyang continues to increase its military manpower even beyond the 1.1 million of the early 1990s after surpassing South Korea in 1978. The military manpower of South Korea stays approximately the same at some 600,000 as it was in the 1960s. Two reasons can be noted for such a rapid increase North Korean military personnel.

North Korea is attempting to compensate for its lack of defense resources with military manpower, as demonstrated later in this section in comparing military expenditures between the two Koreas. The other reason is that to Pyongyang, the strategic environment is becoming unfavorable to its security for domestic reasons as well as external ones. Or, it might try to create the opportunity to use its military assets before they become obsolete. This massive asymmetry in military manpower constitutes one important part of Seoul's threat perception.

Another source of threat comes from big gaps in the numbers of offensive weapons between North Korea and South Korea as summarized in Table 1. As of 1994, North Korea had a big numerical advantage in major items of offensive weaponry, for

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11 Christopher Bowie and Fred Frostic, et. al., *The New Calculus* (RAND, 1993).

example, a 2.2 to one advantage over the South in tanks and 2 to 1 in artillery units. In armored personnel carriers, they hold a 1.25-to-1 advantage. In addition, North Korea moved more long-range artillery to the forward areas in 1993 and 1994.[12] This is clear evidence that North Korea is augmenting its offensive capabilities continuously despite its repeated peace offensive propaganda to start peace talks with the United States following the agreed framework of October 1994 with the United States.

Table 1. Major Weapons of South and North Korea

	South Korea	North Korea
Tanks	1,900	4,200
Artillery	4,540	9,080
APC*	2,000	2,500
Tactical Aircraft	540	770

*Armored Personnel Carrier

Sources: IISS, *The Military Balance 1994–1995*; "Conventional Forces in Northeast Asia," *Arms Control Today*, November 1994, p. 34.

In the category of tactical aircraft, North Korea maintains a 1.42-to-1 advantage over the South. This numerical superiority constitutes an important part of the threat to the South. North Korea has deployed sixty-five to seventy percent of its forces forward, which is one-and-a-half times the South Korean forces deployed forward. Such asymmetric forward deployments coupled with Pyongyang's breakthrough warfare strategy clearly constitutes a major threat.

North Korea's nuclear weapons program and long-range missiles: After the United States withdrew its nuclear weapons from South Korea, North Korea's nuclear weapons development program became a thorny issue to Seoul and to the world.

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12 ROK Ministry of National Defense, *Defense White Paper 1994–1995*. According to the MND, North Korea forward deployed 170 mm self-propelled artilleries and 240 mm multiple rocket launchers in 1993 and 1994.

Despite the recent Geneva accord, because of Pyongyang's past bad behavior Seoul's suspicion about Pyongyang's nuclear ambition has not been cleared. Together with North Korea's nuclear weapons program, its continued sophistication of long-range missiles and bio-chemical weapons poses threats to Korean security as well as to regional security. On this point, Japan already expressed deep concerns, and they joined the co-development program of Theater Missile Defense with the United States. The Japanese *Defense White Paper 1994* underlines the importance of Japan's force modernization to counter North Korea's threat of long-range missiles, which will be able to reach the Western half of the Japanese Islands. It will be even more threatening when North Korea succeeds in developing Taepodong-1 and -2 whose ranges may extend as far as 2000 to 3000 km. South Korea will not remain silent against North Korea's long-range missiles. In consideration of North Korea's threat as well as post–North Korea's threat, Seoul's long-term goal will definitely be to acquire long-range missiles and air defense missiles.[13]

North Korea's Threat Perception

To the extent that North Korea truly feels "threatened," there are three main factors that create this perception: North Korea may collapse and subsequently be absorbed by South Korea in the future like the German case; the US-ROK alliance is too strong and their joint operation could inflict devastating damage; and in the long run South Korea has stronger economic capabilities to build more combat capabilities than does the North.

Possibility of Collapse: North Korea responded nervously to the international pressure over the nuclear issue by claiming that the

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13 South Korea's ballistic missile program is still short of a maximum range of 180 miles and payload of 300 kg. See *Jane's Defense Weekly*, 30 April 1994, p. 25.

United States intends to strangle North Korea's socialist system. To South Korean representatives in the inter-Korean dialogue, North Korean representatives repeatedly said that there cannot be a true dialogue without throwing away a secret desire to absorb the North. Indeed, North Korea is in a desperate economic situation that results from both economic policy failures during the past five years and substantial cuts or suspension of economic aid from Russia and China. Political insecurity after Kim Il Sung's death and diplomatic isolation adds uncertainty to the already decaying regime.

Continuing the US-ROK alliance: The existence of US troops in Korea is a main source of North Korea's threat perception. They have consistently criticized the United States for blockading the revolutionization of the entire Korea. According to North Korean propaganda, a US nuclear presence has posed threats to them. North Korea insisted that before urging North Korea to sign a nuclear safeguards agreement, the United States would have to remove its nuclear threat against the North. In fact, the United States did so. North Korea has been claiming that Team Spirit US-ROK military exercises and other joint exercises are an expression of US strategy to invade North Korea,[14] and sees the massive scale of Team Spirit, including nuclear-projecting capabilities, as a threat to the peace and stability of the peninsula as Pyongyang defines it. Its duration of more than two months, North Korea alleges, is also clear indication of US strategy of effecting a surprise attack, projecting forces, and conducting maneuver warfare coupled with the air-land battle doctrine that the US has been developing since 1976.[15] Thus, the North criticizes Team Spirit exercises as military training to initiate a surprise attack with an offensive doctrine, disguised as simple military exercise.[16] They also claim that the US air-land battle

14 *Rodong Shinmun*, 3 February 1991.

15 Ibid.

doctrine has brought a new threat to the North because of its nature of offensive defense.

They claim that Team Spirit reveals a US–South Korean attempt to achieve reunification through a victory over communism by force should their strategy of peaceful transition, which was designed to obliterate the socialist system of North Korea, not work.[17] North Korea points to the possibility that these maneuvers could create a situation in which nuclear war might break out in Korea. It is construed as significant to the North that the scale and duration of the joint military exercises had been becoming larger and longer up until 1990.

North Korea has issued combat alert orders every year since 1983 to protest Team Spirit exercises, with the exceptions of 1985 and 1987. In fact, mobilized North Korean soldiers and reserves were never able participate in their customary economic activities during Team Spirit. North Korea habitually used Team Spirit as a pretext for postponing or boycotting the ongoing inter-Korean contacts. For the first time in their history, Team Spirit exercises were cancelled in 1992 in return for acceptance of IAEA nuclear inspections on North Korean nuclear sites. In 1993 inter-Korean dialogue was suspended with the resumption of Team Spirit exercises. North Korea announced it would pull out of the Nuclear Nonproliferation Treaty. In 1994 and 1995, Team Spirit was cancelled for the second time in order to support the US–North Korean nuclear talks. It is interesting to observe a change in North Korean attitudes toward a US military presence in general.[18]

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16 *Rodong Shinmun*, 16 March 1991.

17 North Korean Foreign Ministry Statement: *FBIS-EAS-91018*, 28 January 1991.

18 North Korea has been showing flexibility on the issue of US withdrawal from South Korea, quite different from its traditional position of insisting upon US complete withdrawal as a precondition for peace on the Korean peninsula. See the Korean Institute for Strategic Studies, *Developments and Prospects of the ROK-US Security Cooperation*, (Seoul: Sekyongsa, 1990), pp. 143–45.

Economic and long-term military trends are unfavorable to the North: The South Korean economy as of 1994 is fourteen to fifteen times larger than that of North Korea in terms of GNP.[19] This gap in economic capabilities is expected to widen throughout the 1990s, if we compare estimation of growth rates between the two Koreas. As can be seen in Figure 1, long-term trends of military expenditures of South and North Korea comprise a main source of North Korea's threat perception. Though the North outspent the South in defense until 1975–1976, it was subsequently outpaced by the South by a substantial margin. This spending gap results from a gap in economic and technological capabilities between the South and the North, which is expected to widen in absolute and relative terms. Until 1975–1976, defense spending in North Korea was double or triple that of South Korea. North Korea's economy was superior to that of the South and its early economic success had provided sufficient resources to the defense sector.

However, South Korea's remarkable economic growth throughout the 1970s and 1980s enabled her to spend more on defense, thus passing North Korea in aggregate defense spending. South Korea's defense spending in 1994 amounted to $12 billion, more than twice that of the North. This gap in defense spending is expected to widen to a ratio of 2.4 to 1 by the year 2000, and South Korea's cumulative real investments in defense are expected to surpass those of the North.[20]

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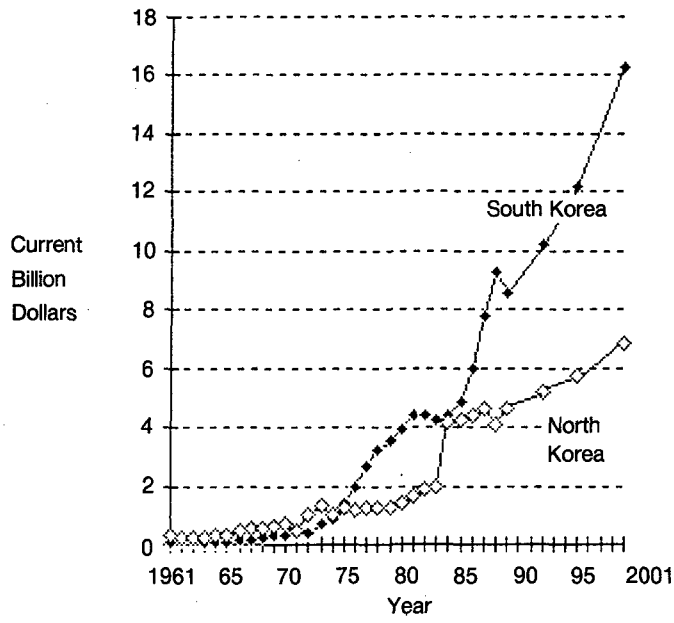
19 For estimation of South Korean economy, see Charles Wolf, Jr., and Yong-Sup Han, *Korean and US Economic and Technological Capabilities to Support Defense Burdens* (The RAND Corporation, 1991). For North Korean economy, see ROK National Unification Board, *Summary of North Korean Economy* (1994).

20 According to the ROK Ministry of National Defense, the cumulative total real investments in defense (1953–) are expected to equal those of North Korea by the year 1996. See *Hankuk Ilbo*, 3 February 1990. For reference, RAND estimates on cumulative total defense expenditures of South and North Korea between 1968 and 1983 show that South Korea has spent 1.06 times what the North did in 1979 constant dollars. If we add later spending gaps to this differential, we will get a larger ratio. See Charles Wolf, Jr., et al., *The Changing Balance: South and North Korean Capabilities for Long-Term Military Competition*, the RAND

Fig. 1 Military Spending of South and North Korea



Sources: From 1961–1989, IISS, *The Military Balance,* 1961 through 1990–1991; from 1990–2001, the Korean Institute for Strategic Studies, *Developments and Prospects of the ROK-US Security Cooperation,* p. 129.

The long-term economic and defense resource trends will clearly add to Pyongyang's threat perception, as might a major change in the strategic environment resulting from South Korea's improving relationship with China and Russia. With delivery of offensive weapons to the DPRK more difficult than ever,[21] Pyongyang may have difficulties increasing its advanced weaponry and may become more inferior in military technology to its rival in the South.

Corporation, R-3305, December 1985, p. 43.

21 *Hankuk Ilbo,* 30 October 1990. See an interview coverage of the Soviet deputy foreign minister with South Korean reporters.

In a nutshell, Seoul's far superior socioeconomic capabilities are likely to produce increasing pressure on Pyongyang. There is an imminent danger that once South-North exchanges start the real picture of the South's domestic capabilities may be disclosed to the Northern population. Pyongyang is under dual pressure: one is the direct threat from South Korea's ongoing military build-up and the other is the danger of domestic instability rising from its defeat in the economic and technological competition with the South.

Security Regimes

As of today, there exists no inter-Korean security regime where the two Koreas can address their own security problems. As noted earlier, there have been efforts to establish an inter-Korean security regime through prime ministerial talks that were held in 1990–91. The nuclear issue obliterated prospects of inter-Korean security dialogue.

The Military Armistice Commission (MAC) is the only authority to supervise the implementation of the Armistice Agreement that was signed in 1953 by the United States (representing the United Nations Command), and China and North Korea, although the function of the armistice regime has become obsolete in recent days. China and North Korea withdrew their representatives from the MAC in 1994 that Pyongyang might establish direct channels with the United States.

For forty years South Korea had no right to speak in the MAC plenary session. Ever since a South Korean general replaced the American as the head of the South-side MAC in 1991, North Korea has refused to attend a MAC meeting. The recent helicopter case vividly showed Pyongyang's intent to establish direct military channels with the United States.

The armistice regime has been outdated because peace has been maintained since the Korean War and military situations of today are different from those of the war time. Three nations,

South and North Korea and the United States, share the view that a new security regime to resolve security problems should be formulated. They have different views, however, on how to change the armistice regime.

South Korea's view: Seoul refused to be a signatory to the Armistice Agreement, which generated problems recognized only later. The South Korean government had no channels whatsoever to resolve military problems with North Korea directly. More serious was that South Korea could not take any retaliatory or punitive measures against the North's recalcitrant terrorists and infiltrating actions. It was only through the US chairman of the UNC that South Korea could raise objections to North Korea's violations of the armistice. These limitations had not been foreseen by the Syngman Rhee government in 1953.

As South Korea assumes a self-defense policy, it needs a direct channel to North Korea to improve inter-Korean relations and to pursue security and stability upon which the two Koreas can agree. However, without replacing an already ineffective armistice regime, it is nearly impossible for Seoul to attempt to improve the South-North relationship without the right to speak in the MAC—and North Korea does not recognize South Korea's authority to be represented at the MAC. After the Korean replaced the US commander in the MAC, North Korea has strongly opposed holding any MAC meetings, complaining that South Korea was not a signatory to the Armistice Agreement.[22]

It was in 1991 that the two Koreas agreed to endeavor to transform the present state of armistice into a solid state of peace and to abide by the Armistice Agreement of 1953 until such a state of peace was realized. In May 1992, they agreed to establish the South-North Joint Military Commission to discuss matters to implement nonaggression provisions and arms control measures, but to no avail; severe confrontation between the South

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22 *FBIS-EAS-91059*, 27 March 1991, p. 21.

and the North blocked any progress regarding inter-Korean military channels.

North Korea: North Korea also needs to change the armistice regime. However, Pyongyang insists that the United States sign a peace treaty to replace the armistice agreement, because the United States is a legal partner to it. Though North Korea feels the need to discuss political and military issues directly with Seoul, it strongly disagrees on the modalities of meetings.

During the 1970s Pyongyang insisted that tripartite talks with South Korea and the United States be a forum to resolve security issues. The United States and South Korea were opposed to this modality because North Korea's intention was to deny South Korea a role as a legitimate negotiating partner. Now, Pyongyang went to back to its original position that they should sign a peace treaty to replace the Armistice Agreement only with the United States.

The United States: The US holds the view that the MAC's role in developing and enforcing measures to reduce military tension along the DMZ is critical.[23] This view is reflected in the US Department of Defense statement and Joint Communique between US Secretary of Defense and South Korean Minister of Defense that the Armistice Agreement and the UNC must be maintained essentially in their current form.[24]

However, the United States recently expressed strong support for the South Korean government in negotiating with the North directly so as ultimately to replace the armistice regime.[25]

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23 Richard L. Sneider, "Prospects for Korean Security," in Richard H. Solomon, ed., *Asian Security in the 1980s: Problems and Policies for a Time of Transition*, (Cambridge Massachusetts: Oelgeschlager Gunn & Hain, Publishers, 1979), p. 138.

24 US Department of Defense, *A Strategic Framework for the Asian Pacific Rim: Looking Toward the 21st Century*, April 1990, p. 15.

25 ROK Ministry of National Defense, *Defense White Paper 1994–95*, p. 261.

Summary

As noted above, threat perceptions resulting from mutual arms race and continued Cold War–type confrontation continue to affect security policy, military strategy and posture on the Korean peninsula. Alliances that came into being during the Cold War period still exist, although Pyongyang's allies are changing their policies. Above all, other than the increasingly impotent 1953 Armistice Agreement a security regime in which all concerned parties can be represented does not exist.

With respect to the need for an arms control regime, South and North Korea and the United States have similar views but do not agree on the modalities. However, it is clear that arms control measures will not be implemented effectively through the armistice regime, and that security interests of South Korea will not be served by the MAC.

Thus, an arms control regime should be created either by direct talks between the two Koreas or by some participation of the United States in this process. Without initial agreement on the modalities of the talks it will be hard to enter any substantive talks between South and North. As observed in the history of South-North talks, most of the effort was spent on debating negotiation channels without involving any substantive issues. The most recent nuclear issue is an exception.

Resolving Security Problems of the Peninsula

As pointed out earlier, the Korean peninsula faces a security dilemma. This situation generates five major items on the security agenda: prevention of war, prevention of North Korean nuclear proliferation, prudent policy to deal with Pyongyang's fear of collapse, conventional arms control, and regional arms control and security cooperation. Herein, policy measures are considered in relation to each item by applying new concepts of security as previously summarized.

Prevention of War

Chances remain high that densely populated forces along the DMZ might cause either an accidental or calculated war between the two Koreas. During the nuclear crisis in mid-1994 there could have been one: North Korea used a war threat against Seoul by promising to respond with war to sanctions, with dialogue to dialogue. In part, North Korea's threat of war was used as a means to squeeze greater concessions from the United States and South Korea. Because the US and South Korea took no punitive actions, Pyongyang can be expected to repeat such behavior whenever the regime feels on the defensive. Thus, prevention of another war on the peninsula has become the utmost security problem.

As suggested by advocates of common security and cooperative security, war prevention is very important. Before those concepts are applied properly, deterrence is still valid on the Korean peninsula. Nevertheless, nuclear deterrence is losing relevance to the Korean situation because in the Geneva accord the United States provided assurances to Pyongyang against the threat or the use of nuclear weapons. Thus, conventional deterrence is becoming more important and the two Koreas will be drawn into a more heated conventional arms race. Trends are already moving in that direction.

South and North Korea agreed in 1991 not to use force or undertake armed aggression against each other,[26] but subsequent to this agreement North Korea did specifically threaten to go to war. So as to confirm North Korea's intentions not to use force, there should be measures to guarantee its commitment. By applying new concepts of security to the Korean situation, we can discover many ways to prevent war. The most effective would be for North Korea to withdraw excess forces from the

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26 Article 9 of the South-North Basic Agreement ratified by the two Koreas in February 1992.

forward areas and to change its offensive doctrine and posture into defensive doctrine and posture, points to which I will return.

There is a way to affect North Korean leaders to change their minds: Make the interactive mechanism between North Korea and other nations a long-term game so that North Korea's leaders may see the long-term advantage of cooperating with others rather than resorting to an arms race or threatening force for short-term gain. Regarding unilateral measures, South Korea has already forgone the nuclear option unilaterally and has maintained a defensive doctrine with the United States. In the conventional arena there remains nothing to be done unilaterally. We need to create conditions under which North Korea will decide to take unilateral measures. In this connection, cooperative engagement with the North has provided insights as will be seen below.

Prevention of North Korean Nuclear Proliferation

Regarding the nuclear issue a major breakthrough was made, although there have been ups and downs in the negotiation process for some time. Agreements such as the Joint Declaration of the Denuclearization of the Korean Peninsula and the US-DPRK Geneva Accord were made possible.

The reasons why the two Koreas succeeded in signing the denuclearization agreements in 1991 can be summarized as: (1) The end of the Cold War and cooperation among four powers surrounding the Korean peninsula served as a catalyst to continue bilateral nuclear negotiations; (2) International pressure reinforced by US unilateral withdrawal of nuclear weapons from South Korea was so high that North Korea could not but accept the request for denuclearization, reluctantly, and; (3) It is clear that the strong measures taken by the United Nations Security Council (Resolution 687) may have helped to cause North Korea to accept some outside demands.

However, South Korea and the United States were unable to influence North Korea further so that the two Koreas could work out bilateral nuclear inspection agreements for three reasons: (1) Rigidity of North Korea's bureaucracy and intention and a great amount of investment already made hindered full disclosure at the earliest time without compensatory measures from the external world; (2) North Korea's intent on linking conventional arms control issues to the nuclear issue served as a barrier to progress in the nuclear issue because North Korea wants to break down the US-ROK alliance once and for all by suspending Team Spirit military exercises and accelerating the withdrawal of US forces from South Korea;[27] and (3) South Korea's strong adherence to the need for special inspections and resumption of Team Spirit were not conducive to negotiations.

In taking into account why Seoul and Washington failed in implementing the Denuclearization Agreements and why North Korea announced it would pull out of the NPT regime, the US–North Korean negotiations produced the Geneva accord for the following reasons: (1) Washington accepted Pyongyang's proposals to resolve the nuclear issue within a somewhat broader framework under which the two sides would improve political and economic relations, while North Korea would freeze its nuclear program; (2) Washington provided a security guarantee to the North Korean regime with assurances against threat or use of forces including nuclear weapons and subsequently cancelled Team Spirit exercises for 1994 and 1995; (3) North Korea agreed to suspend all nuclear activities by agreeing to replace its entire nuclear program with less-nuclear-weapon-prone light-water reactors, and with US provision of an energy substitute, oil; and (4) The United States was flexible

27 On 27 January 1993, the DPRK Ministry of Foreign Affairs announced it would suspend all South-North dialogue including the bilateral nuclear negotiations because South Korea had announced it would resume Team Spirit military exercises the previous day.

towards the timing and modality regarding the special inspections that the IAEA had requested in February, 1993.

Although there are critics who say that the United States made enormous concessions to North Korea without realizing special inspections at an early date, negotiation strategies in Geneva talks are worth highlighting.

- The United States made efforts to apply concepts of common security and cooperative security to the North Korean issue, providing security assurances to North Korea by acknowledging the legitimacy of its security concerns, as shown in the assurances regarding security of the Pyongyang regime, no threat or use of force including nuclear weapons, and cancellation of Team Spirit. Those are reassurances measures that cooperative security advocates regarded as essential in promoting cooperative security. Common security advocates also agree to the point that those assurances are based on recognition of other nations' legitimate security concerns, therefore leading to joint survival. Those measures also reflected China's concern that the more North Korea is pushed into a corner, the higher becomes the possibility that its leaders will opt for nuclear weapons. Apparently, the United States came to the conclusion that it would be better to pursue arms control and common security on the peninsula rather than seeking absolute security through deterrence and arms race. This policy matched very well the unilateral measures that have been taken in withdrawing nuclear weapons from South Korea in 1991.
- The United States pursued political resolution by forgoing its previous policy under the Bush administration that the nuclear issue should not be linked to other matters including improving general relations with North Korea. It reluctantly agreed to North Korea's position that nonproliferation and building political trust are not separate issues. Now, it seems that the two nations are pursuing confidence and trust building at the same time as resolving the nuclear issue. From this point on, the United States is predicted to make efforts to link North Korea's conventional arms control to its future normalization of

diplomatic relations.[28] The US approach along this broad framework shows us that the arms control approach will be more effective when it is supplemented by political initiatives.

Prudent Policy to Deal with Pyongyang's Fear of Collapse

As indicated North Korea is taking a vigilant policy against the odds of collapse. Its economy is seriously in jeopardy. Its grain harvests are recorded as worse every year. Pyongyang cannot feed its people well with only two meals a day. The food shortage problem disrupts social control structure by forcing the government to allow people to move around without permission because they need to look for food. Social stability is being undermined. In addition to the food shortage, the energy problem is also serious. Oil supply from Russia has long been suspended and the Chinese oil supply is reaching a record low. There was no other option but to beg oil from the United States as well as rice from South Korea and Japan. Trade is also a problem because of shortage of hard currency.

After Kim Il Sung's death, the political leadership has not been restored. While Kim Jong-il is waiting for his power succession, North Korea is on a high alert together with fear of "the collapse of Communism." The military is being requested to be on high vigilance for and mobilize against any political or social turmoil, as shown in Kim Jong-il's New Year's Address.[29]

North Korea's policy to revitalize the economy and establish a good relationship with the United States is identified in the New Year's Address of 1995. North Korea's policy priority for the year is placed upon four points: improving relations with the United States according to the Geneva accord; minimizing

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28 *Dong-A Ilbo*, 5 November 1994. Ambassador Gallucci's interview. Following the Geneva accord, Gallucci indicated that the US will link North Korea's pull-back of its forward deployed forces to normalization of diplomatic relations with North Korea.

29 Korean Workers' Party Press, 1 January 1995.

threats to its security through pursuing a peace treaty with the United States, which will in turn resolve military confrontation between the two Koreas; undermining the US alliance with South Korea by enlarging the split between South Korea and the United States; and, by taking advantage of 1995 as the fiftieth anniversary of Korean Liberation, trying to contact South Korean civic organizations directly in order to create divisions between the government and the people and arousing anti-government sentiments.

North Korea's intentions are clearly to circumvent the South Korean government. Whereas Pyongyang is trying to receive benefits such as oil, light-water reactors, US liaison offices and Japanese reparations to help revitalize its economy, it will in the process try to isolate South Korea to the maximum extent.

In addition, Pyongyang will endeavor to establish direct military channels with the United States as it did in the helicopter case of December 1994.

Pyongyang is playing the differences between the United States and South Korea. They know well that South Korea is not satisfied with what is in the Geneva accord—special inspections per se, the US negotiation style. By claiming from the Geneva accord the political victory of "Pyongyang's independent diplomatic policy," they are making a contrast with South Korea's dependency upon American diplomacy. North Korean leaders think that such a propaganda war will be able to ignite anti-Americanism in Seoul. Also, by dividing the South Korean government and people, they think that Pyongyang will earn time to develop its economy while Seoul struggles with induced political and social instability. This raises potential problems to lie ahead in South Korea's relationship with the United States so long as North Korea opposes inter-Korean talks. It seems that all this miscalculation on the part of the North Korean leaders' was cultivated over fifty years of highly closed and isolated society.

However, a prudent balancing act is required in dealing with North Korea, which fears collapse and which could even choose

to initiate a war as a suicidal attack. However small the possibility is, it could happen if they see no hope to revitalize their economy. For fear of war, however, we cannot simply give North Korea whatever they request. They may spend the money and resources to strengthen war-fighting capabilities. Nevertheless, it is not prudent to repeat the Cold War–type confrontation by increasing offense capabilities, which may provoke the North Korean leadership.

Therefore, though now is not time for us to take unilateral measures to alleviate North Korea's concerns of collapse, it *is* time to engage North Korea on conditional bases. If North Korea follows what we request, we should provide economic assistance and promote economic cooperation and improving relations.

Conventional Arms Control

As explained, the Korean peninsula is not only militarily unstable, but is also engaged in an arms race. Resolving the nuclear issue alone is less meaningful for South Korea than it would be if the conventional arms race were alleviated, too. Arms racing drains resources from the economic sectors, affecting the economy of both Koreas adversely, but the consequences are more serious to the North. Thus, we need to address the asymmetry of conventional capability on the peninsula in addition to addressing North Korea's offensive posture and doctrine.

In the Geneva talks between the United States and North Korea, US Ambassador Gallucci raised the problem of North Korea's excess forces deployed along the DMZ by pointing out that it undermines peace and stability of the peninsula. As he testified before Congress, the US government seems to be planning to pursue the question of North Korea's ballistic missile activities and its threatening conventional force deployments in later talks over diplomatic normalization.[30]

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30 Testimony of Robert L. Gallucci, Ambassador at Large on the Agreed Framework

If that is so, the conventional arms control issue will be naturally raised in the implementation process of the Geneva accord. If the United States is to ensure military stability by reducing North Korea's surprise attack capabilities through negotiations, North Korea will definitely insist on withdrawal of US forces from South Korea and a pullback of South Korean forces from the front area, too. Then, the two Koreas and the United States will engage in more extensive arms control talks.

With regard to conventional arms control, the NOD approach is particularly relevant except for South Korea's unilateral measures. In the conventional arena, there is no room for South Korea who is outnumbered by North Korean forces especially in the forward areas. In fact, South Korea and the United States did make a concession on Team Spirit and with regard to the nuclear issue. If the Geneva accord is being implemented well, it will not be easy to resume Team Spirit. South Korea, then, lacks effective negotiating cards beyond mutually agreed-upon measures.

After taking into account the fact that Seoul suffers an unfavorable situation in the conventional balance and South Korea's military doctrine and posture are intrinsically defensive, we reach the conclusion that—even though expecting Pyongyang to make unilateral measures is not feasible—North Korea should reduce its offensive capabilities, change its posture, and pull back its forward-deployed forces. Thus, linking our request for arms control to other gains that North Korea will request is a way to increase negotiability, as well illustrated in the Geneva accord.

If we apply the Geneva accord to conventional arms control, it is necessary to set up an eight-year plan to match its implementation. Until North Korea receives special inspections (say, in 1998–99), we would not take reduction measures unless North Korea were willing to reduce forces in excess of those of

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with North Korea before the Senate Foreign Relations Committee: Subcommittee on East Asian and Pacific Affairs, 1 December 1994.

South Korea. As a first step before 1997–98, establishing a thin-out zone or non-deployment zone along the DMZ would be a good proposal. Certainly, confidence-building and transparency measures will be pursued at the same time. On a reciprocal basis, each side reduces (or pulls out completely) its forward deployed forces, with greater reduction on the part of Pyongyang because it has more. A non-deployment zone would be akin to setting up wider buffer zones on each side of the DMZ than exist now. An agreement could be made that if one party were to penetrate the new wider zone with forces bigger than one division, it would be regarded as military attack against the other party and the other party and its ally would react to the offense immediately. This will help prevent war in advance and enhance stability in the peninsula.

Once we achieve a success in the thin-out zone or non-deployment zone, then we could proceed to a second step, mutually reducing offensive weapons to a level lower than what South Korea has now. In the process, a progressive withdrawal of American military units from the peninsula could be discussed.[31] Above all, laying out strategies between the United States and South Korea is required now to draw North Korea to the arms negotiation table.

Regional Arms Control and Security Cooperation

Northeast Asia lacks a multilateral security cooperation regime in which concerned nations can address security issues and take collective actions against an attacker for its violation of peace and security in the region. Animosity embedded in the historical rivalry still prevails among the people of the region. A cooperative approach to deal with regional and international conflict has not been taken seriously. Thus, chances for regional conflicts are

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31 Aleksis Bogaturov, Mikhail Nossov,and Konstantine Plehakov, "The Korean Problem and Possible Forms of Soviet-American Interaction," in Smoke and Kortunov, *Mutual Security*, p. 230.

still high and the perceived threats vis-à-vis other countries in the region are higher than the real ones.

If conflicts between one of the four powers and a small country were to occur, the traditional security alliance would not be a solution for conflict resolution because the bilateral security alliances were designed to resolve conflicts between the two security blocs during the Cold War. Lack of an arms-control approach to the regional security problem is likely to aggravate the confrontational relationship among countries in the region.

Looking further at each nation reveals that an arms race[32] among countries in the region is under way on the conventional level without having been properly noticed because there has long been peace in the region.

As for China, it has very long nurtured the thought of ruling Asia. When China accomplishes its economic goal of becoming an equal competitor with the United States and Japan in gross terms, it will end up with formidable military powers if it arms itself commensurately. China's traditional strategy of maintaining military superiority to advance national interests over neighboring countries is expected to continue, while it can be expected to take advantage of its superior military power in order to convert that superiority into political power and influence over those countries. In the short run, China will keep downsizing military manpower but keep improving naval and air forces quantitatively and qualitatively.

In addition to continuing to develop its strategic nuclear weapons, China has been raising defense spending at an annual rate of ten to twelve percent over the past four years. Peking increased the import of advanced weapons such as T-72 tanks and MiG-29/31 and Su-27 fighters from Russia. It is observed that China has increased power projection capabilities of its navy

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32 Paul Bracken says that "arms race" is not a proper term for what is happening in the Northeast Asian nations, but "arms walk": look at it, he says, as merely an increasing rate of defense expenditures.

and air force to be able to reach distant seas. Countries in the region are not sure of whether China intends to turn economic power into military power once it becomes an economic super power.

As for Japan, it has already shown a shift in its defense strategy from territorial defense to regional defense. As Japanese politics reorganizes itself, more independent strategic thinking is frequently observed. Japan wants its own voice in determining its future security policy. Domestic debates over rearmament to take on defense capabilities commensurate with its economic power are seen as a long-term trend.

According to Japan's Mid-term Defense Program (1991–1995), which was designed to overhaul its defense capabilities centering around its most advanced defense technologies, the following areas are worth noting: increased anti-submarine warfare capabilities, introduction of AEGIS-equipped destroyers and AWAC wide-area radar aircraft, large helicopter-carrying destroyers, new Patriot missiles, and P-3C anti-submarine aircraft. In addition, a long-range air-defense system is under development in the name of the Theater Missile Defense as means to counter North Korean and Chinese ballistic missile threats.[33] The THAAD system is aimed at enhancing wide-area defense against longer-range missile threats coming from China and North Korea. Nations in the region are sensitive to Japan's future direction with suspicion that it might add all its technological capabilities together and emerge as quite a military power.

Thus, we need to build trust and confidence in Northeast Asia by regularizing ongoing bilateral and multilateral security dialogue either through participation in the ASEAN Post Ministerial Conference (PMC) and ASEAN Regional Forum (ARF) or by creating a Northeast Asian security forum where the two Koreas and four powers (the United States, Russia, Japan and China) attend. This initiative is in line with CS and with the cooperative

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33 *Jane's Defense Weekly*, "The Threat from the North," 21 May 1994, p. 26.

security approach. If nations in Northeast Asia can collaborate to enhance peace and stability in their own security forum, prevention of both war and nuclear proliferation will be accomplished with ease.

The United States, Japan, and South Korea joined the ASEAN PMC as members of ASEAN's seven dialogue partners with along with the six ASEAN countries. As a result of collective endeavors in the PMC on 26 July 1993, the ARF, with for the first time in history the participation of all countries in the region, was held in July 1994. Issues discussed included both political and security matters: territorial disputes, security cooperation such as preventive diplomacy and conflict management, peacekeeping forces, the United Nations Conventional Arms Transfer Register, nonproliferation, political issues including human rights, etc.

The issues discussed in the ARF will be able to be discussed in this Northeast Asia security forum. If such a forum is fully organized, it will definitely help resolve security problems of the Korean peninsula and will be able to replicate the success story of preventing North Korea's nuclear ambition to the other regional nuclear issues, such as reducing China's nuclear arsenals and controlling Japan's use of plutonium. This forum will help alleviate historical enmities among regional nations. Then will we be able to ask for mutual restraints on defense buildup and consequently on changing offensive posture, doctrine, and weapons. The final goal will be to establish a regional collective security system by replacing all bilateral alliances. However, there are several interim steps to reach the final and ambitious goal.

If we suppose that a regional security forum will become a reality in the far distant future, it is an interesting question as to what defense policy the unified Korea will take.

The unified Korea will choose NOD measures. Unified Korea's physical size and armed forces (of course, the size of armed forces will depend on how the two Koreas reach unification) will

be relatively small compared with those of China, Japan, Russia, and the United States. Also, alliance with one nation among four surrounding nations would create an entrapment dilemma. Some Korean experts see that common security will become more relevant to Korea during the post-unification era.[34] At that time, it will be difficult for Korea to build an offensive posture strongly enough to counter China's nuclear threats or Japan's potential threats. Regional security cooperation regime will be needed for both the unified Korea as well as the neighboring nations.

Conclusion

In this paper, I derived sources of threats to the two Koreas before examining the relevance of an arms-control approach to the Korean peninsula. North Korea's high propensity for war in the past as well as present, its offensive military strategy and posture, the overall conventional military imbalance in its favor, and its recent nuclear ambition and missile program constitute major sources of threats to South Koreans. To Pyongyang, the possibility of regime collapse, a continuing US-ROK alliance, and unfavorable long-term economic trends constitute threats. Those threats make their security dilemma go from bad to worse as time goes on.

To resolve those threats and as well as Seoul's security dilemma, a five-policy agenda was presented: prevention of war, prevention of nuclear proliferation, a prudent policy in dealing with North Korea's fear of collapse, conventional arms control, and regional arms control and security cooperation. In dealing with each agenda constructively, I tested the relevance of new

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34 The Korean Presidential Commission on the 21st Century, *Korea in the 21st Century*, (Seoul: 1994), p. 1160. The Commission maintains that the Unified Korea should have defense-oriented weapon systems and contribute to the peace and stability of Northeast Asia by changing the role of its armed forces into one of regional forces in the future.

security concepts, in particular, the common security and NOD approaches.

The NOD approach and cooperative security were useful to explain how the United States was successful in reaching the Geneva accord with North Korea. In particular, the unilateral approach helped to engage North Korea so as to pursue a negotiated settlement later. However, a limitation was discovered in available unilateral measures. It is suggested that the arms control approach should be pursued with supplemental measures other than military ones, within a broader framework under which North Korea sees long-term gains by negotiating with other nations.

It was also suggested that we need to devise a long-term overarching conventional arms control plan in parallel with the implementation schedule of the Geneva accord. First, setting up a thin-out zone or non-deployment zone along the DMZ was suggested, followed by reduction measures after North Korea receives special inspections on their nuclear sites. To prevent war and deal with North Korea's concern about its collapse, it is better for us to make the interactive mechanism between the two Koreas and other nations a long-term, viable one. Along this line, establishing a Northeast Asian security forum is proposed to address the security concerns of the six Northeast Asian nations. What CS intends to accomplish will be well served by such regional cooperation regime in place, and CS will become more relevant to the unified Korea's security policy.

빈 면

The Collapse of Soviet and Russian Trade with the DPRK, 1989–1993:
Impact and Implications

Nicholas Eberstadt, Marc Rubin, and Albina Tretyakova

In December 1993, at the conclusion of North Korea's Third Seven Year Plan (1987–1993), Pyongyang officially acknowledged its failure to meet major targets of the plan—a regime first—and warned that the nation's economy was in a "grave situation." A lengthy communique attributed these poor results to the demise of the Soviet bloc: "With the collapse of socialist markets of the world as an occasion, a fundamental change has been affected in our country's external relations. . . . This has . . . caused serious damage to our economic construction. . . ."[1]

This article reports initial results from the "Quantifying North Korean Trade Patterns" project currently underway at the International Programs Center of the US Bureau of the Census. The interpretations and opinions expressed herein are those of the authors and do not necessarily represent the policy of the US Government or the Bureau of the Census.

1 For translation of the complete text, see Foreign Broadcast Information Service (FBIS), *Daily Report: East Asia*, EAS-93-235, 9 December 1993, "Communique Issues on Plenum," pp. 12–9.

Pyongyang's explanation for the country's emerging economic difficulties was not entirely frank—many of the DPRK's economic problems were directly caused by official practices and policies—but it did point to an important truth. The collapse of the Soviet bloc came as a sudden, unexpected, and severe shock to the North Korean economy.

This article will describe the impact on the DPRK's trade with the USSR and the Russian Federation, drawing largely upon "mirror statistics" issued by Goskomstat, the Soviet (and now Russian) State Statistical Committee.

Data and Methodology

Because the DPRK provides virtually no official statistical information on its trade relations with other countries, any picture of North Korean trade patterns must rely upon the mirror statistics published by the DPRK's trading partners—in this case, Soviet and Russian trade statistics.

The process of reconstructing DPRK trade patterns from this data is a straightforward but time-consuming exercise. It involves several steps in which different systems for categorizing trade flows are harmonized; different valuation schemes, harmonized; and different financial measurement bases reduced to a common denominator.

Beginning with the former Soviet Union, and Russia after 1991, we compiled our trade data sets from official Goskomstat materials reported in *Vneshnaya Torgovlya* [Foreign Trade] and other publications. To make these consistent with other trade data sets that cover the Communist and non-Communist world, we adopted the convention of concording all trade flows recorded in SFTC (Standard Foreign Trade Classification of the Council for Mutual Economic Assistance, or CMEA) to SITC (Standard International Trade Classification of the United Nations, revision 1). This was to ensure consistency with trade statistics on the United Nations' data base, the most extensive series of which are

categorized according to SITC, revision 1. Most of the conversions were carried out in two stages[2] based upon UN protocols. During the first stage, we utilized the UN Statistical Commission concordance (United Nations, [1982]) to transform SFTC into SITC, revision 2. Subsequently, we applied the tables found in the Series M papers to concord further these interim categories to SITC, revision 1 (see United Nations, [1968]).

The second set of adjustments to the data were intended to make USSR trade flows conform to Western practices concerning FOB and CIF issues.[3] The prevailing UN practice is to limit FOB valuation to home country exports, while recording home country imports on a CIF basis.[4] Up through 1990 all Soviet trade, regardless of direction, was recorded FOB. Since we are proxying DPRK imports with reported Soviet exports to North Korea, some correction for CIF had to be made. In the absence of any specific knowledge about these costs, we adopted the general rule of thumb used by the International Monetary Fund (IMF), and scaled up FOB exports by an additional ten percent to account for those expenses. Conversely, DPRK exports, as mirrored by Soviet imports, were left unadjusted because no CIF charges would have been applied to these trade flows by Goskomstat, and home country exports should, according to Western convention, be valued FOB. After 1990 the USSR and its successor states adopted UN valuation standards. Thus, to produce a proxy for DPRK exports, we have divided USSR imports from North Korea by a factor of 1.1 to remove the charges presumably associated with CIF.

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2 Beginning in 1991, USSR trade flows were reported according to the UN's "Harmonized System" (HS). Thus conversion to SITC-1 entailed additional steps in which HS codes were first concorded to SITC, rev. 3, and from that nomenclature to SITC, rev.2. See United Nations, (1990).

3 FOB means "free on board"; CIF means "cost, insurance, and freight."

4 The UN recommends using FOB method for exports and recording import values on both an FOB and CIF basis. Not all countries adhere to this guideline when it comes to companion FOB valuations of imports.

A final set of adjustments converted all trade flows from rubles to dollars at the official exchange rate (United Nations, *Monthly Bulletin of Statistics*).[5] The problems—both theoretical and practical—in determining an appropriate exchange rate by which to translate trade transactions from a non-convertible currency into hard currency terms are formidable and self-evident, and we do not mean to minimize them. By utilizing the official ruble-dollar exchange rate, and valuing all trade flows in dollar terms, we simply conform to standard UN practices with respect to these issues.

We should also remind the reader that our calculations are in nominal rather than constant dollars. We have left all figures in current dollars because we lack the appropriate price indices for converting current trade rubles into constant dollar terms. While this problem may bias the interpretation of time trends, its impact is neutral as far as the analysis of commodity structure in any given year is concerned.[6]

Background

USSR-DPRK relations moved through distinctly warmer and cooler phases over the years between the founding of the DPRK in 1948 and the final crisis of the Soviet state. The early 1980s—the late Brezhnev era—was a chilly period for Moscow and Pyongyang. With the accession of Yuri Andropov in 1983, however, Soviet–North Korean relations began to improve markedly. This improvement continued through the tenure of Konstantin Chernenko (1984–85), and into the early years of the Gorbachev

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5 See various issues in the financial section covering exchange rates. Also see Table 40, "Official Exchange Rates of the Ruble, 1986–1991," as cited in International Monetary Fund (1992, p.82).

6 In a simple test, we deflated the trade flows for 1972 to 1993 to constant 1987 dollars using the US implicit price deflator. The alternative presentation of the data made virtually no difference: positive trends, as measured by the slope of the regression curve, remained as such, and critical turning points or outliers persisted in the patterns of residuals.

era. In the late 1980s Soviet–North Korean relations began to sour once again, due largely to Pyongyang's mistrust of Mikhail Gorbachev's "new thinking" and Gorbachev's disdain for Pyongyang's "old thinking." The temperature dropped sharply in 1990, as Moscow opened diplomatic relations with Seoul, and again at the start of 1991, when Moscow began to insist on hard currency terms of settlement for its trade with the DPRK. In August 1991, Pyongyang indicated its support for the abortive Moscow coup (and by implication, its opposition not only to Gorbachev, but also to Boris Yeltsin). By December 1991, the Soviet Union had dissolved, leaving relations with the new Russian Federation largely in limbo.

Soviet–North Korean Trade Trends, 1980–1988

Throughout its history, North Korea's main trading partner was always the Soviet Union, irrespective of the current state of relations between Moscow and Pyongyang. But trends in Soviet-DPRK trade also reflected the current state of relations between the two capitals. In 1980, the DPRK's dependence upon the Soviet Union as a source of imports and a market for exports was near its all-time low: by one estimate, Soviet-DPRK trade accounted for just over one-fourth of North Korea's total trade volume.[7] By 1988, according to several estimates, that share had risen sharply, to nearly three-fifths of North Korea's total trade turnover.[8]

Putting a dollar value on ruble-denominated transactions is, one should stress, a problematic venture. Based on existing exchange rates, however, it would appear that increases in turnover with the USSR accounted for *all* of North Korea's trade

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7 Soo-young Choi, "Foreign Trade Of North Korea, 1946–1988: Structure And Performance," unpublished PhD Dissertation, Northwestern University, 1991, pp. 313–4.

8 See for example Savada (1993), p. 285.

growth in the 1980s. Between 1980 and 1988, in fact, North Korea's dollar-value of trade actually *fell* in nearly all of its other markets: with China, with Japan; with the developing countries; even with the Soviet Union's East European allies (see Table 1).

From 1980 onwards, North Korea's economic policy explicitly stipulated expansion of the nation's trade. To the extent that any

Table 1. DPRK Exports and Imports from Selected Regions, 1980–88

(in million dollars, current prices)

	Total	USSR	China	Other Communist Countries	Japan	OECD	Developing Countries
Exports							
1980	1,627	438	276	156	164	260	333
1981	1,131	347	215	119	127	63	260
1982	1,289	500	278	119	138	145	109
1983	1,139	439	232	111	115	140	102
1984	1,185	453	246	115	132	152	87
1985	1,222	484	242	145	163	68	120
1986	1,356	640	254	138	157	84	82
1987	1,485	683	217	140	220	114	110
1988	1,792	882	212	76	293	81	218
Imports							
1980	1,824	488	412	160	412	137	216
1981	1,574	424	337	127	320	170	195
1982	1,593	482	311	128	344	157	170
1983	1,475	388	302	125	360	140	160
1984	1,413	471	251	134	280	104	173
1985	1,786	865	260	136	272	101	152
1986	2,102	1,186	276	127	202	133	176
1987	2,576	1,393	308	155	235	262	223
1988	3,093	1,909	380	71	263	204	267

Note: Some of these figures are slightly different from estimates prepared by the International Programs Center of the US Census Bureau.

Source: Soo-Young Choi, "Foreign Trade of North Korea, 1946-1988: Structure and Performance," Doctoral Dissertation, Northeastern University, Boston, 1991.

expansion was registered, this was only achieved through steadily greater reliance upon the USSR.

The Soviet Union, for its part, accommodated this trade expansion by putting issues of profitability to the side. CIA estimates indicate that Soviet economic aid to North Korea was marginal in the mid-1980s, and that net transfers over the 1987–1990 period were *negative*.[9] If "economic aid" is very narrowly and formally defined, this might be true. But as a description of the Soviet Union's economic interactions with the DPRK during the 1980s, this would be tremendously misleading. From 1984 onward, the USSR's economic relations with the DPRK appear to have been conducted on a significantly concessional basis, and the absolute value of Soviet subventions appear to have increased dramatically over the decade.

A principal mechanism for concessionality was provided through Moscow's willingness to finance Pyongyang's deficit in the balance of trade. Between 1980 and 1990, the DPRK's trade deficit with the USSR was permitted to balloon. Goskomstat data illustrate the reported trend (see Figure 1). At official ruble-dollar exchange rates and in current dollars, the cumulative deficit reported for 1985–1990 would have exceeded four billion dollars.

Further concessionality may have been granted through Soviet pricing arrangements with the DPRK. Soviet coal and oil exports to North Korea, for example, went at substantially less than world markets prices for most of the 1980s. Very roughly speaking, these energy subsidies may have saved the DPRK an additional $400 million between 1980 and 1990—although by the late 1980s North Korea appears to have been paying world market prices for its Soviet energy products.

Goskomstat data offers an official picture of the sectoral patterns of USSR-DPRK trade in the 1980s. In its exports to the

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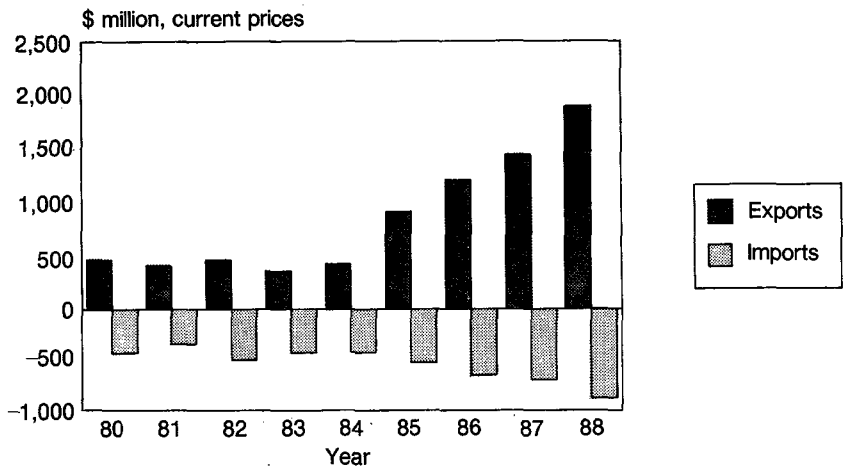
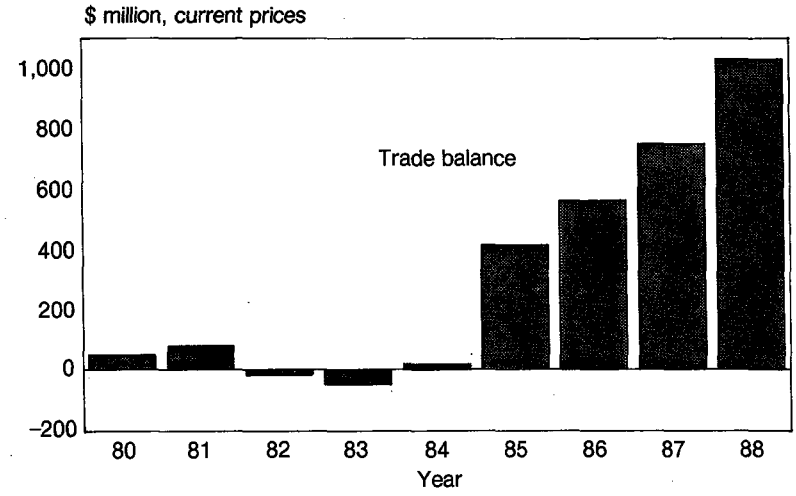
9 CIA, *Handbook of Economic Statistics, 1991*, p. 160. According to these estimates, Soviet economic aid to North Korea totalled $99 million in 1984–1986, and $-90 million in 1987–1990.

Figure 1A. Reported Soviet Exports to and Imports from the DPRK, 1980–88



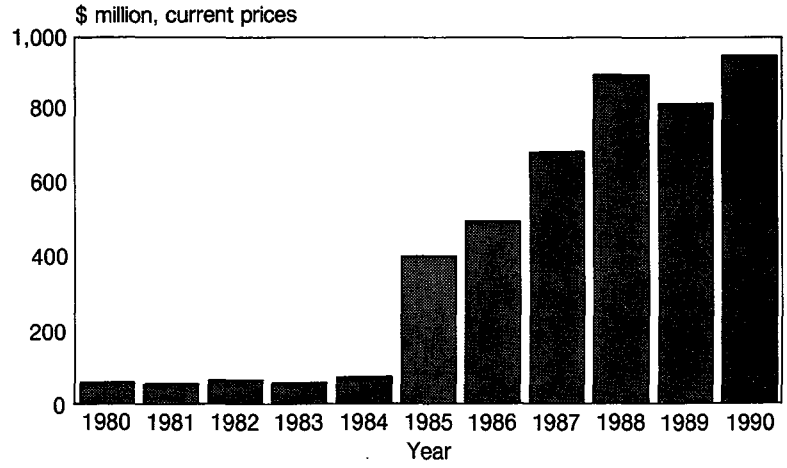
Sources: MVES SSSR and Goskomstat SSSR, *Vneshniye Ekonomicheskiye Svyazi SSSR*, (1988–91); MVES SSSR, *Vneshnaya Torgovlya SSSR*, (various issues 1971–98).

Figure 1B. Reported Soviet Trade Balance with the DPRK, 1980–88



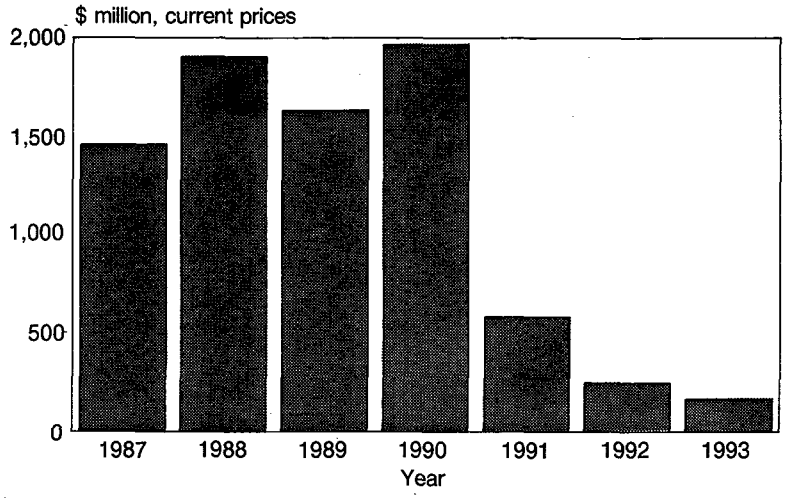
Sources: MVES SSSR and Goskomstat SSSR, *Vneshniye Ekonomicheskiye Svyazi SSSR*, (1988–91); MVES SSSR, *Vneshnaya Torgovlya SSSR*, (various issues 1971–98).

Figure 2. Soviet Exports to the DPRK of Commodities and Transactions Not Classified to Kind: 1980–1990



Sources: MVES SSSR and Goskomstat SSSR, *Vneshniye Ekonomicheskiye Svyazi SSSR*, (1988–91); MVES SSSR, *Vneshnaya Torgovlya SSSR*, (various issues 1971–98).

Figure 3. Total Reported Soviet and Russian Exports to the DPRK, 1987–1993



Sources: MVES SSSR and Goskomstat SSSR, *Vneshniye Ekonomicheskiye Svyazi SSSR*, (1988–91); MVES SSSR, *Vneshnaya Torgovlya SSSR*, (various issues 1971–98).

Soviet Union, the DPRK's principal products were reportedly clothing, iron and steel, and non-metallic mineral manufactures of powdered magnesite—presumably payment-in-kind in return for Soviet capital equipment and spare parts for the factories producing the output in question. The USSR, for its part, identified oil and coal, machinery, and yarn as among its principal exports to North Korea during the 1980s.

A curious, and important, component of North Korea's imports from the USSR is the category described in SITC as "Commodities and transactions not classified according to kind" (SITC group 9). This residual category came to dominate Soviet exports to North Korea during the late 1980s: already a sizeable seventeen percent of total imports on average for the years 1980–1984, it rose to an average of forty-eight percent of the reported total for the 1985–1990 period (see Figure 2).

For 1985–1990, at official dollar-ruble exchange rates and in current dollars, these otherwise unidentified imports would have been valued at over $5 billion. It is likely that military equipment and materiel, and other military-related services, would be registered in this catch-all category. But it is impossible at this point to tell exactly how much of this category was defense-related[10]—or even how much of the Soviet Union's defense commerce with North Korea was captured in Goskomstat accounts.

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10 Of course, when one considers the other items encompassed by SITC group 9, under Revision 1—e.g., "postal packages not classified according to kind"; "special transactions not classified according to kind"; "animals, n.e.s., (including zoo animals, dogs and cats)"; and "coin (other than gold coin), not being legal tender"—it seems reasonable to guess the great preponderance of the transactions in question involved the only other listed subgroup, namely "firearms of war and ammunition therefor."

North Korea's Trade Shock with the USSR and Russia, 1989–1993

As the Soviet state entered its final crisis, the volume of USSR-DPRK trade, and the value of the implicit Soviet subsidies in this trade, were at their all-time high. Trade flows abruptly collapsed in 1991, with the advent of hard currency terms of payment for Soviet products and services. North Korea's trade with the former Soviet area appears to have been depressed still further in 1992 and 1993, with the demise of the USSR and the emergence of Russia and the other newly independent states.

North Korea's Third Seven Year Plan began in 1987. According to Goskomstat data, between 1987 and 1990 North Korea's imports from the USSR averaged over $1.7 billion annually (at official ruble-dollar exchange rates); by this reckoning, they would have comprised roughly three-fifths of total DPRK imports.[11] In 1991, officially reported imports from the USSR dropped to under $600 million—a fall-off of two-thirds from the 1987–1990 average, and of over seventy percent from the preceding year (see Figure 3). The decline was equivalent to two-fifths of North Korea's *overall* import level in 1987 and 1988 (again using official exchange rates and current dollars).

Imports from the former Soviet area continued to decline in 1992 and 1993. By 1993, on the basis of official dollar-ruble exchange rates, Russia's exports to North Korea amounted to less than a tenth of what the USSR had annually been sending Pyongyang between 1987 and 1990.[12] A complete picture of

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11 Or to be more precise: they would have comprised roughly three-fifths of total DPRK imports reported by North Korea's trading partners.

12 In all likelihood, official current Russian statistics overstate the drop in trade with the DPRK somewhat. Russian trade statistics appear to have suffered from the country's ongoing political, administrative, and economic transitions (including the new incentives for entrepreneurs to conceal their cross-border transactions). Russian analysts, for example, have argued that trade with Japan is significantly underestimated by official Russian statistics; see *Izvestiya*, 24 June 1994, p. 4, translated as "Statistics Obscure True State Of Trade With Japan,"

exports from the NIS cannot yet be compiled. But if we use Soviet-era patterns as a benchmark—the RSFSR provided 75 percent of Soviet exports to the DPRK in the late 1980s—the Russian Federation's trade figures would suggest that overall NIS exports to the DPRK may have totalled about $330 million in 1992, and about $220 million in 1993. If these estimates were accurate, they would indicate declines from the average Soviet 1987–90 level of four-fifths and seven-eighths, respectively.

Table 2. Index of North Korean Imports of Selected Goods from Soviet Union and Russia, 1987–1993

(average 1987–90 value = 100)

Year	SITC 3	SITC 7	SITC 9	Total Imports
1987	141.4	67.4	81.8	83.8
1988	110.1	107.5	107.2	109.5
1989	80.3	81.2	97.7	93.7
1990	68.2	144.0	113.3	113.0
1991	17.3	48.5	23.3	33.3
1992	6.1	26.1	5.4	14.3
1993	8.7	10.0	2.2	9.7

Notes: SITC 3: Mineral fuels, lubricants, and related materials.
SITC 7: Machinery and transport equipment.
SITC 9: Commodities and transactions not classified according to kind.
Imports valued in current dollars at official ruble-dollar exchange rates.

Sources: Ministervo Vneshnikh Ekonomicheskikh Svyazey SSSR, Vneshniye Ekonomicheskiye Svyazi SSSR, Statisticheskiy Sbornik, Moscow 1988–91; MVES SSSR, Vneshnaya Torgovlya SSSR, Moscow (various issues)1971–87; Russian Federation State Committee on Statistics and Russian Federation Ministry of Foreign Economic Relations, Russian Federation External Trade in 1992, Moscow 1993. All 1993 data were unpublished Ministry of Foreign Affairs figures.

FBIS Daily Report: Central Eurasia, FBIS-USR-94-075, 14 July 1994, pp. 66–8. While North Korea is hardly as attractive a trading partner as Japan, Russia and the DPRK do share a border—a fact which may facilitate some unofficial commerce. While official figure may well overstate the drop in Moscow's trade with Pyongyang to some degree, there can be little doubt that the actual decline in trade between the two countries has been precipitous.

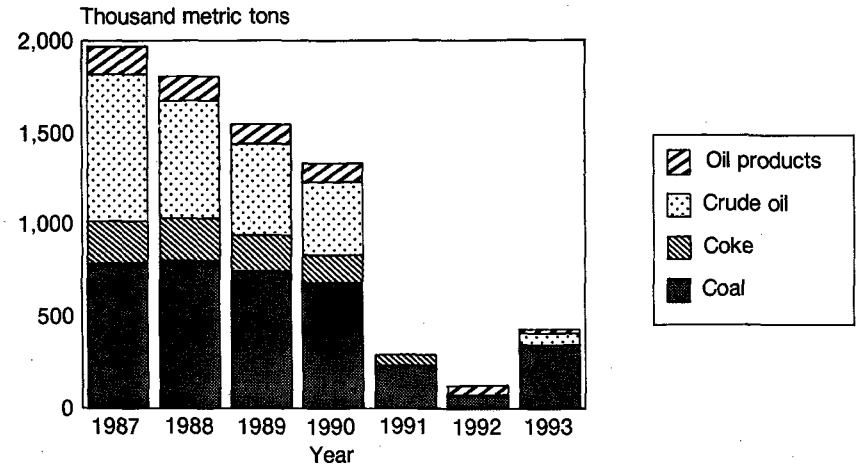
While Soviet and Russian exports of all categories of goods and services to North Korea plunged between 1989 and 1993, some dropped more sharply than others (see Table 2). The most radical fall-off came in "Commodities and transactions not classified according to kind," which plummeted by 99 percent between 1990 (USSR) and 1993 (Russia). Machinery exports, by contrast, were less severely affected, with "only" a 74 percent drop between the Russian level of 1992 and the Soviet average for 1987–90. Transportation equipment was perhaps the category of exports least affected by interruptions: according to official figures, in 1992 Russia maintained 54 percent of the average Soviet level of shipments from 1987–90, and 22 percent of that level in 1993.

As for the value of energy exports to the DPRK, this fell by three-fourths between 1990 and 1991. In 1993, Russian energy exports to North Korea were valued at only nine percent of the average Soviet level for 1987–90.

"Values" of energy exports, of course, are sensitive to dramatic fluctuations in pricing. The physical volume of energy products exported to North Korea provides a second look at the impact of trade interruptions (see Figure 4). According to official data, the Soviet Union shipped the DPRK an annual average of 950 thousand tons of hard fuel (coal and coke) and an average of over 700 thousand tons of oil and oil products during the first four years of the Third Seven Year Plan. For 1992–93, shipments of hard fuel from Russia averaged only 21 percent of the 1987–90 Soviet level; oil and oil products, only nine percent.

North Korea's exports to the Soviet Union and Russia fell off just as sharply between 1989 and 1993 as did its imports from that region (see Table 3). Overall, DPRK exports to the USSR fell by over 60 percent between 1990 and 1991. For 1992–93, North Korean exports to Russia averaged under $60 million a year—only 6 percent of what Pyongyang had reportedly been sending the USSR in the 1987–90 period. (Based on Soviet-era patterns, when the RSFSR was receiving about half of the DPRK's Soviet-

Figure 4. Reported Soviet and Russian Energy Exports to the DPRK, 1987–93



Sources: MVES SSSR and Goskomstat SSSR, *Vneshniye Ekonomicheskiye Svyazi SSSR*, (1988–91); MVES SSSR, *Vneshnaya Torgovlya SSSR*, (various issues 1971–98).

bound exports, these numbers would suggest an overall drop in exports to the NIS area of nearly 90 percent between 1987–90 and 1992–93.)

To some degree, exports to the USSR and Russia appear to have collapsed for lack of sustaining inputs from Moscow. Clothing exports to Russia, for example, fell as the USSR, then Russia, curtailed their shipments of yarn and sewing machine equipment. Some sustaining inputs may also have been political in nature. The fall-off in North Korean exports to Moscow of "Commodities and transactions not classified according to kind," for example, may reflect the chilly relations between Pyongyang and Moscow after 1991, and the correspondingly lower level of cooperation between their militaries in terms of port services, overflight charges, and the like. As for the drop-off in exports to Russia of iron and steel and powdered magnesite, the implications are ambiguous. These particular drops may

Table 3. Index of North Korean Exports of Selected Goods to the USSR and Russia, 1987–1993

(average 1987–90 value = 100)

Year	SITC 6	SITC 7	SITC 8	SITC 9	Total
1987	127.1	96.3	42.5	41.0	77.1
1988	110.7	89.1	91.5	52.6	94.7
1989	89.3	66.1	119.9	79.4	95.3
1990	72.9	148.5	146.1	227.0	133.0
1991	4.6	226.1	25.1	57.3	50.1
1992	1.7	6.3	5.3	13.2	6.4
1993	0.8	5.9	7.8	9.8	5.8

Notes: SITC 6: Manufactured goods classified chiefly by material.
SITC 7: Machinery and transport equipment.
SITC 8: Miscellaneous manufactured articles.
SITC 9: Commodities and transactions not classified according to kind.
Exports valued in current dollars, at official ruble-dollar exhange rates.

Sources: MVES SSSR and Goskomstat SSSR, Vneshiye Ekonomicheskiye Svyazi SSSR, Moscow 1988–91; MVES SSSR, Vneshnaya Torgovlya SSSR, Moscow (various issues) 1971–1987; RFSCS and RFMFER, Russian Federation External Trade in 1992, Moscow 1993.
All 1993 data were unpublished Ministry of Foreign Affairs figures.

point to production constraints within the DPRK, or they may indicate a turn in Pyongyang toward other potential markets for products previously paid for in rubles. Further research may point to an explanation.

Concluding Observations

From the standpoint of economic planners in Pyongyang, the disappearance of the Soviet bloc came at a particularly inconvenient moment. During the "buffer years" of 1985 and 1986, between the Second and the Third Seven Year Plans, relations with Moscow were on the upswing. The DPRK's Third Seven Year Plan appears to have been framed on the presumption of substantial and growing trade with and aid from the USSR.

The collapse of North Korean trade with the USSR, and then Russia, between 1991 and 1993 can only be described as a serious

blow for the DPRK economy. Despite the proclaimed goal of self-reliance, North Korea's economy is in fact inescapably affected by its international sector; its international balances limit domestic economic capabilities in a variety of directions.

The advent of hard currency terms of settlement with the USSR in early 1991 meant the end of most subsidized trade with its very largest trading partner. Between 1991 and 1993, the DPRK's imports from the Soviet Union and the NIS were perhaps $4 billion lower than they would have been had 1987–90 patterns continued.

Some of the imports lost through the Soviet breakup could be replaced through world market purchases: oil and coal, for example. Such purchases, however, now require the use of scarce hard currency earnings.

Other Soviet inputs do not lend themselves to easy substitution. The DPRK's industrial base was largely constructed with Soviet material and technical assistance. The fall-off in machinery exports from the USSR and Russia would suggest that North Korea may now be experiencing a shortage of Soviet spare parts. Such a shortage could affect North Korean industrial production out of all proportion to the value of the missing inputs.

Furthermore, there is no obvious international substitute for the military products the DPRK was obtaining from the USSR. If military goods and services were counted within the huge residual category in Soviet exports to the DPRK, and accounted for the bulk of that undescribed commerce, the virtual cessation of these flows would pose a serious challenge to North Korea's military industries. To maintain current levels of readiness, the economy would presumably have to move even further towards a war footing. North Korea's security strategy, and international behavior, since 1991 have presumably been informed by these particular stresses.

At the same time, the collapse of Soviet trade may also affect North Korea's limited consumer industries. The near-cessation

of North Korean clothing exports to the USSR and Russia after 1990 is suggestive of this possibility. (We may note that the late Kim Il Sung, in his 1994 New Year's Day address, identified "light industry" as a priority sector for the coming year.) It is likely that North Korea's consumer industries are more labor-intensive than other industrial sectors; if so, any adverse impact that interrupted Soviet supplies would result disproportionately in an idling of manpower.

Responding to the Soviet trade shock will require administrative flexibility and economic ingenuity on the part of planners in Pyongyang. It will also require economic policy makers to familiarize themselves with the workings of the international market economy. Throughout the foreseeable future, most of the international inputs required by the DPRK economy will have to be purchased with hard currency. The DPRK will have to generate the hard currency purchases, or command the hard currency remittances, necessary for such purchases. How the North Korean regime, and system, will cope with these challenges remains to be seen.

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Shortage in the North Korean Economy:
Characteristics, Sources, and Prospects

Seung-Yul Oh

A variety of symptoms indicate that North Korea is suffering from serious economic difficulties in the 1990s, including a food shortage so extreme that it called in the help of neighboring countries including South Korea and Japan. Decreases in the working rate of industrial facilities and deteriorating quality of exports due to energy and raw material shortages has forced the volume of North Korea's exports to shrink abruptly. In addition, it is widely observed that the people are suffering from unprecedented cuts in daily necessities.

The North Korean leadership attributes the economic difficulties to the unfavorable changes in external circumstances caused by the system transformation in Russia and the Eastern European countries as well as the market-oriented reform in China, and describes such difficulties as inevitable but transitory. As cures for the ailing economy North Korea has pursued changes in economic policies recently, but they were within the confines of its Soviet-type economic system. In addition to promoting an "independent accounting system" and "corporate enterprise" nationwide since the mid-1980s, North Korea has tried to induce foreign capital into the Najin-Sunbong Free Economic and Trade Zone and promulgated a series of foreign investment–related laws in the 1990s. Recognizing the failure of its Third Seven Year

Plan, it also announced a new economic policy line that put priority on agriculture, light industry, and foreign trade.

Nevertheless, because of the lack of reliable data a quantitative assessment of North Korea's economic performance is an almost impossible task for outside observers. Since the mid-1960s North Korea has never released consistent statistical data, only fragment descriptions of its economic accomplishment for propaganda purposes. Only the yearly reports of the North Korea's minister of finance to the Supreme People's Assembly about government budgetary affairs and trade statistics collected from those of North Korea's trade partners by the Korea Trade Promotion Corporation (KOTRA) and Japan External Trade Organization (JETRA) contain any hard data, despite its coarseness. A few observational reports and anecdotes provided by western visitors and overseas Koreans can be referred to but only for variety's sake. The ROK Unification Board and the Bank of Korea as well as some foreign institutions provide estimates for North Korea's GNP and some sectorial data every year, but the methodology for estimation is unknown and it is difficult to decide the scale of estimation bias. Absurdly enough, in spite of the serious shortage of reliable statistics, the economy-related reports and analyses on North Korea tend to focus on quantitative assessment and prospects. Moreover, since North Korea's economic difficulties are system-specific and policy-specific, the results of quantitative analysis based on the possibly biased estimates are subject to serious limitation in their usefulness and reliability. As a complementary effort, this study opts for a descriptive analysis of the characteristics and sources of shortage in the North Korean economy. Based on analysis results, it will try to answer following questions in relation to shortages and policy changes in North Korea.

First, are the shortage symptoms in North Korea only transitory as they are interpreted by the North Korean leadership? If not, what kind of interactions between system-specific features

and policy variables can be identified as the fundamental sources of shortages in the economy?

Second, will it be possible for North Korea to revive its shortage-plagued economy by means of its limited economic policy changes?

Third, is it possible for the Kim Jong-il regime to reconcile the two seemingly conflicting objectives of keeping the ideological heritage of Kim Il Sung and of recovering its ailing economy? If it is not possible, what will be Kim's risk-minimizing option?

Shortages in the North Korean Economy

As was mentioned in the previous section, the most serious problem afflicting the North Korean economy is the prevailing shortages, which can be categorized and sketched as follows.

Consumer goods: One of the most serious problems North Korea faces is extreme shortage of consumer goods including food and daily necessities. In the 1990s North Korea has been suffering from poor harvests of cereals year after year due to bad weather conditions, shortages of agricultural products such as pesticides and chemical fertilizer, and lack of incentives.[1]

In view of the leadership's repeated emphasis on "priority on agriculture" and "meat soup with steamed rice for the people" as the major objectives of agricultural policy, the seriousness of food shortage in North Korea is indisputable. In addition, the food shortage in North Korea was aggravated in 1994 when bad weather affected the region, due to smaller grain imports from the Chinese Northeastern provinces, which has been its major

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1 The fact that the three North Eastern provinces in China (Jilin, Heilungjiang, Lianing), where the weather conditions are relatively similar to those of North Korea due to their geography, recorded increasing crops during the period of 1990–93 suggests that the explanatory power of the weather conditions for the poor harvests in North Korea in the same period is rather weak. State Statistical Bureau, *Statistical Yearbook of China* (Beijing: China Statistical Publishing House, 1992, 1993, 1994).

source of grain import. The grain crop in the region decreased by some twenty percent from the previous year.[2] North Korea's acceptance of the food aid by its longtime arch-enemies South Korea and Japan, with 150,000 and 300,000 tons of rice in June and July 1995 respectively, also indicates that North Korea is indeed faced with the worst food shortage.

In addition to the food problem, the supply of industrial consumer goods in the economy also runs far short of daily demands. According to the officially announced results of the Third Seven Year Plan (TSYP), the production of local industry oriented to consumer goods increased by 1.7 times compared to the planned target of a 2.5 times increase, while the whole industrial production increased by only 1.5 times instead of the planned target of a 1.9 times increase. North Korea also reports that its production of synthetic resins, an important intermediate good for light industry, fell far short of the planned target 500,000 tons to record low of 92,000 tons.[3] As these show, even though improvement of the living standard through the expansion of light industry was a major policy objective for the TSYP, the relative position of light industry in the North Korean economy deteriorated during the period.

The seriousness of consumer goods shortage in North Korea is well understood in the Chinese Northeastern provinces. People in the region regard subsidiary foods and goods such as

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2 According to the China's custom's statistics, North Korea's cereal imports (HS code 10) from China in 1994 (1-11) recorded $23,740,000, which decreased sharply compared to the $97,680,000 in 1993 (1-12). Since China is to control the cereal exports strictly for the sake of the self-sufficient food supply system (report of the Chinese Central TV, 12 July 1995), it seems to be difficult for North Korea to increase cereal imports from China in 1995 and following years.

3 Although data announced by the North Korean authority of course is subject to enormous bias due to the "imaginative reporting" by economic agencies in the Soviet-type economies due to their "incentive to doctor plan fulfillment report," they are cited for the understanding of relative position of the consumer goods sector in North Korea. For a discussion of "imaginative reporting" and "incentive to doctor plan fulfillment report," see Jan Winiecki, *The Distorted World of Soviet-Type Economies* (Pittsburgh: Univ. of Pittsburgh Press, 1988), ch. 1, 2.

sweets, socks, clothes, shoes, soap, and toothpaste as requisites for any visit to North Korea. It is often observed that North Korean people who travel to China bring back as many consumer goods as possible.

Another symptom of consumer goods shortage in North Korea is the prevalence of the black market throughout the country. Since supply through the official commercial network runs far short of actual needs, it is natural for the people to depend on the black market for daily necessities.[4] Allegedly, inflation in the black market is serious, which can be explained by faster money circulation and swelling monetary overhang from increasing black market transactions. Faced with the serious hidden inflation, North Korean authorities increased base payment of living expenses by thirty percent in April 1992 and substituted new currency for the old at a one-to-one exchange rate in July 1992.[5] Nevertheless, the efficacy of such policies seemed to be very limited, and signs have not yet appeared to indicate that the expanding black market transactions have abated.

Energy and Producer Goods: It is understood that North Korea is also faced with an equally serious shortage of producer goods. Even North Korea's official estimation of the result of the TSYP indicates that it could meet only 89.3%, 87.5%, 54.5%, 77.7% of plan targets for the production of coal, steel, cement, and chemical fertilizer, respectively, during the period. If we assume

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4 According to an informative source, the amount of consumer goods rationed to North Korean people through the state supply network is as much as 10–20% of regulation supply. The fact that black market prices of consumer goods are 3 to 50 times higher than state prices of the same goods indicates the seriousness of consumer goods shortage in North Korea. For instance, the state prices of rice, sport shoes, tape recorder are 8 Chon per kg, 14 Won per pair, and 600–840 Won per unit, but their black market prices are 23 to 35 Won per kg, 40–70 Won per pair, and 5,000–15,000 Won per unit respectively. (The figures were obtained from interviews with recent defectors from North Korea.)

5 *Naewoe Press* (Seoul: Naewaetongsinsa, weekly edition No. 787, 804; 19 March 1992, 16 July 1992).

Table 1. Major North Korean Trade with China

(Unit: percentage of total export and import)

	1992	1993	1994 (Jan. 11)
Export			
Steel	43.3	69.9	65.9
Coal*	11.9	2.8	0.8
Cement	3.4	6.5	8.2
Import			
Crude oil, products and			
Coking coal	41.1	39.5	44.1
Cereals	12.7	16.2	6.2

* The reduction of the share of coal in North Korea's export to China during 1993–1994 was partly caused by the austerity program of the Chinese government but it was mainly due to coal shortage in North Korea. On the other hand, abrupt decrease in China's cereals export to North Korea in 1994 was due to the reduction in cereal crops in the North Eastern Provinces, where bad weather condition cut cereals harvest down by 20% compared to the previous year. Seung-yul Oh, Analysis of Economic Relationship Between North Korea and China (in Korean) (Seoul: RINU, 1994).

Source: Customs General Administration of the PRC, PRC *Customs Statistical Yearbook 1993* (Beijing, 1994); *China Monthly Exports and Imports*, Beijing, December 1994). Calculations are my own.

the possibility of data doctoring, the actual result of the TSYP are deemed to be worse than the reported figures.

Recently North Korea suffers from a significant shortage of electricity due to inefficient usage,[6] obsolete power generating facilities and distribution system, shortage of coal caused by the obsolescence of mining facilities and exhaustion of resources in the existing mines. Power generation facilities comprise approximately 66% for hydroelectric power and 34% for thermal power

6 According to an estimation, intensity of energy used to generate one unit of GDP in the Soviet-type economies is 2.5 to 3 times higher than market economies. J. Winiecki, ibid., p. 7.

in terms of capacity. Since almost all thermal power plants consume coal, decreases in coal production forced by electric power shortages in turn further reduce power generation. This vicious circle has caused manufacturing to plunge—and the situation is aggravated by the reductions in oil from Russia since 1991 that cause transportation bottlenecks and even further manufacturing and mining decreases.

Shortages of industrial intermediate goods has been exacerbated by the interaction of low manufacturing rates, reductions in excavation, and less raw material from Russia. There is abundant anecdotal evidence of intermediate goods shortages in North Korea. For example, operation of the first generator of the December Thermal Power Plant was possible only after seven years of construction, since 1987. North Korean propaganda, that the completion of monumental industrial facilities would never have been possible without the mobilization of resources according to the "on-the-spot guidance" of the great leader Kim Jong-il, is credible insofar as it implies an extreme shortage of producer goods.[7]

There is a report that in China, with its relatively strong regional self-sufficiency conditions and tendencies, shortages of fuel, electric power, and transport facilities caused twenty to thirty percent of industrial capacity to go unutilized during 1975–1977.[8] By comparison, North Korea has a high degree of import dependency for raw materials including crude oil and coking coal and a relatively low regional self-sufficiency in its industrial system. It would not be an exaggeration to estimate that its industrial operation rate is less than fifty percent.

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7 According to North Korean propaganda, construction of West Sea floodgate, Sangwon cement corporate enterprise, and Ryongsung machinery corporate enterprise etc. could have been completed as planned only by the on-spot-guidance of Kim Jong-il. Pyongyang Chulpansa, *Kim Jong-il Jidoja* (Pyongyang: Pyongyang Chulpansa, vol. 3, 1994)

8 E. J. Perry and C. Wong (eds.), *The Political Economy of Reform in Post-Mao China: Causes, Content, and Consequences* (Cambridge: Harvard Univ. Press, 1985), p. 3.

In addition, North Korea's limited manufacturing export capacity due to that sector's sluggishness has forced it to export intermediate goods with a low degree of processing such as iron and steel, coal, and cement, for which itself felt sharp shortage, in order to import indispensables for survival such as crude oil and grain. Shortages in intermediate goods were thus amplified.

Investment funds: In order to ameliorate bottlenecks and inefficiency caused by industrial imbalances and obsolete infrastructure as well as to construct the Najin-Sunbong Free Economic and Trade Zone on schedule, North Korea urgently needs a great amount of investment money. Nevertheless it would seem very difficult, if not impossible, to raise such funds by any increase in government budget, domestic savings, export promotion, or inducement of foreign capital.

The ratio of state budget to GNP is approaching its limit in North Korea,[9] so any increase in state investment through expansion of government budgetary revenue seems almost impossible. Neither is an investment increase feasible to cover the urgent need to change the structure of government expenditure—not only because maintaining and repairing its comprehensive and obsolete industrial facilities absorb much funding, but (for their vested interests) the military and industrial complexes do not want such a change. In addition, extension of the gestation periods of funds due to the producer goods shortage, and due as well to the tendency of its planners to concentrate financial resources on politically-decided priorities,

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9 According to the estimations of Unification Board and the Bank of Korea, the ratio of government expenditure to its GNP for North Korea was over 90% in 1993. The Bank of Korea, *Estimation of North Korea's GNP in 1993* (Seoul: The Bank of Korea, June 1994). Budgetary data announced by North Korea also show that its economy is approaching the limit of budgetary expansion as North Korea's government expenditure in 1993 increased by mere 2.4% despite urgent need for increase in the expenditure (Report to the Supreme People's Assembly by the Minister of Finance, May 1994).

has made shortage of funds even worse than it would have been otherwise.

As an alternative, investment expansion through an increase in domestic savings is probably also difficult under North Korea's current economic circumstances. Preference of the consumers to hold cash for unexpected transactions in the black market and the low interest rate in the financial institutions (three to four percent of nominal rate per annum) compared to the extent of hidden inflation inhibit people from saving their income.[10] On the other hand, because of the taut planned targets for producers and the low operation rate in the industrial sector, it is difficult for the enterprises to secure financial resources for reinvestment.

Obsolete technology and low supply elasticity for exports as well as an inefficient foreign trade pattern are obstacles for North Korea to obtain investment funds by means of export promotion. Major exports comprise extractive industrial products with a low degree of process and its trade direction is concentrated to a small number of countries. Furthermore, a large part of its trade is conducted on the basis of bilateral barter agreements. Domestically, the immobility of factors of production, the monopolistic position of the military-industrial complex, and a recently appearing tendency of regionalism and sectionalism hinder the structural adjustment of the economy for export promotion. All these contribute to the low supply elasticity of North Korean exports.

In 1993 primary products (mining products, nonferrous metals, and marine products) and rudimentary textiles consumed 47.1% and 21.4% total export respectively. In that year, North Korea conducted trade with fifty-four countries, but the volume

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10 In the Soviet-type shortage constrained economies, forced saving is a possible result of people's frustrated consumption. Nevertheless, since North Korean people have to secure basic necessaries such as rice and clothes from the black market, it is natural for them to prefer cash holding.

of trade with the upper ten countries took 88% of that total, and trade with China, Japan, and the CIS amounted to 69%.[11] Backwardness of trade pattern made the terms of trade disadvantageous to North Korea so that it might be difficult to accumulate investment funds by promoting export. Moreover, shrinking export caused by shortages forced it to reduce imports of producer goods as well as consumer goods. This made the shortages even sharper.[12]

Technology and human capital: A large part of the major industrial facilities in North Korea comprises those built with aid from the Soviet Union, China, and East European countries during 1950–1960 and those imported with loans from those countries and OECD member countries in 1950–1975.[13] Thus, the embodied technology and facilities themselves are obsolete. In the early 1970s Pyongyang tried to upgrade its industrial facilities by importing advanced equipment from the West, but the effort was unsuccessful due to its stagnant export and deteriorating trade terms.

As an alternative North Korea has tried to attract foreign capital and advanced technology with the promulgation of the Joint Venture Law in 1984. This was a marked departure from its autarkic policy adhering to self-sufficiency, inspired by the juche ideology. The attempt induced only a trivial amount of foreign capital, however, mainly from the pro-Pyongyang Korean resi-

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11 KOTRA, *Trend of North Korea's Foreign Trade 1993* (in Korean) (Seoul: KOTRA, 1994).

12 The ROK National Unification Board and the Bank of Korea estimate trade volume of North Korea during 1991–1993 as $27.7 billion, $26.6 billion, and $26.4 billion respectively. Unification Board, *Major Economic Indicators of South Korea and North Korea* (Seoul, various issues), The Bank of Korea, ibid., various issues.

13 North Korea provided $1.28 billion worth of aid by the former Soviet Union, China, and East European countries in 1950–1960, and loans from these countries and OECD member countries during 1950–1975 amounted to $2.86 billion. Most of the aid and loans were provided with industrial facilities. National Unification Board, *Statistics of North Korean Economy* (Seoul, 1986).

dents in Japan.[14] Since 1985 North Korea had pursued industrial modernization through economic cooperation with Gorbachev's formal Soviet Union, but that ceased with the dismantling of the USSR.

North Korea has failed to absorb and develop modern technology through R & D expenditure as its efforts were focused on the quantitative expansion and construction of a self-sufficient comprehensive industrial sector. Producers were not much interested in competitiveness of their products since their performance was measured by the extent of accomplishment of quantitative targets set by the planning authority. Such tendency was exacerbated by the prevalence of shortages.

In addition to the obsolescence of industrial facilities and technology, North Korea also suffers from serious shortage of human resources for improvement of managerial efficiency, export promotion, and absorption and development of advanced technology. Its adherence to the Soviet-type command economy and closed-door policy as well as its ideology-oriented education system should be blamed for the lack of human capital. Nevertheless, North Korea is still negative towards personnel exchange of technicians and scholars with foreign countries, and persistently tries to substitute ideological passion for academism.

The Characteristics of Shortages in North Korea

North Korean authorities attribute the acute shortages characterizing the economy to the unfavorable international circumstances formed by the changes in the socialist countries and eruption of the nuclear issue. In other words, it regards its

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14 In the period of 1984–1993 North Korea induced total $150 million of foreign capital for 140 projects. Among them more than 90% were investment from Korean residents in Japan and only 70 projects were operating by the end of 1993. Unification Board, *Joint Venture in North Korea* (in Korean) (Seoul, 1994), p. 8.

shortage phenomenon as exogenous and transitory to its economic system. Outside observers' viewpoints have been ambiguous about this, and relatively little systemic and theoretical analysis has yet appeared. Most recent discussions about the impact of economic sanctions against North Korea on the economy have proceeded on the basis of quantitative estimation of the economy, and analysts have failed to derive conclusions based upon analyses its structural features. In order to analyze the shortage phenomenon in the context of system-specific and policy-specific features of North Korea, first of all we have to show that shortages in the economy are chronic and not a transitory phenomenon.

Generally, for an understanding of the supply-demand situation in centrally planned economies, a widely accepted approach is to make a distinction between buyer's market and seller's market. Contrary to the case of market economy, the concepts of buyer's market and seller's market do not rely on the existence of market-clearing prices.

J. Kornai defined market conditions more comprehensively, where the market is one of the system's complex decision processes and its operation constitutes a process overtime. Therefore, the market is not only the price signal by which the sellers make their decision for production, but it is also a complex information structure—the offers and orders of his clients. Following this argument, market conditions in most actual economic systems can be characterized by general "pressure economy" and general "suction economy," where buyer's market and seller's market prevail in turn.

It should be noticed that the distinction refers to the situations when *for the products accounting for the major part of social production there prevails general pressure (or suction) over a longer-than-average period.*[15] To provide empirical contents for this approach, Kornai proposed to use the level of inventories held by users

15 J. Kornai, *Anti-equilibrium* (Amsterdam: North-Holland 1971), p. 226.

relative to those by producers as a key indicator of chronic shortage or a seller's market.[16] He suggested that the long-term average ratio between the stock of input and the stock of output be the basic parameter determining the general market conditions of a country.[17] Although such a simple measurement of chronic shortage has been widely used for the analysis of market conditions in socialist countries, the blackout of statistical information prevents us from applying this methodology to the North Korean case. Therefore, in this study I show that *for the industries accounting for the major part of the North Korean economy, shortage has prevailed over a relatively long time* relying on descriptive analysis as follows.

North Korea embarked the First Seven Year Plan (FSYP) in 1961 in the judgement that it had completed the Five Year Plan (FYP) planned for 1957–1961 in advance. To the extent that the Five Year Plan period did produce rapid industrialization at the initial stage of socialist economic development, it too contained the seeds of shortages in the economy. Accomplishment of the major target of FYP in advance was possible only with aid from friendly socialist countries while North Korea maintained its wartime mobilization system. Moreover, the success of the FYP was judged by the completion of quantitative targets for a small number of products and construction projects. Aid from the other socialist countries had already begun to decrease sharply in the FYP period, not to mention that they provided heavy industrial facilities without paying attention to North Korea's capability to supply its own raw material. As a result, North

16 J. Kornai, *Economics of Shortage* (Amsterdam: North-Holland Publishing Co., Vol. 1, 2, 1980), ch. 14.

17 The rationale for the use of the ratio as an indicator of market condition is that in the buyer's market, where buyers have a wide range of choices and sellers compete with each other for sales, the enterprise will find it easy to buy but hard to sell, and so the enterprise usually has a big stock of output as against a small stock of inputs, and the ratio is low. In the seller's market, by analogy to the case of buyer's market there is a lower stock of output than of inputs, and the ratio would be high.

Korea's industrial production became heavily dependent on raw materials from the Soviet Union and China, and the reduction of economic aid from them induced serious imbalances in the economy.

On the other hand, agricultural production increased by more than ten percent a year on the average in 1956–1958 relying on the improvement in the supply of industrial goods for agriculture and good weather conditions as well as a mass mobilization strategy. But the fact that the Chollima Movement, a campaign for labor mobilization, was already begun shortly after the completion of agricultural collectivization in 1958 means that there had already appeared incentive problems in the agricultural sector as early as the 1950s.

In view of the intensive campaign for the Chungsanri Method and the Daean system initiated in 1960 and 1961 respectively, North Korea's economy must have already faced significant shortages in the early 1960s. Ostensibly the campaign was to invoke revolutionary voluntariness and participation of cadre and labor in the managerial affairs of collective farms and industrial enterprises. In fact, however, the core of the campaigns was that the cadres in charge of management of the relevant farms or enterprises should see and understand the reality of the scene of labor to guarantee supply of materials for production at the right place and the right time.

Shortages due to the industrial imbalances in North Korea grew worse through the economic policy adopted in the mid-1960s which put extreme emphasis on the construction of self-sufficient heavy industry and on military expansion. Strikingly, even its official data shows that North Korea spent more than thirty percent of government expenditure every year to build military force in the period of 1967–1971. In spite of the prevalence of industrial imbalances and resulting shortages, it did not make visible efforts to normalize its deformed industrial structure. Instead North Korea has given priority of resource allocation to the construction of large-scale industrial facilities and

monuments to brag about the superiority of its political system. Shortages have been exacerbating incessantly. As a result of the policy, it had to extend the period of the FSYP for three years to accomplish the planned target, and had to have adjustment periods of one year, two years, and three years after the Six Year Plan (1971–1976), the Second Seven Year Plan (1978–1984), and the Third Seven Year Plan (1987–93) respectively. Such practice indicates that the industrial imbalances and shortages in the economy had been aggravated during the plan period and it had to wait for the problems to be ameliorated to embark upon the next plan period. Since 1977, the first adjustment period, North Korea has put special emphasis on the elimination of transportation bottlenecks, development of the extractive industry, and improvement of living standard, all of which pointed to the significance of industrial imbalances and resulting shortages.

Table 2. North Korea's State Investment in the Industrial Sector

(Unit: percent)

	1961	1962	1963	1964	1965	1969	1970
Industry total*	58.1	55.8	56.0	65.0	66.7	56.6	-
Heavy industry**	69.7	63.7	68.2	73.8	87.3	-	80.7
Electricity	11.1	12.9	14.6	11.5	-	-	-
Coal	9.9	9.9	12.6	14.7	-	-	-
Mining	16.3	15.7	17.5	19.4	-	-	-
Metallurgy	6.2	5.0	5.8	6.1	-	-	-
Machine	9.1	7.4	10.1	11.1	-	-	-
Light Industry**	30.3	36.3	32.8	26.2	12.7	-	19.3

* as percentage of total state investment

** as percentage of state investment in industry

Source: *Chosun Jungang Yongam* (1963, 1964, and 1965); *Rodong Sinmun* (November 10, 1970), recited partly from Bon-Hak Koo, *Political Economy of Self-reliance* (Seoul: Research Center for Peace and Unification of Korea, 1992), p. 116.

Sacrificed to heavy-industry-oriented economic policy, the consumer goods sector had been suffering from chronic shortage. North Korea's decision makers did not show, by allocating more resources to it, any real intention to boost light industry. The August Third Consumer Goods Program, for example, was designed only to utilize waste and unused materials, i.e., "inner reserves," for the production of simple consumer goods such as clothes, shoes, utensils, and school supplies. The program was not supposed to redirect heavy industry-oriented investment policy or bring about institutional changes into the economy.

On the whole, the North Korean economy has all along been showing a syndrome of chronic shortages prevalent in the Soviet-type economies, and the extent of the difficulties has been aggravated since the mid-1960s. Moreover, because of the excessive concentration of economic power on the part of the central government and ideological rigidity that forced the country to adhere to its closed-door policy, the extent of shortage in North Korea has been more serious in the other socialist countries.

In sum, shortages that came into the limelight in the 1990s are not a transitory phenomenon due to some abrupt change in international circumstances, but a chronic disease that has long been agonizing North Korea's "suction economy." The longevity and comprehensiveness of the shortage phenomenon leads us to conclude that generation and reinforcement of shortage are endogenous to its economic system. The changes in external circumstance only acted as a catalyst to accelerate the interaction among system-specific and policy-specific variables, which brought about these unprecedented economic difficulties in North Korea.

Sources of Shortages in the North Korean Economy

In this section, following a logical sequence, it is attempted to clarify sources of the chronic shortage that make the phenomenon endogenous to the economic system of North Korea. The

sources are divided into four categories: system-specific economic development strategy, operational inefficiency, self-reinforcing mechanism of shortage, and inefficiency in external economic relationship as follows.

Strategy for self-sufficient economy under the juche ideology: In the 1960s the Sino-Soviet border dispute and decreasing aid from other socialist countries, as well as then appearing economic problems, forced Kim Il Sung to build a self-sufficient economic and military system. Almost all usable resources have been poured into heavy industry and military industry: in 1965 the industrial sector took 66.7 percent of whole state investment. Heavy industry, in turn, held 87.3 percent of the state investment to the industrial sector (see Table 2). Since then there has been little change in such a biased investment structure.

Biased investment to build self-sufficient and comprehensive heavy industry induced serious inefficiency into a country with high degree of foreign trade dependency for raw material and with a relatively small-scale economy. Simultaneous investment to the comprehensive scope of heavy industry not only brought about inefficiency of under-specialization in the national dimension but also induced resource waste because enterprises could not take advantage of economies of scale. In addition, industrial enterprises have shown a tendency to produce parts and components for their own use as a protective reaction against prevailing shortage.[18] This all has wasted resources and aggravated the shortages. Moreover, the fact that in the absence of scarcity prices, intra–heavy industry investment structure could only reflect the preference of decision makers bore another source of resource waste.

The heavy industry–oriented investment structure and resulting inefficiency and waste of resources siphoned off funds and

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18 For inefficiency caused by the two-fold underspecialization at the level of a national economy and at that of enterprise, see J. Winiecki, ibid., pp. 73–8.

material that would otherwise have been used for investment in light industry, agriculture, and infrastructure for balanced growth. In addition, the extension of gestation periods of funds due to the competition among sub-sectors of heavy industry for funds and material formed a vicious circle of producer goods shortage. To sum up, North Korea's pursuance of self-sufficient industrial system under the juche ideology induced shortages due to inefficiency and resource waste not only at the level of a national economy but also at that of the enterprise. Against the leaders' expectations, their efforts towards a self-sufficient heavy industrial system over more than forty years was able to create the seeds of shortage but not the engine of growth.

Operational inefficiency: In addition to the heavy industry-oriented development strategy under the juche ideology, operational inefficiency in the Soviet-type economies constitutes a major source of chronic shortage. There are numerous studies about operational inefficiency in centrally planned socialist economies and some argument can be well applied to the case of North Korea to explain the chronic shortage in the economy as follows.

First, under the extensive growth strategy of the Soviet-type economies, since the performance of producers is judged largely by the extent of the quantitative accomplishment of state plan target, industrial enterprises became insensitive to cost increases. They show a tendency to hoard an abnormally high input inventory as protective means against prevailing shortages. As a result, a socialist firm uses more energy and inputs relative to its output than does its counterpart in a market economy. Moreover, "soft budget constraint" for producers intensifies such a tendency[19] so shortage prevails in the inputs but the intermediate goods sectors are subjected to seller's market. As

19 For the relationship between "soft budget constraint" and overstock of inputs, see Kornai, ibid. (1980), ch. 5.

producer goods sector and consumer goods sector compete for the same inputs, shortage in the former spill over to the latter and it comes to prevail all over the economy.

Second, because of taut planning based on overly optimistic assessment of the economic situation and the quantitative performance criteria for producers and for local government as well as for workers, economic agents in the Soviet-type economies tend strongly towards "imaginative reporting" and often provide "doctored performance figures."[20] Execution of the plan based on such doctored figures is inevitably subjected to uncertainty and error, which in turn aggravates overall shortages.

Third, the prevalence of a seller's market and producers' pursuance of the quantitative targets of a taut plan inevitably induce quality and specification problems.

Fourth, as the complexity of an economic system grows, the planning procedure relying on the material balances is inevitably subjected to increasing uncertainty. Moreover, manipulation of performance figures, quality and specification problems, and producers' tendency to hoarding inputs intensify the uncertainty in the process of plan execution. Usually, such uncertainty induces ad hoc changes of the plan, which in turn make it difficult for the economy to accomplish original plan targets and aggravate the overall shortages.

Fifth, producers subject to the soft budget constraint of the Soviet-type economies need not pay attention to the economic validity of an investment project, but if the planning authority grants permission for an investment project, they receive enormous benefit including priority for material supply. Thus, producers presenting their investment demand to the higher levels of hierarchy will try to present their proposals in the best possible light to get the desired funds. So they often underestimate the costs of proposed investment projects and overestimate the results. The authority, however, usually permits proposed pro-

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20 See footnote 3 of this study.

jects on condition of cutting the requested investment expenditure by a specific amount, in which case the gestation periods of funds for planned projects needs to be extended. The supply of products from the project come to be postponed, too. Such a sequence worsens the general shortage.[21]

Self reinforcing mechanism of shortage: Although North Korea set up adjustment periods after plan periods, the shortage caused by industrial imbalances was not ameliorated. This can be explained by the dynamic relationship between industrial imbalances and shortages.

Because the economy has been suffering chronic shortage of raw materials and intermediate goods, the authorities regarded expansion of the energy sector and extractive industry as the most urgent task to ameliorate shortages in producer goods including raw material and intermediate goods.[22]

From 1961 to 1964 state investment in extractive industries such as coal and mining grew faster than that in metallurgy and machine building (see Table 2), two major sub-branches of heavy industry. For example, in 1964, 45.6 percent of total state investment to the industrial sector went to electricity, coal, and mining compared to 37.3 percent in 1961, while 1964 investments in metallurgy and machine building took 17.2 percent, and 15.3 percent in 1961.

In view of North Korea's investment priority on heavy industry, such a shift in the investment structure indicates that the urgent need to expand the energy and extractive industrial sector limited the expansion of major heavy industries such as metallurgy and machine building. This made the leaders always feel

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21 For Hungary, a study reports that the gestation periods are often 50–100 percent or more longer than planned. A. Brody, "About investment cycles and their attenuation," *Acta Oeconnomica*, Vol. 31, pp. 1–2.

22 For the mechanism of overexpanding extractive industry in the Soviet-type economies, see J. Winiecki, ibid. ch. 3.

an insufficiency of investment in this important area. The deformed investment structure could not be balanced and the spillover of shortage from heavy industry to other sectors of the economy has intensified.

Inefficiency in external economic relationship: Because of the limited reserves of natural resources and the small scale of its economy, external economic relationships could not but have vital importance for North Korea. Even though it has pursued a supposedly self-sufficient industrial system under the flag of the juche ideology, raw materials such as crude oil and coking coal and a large part of industrial facilities had to be imported from other socialist countries as well as from Western countries. Moreover, chronic shortage and backwardness of industrial technology caused by inefficiency of its economic and political system intensified the need of the economy for imported inputs and industrial facilities.

Nevertheless, economic policy to build a self-sufficient industrial system made it impossible for North Korea to develop comparative advantage through specialization and technology improvement. Therefore, it had to secure raw materials and industrial facilities mainly through barter according to trade agreements with the Soviet Union, after whose dismantlement it has relied upon barter with China. The acceleration of market-oriented reform in China since 1992, however, and deteriorated export capability of North Korea, have brought about significant reductions in the trade volume.

As a result, in order to import the oil and cereals vital to its survival, North Korea had to export commodities such as steel, coal, and cement for which itself felt sharp shortage but which, to make things even worse, require relatively short processing. It further intensified the extent of shortages, and reports about low operation rates in the manufacturing sector testifies that.

Macroeconomic Implications of Changes in Economic Policy

Recently North Korea has been concentrating its efforts on building the Najin-Sunbong Free Economic and Trade Zone (NFETZ) and on promoting export by decentralizing part of foreign trade rights. It also declared it would give the first priority of economic policy to agriculture, light industry, and foreign trade during three years of adjustment (1994–1996), but we have not been able to find any convincing evidence, however, of sincerity in the declaration. Thus, this section only deals with the policy impacts of construction of the NFETZ and those of partial decentralization of foreign trade rights on the economy.

Construction of the Najin-Sunbong Free Trade and Economic Zone: North Korea announced a plan to construct the NFETZ at the end of 1991, and it promulgated related laws and regulations beginning October 1992. In 1993 it also proposed a relatively detailed blueprint to attract foreign capital to the area.[23]

The NFETZ of North Korea is different from the special economic zones of China in various ways. Among other roles the NFETZ is supposed to become a "center for entrepot trade," a "bonded area for processing and assembling," and a "base for production of import substitutes" under administrative control. This contrasts with the SEZs' role in China as a "bidirectional window" designed to link the Chinese economy and the international market for the purpose of market-oriented reform. Considering the remoteness and economic isolation of the NFETZ as well as political uncertainty of North Korea, it will probably be difficult for now to build the NFETZ relying on external funds and materials.

According to North Korea's investment guide to the NFETZ for foreign investors,[24] expected average investment per project

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23 The Committee for the Promotion of External Economic Cooperation, *Golden Triangle: Najin-Sunbong* (Pyongyang: 1993).

for the chemical, electronic, and textile industries is approximately $500 million, $50 million, and $10 million respectively. Considering that in China average investment scale of foreign capital per project is some $2 million, North Korea is overly optimistic. On the other hand, among sixty-eight projects listed in the investment guide to the NFETZ, thirty-six pertain to heavy industry and are deemed to be oriented to import substitution. The characteristics of the NFETZ imply that the gestation period of funds will be considerably longer than expected by the planners, not to mention the low attractiveness of the NFETZ to foreign investors due to them.

All this taken into account, the construction of the NFETZ will be a great burden to North Korea's shortage-plagued economy. In view of poor result of foreign capital inducement into the zone as yet and its remote location, construction of infrastructure and industrial facilities and housing for the labor will only be possible with a huge supply of already scarce domestically produced raw materials and intermediate goods as well as internal financial resources.

Decentralization of foreign trade rights: Recently North Korea has allowed establishment of foreign trade companies (FTC) independently or under the auspices of administrative organs at various hierarchic levels. In the process, the ranges of business for FTCs have been broadened compared to the monopolistic pattern of business in the past and the decision-making power for the composition of exports and imports was decentralized partially for FTCs. Such changes brought about certain competitive actions among them. The number of existing FTCs was said to be over 200 by the end of 1994.

Efforts for the promotion of exports, however, were doomed to failure because they were not accompanied by the measures

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24 The Committee for the Promotion of External Economic Cooperation, ibid. pp. 13–20.

to remove structural obstacles to an efficient foreign trade system. Because of lack of scarcity prices, overvalued currency, proliferation of black markets and rent-seeking activities, producers insulated from the external market, and excessive interference in trade activities by the party and the government, export potential of the economy cannot be exploited and the trade pattern is distorted.[25] In addition, as the seller's market prevails in the shortage-plagued North Korean economy, the FTCs and industrial enterprises compete for the same steel products, coal, and cement, which also are major exports. And the shortages get worse and worse.

Abrupt interference in the process of trade by powerful organs and individuals seeking to accrue commissions from limited export capability and strong import demand is another source of distortion of commodity composition of trade and of unreliable trade practices in North Korea's FTCs. Under such circumstances, on one hand North Korea's commodity composition of exports is determined by the accessibility of materials rather than by the comparative costs of production, and on the other hand that of imports is decided by the scale of rent accruing rather than by their importance to the economy.

To sum up, with North Korea's existing economic system we cannot expect that partial decentralization of foreign trade rights and establishment of these FTCs will bring about an increase in export. The worst result of such policy changes is that it adds more shortage pressure to the economy as rent-seeking activities of the FTCs and the party cadres prevails.

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25 For the theoretical discussion about the impossibility for the Soviet-type economies to realize comparative advantage in external trade, see J. Wilczynsky, "The Theory of Comparative Costs and Centrally Planned Economies," *Economic Journal* (March 1965), pp. 63–80.

Political Economy of North Korea's Economic Reform

As was analyzed above, the North Korean economy has been subjected to a sustained and comprehensive shortage phenomenon; the shrinking external trade in the 1990s only accelerated its degeneration. Shortages in the economy have continuously intensified due to the ideological constraint, operational inefficiency of the centrally planned economy, self-reinforcing mechanism of industrial imbalances, and inefficient external economic relationship. Moreover, recent changes in economic policy that are confined within the existing economic system will inevitably exacerbate distortions in resource allocation and will sharpen the extent of shortages.

Such limitations came about because North Korea has been unable to adopt the market-oriented reform with which other socialist countries are familiar. As early as the beginning of the 1980s the Chinese leaders, for example, judged that adoption of market mechanism and linkage between internal market and external market through scarcity prices are indispensable for sustained economic growth and improvement in living standard of the people. Thus, the speed of expansion of the market mechanism in China could have been faster than what was expected by outside observers. North Korea, however, faced with the worst economic situation in its history, stubbornly clings to its Soviet-type economic management.

If we typify the reform processes of socialist countries, a Soviet-type economy faced with system-specific economic problems will choose either to improve the planning mechanism or to take market-oriented reform measures, according to the relative costs of the alternatives. If the price in terms of its economic/political/social impact is deemed too high for a Soviet-type economy to adopt a market mechanism, the decision maker will decide to reform the economy by improving the planning mechanism. Market-oriented reforms will be adopted

only when the shift costs less than the potential savings in operation of the system.

In this context, given China's politico-economic conditions at the end of 1970s, its adoption of market-oriented reform can be explained by a relatively low transition cost compared with the operating cost of their centrally planned economy, as perceived by the reform-minded leadership. In contrast, for the moment, the transition cost in terms of political risk and macroeconomic controllability perceived by the North Korean leadership is tremendous relative to the operating cost of the Soviet-type economy. Therefore, North Korea still seems to be trying to improve its planning mechanism and external economic relationship without systematic reform of the current resource allocation system.[26]

Nevertheless, as analyzed in this study, North Korea's limited policy changes such as the construction of NFETZ and partial decentralization of foreign trade rights could well aggravate shortages, bring about significant hidden inflation, and widen the black market. As the negative impact of limited policy changes on the economy becomes clear, the relative costs of reform policies deemed by the leadership will change. Then, as the perceived relative cost of institutional shift decreases and operating cost of the Soviet-type resource allocation system increases not only in terms of macroeconomic controllability but in terms of political stability, the leadership cannot but seek market-oriented reform as the alternative. In view of North Korea's continuously degenerating economic conditions, however, as time passes costs to implement market-orient reform measures in terms of macroeconomic side effects such as unemployment and inflation will also increase.

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26 For theoretical analysis of the differences in the reform paths of North Korea and China, see Seung-Yul Oh, "Economic Reform in North Korea: Is China's Reform Model Relevant to North Korea?," *The Korean Journal of National Unification*, Vol. 2, (1993), pp. 127–51.

Conclusion

Now we are in a position to answer the questions raised in the introductory section of this study.

First, the prevailing shortage in North Korean economy is not a transitory phenomenon caused by changes in the international circumstances but a chronic one endogenous to its Soviet-type economic system. Shortages in the economy have been aggravated by the interaction of its ideological bias, operational inefficiency of central planning, and the self-reinforcing mechanism of shortage.

Second, in view of the characteristics and sources of shortage in North Korea, limited policy changes it has recently attempted may well exacerbate the shortages in the economy. The degenerating economy cannot be revived by policy changes confined within the existing economic system, and the shortage-plagued economy will continue to siphon off the welfare of its people.

Third, the Kim Jong-il regime will realize that there exists a trade-off between maintenance of the ideological heritage of Kim Il Sung and revival of the ailing economy. As time passes, it will also be clear for Kim Jong-il that the legitimacy of his power success can be established only by economic recovery.

Nevertheless, it will take a considerable time and trial-and-error procedure for the North Korean leadership, unexperienced reformers that they are, to adopt a market-oriented reform strategy. The prerequisites for the market-oriented reform in North Korea are reinterpretation of the juche ideology and the leadership's understanding of characteristics and sources of chronic shortages in the economy. The most serious shortages North Korea faces are time, and flexibility of idea.

빈 면

Inter-Korean Economic Cooperation:
A Vital Element of Seoul's Unification Policy

Jinwook Choi

Inter-Korean economic cooperation appears to be emerging as the most significant area in recent relations between North and South Korea, mainly because both are ever more interested in it. The North with its abundant raw material and cheap labor and the South with its capital and advanced technology have complementary economic structures. Despite economic benefits that both sides could draw from inter-Korean economic cooperation, so far they have failed to engage in it in any substantial sense. The reason has not been economic but political. For instance, the recent default in inter-Korean economic cooperation can be attributed to South Korea's decision after the emergence of the North Korean nuclear issue to ban inter-Korean economic cooperation. The "solution" of the nuclear problem by the Agreed Framework has provided inter-Korean economic cooperation with momentum for another start.

When the nuclear problem was supposedly solved by the US-DPRK agreement, South Korea began to take an active approach to economic cooperation. First, Seoul lifted the ban on economic cooperation with North Korea in November 1994 (to which Pyongyang reacted with public rejection), and approved the first direct investment in North Korea by a South Korean firm, Daewoo Business Group, in May 1995—even before the US

and North Korea resumed their dialogue over the provision of light-water reactors in Kuala Lumpur, Malaysia. South Korea also showed a liberal attitude in providing free rice to the North in June 1995. South Korea's conduct can be understood as an effort to open a new chapter in inter-Korean economic cooperation. Inter-Korean cooperation, however, can by no means be estimated optimistically, because North Korea is still too cautious, even reluctant, to engage in any kind of official cooperation with the South. It is thus time to rethink this economic cooperation and practical means to activate it.

This article examines the significance of inter-Korean economic cooperation contained in Seoul's unification policy, reviews North Korea's current economic situation and its attitude towards such cooperation, and analyzes means to activate it.

South Korea's Unification Policy and the Importance of Inter-Korean Economic Cooperation

South Korea's unification policy aims at political integration through reconciliation and cooperation. In other words, South Korea is trying to build a single political community on the basis of a socio-economic community. This has been Seoul's consistent approach to unify the country since the early 1980s, although it was not refined in theory nor practically implemented until 1988.[1] The difficulty, however, has, for various political reasons including the North Korean nuclear problem, been to begin a process of reconciliation and cooperation.

South Korea's unification policy, the National Community Unification Formula, consists of three phases of unification process.[2] The first stage is reconciliation and cooperation, in

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1 South Korea's unification policy was first expressed in its current form in 1988, when the Korean National Commonwealth Unification Formula was announced.

2 Although South Korea's current unification policy originated from the Korean

which the long-standing hostility and confrontation between the South and the North would be replaced with a relationship of reconciliation and cooperation. The second is the Korean commonwealth phase, in which peaceful coexistence and coprosperity between the two Koreas would be achieved in a single socio-economic community. The third stage is a single nation phase, which would be completed by fully integrating the South and the North.

South Korea's unification policy is a step-by-step, gradual approach, and it assumes that a socio-economic community will develop into a political community, or unified country. The idea is that an increase of exchange and cooperation will lead to political unification, that is, without it South Korea cannot achieve unification as she wants and plans; it is an indispensable precondition for South Korea's unification strategy. The impact of economic exchange and cooperation upon the political arena has already been proved in South Korea's approach to Soviet Union, China, and Vietnam. Seoul has succeeded in bringing itself to the point of rapprochement with former enemies through economic diplomacy. The South Korean government hopes that this success may be applied to inter-Korean relations.[3]

South Korea, based on its unification policy, has consistently been trying to enter this first phase of the National Community Unification Formula. It consists of two elements: reconciliation and cooperation. Reconciliation refers to reconciliation and nonaggression, cooperation to exchange and cooperation.

South Korea has taken various measures to activate exchange and cooperation. In 1988 South Korea announced the so-called July 7 Declaration, in which South Korea suggested to the North

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National Commonwealth Unification Formula of 1988, the most recent is based on President Kim Young Sam's 15 August 1994, Liberation Day Speech. National Unification Board, *Interpretation of the August 15 Presidential Speech*, (August 1994).

3 Nicholas Eberstadt, "Inter-Korean Economic Cooperation: Rapprochement through Trade?" *Korea and World Affairs*, Vol. XVIII (4) (Winter 1994), p. 647.

that the two sides should not think of each other as competitors or rivals but as collaborators in building a national community, and should try to get over the Cold War on the Korean peninsula. South Korea made it clear that she would try to normalize relations with the socialist states including the Soviet Union and China, and be willing to help the North normalize relations with the US and Japan in its bid to escape from international isolation.[4]

The South Korean government provided an institutional mechanism to activate inter-Korean economic exchange and cooperation by enacting the Basic Instruction on Exchange and Cooperation between the South and the North in 1989 and one year later the Law on Exchange and Cooperation between the South and the North. South Korea also promulgated the Law on the Fund for Exchange and Cooperation between the South and the North in 1991. One hundred eighty million dollars has been reserved, of which $3.5 million has already been used on various occasions: In 1991, $200,000 was used towards a unified table tennis team for the World Table Tennis Championship, $1 million for a unified soccer team for the World Youth Soccer Championship, $1.6 to compensate a trade company for the North's failure to pay it for 5,000 tons of rice, $700,000 for the reunion of dispersed families. All these measures aimed to implement South Korea's functional unification policy.

As a result of South Korea's long endeavor, the South and the North finally signed the Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and the North (called the Basic Agreement) in 1991. From South

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4 The July 7 Declaration includes exchange and free visit between North and South, exchange of correspondence and free visit between dispersed families, door-opening to inter-Korean trade, balanced development of the national economy of North and South and no objection to North Korean trade with countries friendly with Seoul, collaboration between North and South in international society, Nordpolitik, and help for North Korea to normalize relations with countries friendly to South Korea.

Korea's perspective, if North Korea is to abide faithfully by the Basic Agreement, it should abandon or at least modify its long revolutionary strategy and zeal to communize the South. This would mean the opening of a new era of peaceful coexistence between North and South Korea. Above all, it appeared that the South entered into the first phase of its unification process.[5]

The Basic Agreement consists of three major elements: reconciliation, non-aggression, and exchanges and cooperation between the South and the North. Here are the main clauses of each element.

Reconciliation

- The South and the North shall recognize and respect each other's systems (Article 1)
- The two sides shall not interfere in each other's internal affairs (Article 2)
- The two sides shall not slander or vilify each other (Article 3)

Non-aggression

- Two sides shall not use force against each other and shall not undertake armed aggression against each other (Article 9)

Exchange and Cooperation:

- The two sides shall engage in economic exchange and cooperation, including the joint development of resources, the trade of goods as domestic commerce and joint ventures (Article 15)
- The two sides shall carry out exchanges and cooperation in various fields such as science and technology, education, literature and the arts, health, sports, the environment, and publishing and journalism including newspapers, radio and television broadcasts and publications (Article 16)
- The two sides shall promote free intra-Korean travel and contacts for the residents of their respective areas (Article 17);

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5 On the part of North Korea, she may have achieved the following purposes: preservation of the system, escape from international isolation, overcoming of economic difficulties by showing friendly gestures to the US and Japan. Chung Se-hyun, "Legal Characteristic and Political Meaning of the Basic Agreement," RINU, *Our Purpose and Task in an Era of Reconciliation and Cooperation between North and South Korea* (1992), pp. 16–19.

- The two sides shall permit free correspondence, reunions and visits between dispersed family members and other relatives (Article 18).

Despite an epoch-making agreement between North and South Korea, it did not take long before the Basic Agreement became nothing more than a piece of paper. The failure to implement the Basic Agreement and the deadlock of inter-Korean economic cooperation is mainly attributed to North Korea's rigid and reluctant attitude towards openness and reform of its closed system. However, South Korea can in no way be praised. The inter-Korean trade of $198 million in 1994 accounts for a tiny fraction of South Korea's total foreign trade, which amounts to $198,000 million. Although inter-Korean trade is not so important to Seoul as it is to Pyongyang in an economic sense, to South Korea inter-Korean trade is quite meaningful in a political sense: it is very important for South Korea's unification policy, which could induce the North to transform its socialist system. Seoul should not forget that economic cooperation is an indispensable step to take in order to unify Korea on her grand plan.

North Korea's Economic Situation and its Position on Inter-Korean Economic Cooperation

There seems little doubt that North Korea has suffered from various problems in the post–Cold War era. Since the demise of the socialist bloc in Eastern Europe and the Soviet Union, North Korea has undergone international isolation, economic hardship and a security problem. These problems have jeopardized the existence of the North Korean system itself. South Korea's nordpolitik strategy in particular, launched in July 1988, made the situation worse for the North: South Korea's rapprochement with North Korea's socialist allies, if latently, deepened her isolation.

Table 1. Major Indicators of North Korean Economy

Items	GNP growth rate	Grain production	Grain shortage	Electric power	Import of crude oil	Foreign trade	Foreign debt
Unit	Percent	Million tons	Million tons	Billion kwh	Million tons	US$ billion	US$ billion
1990	-3.7	4.81	0.29	27.7	2.52	4.64	7.86
1991	-5.2	4.43	1.24	26.3	1.89	2.59	9.28
1992	-7.6	4.27	1.22	24.7	1.52	2.47	9.72
1993	-4.3	3.88	-	22.1	1.36	2.64	10.32

Source: US CIA, *Handbook of Economic Statistics* (Washington DC: Government Printing Office, 1988); National Unification Board, *North and South Korean Economic Indicators* (Seoul: NUB, 1993); Bank of Korea, *Estimate of North Korea's GNP, 1993* (Seoul: ROK, 1994)

North Korea has endured economic difficulties in almost all major economic indicators (see Table 1). Specifically it has suffered from shortages in food, electric power and oil. Foreign debt also has been increasing as foreign trade shrinks. North Korea has suffered low grain production since the mid-1980s, the food shortage became more serious recently because: there is not enough foreign currency reserves to pay for the grain needed:[6] China, the biggest grain exporter to North Korea, demanded hard currency for grain. China also stopped exporting grains from three of its northeastern provinces because of flooding there.[7]

North Korea's energy shortage is not less problematic than her food shortage. Electric power, of which seventy percent is

6 Young Namkoong, "Assessment of the North Korean Economy" *US-Korean Relations at a Time of Change* (Seoul: RINU, 1994), p. 12.

7 North Korea's annual grain import from China dramatically decreased from 650,000 tons in 1992 to 240,000 tons in 1994. Young Namkoong and Soo Young Choi, *Background of North Korea's Request for Grain Support and Means of Grain Supply to the North* (Seoul: RINU, 1995).

dependent upon thermal energy, has declined due to the decrease in coal production. Coal production of 33.2 million tons in 1990 dwindled to 27.1 million tons by 1993. In 1993 North Korea produced only 22.1 billion kwh of electric power, which could meet only fifty to sixty percent of demand. The energy shortage inevitably resulted in a decrease in factory operation rates. The dramatic drop in oil import since 1990 was another major factor in the energy shortage in North Korea. In 1990 North Korea imported 2.52 million tons of crude oil, but the number dropped to almost half in 1993, or 1.36 million tons. The decrease was mainly because of hard currency insufficiency, since North Korea's major oil supplier, the Soviet Union, started demanding hard currency.

North Korea's economic problem is mostly derived from the collapse of Soviet Union, which until 1990 had accounted for more than half of North Korea's trade. All in all, North Korea's annual GNP growth rate has been going down since 1990, and the economic setback looks even gloomier when compared with South Korea's steady economic development. The gap has been widening: the North was only one-eighteenth and one-eighth of the South in GNP and GNP per capita respectively in 1993 (Table 2).

Table 2. GNP and GNP per capita of North and South Korea

	GNP ($bn)			GNP per capita ($)		
	NK (A)	SK (B)	B/A	NK (A)	SK (B)	B/A
1989	24.0	211.2	8.8	987	4,994	5.1
1990	23.1	237.9	10.3	1,064	5,569	5.2
1991	22.9	289.8	12.3	1,038	6,498	6.3
1992	21.1	305.7	14.5	943	7,007	7.4
1993	20.5	328.7	16.0	904	7,466	8.3

Source: National Unification Board, *North and South Korean Economic Indicators* (1993); Bank of Korea, *Estimate of North Korea's GNP, 1993*(June 1994).

Considering various problems North Korea is facing as reviewed above, it is reasonable to perceive that openness and reform may be the inevitable route to survive. Although it is generally agreed that North Korea's internal and external problems are serious enough to endanger the system, however, it is not certain what policy options Pyongyang will choose to escape from its current predicament.

Two views conflict on North Korea's feasible policy options, although the two views are not necessarily mutually exclusive. One is that the North Korean leadership may prefer "muddling through" despite her economic problems. The other view is that North Korean leaders cannot but choose openness and reform to escape their current predicament.

Muddling through means "not reconsidering basic strategy or readjusting fundamental policies."[8] Although muddling through seems not to be a smart policy option for North Korea, the possibility they will try cannot be ruled out. Openness and reform is not an easy choice for them because of the substantial impact on the stability of the system it would make in the post–Cold War era. Especially, contact with South Korea is so uncomfortable that they try to avoid it as long as possible. Their foremost concern is how to launch and stabilize Kim Jong-il regime successfully after Kim Il Sung's death.

The regime leaders may hope that, while North Korea muddles through, paralyzing chaos just might occur in South Korea such as a huge-scale student demonstration and an assassination of the president.[9] That is, they may choose this option and wait for a chance that favors the North over the South. However, it is not likely that their hope can materialize. The South Korean democratization process is well under way, and Seoul has experienced two peaceful power transitions by free and fair

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8 Nicholas Eberstadt, "North Korea: Reform, Muddling Through, or Collapse?" *Analysis*, Vol. 4 (3) (September 1993), p. 14.

9 Eberstadt, "North Korea," p.15.

election. Particularly the advent of the Kim Young Sam government in 1993 cleared any kind of debate on the legitimacy of the political system. All in all, South Korea is more stable than ever before and it is unrealistic to muddle through awaiting Seoul's misfortune.

Although in the short run muddling through may seem to preserve the North Korean system by protecting it from outside influence and possibly provide a winning chance against South Korea, it is not wise. Pyongyang's stubborn insistence upon its current economic policy will only deteriorate her economic situation and may lead to the collapse of its system after all.

Some are more optimistic about North Korea's future, believing that Pyongyang can despite difficulties survive without serious crisis. This view is based on certain internal and external conditions that North Korea does in fact enjoy. First, North Korea is the most closed system in the world. Its foreign trade accounts for only 12% of its economy, and it is basically an autarkic system. Therefore, the system may be safe and stable as long as they keep the door closed. Second, North Korea is a monolithic state, armored by juche ideology and a strong military, and well under control from top to bottom by a strong, coercive state apparatus. Third, the Korean Workers Party (KWP) is a mass party unlike most other elite-oriented Marx-Leninist parties. That is, the KWP has a membership of three million, or 15% of its population, while other Marx-Leninist parties have restricted membership to a small minority. The KWP members are so loyal to the regime that they can remain as strong supporters for the system despite some difficulties. Fourth, the existence of outside enemies, South Korea and the US, serves as a strong bondage that unites the North Korean people against them. That bondage is particularly tight under the strong leadership of Kim Il Sung and Kim Jong-il. Fifth, China remains as North Korea's stalwart political and military ally, although China is increasing its economic relations with South Korea.

It may be possible for Pyongyang to survive without openness and reform. Although the North Korean system can go on, however, that would not mean the revival of its devastated economy—not to mention prosperity. Therefore, North Korea might barely survive but would continue to suffer from various difficulties. It is by no means desirable for North Korean leaders to keep the country under such a miserable condition, the persistence of which will in the end threaten the system. They are well aware of this, and thus it is not conceivable that they will maintain such a closed-door policy for a long time. In fact, they have already promulgated a series of reform plans to put an end to the closed-door policy.

North Korea began a policy change in 1984, when she promulgated the Joint Venture Law as an effort to lure foreign investment. In other words, North Korea realized the necessity of economic cooperation with foreign countries more than 10 years ago, although the plan was not actively carried out. The leaders perceived that its economic structure of self-reliance had clearly reached its limit and that it should be adjusted. They contend that North Korea's decision to be engaged in economic cooperation with foreign countries, however, does not mean abandonment of a self-reliant economy, or conflict with it. They rather insist that economic cooperation with foreign countries can promote a self-reliant economy.[10]

Despite North Korea's ambitious plan to expand economic cooperation with foreign countries, the Joint Venture Law of 1984, failed to attract foreign investors. Only a few firms launched a joint ventures, small ones, during the 1980s.

After the demise of the Soviet Union and Eastern Europe, North Korea became more sincere and even desperate to

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10 Kim Jong-il contends that the self-reliant economy means neither a closed-door policy nor isolationism. Kwan Yong Kim, "Inter-Korean Economic Cooperation: Current Status and Future Prospects," *East Asian Review* Vol. 6 (3) (Autumn 1994), p. 94.

promote economic cooperation with foreign countries. An announcement in 1991 of a free economic and trade zone in the Rajin-Sunbong areas indicated a policy direction of openness and reform. In December 1992 Pyongyang promulgated three laws in a bid to induce foreign investment: the Foreign Direct Investment Law, the Law on Contractual Joint Ventures and Law on Foreign Enterprises. In January 1993 three more laws came out for the same purpose: the Foreign Exchange Law, Law on Free Economic and Trade Zone and the Law on Foreign Enterprises and Foreigners' Taxation.

Despite Pyongyang's ambitious-looking effort to lure foreign investment, these laws are probably short of providing incentives for foreign investors. Although they can be read as a policy change intended to upgrade economic performance, they do not appear to be appropriate to overcome the economic setback. The North Korean leaders ignore or do not consider certain subjects in the future restructuring of the economic system: necessity of military demobilization and conversion of war industries; necessity to strengthen market mechanisms within the domestic economy, or to enhance the credibility of the domestic currency; relaxation of information flows or scientific contacts.[11] Above all, the tight control of information about the nation's governance and state strategy prevents foreign investors from understanding the motivations underlying North Korean policy.[12]

The above-mentioned laws, related to North Korea's effort to induce foreign capital, are also unclear regarding many important points that need to be clarified for foreign investors: the share of investment, tax favors, obligations of export, foreign exchange management, and the accounting system.[13] Although North Korea's cheap labor is one merit for foreign investors, the labor

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11 Eberstadt, "North Korea," p. 13.

12 Ibid.

13 Kim, "Inter-Korean Economic Cooperation," p. 98.

force can be supplied only through the intervention of the state-controlled labor organization. Another problem in the investment environment is that foreign businessmen are not allowed to travel freely inside North Korea.[14]

As seen above, North Korea's laws related to economic cooperation has clear limitations to induce foreign capital and technology. It is attributed to caution and fear about the side-effects of reform and openness, despite the necessity of it. That is, although the leaders understand the necessity of economic cooperation with foreign countries, they hesitate on political consideration to launch it actively. This indicates that political logic still reigns over economic logic in North Korea.[15]

In sum, the leaders in Pyongyang clearly understand that they need reform and openness to overcome the present predicament, because an escape from economic setback and international isolation is the only way to save the system in the long run. Above all, economic cooperation with foreign countries including South Korea is necessary to this end. Thus, Pyongyang is expected to launch economic cooperation with Seoul, and it is already under way despite ups and downs.

In fact, the inter-Korean trade of $228 million already takes a very important portion in the North Korean economy, whose total trade volume is estimated at $2,600 million. That is, inter-Korean trade accounts for 8.3% of North Korea's total foreign trade. South Korea is its third largest trade partner, China first and Japan second.

However, North Korean leaders realize the negative impact of openness and reform, especially with the South, and any steps towards reform and openness are very cautious. Therefore, it is particularly unlikely that Pyongyang will respond to South

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14 Eui Gak Hwang, "Inter Korean Economic Cooperation Under Different Systems: Its Restrictions and Required Measures," *East Asian Review* Vol. 5(1) (Spring 1993), p. 66.

15 Kwan Yong Kim, "Inter-Korean Economic Cooperation," p. 96.

Korea's inducement at such a pace that the South wants and plans, because they suspect that Seoul intends to absorb the North through exchange and cooperation in various fields.

South Korea's Recent Move to Activate Inter-Korean Economic Cooperation

Since 1989, when South Korea announced the Basic Instruction in Exchange and Cooperation between the South and the North, there has been a steady increase in exchange of people and materials, although economic cooperation was banned in 1992 due to the North Korean nuclear problem. There have been 3,958 personal contacts between North and South Koreans in 1,111 cases from 1989 to 1994. The total approved trade volume between the two was $228 million in 1994. Most inter-Korean trade is indirect, through Hong Kong, China, and Singapore; direct trade, except in 1991, has never been more than 5% of the total. Processing on commission (POC) has rapidly increased: from only 0.3% of the total trade in 1992 to 12.5% in 1994.

While there has been a steady increase in inter-Korean economic exchange, South Korean direct investment in the North is deadlocked. To break it the South Korean government lifted its two-year ban on joint economic projects with the North in

Table 3. Inter-Korean Trade (Approved)

(US Thousand dollars)

Year	Indirect Trade	Direct Trade	POC	Total
1991	177,778 (92.50%)	14,358 (7.47%)	36 (0.03%)	192,172 (100%)
1992	204,261 (95.67%)	8,372 (3.92%)	970 (0.31%)	213,503 (100%)
1993	187,347 (94.24%)	3,447 (1.73%)	7,996 (4.0%)	198,790 (100%)
1994	190,014 (83%)	10,336 (4.52%)	28,564 (12.5%)	228,944 (100%)

Source: Division of Exchange and Cooperation, National Unification Board, *The Trend in Exchange and Cooperation Between North and South* (January, 1995).

November 1994 as a result of the US-DPRK nuclear accord. The government's decision to lift the ban allowed businessmen to visit the North, set up offices there, and station as many as five people for a renewable three-year period, and send facilities and engineers to activate processing-on-commission projects.[16]

If inter-Korean collaboration enters a stage in which North Korean enterprises manufacture goods using equipment and facilities provided by South Korean companies, that has to be a step toward unification—but South Korea's plan limits, for example, the investment scale of any firm to five million dollars. Also there will be no large-scale joint-venture projects before both sides agree on several points. One, they must upgrade the current indirect trade to direct. Also, institutional mechanisms and safety devices to reinvigorate and facilitate POC trade need to be set up. The two sides need to open settlement accounts, sign foreign-exchange transaction contracts, establish a commercial dispute settlement channel and set up an inter-Korean trade consultation office. They should also sign accords on mutual investment guarantees and double taxation avoidance.

Seoul's decision to lift its ban on economic cooperation resulted in little fruit because North Korea immediately refused the offers and because the South Korean government was still so preoccupied with the light-water reactor issue, whether South Korea would be able to play a central role in the project and whether Pyongyang would be able to accept the Korean Standard Reactor.[17] Despite the dispute over LWR, however, South Korea took another liberal measure to promote inter-Korean economic cooperation, this time more practical and specific: permission was granted in May 1995 to Daewoo Business Group to do a joint venture with a North Korean counterpart.

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16 *Korea Herald*, 9 November 1994.

17 Although the core technology for the South Korean nuclear reactors is American, after Korea introduced some iterations of modification the Ulchin-3 and Ulchin-4 reactors have now come to be termed "Korean Standard Reactor."

Pyongyang made no public welcome of Seoul's gesture but did not reject it.

South Korea's most recent attempt to jump-start inter-Korean economic cooperation was her decision to supply North Korea with 150,000 tons of rice. The agreement on rice supply between North and South Korea is meaningful in several ways. Seoul decided to offer rice unconditionally on purely humanitarian considerations—free of charge—and willingly accepted the request that the rice should not bear place of origin in order not to hurt Pyongyang's national pride. Neither did Seoul link rice talks with any political condition. This was the first governmental dialogue between North and South Korea since Kim Il Sung's death, and it could be a key to open long-halted talks and cooperation.

Several Suggestions to Activate Economic Cooperation

It may be too hasty to expect that inter-Korean economic cooperation develops into a full-fledged congruence even after giving rice to the North. It is time for Seoul, however, to take a more active and more liberal approach towards North Korea. Moreover, the South needs to prepare for practical means to institutionalize inter-Korean economic cooperation, which according to its unification policy is an essential step towards a unified Korea.

Attitudes of North and South Korea towards inter-Korean economic cooperation have similarities as well as differences, but both can benefit. On the part of North Korea, economic cooperation with the South is essential to the revival of its devastated economy and ultimately to the preservation of its system. On the part of South Korea, economic cooperation with the North is more than economic loss or gain, although the economic significance can by no means be ignored. That is, economic cooperation with North Korea is not merely to derive economic benefit but is also a practical way to unify the country.

Some may point out that it is the North, not the South, that desperately needs economic cooperation, but it is not wise to calculate who benefits more. South Korea's unification formula can materialize under one condition: that North Korea transforms as exchange and cooperation develop, which will be possible only through external stimuli one example of which is exchange and cooperation with the South. If that be the case, Seoul should not wait until the North proposes economic cooperation under the pressure of her predicament. It is the South who must take the initiative and be more active, more serious to activate cooperation with the North.

North Korea is expected to move towards reform and openness to put an end to her closed-door policy, but only to preserve its system in crisis and need. Thus, she may step back whenever she feels it endangers the system. Therefore, to comfort the North and change her passive attitude towards inter-Korean economic cooperation, South Korea needs to take some liberal and progressive approaches that are different from those of the past.

South Korea should keep several things in mind.[18] First, it should be cautious not to humiliate North Korea in suggesting offers. The rice talks between North and South Korea teach a lesson: Pyongyang's decision to accept South Korean rice is mainly attributed to the fact that she was able to keep her chin up despite the relegation of her status to recipient of aid from her competitor. For example, South Korea agreed to deliver the rice in unmarked sacks lest North Korean people should know where it came from. Something else to help save face is that Korea Trade Promotion Corporation (KOTRA), rather than the ROK government, is in charge of implementation of rice aid.[19]

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18 Jinwook Choi, "Prospects for Inter-Korean Relations and A New Policy Towards North Korea," Sukyung University, *Social Traits of Transitional North Korea and Prospects for Reunification* (1995), p. 27.

19 *Korea Herald*, 22 June 1995.

Second, the ROK government should minimize its intervention in business. At the first stages of inter-Korean economic cooperation it may be necessary for the government to control the areas and volume of investment. In the long run, however, government intervention could well hamper active business cooperation.

Third, South Korea should not worry that inter-Korean economic cooperation might help the North overcome economic difficulties and escape its predicament. Based on Seoul's unification policy, building a single economic community is the very process through which South Korea should pass before the two Koreas are reunified. Such an economic community is possible only when the North Korean economy develops to a certain standard, and Seoul should willingly accept an economic revival in the North.

Fourth, South Korea should not link inter-Korean economic cooperation with other political issues. Seoul has suspended and resumed economic cooperation several times over political issues such as the nuclear problem, but always finds herself standing back on the starting line. For the purpose of implementing her unification policy, this is waste of time and national energy. South Korea should maintain steady conomic cooperation without interruption.

Moreover, there are some negative factors that can emerge when South Korea idles. If inter-Korean economic cooperation continues deadlocked then other countries, most feasibly Japan, may take the initiative in supporting North Korea with capital and technology.[20] The Pyongyang leadership would of course be delighted with that, but it is not at all desirable for the South. If on the other hand North Korea remains stranded then the North-South gap will grow wider and wider; the economy might even collapse. In any case, Pyongyang's economic isolation will inevitably raise unification costs. It is time to forge ahead.

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20 Hwang, "Inter-Korean Economic Cooperation Under Different Systems," p. 69.

The DPRK and Late De-Stalinization

Adrian Buzo

The death of Kim Il Sung on 8 July 1994 had political significance on three main levels. It was the death of a preeminent political leader; it was a further development in an ongoing international crisis over the DPRK's nuclear weapons program; and it inaugurated a still-unfinished period of transition for the political system of the DPRK. Not surprisingly, the death of an individual leader and the management of a specific international crisis have been the levels that have attracted the most attention, but it is the question of the lasting consequences of Kimist rule for the DPRK that is the subject of this paper. Briefly, my argument is that, tactical feints and closely supervised experiments notwithstanding, little in the way of structural reform in the economy or change to the tenor of the DPRK's relations with its neighbors can be expected in the near future. Change, when it does come, is likely to proceed from efforts within the Korean Workers' Party (KWP) to restore socialist legality as a principle over arbitrary leadership decision-making.

The Current Situation

Efforts to chart the likely future course of the DPRK must of course begin in the present. Here the current reality is that, a year after Kim Il Sung's passing, the country continues to be ruled in a manner highly reminiscent of the Soviet Union in the Stalinist

era, featuring a high level of political mobilization, a highly centralized economic planning model, a monolithic ideology, and a personal dictatorship buttressed by cult of personality. We are not necessarily looking at a static or stagnant system, but the ways in which it has evolved since the 1950s have tended to ensure and enhance both the personal authority of the leader and the central role of the party in all significant spheres of the country's life. This evolution has, of course, led to the hereditary succession which is now being given effect with few, if any, surprises. Kim Jong-il appears to be in charge, supported by a KWP Politburo consisting of a group of men almost all in their seventies and eighties who entered the leadership circle some twenty to thirty years ago, and who are bound together by ties of personal loyalty to Kim Il Sung and to the ethos of ex–Manchurian guerillas.

An unchanged leadership configuration has had its natural outcome in an unchanged set of state policies. In the economic sphere, despite a long-standing thesis that the DPRK has been seeking ways and means of bringing about economic reform based on Chinese experience,[1] in 1995 the DPRK continues to pursue economic development via policies essentially unchanged since the 1960s. And again, as is the case with the political system, while we are not dealing with an entirely static model, the changes that have taken place over the years do not constitute reforms of the existing structure. Rather, they appear to be system-defending measures whose major hallmarks are

- efforts to streamline the administration of foreign trade and promote light industry production for export markets
- experimentation with Special Economic Zone strategies in the northeast region

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1 The extensiveness and persistence of this theme may be illustrated by some of the titles of articles reviewing annual developments in North Korea published in *Asian Survey* during the period: "North Korea in 1983: Transforming 'The Hermit Kingdom?'" "North Korea in 1984: 'The Hermit Kingdom' Turns outward," "North Korea in 1985: A New Era After Forty Years," "North Korea in 1989: Touched by Winds of Change?"

- relaxation of controls on border trade in the northeast
- the continuation of low-level, third-party trade with the ROK, but the exclusion of ROK investment
- a continuing reliance on extensive means of economic development
- the preservation of the mainstream economy under existing ideological parameters
- continued reliance on ideological incentives for the work force
- concerted attempts to limit public awareness of economic experimentation and a continuing prohibition on public or semi-public debate on economic reform

In the area of foreign policy, the DPRK response to its geopolitical environment remains heavily influenced by ideology. This ideology cannot accept, or perhaps even envisage, indefinite peaceful coexistence between the DPRK and its neighbors, all of whom are also major regional and/or global powers, and this situation therefore obliges the DPRK to maintain a highly self-sufficient stance in economic and political matters. Accordingly, the DPRK has only been able to achieve the form of national security that its ideology and resultant stress on self-sufficiency allows—namely, national security that gives it very little purchase on events immediately beyond its borders. Moreover, it can only be sustained by rigidly screening off its people from all but the most peripheral of foreign contact, and also by the employment of a highly cost-ineffective coercion-persuasion apparatus within its borders. Efforts to influence international movements such as the Non-Aligned Movement have been conspicuously unsuccessful, its dialogue with Japan has been stalled for the past three years, and its militant stance on reunification has had the effect of ensuring a high level of US resolve to remain committed to an active military presence in Northeast Asia—this throughout an era in which practically all aspects of US foreign policy in the Asia-Pacific region have undergone extensive debate while military deployments elsewhere have undergone severe modification. Meanwhile, rela-

tions with the ROK stand at their lowest ebb for many years, with actual dialogue stalled since 1992 and DPRK rhetoric as zestful as ever.

For the DPRK, then, this is a present in which it continues to pursue fundamental economic, political, social and foreign policy objectives such as economic development and prosperity, national security and reunification, but its chosen means have become dysfunctional, to the extent that the reverse of announced objectives seems to be drawing near: economic backwardness, a standard of living not far above subsistence level, ineffective foreign policy stances, international pariah status—and the perpetuation of the division of the peninsula well into the next century.

Under these circumstances, the case for a fundamental change in the policies that have produced this state of affairs is clear enough, but in fact there is every sign that this case is unargued in Pyongyang, and perhaps even unbroached in any meaningful fashion within earshot of the leadership. Whatever private doubts key officials in the DPRK might have about the direction their country is headed in, the concept of structural reform remains a negative one, equated with dissent from the ideological line propounded by Kim Il Sung and now Kim Jong-il. The consequences for reform policies are obvious: such a complex, demanding process cannot begin until the would-be architects are at least able to discuss what it is they are trying to achieve.

The Case for Reform

Debate on the presence or absence of reform measures in DPRK economic policy tends to be obscured by elastic definition of the term. In a system as rigid as the DPRK's, almost any form of departure from strict economic autarky seems to be hailed as a "reform," yet if the term is to have any sort of meaning at all, it needs to be correlated with the reforming practices and experiences of reforming centrally planned economies else-

where. Therefore, having identified the hallmarks of system-defending reforms, at this point we should note some hallmarks of what might constitute substantial structural reform in a DPRK environment. They include

- wide-ranging, transparent economic reform backed up by public awareness and even debate on key economic issues, provided it does not threaten KWP political hegemony in the first instance
- the countermanding of the Three Revolutions Team Movement and other form of ideological hegemony over economic activity in the mainstream economy
- the establishment of market economy activity alongside the state sector
- at least partial decollectivization of agriculture
- foreign debt negotiation, and other sustained, focused attempts to secure foreign investment, though not necessarily from the ROK
- the large-scale substitution of ideological incentives for material incentives in the workforce.

Above and beyond the particular geopolitical circumstances and the ideological outlook of the DPRK, and above and beyond the leadership's interpretation of those circumstances, the imperative of reform in the DPRK arises from a fundamental need to adjust to a changed international economic order which is hostile to the concept of self-reliance, and hence to almost every aspect of the DPRK's state ideology. But if the diagnosis seems clear cut, the course of treatment is not, for there are three main impediments to reform embedded in the current system—the prevailing Kimist ideology, awareness of the consequences of reform for Leninist party rule elsewhere, and the nuclear issue.

We need not dwell upon the impediment posed by Kimist ideology. A deeply entrenched state ideology that is founded in an obsolete concept of the role of the state in the prevailing international economic and political order constitutes the first barrier to structural reform in the DPRK. The major question posed here is the extent to which the Kimist system and its resulting set of policies have been institutionalized: are we

dealing with a fuhreristic-type regime whose organization is centered on the leader, or are we dealing with a more conventional Leninist system whose organization is centered on the party organization? If it is the former, then the dynamic principle for enforcing current ideological parameters may indeed have died with Kim Il Sung, however much the limbs may still be twitching. If it is the latter, then the means of enforcing these parameters have been substantially untouched by Kim's passing and the party machine will continue to function as it has in the past.

In the case of the DPRK we must contend with obvious evidence of the latter: an elaborate system of mass organization and mobilization, conceptualized by an elaborate and detailed metaphorical description of the masses as the limbs of the body politic, the party as the head, and the Great Leader or Dear Leader as the brain. Against this background, there seems little cause to doubt the DPRK's protestations that it has achieved a rock-like unity centered around a monolithic ideology and a genius teacher-leader, now identified as Kim Jong-il. A persuasive and extensive literature maintains that this is a revolution that has been thoroughly institutionalized, and a state which enmeshes practically all its citizens in a tight web of party-led activity. It will not automatically seek out alternatives after the death of its founder.

The second impediment issues from leadership awareness of the structural reform process in other Leninist party states. To the extent that a DPRK leadership contemplating reform might look to the case of the Soviet Union while China for guidance, it would find rather depressing lessons to be learned. The Soviet Union passed through roughly four generations of regime transition, from Lenin to Stalin, to Khrushchev/Brezhnev to Gorbachev, and China is on the verge of a third generation. Both countries have seen the passing of the first generation of the revolution presided over by charismatic founder-leaders to succeeding generations characterized by retreats from the excesses

of this leadership style in favor of institutionalization and the reassertion of party rule over autocracy. The Soviet Union saw that process fail on both a political and institutional level, and few people doubt that if the Chinese Communist Party is to survive it will need to jettison virtually all its remaining Leninist baggage. The DPRK has reached its first major divide some fifteen years after China and some forty years after the Soviet Union and so now confronts (in theory, at least) the problems of late de-Stalinization.

Could not the DPRK learn from the experiences of the Soviet Union and China and chart a less painful course of modernization? This is always theoretically possible, but it would take an extraordinary combination of intellect and statesmanship to embrace painful options and initiate a broad range of policies that would countermand the juche revolution, and this is a combination unlikely to be found within the Korean Workers Party today. Rather, pain avoidance, wishful thinking and outright self-deception at long-term cost are likely to be the common coin, for there is only one abiding lesson to be gained from fraternal party experience, and that is that efforts to rapidly transform command economies place the Leninist party in a no-win situation, characterized chiefly by ideological confusion and institutional paralysis.

This perspective suggests that late de-Stalinization may in fact be a strong disadvantage. The party—and hence the country—has had far longer than even the Soviet Union had to ingrain the habits of full-blown Stalinism, and no "learning culture" (to appropriate Amsden's term) to transform these habits can be said to exist. The experience of Leninist parties in similar circumstances elsewhere has been profoundly painful and offers powerful disincentives to KWP simultaneously contemplating a comprehensive program of economic liberalization and hoping to preserve its prerogatives amidst the fallout. In short, in addition to coping with pressing, ideologically driven systemic crises; the DPRK has to cope with demoralizing evidence from

the experience of others that in any real reforming process its ruling party is doomed.

The third impediment arises from the evident intention of the DPRK to acquire nuclear weapons, for this policy requires that any process of change must be initiated in an atmosphere of crisis. This immediately poses a further set of limitations on the regime, for while it can readily mobilize people against the external threat posed, for example, by economic sanctions, it cannot do this without locking itself into a defense of the cause for which the nuclear weapons program was undertaken. The corollary of this is, of course, that it cannot establish a political environment that would induce foreign participation in any process of structural reform unless it gives satisfaction to its neighbors and to the US on the nuclear issue. The notion of substantial foreign economic investment in a nuclear DPRK is as unlikely as it sounds—and it should be remembered that under the scope of the October 1994 Geneva Accord with the US, the DPRK achieved the key objective of retaining the weapons-grade plutonium that it already possesses.[2]

There is a further sense in which the DPRK nuclear program is potentially a powerful obstacle to structural reform. While the development of an efficient heavy industry sector fed by advanced technology is essential to the production of conventional weapons, and to this extent is a powerful advocate for structural reform, the nuclear option lessens pressure for structural reform, for it enables a powerful weapon to be developed largely independent of such pressures. As the case of Pakistan, for example, shows, a nuclear weapons program can proceed as a pocket of excellence in an economy that otherwise lacks many of the hallmarks of an advanced sophisticated economy. In fact, the nuclear option does more than enable the DPRK to satisfy key strategic weaponry requirements from within existing ideologi-

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2 For analysis of this accord see, for example, Oh and Gruber (1995: 97–116), especially p. 107.

cal parameters—it locks the DPRK into a defense of those parameters, for the international unacceptability of its nuclear policy ensures its continuing pariah status, and this in turn necessitates and vindicates continuing policies of self-reliance.

The nature of the DPRK's ideology and its reinforcement, the experience of Leninist parties elsewhere, and the dynamics of the nuclear issue therefore combine to offer powerful disincentives to structural reform. Despite overwhelming external perception of the need for such reform, the somewhat depressing conclusion is that if structural reform is to emerge, then any form of need perception precipitated by the external environment is an unlikely agent in the first instance. Logically, then, the process will have to begin from within existing ideological parameters.

Change from within Existing Parameters

Change flowing from within existing ideological parameters means change flowing from within existing party and state institutions, and with this observation we come to the arena where the first significant power struggles in the post–Kim Il Sung era would take place—the Politburo presided over by Kim Jong-il. In the aftermath of Kim Il Sung's death media attention tended to concentrate on the more lurid aspects of his son's purported curriculum vitae, but this obscures the true nature of the change that has already occurred. Only on a superficial level has the transfer of power been from one individual to another; on a far more meaningful level it has been the transfer of power from an individual to a system. Whether Kim Jong-il is a terrorist, playboy or closet liberal is therefore of limited relevance, for he is committed to, and must maintain, the essence of his father's ideological system. If he is as lacking in self-discipline as rumor would have it, he may do it badly; if he is in fact a seasoned, skillful operator he may do it well, but do it he will, for the coherency and perceived legitimacy of the regime largely depend on it. And even if necessity did not dictate this

course of action, what is known about the political activities of Kim Jong-il suggests that he would willingly opt for maintaining his father's bequest. Despite speculation that Kim Jong-il might be a potentially liberalizing influence—often based on the somewhat dubious grounds that he belongs to a younger generation—his past record suggests a strong attachment to the principles of Kimist rule.[3]

As with so many other aspects of DPRK politics, the quality and quantity of information concerning the life of Kim Jong-il inspires divergent assessments of his impact upon state affairs. At the death of his father in 1994, it was striking that after fourteen years near the top of party and government, and perhaps an equal period of time working in the party without being mentioned directly in the media, it was impossible to associate the younger Kim reliably with any major strand of state policy or activity other than prestigious architectural projects, ideological control of the performing arts and of literature, and direction of the Three Revolutions Teams ideological campaign of the 1970s. Whatever the actual subsistence of aspects of Neo-Confucianist tradition in the DPRK, while his father lived the obsequious role and behavior of Kim Jong-il in public fitted Confucian expectations of filial behavior well, while the central theme of Kim Jong-il's entire working life has been consolidation of his father's ideological system. In the economic sphere his name is associated with policies and activities such as uneconomic prestige constructions, Stakhanovite "speed battles," and consolidation of party control over economic activity. In the ideological sphere, the consolidation of a power base within the

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3 The issue of generational change is a multi-faceted one. There is evidence from Soviet studies, for example, that generational analysis is a poor predictor of political change due to its weak deductive base. See, for example, Roeder (1993:18). In a DPRK context, Kim Jong-il has never been identified specifically with a particular generation. On the contrary, he has stated in his own doctrinal teachings that "Our party . . . strengthened the ranks of cadres on the principle of combining old, middle-aged and young people, regarding loyalty to the party and the leader as the basic criterion." *Pyongyang Times*, 19 October 1982.

party required him to direct the activities of the Three Revolution Teams which have helped to maintain the rigidity of the system. It has been a working life spent devoted to issues that are essentially irrelevant to reform.

Nor is the Politburo likely to harbor any closet reformers, for while practically nothing is known about the inner workings of the Politburo, it is clear from Kim Il Sung's principles of selection that members' interests and capacities would seem to lie very far from the path of reform, and indeed may not run much past maintaining their position and seeking self preservation. Some changes may occur to the configuration in the near future, but in this context it should perhaps be noted that Kim Jong-il has inherited a Politburo that aged and grew crusty in his father's last years as old names reappeared and relatively new names came and went. In December 1993, for example, Kim Il Sung's younger brother Kim Yong-ju reappeared after seventeen years in obscurity and was appointed as one of three vice-presidents. Also re-appointed to alternate membership status after demotion some fifteen years ago was Yang Hyong-sop. At the same time, Kim Il Sung dismissed Kim Dal Hyon (economic planning) and Kim Yong-sun (foreign affairs), two younger Politburo members who have been assessed by foreigners with whom they have had dealings to be relatively pragmatic in a DPRK context. The reappointment of such people would be significant in one sense, but it would be easy to overestimate this significance because in another sense it would merely be restoring the pre–December 1993 configuration.

The specter of a monolithic ideology hostile to structural reform, a leader whose legitimacy derives directly from that ideology and whose record suggests that he is an ardent supporter of that ideology, a Politburo long schooled in the habit of unconditional loyalty to leadership dictates, and a ruling party that is hugely insulated from the influence of socio-economic forces and from international trends, has focused on inherently unpredictable forms of convulsive change such as through

popular unrest, military mutiny or palace revolt.[4] But while the near-future collapse theory has its advocates, the collapse of a state as tightly organized as the DPRK is a momentous scenario to contemplate, and one which would require more than just an extrapolation of existing economic trends to be persuasive. The agents commonly mentioned are simply unknown as agents of regime transformation in Asian Leninist party states and, in addition to the discipline and the rigorous organizational defenses of the Leninist party against challenges from this quarter, for all its Kimist distortions, not only does the DPRK possess an underlying regional, ideological and, by now, historical identity that sets it apart from its southern neighbor, but the main outlines of the system are almost certainly accepted by a considerable proportion of the population.

The Party in Charge Again?

However, when viewed from a comparative angle, a more plausible force for change from within almost certainly exists, and that force is the desire to restore socialist legality, which in the first place means restoring the rule of the Korean Workers' Party over the arbitrary decision-making process of the Kims.[5] This was the banner under which the Soviet leadership gathered post Stalin, and the Chinese leadership post Mao, and in both cases they overturned the immediate succession arrangements.

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4 See, for example, Foster-Carter (1993: 173).

5 Suh (1983: 58) notes some of the more egregious examples of Kim Il Sung's ignoring the 1972 Constitution and the party by-laws. On the general concept of socialist legality, in the absence of first-hand evidence we posit, from broad anecdotal evidence, that DPRK legal culture resembles Soviet legal culture as it took shape in the Stalin era, comprising strongly compartmentalized legal and extralegal components—the former addressing itself to non-political cases, the latter to political cases. It is the latter mode that we are concerned with here, whereby people whose transgressions are assessed according to political and not criminal criteria routinely do not have the benefit of any due process of law. For more on this distinction see Robert Sharlet (1977: 155–179).

The argument runs as follows: while Kim Il Sung was alive it was impossible for Politburo members to feel secure in their positions. The KWP Politburo and Secretariat configurations have been quite stable in recent years, but nevertheless there is ample evidence of the persistent flouting of party by-laws by Kim Il Sung. Party Congresses have become irregular, the distinction between party and government heavily blurred, and a number of high cadres have suffered demotion and outright purging at Kim Il Sung's hands over the years, including a number of current members of the Politburo such as Li Jong-ok, Kim Yong-ju, Choe Gwang, Kye Ung-tae, Yang Hyong-sop and Yon Hyong-muk.[6]

However loyal Politburo members may have been to Kim while he lived, and however much their destiny is now tied to that of Kim Jong-il, their first priority must now be the simple human instinct to protect themselves, if they can, from further arbitrary rule and from the constant fear of criticism, dismissal and worse. To make their move they and their potential constituents in the bureaucracy and the military need only agree on one thing, that they do not wish to be ruled by Kim Jong-il when the party could rule in its own right. They may take some time to negotiate the defenses set up by Kim Il Sung against such a scenario, chiefly in the form of multiple, overlapping security networks, but ultimately they must prevail against Kim Jong-il who, at his father's death, had no known graduate of his patronage system and no one of his generation in the Politburo. This latter point cannot be emphasized too strongly: reports of generational change in leadership circles have eddied about for

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6 Evidence of the bullying style of leadership employed by Kim Il Sung has long been anecdotal. While this writer was in Pyongyang in 1975 Soviet bloc diplomats provided various examples of present and former leading cadres who had been subjected to humiliating rebukes by Kim. This is backed up by the recent report of a defector, Cho Myong Chol, son of an Administration Council minister, who has detailed the cases of former Finance Minister Kim Gyong Ryon and former Politburo member Kim Hwan. See *Vantage Point* XVIII. 5: 28–29, May 1995.

years, as have reports of younger people (that is, people in their fifties and sixties) exercising power behind the scenes, but these reports cannot be confirmed and, more important, in the ten years or so since the "generational change" theory of leadership transfer first surfaced, there is no evidence in the form of significant modification of policies to sustain it. Still surrounding the younger Kim is a clique of men, ages ranging from the late sixties to mid eighties, almost all of whom have been in the leadership circle for at least twenty to thirty years.

The reestablishment of socialist legality within the party is by no means a straightforward process, not just because of the individuals involved, but because disdain for "bourgeois legalism" is deeply entrenched in the Leninist political cultures, beginning with Lenin himself.[7] However, if socialist legality under a collective leadership were restored, what would be the complexion of a collective leadership? At present the KWP is an atomized political party, long used to functioning in an exclusively vertical fashion as the instrument for exalting the Great Leader. Policy debate is expressly forbidden under the proclamation of the party's "monolithic ideology," we may assume that horizontal ties are practically nonexistent, and may further assume that the principal players, long used to court intrigue as a substitute for politics, will be extremely suspicious and wary of each other. This suggests that policy articulation in a restored KWP would be a tortuous, fractional process, with no single figure exerting decisive influence in the short term, and no Deng Xiaoping–like figure on the horizon. In short, from a DPRK perspective, while the establishment of a more collective leadership would be a decisive step forward, it may not automatically bring about a pragmatic orientation, for this could be held back by a new form of stagnation in which the tasks are clearly

7 On this point and its consequences for the phenomenon of cult of personality see Palthiel (1983: 49–64).

perceived but party and government are stymied by a malevolent legacy.

Mention of Deng suggests that we might find some policy guidance from a similar source—namely, intra-party struggles of the past. Information on these is sketchy, to put it mildly. The last overt challenge to Kim that we know of occurred in 1956, and the last time Kim publicly alluded to the policy positions of purged party members occurred in 1966.

The major issues articulated by the would-be challengers in 1956, led by Pak Chang Ok and Choe Jang Ik, were Kim's dictatorial tendencies, the need for a more people-oriented and less state-oriented economy and the principle of merit over cronyism in party appointments. These issues hardly amounted to a manifesto, but the criticism on the economy was relevant at a time when the DPRK was embarking upon a policy of giving priority to heavy industrialization, and has continuing relevance today.[8]

The positions of those demoted in 1966 can only be inferred from Kim Il Sung's criticism of them in a 1968 speech, but in a DPRK context they too appear to have been "economic rationalists," expressing reservations about the effects of the Equal Emphasis policy adopted in 1962 whereby equal emphasis was given to industrial and military production. In Kim's eyes they had "clung to the outdated notions of an official capacity and norm, mythicized science and technology, restricted the initiatives of the masses, stopped working people from working more, kneeled before difficulties, feared mass innovation, and attempted to block the grand onward movement,"[9] from which we may read that they feared that the country's industrial establishment was being over-extended, resources mismanaged, produc-

8 For further details see Scalapino and Lee (1972: 510ff) and Okonogi (1994: 196ff).

9 As quoted in Scalapino and Lee (1972: 610).

tivity and innovation neglected and quantity emphasized over quality—issues also as relevant today as they were in the 1960s.

If it seems prudent to expect alternative positions to be formulated from within the DPRK polity rather than on the basis of foreign models of reform, then the best-developed policy positions relate to advocating a more people-centered economy, emphasizing more balanced economic development, raising people's living standards, promoting technological innovation and downplaying military production. Subordinate political themes include decrying cronyism and dictatorialism. Scant though the evidence is, the concept of a restored KWP initially rallying around the concept of socialist economic rationalism and socialist legality has historical sanction, while the concept of a restored KWP plunging forthwith into a China-style reform process has no sanction from within.

The party need only agree to reestablish party authority over the leader to initiate a potentially far-reaching process of reform. This is because withdrawal of personal dictatorship would bring into play sectoral influences that are currently marginalized—influences such as the military and the military-industrial complex, the much-vaunted technocrats, the foreign trade and foreign policy bureaucracy, regional party apparatuses and so on. The more that Politburo members are forced to rely on constituencies such as these instead of unconditional loyalty to an autocrat, the more the interests of these constituencies would contend to be represented in policy.

Such a process also suggests a solution to the chief conundrum of late de-Stalinization—namely, that the party could not countenance reforms because in all probability it would not survive them. This is persuasive as it stands, but in restoring socialist legalism the party would be unleashing an unintended reform process. Put another way, in their desire to take care of the immediate personal threat of arbitrary leadership rule, Politburo members may not either care about or focus on the long-term consequences for party rule. Or, if they do, the imperative of the

moment might persuade them to take care of the immediate threat to their well-being now, and hope to control the less immediate threats posed by reform further down the track. But whatever the Politburo members might calculate, if the passing of the Kim Il Sung system brings about a reduction in the degree of regimentation, an increasing reliance on material incentives, more rational decision making, and more vertical information flows, the advances in terms of pragmatically oriented decision-making processes might be considerable.[10]

The effect of this process on the economy is difficult to predict. However, to some extent the experiences of China and more particularly Vietnam are relevant. The Vietnamese case suggests that there is no avalanche of foreign investment capital waiting to descend on the DPRK. Several years after the economic liberalization policies were promulgated in 1986, foreign investment projects were still typically based on the low-risk, low-technology, quick-return model, and were usually operated by a small number of foreign firms pursuing high-risk strategies while the bulk of potential investors remained in a holding pattern.[11] This pattern would almost certainly be repeated in the DPRK, especially if ROK investment continues to be held at arm's length. The most likely scenario is that the DPRK would take its place low down in the hierarchy of Asia-Pacific economies as a source of cheap labor and then begin to slowly work its way up in a process that may take several decades.

But beyond setting the scene in this fashion, it is practically impossible to present an option for substantial structural reform in the economy that is politically value-free, for the course of reform will be strongly affected by specific military and foreign policies. Certainly foreign investment funds will not flow at all, and the capital needs upon which all other elements in the

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10 On this point see Byung-Chul Koh (1985: 251).

11 Freeman (1992: 287–302).

reform package are predicated will not be met, while the nuclear problem persists, and especially while the DPRK continues to expect that an international consortium will meet what are essentially blackmail demands over its nuclear program. In addition, many potential investors are unlikely to be interested in the absence of any ROK-DPRK rapprochement, but the forces impelling the DPRK to a policy of continuing hostility and competition with the ROK issue from its very identity as a nation-state and are unlikely to be modified significantly in the near future. This stance may prove to be a significant shaper of reform, with external linkages favoring countries with long-standing historical ties with the DPRK such as China and Russia, rather than traditional ROK allies such as the US and the West.

Conclusion

To sum up the case: Kim Jong-il is unlikely to be an agent of reform, both because it would undermine his position and because his life-long record indicates deep commitment to the current ideology. He has the formidable advantage of incumbency in a Stalinist system, and the issue of socialist legality is quite possibly the only issue around which would-be opponents could rally, since the possibility of rallying around alternative policy frameworks has almost certainly been expunged from the system. If the Politburo successfully reasserts itself on what is essentially a procedural point, a collective leadership could emerge, bound together not by compatible stances on issues but by a common need for personal security.

What would a collective leadership be seeking to do in policy terms? It could hardly become more hard-line, but a consideration of the actual people involved suggests that few, if any, of them, could conceptualize clearly a process of reform. Furthermore, even if they could, a principal argument against liberalization has always been that such a trend could only let loose forces that would ultimately destroy the system. But while this may

seem persuasive, political parties, regimes and even systems seem to be quite good at managing their own downfall at the best of times, and hence a liberalizing trend with unpredictable consequences for its perpetrators might therefore take hold over a period of time as the product of any number of forces—wishful thinking, the illusion of control, or desperate expediency—but emerge it will, for in a North Korean context it now means nothing less than joining the modern world.

The central political fact of life for Kim Jong-il is simple: if few rulers have had a clearer path to power than Kim Jong-il, then few rulers in the modern era can have come to power with more options closed off by the actions of their predecessors—specifically the virulence and force with which a personal autocracy buttressed by a personality cult has been installed at the center of the political system. Kim Jong-il then adds his own set of disabilities to the situation, beginning with a working life spent devoted to issues that are essentially irrelevant to reform. Reform will therefore need to come despite, rather than because of, the KWP's intentions, and it will lack a clear conceptual framework. The Leninist party political system is likely to remain in place, and this obviously means that any change that does occur would evolve from within the party and from its efforts to restore a measure of socialist legality. Quite likely the process would be messy, self-contradictory, piecemeal and protracted—far more so than has been the case in Vietnam or China—and the DPRK would probably continue to present the same image and the same array of state policies to its neighbors for some years to come. This may hardly seem appropriate given the enormity of the country's problems, but it is all that currently seems possible.

To use the term "reform" in relation to DPRK policies in this context may well become appropriate at some point, but at present it is premature for, to restate the key argument, some key institutional and ideological issues will need to be addressed before party and state institutions can address concrete issues of structural reform in any real sense. Even assuming a strong

commitment to reform in Pyongyang, the state is heir to a profoundly idiosyncratic ideology and to a set of party and state institutions whose operations have been thoroughly moulded by that ideology. Whatever pressures might develop in the outside world, the initial steps will almost certainly be closely and minutely thrashed out within existing ideological structures.

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빈 면

A Dynamic Model for Exploring Systemic Transformation of Socialism

Sung Chull Kim

The collapse of socialism, to use a journalistic term, in Eastern Europe and the Soviet Union has been one of the most significant events in contemporary human history. It brought about fundamental changes in the mode of interaction among the members of the social system in the East European countries and the former Soviet bloc. Political and economic structures and processes have changed drastically, and individuals in a new system came to play quite different roles from those previous. The collapse of the socialist system reflected that it was unable to meet human needs and failed to realize such universal values as freedom, equality and human rights.

Despite that the decay of socialism seems to be an overall trend in human history, some socialist systems remain intact in the other part of the world. Not only did the Chinese democratic movement fail in the same year East European socialism experienced a systemic transformation, but also Cuba, Vietnam, and North Korea maintain essential elements of the socialist system. In view of the divergence of the fate of socialism since the end

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of 1980s, we have a task to develop a general and comprehensive model on these system dynamics.

The purpose of this research is to develop a set of theoretical generalizations, under the umbrella of systems analysis, for the study of the dynamics of socialist systems at the end of 1980s. The research should comprise two parts: One would be on the legitimation crisis as a condition for a systemic transformation of socialism, the crisis caused by the weakening of system capacity; the other would be about the intervening mechanism for a systemic transformation. This paper, however, will delve into the intervening mechanism, which means the relationship among subsystems of the socialist system; accordingly, it will show that diverse input and output modes of subsystems yield different levels of system stress and finally produce various paths that decide the fate of each socialist system.

Condition for Systemic Transformation: Legitimation Crisis

A system, whatever its form, hardly manages to persist without securing a certain extent of legitimation, for legitimacy is the most important source of diffuse support by which members of the system attach unconditionally to political authorities without any direct benefits. Without legitimation and, in turn, without diffuse support, the system has to face voluminous discontent from its members on every single decision or policy produced by the authorities in daily politics.[1] The socialist system is not an exception.

Legitimation of a system is threatened when it cannot adapt to the changing relationship between subsystems and to new environment. That is, the legitimation reaches a severe situation when the system fails to accommodate newly emerging demands and convert them into outputs. In the case of socialism of

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1 David Easton, *A Systems Analysis of Political Life* (Chicago: University of Chicago Press, 1979), pp. 153–243.

the Soviet Union and East European countries, the system by nature lacked the capacity to cope with the problem of inefficient economy in particular. The central planning contributed to the rapid economic growth at the stage of building a new system. However, the bureaucratic control over economic activities came to decrease productivity and finally to deteriorate the economy as a whole. This worsening situation brought about the emergence of a second economy most recognizable in black market activities. Thus the private domain with which the party cannot interfere expanded to threaten the principle of socialism embedded in the legitimating values of Marxism-Leninism.[2] Reform policies could not resolve the continuous discrepancy between the legitimating values and real private life; instead, they backfired and contributed to the emergence of oppositional social groups.

The critical situation of legitimation in general is amplified when there exists either an alliance among social groups such as intellectuals, priests and workers, or their alliance with corresponding groups in neighboring countries.[3] For the alliance is an expression of 'coupling' among the subsystems of a given society and its environment. Just as in the biological system so in the social system: relative isolation of subsystems allows the given system to remain stable, whereas tight coupling between them leads it to be vulnerable to a disturbance in any of the subsystems.[4]

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2 Vladimir Shlapentokh, *Public and Private Life of the Soviet People: Changing Values in Post-Stalin Russia* (Oxford: Oxford University Press, 1989), pp. 153–202.

3 For analyses of the effect of alliance on the delegitimation of authoritarian regimes, see Alfred Stepan, "State Power and the Strength of Civil Society in the Southern Cone of Latin America," in Peter Evans, Dietrich Reuschemeyer and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), p. 336; Alfred Stepan, *Rethinking Military Politics: Brazil and Southern Cone* (Princeton: Princeton University Press, 1988), pp. 6–7.

4 For the theoretical discussion by systems scientists on the coupling effect, see David Easton, *The Analysis of Political Structure* (New York: Routledge, 1990), p. 248; Robert B. Glassman, "Persistence and Loose Coupling in Living Systems,"

Assumptions on Dynamics of the Socialist System

The legitimation crisis is an important factor for system dynamics, and yet it does not automatically lead to a systemic transformation. The relationship between the subsystems—such as political authorities, the military and the opposition—will decide the path of the dynamic process and finally determine the fate of the socialist system. Of course, a meaningful change in the environment may affect the relationship, but the change is usually perceived in quite different ways by the three subsystems because they are not free from ideology.

There are several possible paths along which the system may travel from the point at which it reaches a legitimation crisis. Depending upon the path it takes, a legitimation crisis will either lead to a systemic transformation or to a slight modification of authority structure only. In this respect, the relationship between essential subsystems is called an 'intervening mechanism' in the dynamics of a socialist system. Let us illuminate how the intervening mechanism decides the fate of a socialist system.

Suppose the following simplest case. There exists strong cohesion between the ironhearted political authorities centered around the communist party and the hard-line military, and that the opposition is not strong enough to take a radical stance. In this case, a systemic change can hardly take place, since the political authorities and the military, who are not ready to lead a change, will attempt to dismantle the opposition by taking repressive measures.

However, since the relationship between the subsystems will not take such singular form as above but various models, one needs to address the following questions. What is the political attitude of the opposition toward the political authorities in the party and the state? How do the political authorities and the

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Behavioral Science, Vol. 18 (1973), pp. 83–98; Herbert A. Simon, *The Science of the Artificial* (Cambridge, MA: MIT Press, 1981), pp. 200–2.

military perceive the crisis situation and respond to the opposition? Is the relationship harmonious between the political authorities and the military? Are there any internal dynamics for change in the characteristics of the subsystems? Which combination of the trilateral relationship contributes to viability of the system? Considering these questions, we should develop models, based on the following assumptions for the explanation of relationships.

Assumption 1. Each subsystem takes one of two possible stances. The stance means not only the attitude but also the behavior taken by a subsystem toward the other subsystem. The opposition is either radical or moderate; the military hard or soft; and the political authorities non-conciliatory or conciliatory.

The opposition is defined as radical when it disregards legal means of participation in the belief that the means are spurious. A radical stance is maximalist, and is sometimes followed by mass demonstration with violence especially when the opposition is not organized in articulating its demands. In contrast, the opposition is called moderate when it takes a minimalist stance, or when it disguises its radical stance temporarily for a tactical reasons.

The military and the political authorities are called hard and non-conciliatory respectively when they are risk-insensitive.[5] The insensitivity is attributed to a problem in the channels of information feedback—such as distortion of information, ignoring of transmitted information, or blockade of the information feedback. In any case, they believe that use of force is sufficient to maintain their prerogatives. But the military and the political

5 On the concept of risk-insensitive, see Adam Przeworski, "Some Problems in the Study of the Transition to Democracy," in Guillermo O'Donnell, Philippe C. Schmitter and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Comparative Perspectives* (Baltimore: Johns Hopkins University Press, 1986), p. 54.

authorities are regarded as soft and conciliatory when they are risk-averse. Particularly, the military may take a soft line when it concerns its reputation. Both the political authorities and the military tend to try to prolong their main privileges while conceding gradually to the demands of the opposition.

Assumption 2. There are eight possible models of relationships between the three subsystems.

The relationship between the political authorities and the military is decided by compatibility or incompatibility of the stances they take toward the opposition. For instance, if the political authorities take a conciliatory stance and the military takes a hard line toward the opposition, it brings about a schism. Since each of the three directions has two possibilities—positive (solid line) or negative (dotted line) as in Figure 1—the total number of models is eight.

Assumption 3. Each model of relationship generates a certain level of system stress. There are three levels of system stress: very high, high, and low.

Since system stress is an important notion, we have to define the criteria of the stress level. The level of system sum of (1) the opposition's stance and (2) the compatibility between the stances of the authorities and the military toward the opposition. On the one hand, if the political authorities and the military take different stances in dealing with the opposition at a time of legitimation crisis, the level of system stress increases. In the socialist system where the party controls the military, any incompatibility between their stances that originates from the desertion of the military would be an exceptional case. In such case the decision made by the political authorities would hardly be considered to be binding even by the military. On the other hand, demands with militant tones coming from the radical opposition

Figure 1. Models of Relationship among Subsystems

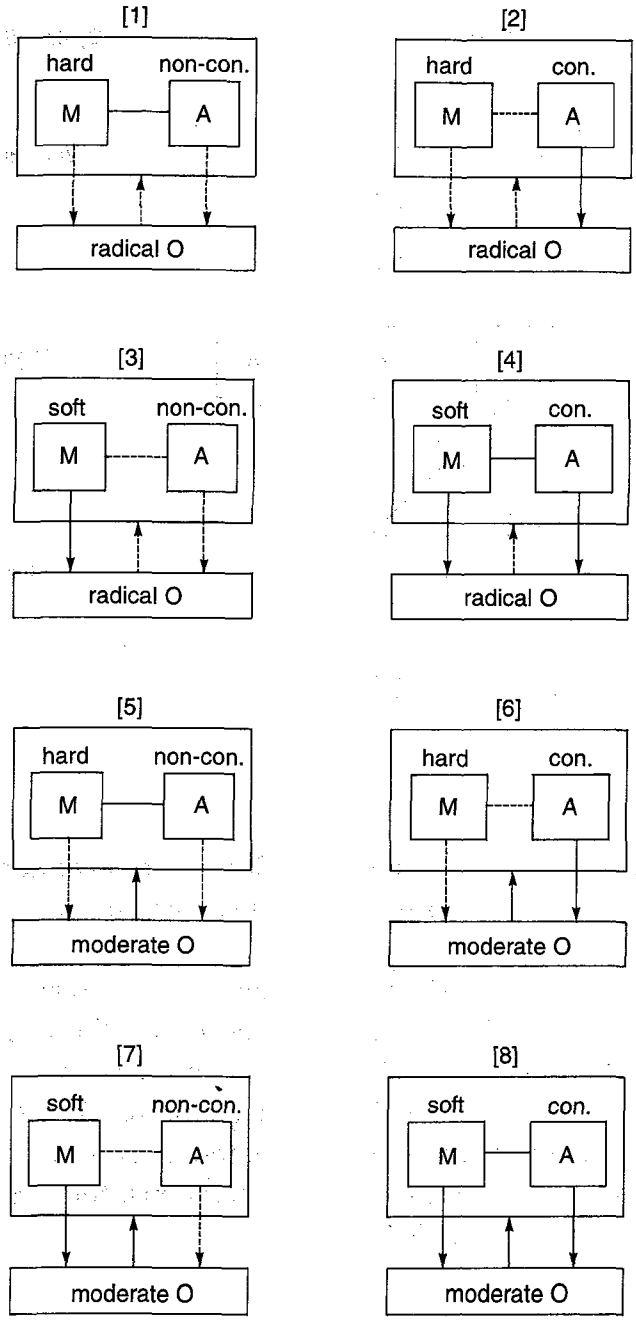
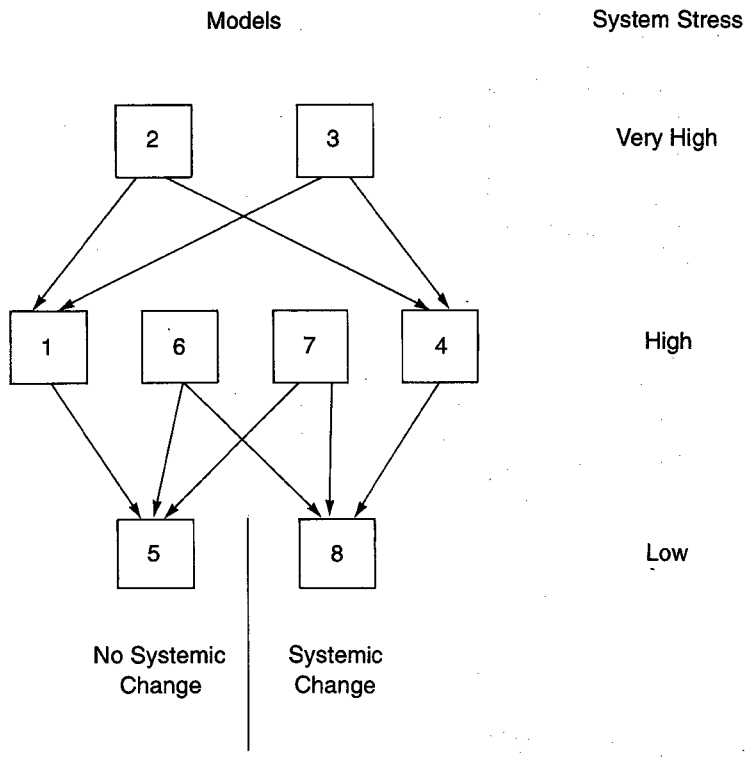


Figure 2. Paths of Transition of Models



also contribute to a stress increase. Because radical demands are time-limited, the authorities' responses are usually unable to meet them.

According to these criteria of system stress, we can classify the models in terms of their level. When either the opposition is radical or there is a schism between the military and the political authorities, the stress level is high (e.g., models 1, 4, 6, and 7). If both of them occur at the same time, the level is very high (e.g., models 2 and 3). If neither of them happens, the stress level is low (e.g., models 5 and 8).

Assumption 4. The models are not static but dynamic. When the stress level of a certain model is very high or high, the model will transform into another model of a lower level of system stress, as shown in Figure 2.

System stress tends to lessen, since a system, whatever its form, has a homeostatic characteristic. Homeostasis, a concept that has been used extensively since Walter B. Cannon, represents a tendency for preservation of constant internal economy of the system through adaptation to the environment.[6] That is, the system adapts to ensure, to employ the term of W. Ross Ashby and David Easton, the survival of the 'essential variable,' without which the system would always be in danger of disaster.[7] In a human system, to ensure the survival of the essential variable means to produce binding decisions constantly for the authoritative allocation of social values. The system can hardly persist if it stops generating the decisions. Even when the system is under stress, in the long run, it tends to restore a stable status to its operation, the status that makes it possible produce the binding decisions. It should be noted that the preservation of the essential variable by the restoration of a stable status does not necessarily mean a return of the system to the exact previous one. For instance, the system under a very high level of stress—with contradiction perhaps between conciliatory political authorities and a hard-line military vis-à-vis a radical opposition—can restore stable status and preserve the essential variable when the authorities persuade the military to accommodate the opposition's demands. This case will finally restore stable status

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6 Walter B. Cannon, *The Wisdom of the Body* (New York: W. W. Norton & Company, 1932), pp. 24–5, 305.

7 W. Ross Ashby, *An Introduction to Cybernetics* (New York: John Wiley & Sons, 1963), p. 196; David Easton, *A Framework for Political Analysis* (Chicago: University of Chicago Press, 1979), p. 195.

through a systemic change. In the assumptions of this research, the notion 'stable' does not convey any normative connotation.

There are 'rules of transition of models,' based on the concept of homeostasis. First, if a schism does occur between the military and the political authorities, it should be resolved at all costs, because a schism between them would be dangerous in that the desertion of the military would bring about unprecedented abnormal operation of the given system. The schism is resolved in either of the two ways: the political authorities may persuade, or the military may lead a coup. The way in which the schism between the military and the political authorities is resolved depends upon which subsystem has greater power, thus the models with the schism will follow one of the possible paths of transition—e.g. from model 2 to either model 1 or model 4.

Second, when the opposition takes a radical stance while the military and the political authorities take compatible stances, as in model 1 and model 4, the stance of the opposition will change. An opposition with a radical stance will not be accepted or tolerated by the hard-line military and the non-conciliatory political authorities. In contrast, when the military and the political authorities are soft and conciliatory, the radical opposition is marginalized and is in the end unable to find any reason to maintain its same radical position.

The system dynamics finish at the two destination models, model 5 or model 8, which represent the resolution of contradiction among the three subsystems either by restoring the previous repressive order or by occurrence of a systemic transformation.

Diverse Paths of System Dynamics

Based on the four assumptions, we may elaborate the paths of system dynamics.

Path from model 2 to model 1 or 4. Model 2 represents that the stances of the opposition, the military and the political authori-

ties are incompatible with each other and that this relationship generates very high system stress. A harmonious relationship between the military and the political authorities needs to be restored as soon as possible, either by the hard-line military's dominance over the authorities or by the conciliatory political authorities' buying off or persuasion of the military.

Path from model 3 to model 1 or 4. Model 3 is similar to model 2 in that there is no harmony among the three subsystems and that the military disagree with the political authorities. But it is distinctive in that the military is soft and risk-averse while the political authorities are non-conciliatory and risk-insensitive. The military may be discontented with decisions made by political authorities and refuse to work as their instrument of repression in order to keep its prestige and privileges. Model 3 shifts to model 1 or model 4. If the military is supportive of or keeps silent for the sake of the opposition and wins over the non-conciliatory political authorities, it may play a crucial role as a lever for a systemic transformation by transition to model 4. Otherwise, there is a change to model 1.

Path from model 1 to model 5. In model 1 the frustrated but radical opposition leads to mass protest, followed by repression. The mass protest and repressive measures are of mutual causality; their feedback amplifies until a loss of many civilian lives has resulted.[8] Insofar as the stances of the two subsystems of the ruling block remains intact, model 1 changes into model 5, in which the opposition is either dismantled or has to disguise its

8 On the theoretical development of amplifying feedback, see M. Maruyama, "Mutual Causality in General Systems," in John H. Milsum, ed., *Positive Feedback: A General Systems Approach to Positive/Negative Feedback and Mutual Causality* (Oxford: Pergamon Press, 1968), pp. 80–100; Yong Pil Rhee, *The Breakdown of Authority Structure in Korea in 1960: A Systems Approach* (Seoul: Seoul National University Press, 1982), pp. 25–31, 77–102.

radical stance. As a result, systemic transformation will not occur.

Path from model 4 to model 8. Model 4 brings about a situation in which both the military and the authorities, who are risk-averse, initiate concessions. It changes to model 8 in which all the three are able to coexist because none of them wants to generate severe contradiction. Finally, a systemic transformation occurs and the socialist system breaks down.

Path from model 6 to model 5 or 8. Model 6 represents the case in which the opposition is moderate while the military and the political authorities are incompatible. There could never, of course, be a coalition between the political authorities and the opposition to exclude the military from the political scene. Rather, being sensitive to a given critical situation, the political authorities would recognize that they have to concede their prerogatives. Model 6 will transform into model 5 or 8. This bifurcation, which depends upon power relationship between the authorities and the military, decides whether or not the system dynamics finally reaches the breakdown.

Path from model 7 to model 5 or 8. In model 7 the soft-line military, compatible with the moderate opposition, are split from the political authorities. It shifts to model 5 or 8.

Empirical Cases

The model of dynamics of a socialist system can be applied to the empirical cases. Here we take one case of breakdown of socialist system (the Soviet Union: 2→ 4→ 8) and one of no systemic change (China: 1→ 5).

Soviet Union. The critical situation at the so-called August 1991 coup represents model 2. The hard-line military and the KGB illicitly took offices of Soviet government while Gorbachev was in vacation in Crimea, whereas the Russian government, the largest Soviet republic, was firmly under the leadership of Yeltsin. Insofar as Yeltsin was the most important advocate for reform policies, his stance was in accordance with the prevailing social demand for broad and radical reform in economy and politics. Since the hard-liners would not meet the social demand and could not be compatible with the political authorities who were still in office, system stress was extremely high. The process in which the opposition, stiffened by Yeltsin, toppled the hard-liners represents a transition from model 2 to model 4. With Bush's announcement that the United States would refuse normal relations with the hard-liners, they had to yield power to reform-minded political authorities. This finally led to model 8 by which the systemic transformation did occur.[9]

China. The situation in mid-May 1989 represents model 1. More than one million students and workers took to the streets and demanded democracy, while the political authorities and military centered around Deng Xiaoping and Li Peng were non-conciliatory. The crisis deepened when some students, stimulated by Gorbachev's visit, made hunger strikes in Tiananmen Square and authorities sent troops and imposed martial law. The firm stance of the ruling block was represented by Yang Sangkun when he said that to retreat would mean the downfall of the People's Republic of China. The confrontation between the ruling block and the opposition ended with the June 4 massacre.[10]

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9 Bernard Gwertzman and Michael T. Kaufman, eds., *The Collapse of Communism* (New York: Times Books, 1991), pp. 516–70.

10 Bernard Gwertzman and Michael T. Kaufman, eds., *The Collapse of Communism* (New York: Times Books, 1991), pp. 41–109, Donald Morrison, *Massacre in Beijing:*

Conclusion

Through analyzing these models, we may draw some conclusions. First, even if a certain socialist system faces a legitimacy crisis, only half the possible paths finally arrive at model 8 and thus lead to a systemic transformation (see Figure 2). This is by no means, of course, the same as a fifty-percent probability.

Second, the models that generate high or very high system stress originally—i.e., unstable models—experience their own paths of transformation within the given socialist system and then arrive at either of two destinations, model 5 or model 8. Both these destination models produce low system stress in common, but their consequences differ radically. While model 5 leads to restoration of socialist order through repression and a disguise of the opposition forces, model 8 brings a breakdown.

Third, the stance of the opposition is not the only determining factor for a systemic transformation (or no significant change). Since the stance of the opposition is one of the indicators for the level of system stress, one may specifically raise a question regarding the relationship between the stance of the opposition and a systemic transformation. However, it would be wrong to say that the stance of the opposition alone can determine the fate of a socialist system. This is so because the stance of the opposition will have different meanings, depending upon the stances of the political authorities and the military.

To sum up, this paper postulated a generalization to examine the dynamics of socialist systems. Legitimation crisis is a condition of breakdown, but the relationship among the political authorities, the military and the opposition forms the intervening mechanism through which the fate of the socialist system under legitimation crisis is decided.

China's Struggle for Democracy, (New York: Warner Communications Company, 1989), pp. 123–59.

Human Rights Violation in North Korea

Tae Hwan Ok

Although scholars differ somewhat over the definition of human rights in accordance with various historical and social perspectives, it can be said to be the freedom and rights to be enjoyed by a person to live a humane life, and the rights one should be able to exercise as a member of a society.

Today the United Nations as the representative body of international society prescribes to member states an international norm on human rights through the UN Charter, the Universal Declaration of Human Rights, and the International Human Rights Covenant. This resulted from a global recognition of the importance of human rights as the world came to know the Nazi's brutal World-War-II massacre of six million Jews.

Demanding of all countries a guarantee of human rights, the UN has founded international organizations and pacts to conduct regular supervision on human rights in every state, inducing and actively campaigning for movements to guarantee human rights. Most states are taking an active part in implementing their international duty, and support the UN efforts to help realize peace and justice in global society.

Human rights exercise considerable influence on international relations especially now after the Cold War. This obliges a common response to human rights issues under the banner of international order and the maintenance of peace through protection of human rights. Most democratic nations that acknowl-

edge the universalism of human rights are taking bilateral or multilateral measures against states that violate the International Human Rights Covenant.

North Korea, however, has turned its back on this international human rights movement. Violations in North Korea have frequently been pointed out in the testimonies of defectors and by international human rights organizations such as Amnesty International, Asia Watch, Freedom House and the Minnesota Lawyers International Human Rights Committee. Not only is Pyongyang intentionally violating international human rights agreements to which it has agreed,[1] but it is also uncooperative in submitting materials and information demanded by international human rights organizations. Whenever these organizations raise the issue, Pyongyang emphasizes that "it is legitimate to sanction subversive and impure elements that try to destroy socialism." They say talk of human rights and liberty is nothing but South Korean anti-DPRK, "anti-socialist propaganda" to achieve unification by absorption through opening up the North's system and leading it to collapse.[2]

This article examines the North Korean system, the reality of human rights control in legal, institutional and social aspects, and the reality of political prisoner camps in order to analyze human rights violations in North Korea.

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1 The International Human Rights Covenant of 16 December 1966 is appended by four separate covenants: (1) the International Covenant on Economic, Social and Cultural Rights, (2) the International Covenant on Civil and Political Rights, (3) the Optional Protocol to the International Covenant on Civil and Political Rights, and (4) the Second Optional Protocol to the International Covenant on Civil and Political Rights Aiming at the Abolition of the Death Penalty. North Korea ratified the first two of these, (1) and (2), in 1981.

2 Jong Boo-rak, *Reality of Human Rights in North Korea,* Institute of Political Education for National Unification, 1992, p. 16; Kim Il Sung's address in the first session of the ninth Supreme People's Assembly held on 25 May 1990; refer also to the North Korean propaganda material of 17 October 1991.

Characteristics of North Korean System and Control over Human Rights

Governing System through Monolithic Ideology

North Korea indoctrinates its whole population with juche thought, that in order for the people to become the revolutionary subject, they have to unite under monolithic ideology and the corporate philosophy of a socio-political biological system comprising the *suryong* (great leader), the party, and the people, all in tight solidarity. The juche principle emphasizes group interest over individual liberty and legitimizes one-party dictatorship. Through such monolithic ideology North Korean society is exposed to high oppression and control.

Kim Il Sung succeeded in transplanting Marx-Leninist ideology at the very initial stage of the establishment of the DPRK. Later, he consolidated his leadership by purging not only the bourgeois class in the name of a Stalinist dictatorship of the proletariat, but also by eliminating his political opponents, one by one, denouncing them as factional elements. Contrary to his promises to construct a communist society in North Korea by means of juche thought, Kim Il Sung turned the country into an inhumane society of terror that upholds him as the sole leader. Juche became an ideological means to oppress the North Korean people.[3]

After the death of Kim Il Sung, Kim Jong-il is also taking advantage of juche to build his own personality cult, and he is gaining popular loyalty by setting forth what are called "virtuous politics" and "embracing politics." Even puny benefits meted out to the people are dressed in the name of Kim Jong-il's commendable political leadership.

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3 Lee Jung-soo, "North Korean Politics," *Understanding North Korea*, Institute of Political Education for National Unification, 1995, pp. 29–35.

Class Differentiation of the People

In 1958, North Korea set forth as its main goal for construction of socialism converting the whole population to the proletariat, and began to differentiate people by class in accordance with their origins.

From 1959 to 1960, the Korean Workers' Party (KWP) picked out the so-called impure elements and either killed them or exiled them to desolate mountainous areas. It re-registered the population in 1966, classifying everyone in accordance with their orientation, and armed one million peasants and workers as the Ro-nong Jeok Wi Dae [Heavily Equipped Reserve Force]. From 1967 to 1970, all North Koreans were divided into nuclear, wavering and hostile classes and subclassified into 51 detailed categories.

While inter-Korean talks progressed in 1972, North Korea investigated everyone's activities and re-designated each person as either trustable, suspicious, or a betrayer. South Korean defectors, Japanese Koreans who had come to the North and others from foreign countries were divided into additional thirteen sub-classes; those likely to oppose the system under Kim Il Sung and Kim Jong-il and the KWP were isolated from the rest of society. North Korea reinforced its socio-political control by probing deeply into the ideological orientations of anti-party and anti-revolutionary people.

By categorizing the people into three classes and 64 sub-classes, North Korea is discriminating against those of questionable loyalty and ideology and interfering in the details of their daily lives—not to mention in their admittance to school and career.

The nuclear class that comprises about twenty-five percent of the population are the elite. Most of them are families of the party, military and government, officials of the General Association of Korean Residents in Japan, and bereaved families of those who fought against the Japanese colonial rule and in the

Korean War. They are endowed with privileges in entering schools and receiving rations, medical care and all sorts of social welfare programs.

The wavering class that constitutes around half the population comprises ordinary laborers, farmers and engineers, etc. Although their families can enter universities, they are limited in becoming party members, military officers, or high government officials. Among them, those who pay special loyalty to the Kim family are admitted to the nuclear class.

The betrayal class, another quarter of the population, are under constant supervision. They are the alienated of society, decedents of landowners, pro-Japanese or pro-Americans, religious people, families of defectors, certain Japanese Koreans who had been shipped to North Korea, and families of political prisoners. This group mostly serves at hard labor and its members are forbidden to enter school, the military or the KWP.

About two hundred thousand who are categorized as a very impure element are isolated in desolate mountainous areas in prison camps. They are deprived of the right even to marry or have children.[4]

Legal Aspects of the Human Rights Control

Limits of Basic Rights in the Constitution

North Korea legislated its constitution in 1948; it was revised in 1972 and 1992 in accordance with changes in both domestic and international circumstances. On its face the DPRK constitution resembles that of a liberal democracy so it is difficult to point out human rights violations in terms of legal documents; one has to know the characteristics of the North Korean system. In actuality

4 Kim Byoung-mook, *North Korean Human Rights: Reality and Falsehood*, 1995, pp. 65–85; Jong Boo-rak,, pp. 53–64.

the law is made by the party, for the purpose of the perpetuating the regime of Kim Il Sung and Kim Jong-il.[5]

The constitution delimits the object of basic rights. Chapter Four of the constitution comprises basic rights and duty of a citizen, but basic rights are limited by special definition of who is a citizen (political prisoners, for example, are not) and are denied to former landlords and bourgeoisie and groups deemed to be against the ruling Kim family. Article 49 defines the rights and duty of citizens as "one for the whole," and Article 68 stipulates that "citizens should uphold collectivism highly and set up the revolutionary morale by sacrificing themselves to the interest of the community and organization." This is to place priority on collective interest rather than individual human rights. Individualism and liberal ideologies are banned.[6]

Although freedom of press, publication, assembly and association are said to be guaranteed in Article 67, such rights are guaranteed only under party guidance and state control. The purpose of publications is to propagandize the political achievements of the two Kims and to mobilize people in assemblies in order to legitimize KWP policies.[7]

In the revised constitution of 1972, freedom of religion was actually denied by stipulating religious freedom together with the freedom to criticize religion. The 1992 constitution, however, permitted religious freedom in a formal sense by deleting the phrase "freedom to criticize religion." But Clause 2 of Article 68 reveals the limits to religious freedom by saying "religious

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5 Chang Suk-eun, "North Korea's Administrative and Legal Institution," *Understanding North Korea*, Institute of Political Education for National Unification, pp. 70–2.

6 Jong Boo-rak, pp. 24–6.

7 Chon Hyun-Joon, *A Study on Realities of Human Rights in North Korea*, RINU, 1993, pp. 67–8.

freedom should not be exploited to bring in foreign powers or cause disorder to the society."[8]

Clause 2 of Article 69 stipulates that petition should be submitted following the due procedure and time prescribed by law. Clause 2 of Article 78 forbids detention, arrest or search of residence of a citizen without a warrant. This gives one the impression that the constitution has legalistic aspects,[9] but that is not the case. Generally anyone who raises petition is regarded as someone with grievances about the North Korean system; rather than investigating the case the authorities are likely to punish the person for complaining. Article 11 reads "The DPRK implements all activities under the guidance of the Korean Workers' Party," which implies that party statute or determination has priority over the constitution. The preamble of the party statutes states that "the Korean Workers' Party adopts Kim Jong-il's revolutionary thought and juche ideology as the unitary guiding principle." Therefore North Korea regards the guidance of the Great Leader as the supreme norm. Then comes the statutes of the KWP, and then the constitution.[10]

The Characteristics of Penal Law and Its Application

North Korea's laws differ from liberal democratic laws in that they do not guarantee division of power. Pyongyang's penal law is written and utilized to eradicate all likely obstacles to regime maintenance by defining them as "anti-revolutionary crimes." Those convicted are severely punished. With regard to the objective of penal law, Article 4 reads "protect the state president, support the revolutionary line and contribute to the historical achievements of revolutionary institutions and order of the society founded upon juche thought." This is to underscore the

8 Kim Byoung-mook, pp. 43–4.

9 Ibid., p. 44.

10 Chon Hyun-Joon, p. 66.

characteristics of system maintenance of the one-party dictatorship of the North Korean regime by means of penal law.[11]

The DPRK penal law violates individual rights and fosters an atmosphere of terror to eradicate thoroughly all factors that might challenge its objective of maintaining the North Korean system.

It is a nondemocratic law that defies the concept of "rule by law" respected in democratic countries. First, it permits arbitrary interpretation of itself. Not only does Article 9 read quite abstractly: "Crime is any dangerous act, punishable for the purposeful or negligent violation of state sovereignty and legal order," but Article 10 permits arbitrary interpretation to punish criminals at any time necessary by stating that "if a crime is not defined in the penal law, it is penalized in accordance with similar crimes and the degree of danger." Moreover, there is no prescription of prosecution, and the law applies retroactivity.

Article 42 renders a criminal to be exposed to prosecution until his very death by stating "regarding anti-state crimes and deliberate murder, penal responsibility is applied without any given period."

Third, those convicted who had pleaded not guilty and criminals of attempt are punished just as those who plead guilty. Abettors are also applied the same degree of punishment as the criminals. This former is stated in Article 15 and the latter in Article 18.

Fourth, those who denounce or oppose the two Kims are penalized based on Articles 44 to 55, and Article 105. They are treated as anti-state criminals and sentenced to death or subjected to confiscation of all their property. It was revealed in Country Reports on Human Rights Practices for 1994 which was published by the US Department of State on 1 February 1995 that people who were seen sitting on a newspaper featuring Kim Il Sung's portrait and a child who damaged the portraits of the two

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11 Jong Boo-rak, pp. 31–2.

Kims distributed house to house were found guilty of committing the above crimes.

Fifth, production of poor-quality goods due to fault in design, or accidentally setting a mountain brush fire, are punished in accordance with Articles 65, 78 and 86. Violation of public order is also severely punished based on Articles 80 to 94.[12]

As mentioned above, North Korea founded the legal and institutional arrangements to violate basic rights by failing to state in the constitution, or purposefully omitting from it clauses that guarantee basic rights to individuals.

Human Rights Control in Institutional Respects

Violation of Human Rights through Party Apparatus

In general, the oppressive apparatus of a dictatorship will transcend ideology and system. North Korea, however, has unprecedentedly the most effective tool of dictatorship, which suggests that violations of human rights are comitted publicly.

North Korea supervises and controls the implementation of party policy through party cells. The party cell is organized in all phases of life, in the living quarters as well as the production units.

The party command flows from the center to organizations in provinces, cities and *kun*, down to the lowest cells. Article 11 of Chapter 2 of the KWP statutes commands unconditional implementation of any decision taken by the central party.

According to Article 45 of Chapter 6, party members are endowed with authority to supervise and control the people to see whether all tasks are accomplished in accordance with juche thought. The Department of Organization Guidance in the Party

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12 *Is North Korea's Penal Law A Problem?*, Institute of North and South Korean Affairs, pp. 15-23; *White Paper on North Korea's Human Rights*, Institute for Peace Studies, 1991, pp. 22-31; Kim Byoung-mook, pp. 91-110; *Dong-A Ilbo*, 3 February 1995.

Secretariat supervises the party members to root out any corruption. The people and the party members themselves are thus under two- or threefold supervision and control in their private lives. The Department of Organization Guidance is directly under Kim Jong-il. He derives loyalty through supervision and control over the bureaucrats and deals directly with personnel matters. Competition of loyalty among the party officials, therefore, impairs everyone's life and further aggravates the human rights situation.[13]

Human Rights Violations through State Apparatus

Among the elements of North Korean state apparatus, the Ministry of State Security the Public Security Ministry play major roles in system maintenance and in the violation of human rights.

The Ministry of State Security takes a key part of the responsibility for searching out anti-party and anti-system forces, spies and subversive elements (and their arrest), supervision over all party officials as well as the general population, collection and analysis of information, and constant surveillance over political prisoners.

Even the KWP cannot interfere in the Ministry of State Security activities. the Public Security Ministry, which is in charge of public order, has to provide unconditional cooperation on matters pertaining to the Ministry of State Security. It is directly under Kim Jong-il's control, and many details about the organization is still not known. However, it is said that it controls a network throughout the cities, provinces and *kun* units. Its covert activities are most feared by the residents and render the people unable to express their grievances even in private life.

The Public Security Ministry plays a police role similar to that in democratic countries. However, the organ also supervises,

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13 Chon Hyun-Joon, pp. 75-8; Kim Byoung-mook, pp. 125-7.

searches out and penalizes anti-revolutionaries, anti-system people and those who express grievances. They also transfer such people to the Ministry of State Security.[14]

In this way, as does the Ministry of State Security, the Public Security Ministry supervises and controls the people for the sole purpose of maintaining the Kim dictatorship. Through such activity of the state apparatus, human rights violations in North Korea are becoming more prominent.

Human Rights Control in Economic Respects

Deprivation of Property Rights

Article 20 of the DPRK constitution states that "only the state and cooperative organizations may possess productive means." Article 24 clarifies that "individual property is only for the purpose of individual consumption." As Article 21 reads that "there are no restrictions on the object of state property," the state can confiscate individual property at any time.

North Korea promulgated a land reform law in 1946 and confiscated all lands for redistribution. From 1954 it implemented agricultural collectivism and forcefully affiliated all farm households into cooperatives. The cooperative management system that was established in 1962 is still in operation.

Until the mid-1970s, an inherited farm house could be traded by its owner. Later such transactions were forbidden and now the North Korea residents are not allowed to own houses, so the people are subject at any time to become homeless.[15]

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14 Kim Byoung-mook, pp. 127–30; Chon Hyun-Joon, pp. 78–81.

15 Kwon Oh-duk, *Realities of the North Korean Human Rights Situation*, Institute of Political Education for National Unification, pp. 46–8.

Deprivation of Freedom to Choose Career

Anyone should have the right to choose his or her job and demand fair working conditions.

Article 70 of the DPRK constitution states that "citizens who have labor capability have the right to be guaranteed of a job and favorable working condition according to their wishes and talents." In reality, however, everyone must work when and where dictated by the party and the State Administrative Council.

Jobs are allocated according to political propensities and loyalty to the party; only after that are education, qualification, career records and other capabilities considered.[16] The wavering and hostile classes are deprived of career opportunities, and people are impelled to bribe officials to climb the ladder or get a good job.

Labor Rights

The North Korean labor law limits work time to eight hours per day, and Article 31 of the constitution bans child labor for anyone under sixteen years of age—but children under fifteen are indeed mobilized for sowing and harvest. After having worked hard all day long, adults too are frequently mobilized for education on juche thought and revolution ideology, or even for political rallies. "Enlightenment-through-labor camps" have also been established as a means of punishment.[17]

Legally, North Korean people are guaranteed of their freedom of career opportunity and rights to labor and repose, but in fact they suffer unending hard labor under the name of construction of the great socialism.

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16 Ibid., pp. 43–4.

17 Kim Byoung-mook, pp. 87–9; Kwon Oh-duk, pp. 46–8.

Human Rights Control in Social Aspects

Control through Food, Clothing and Shelter

Early in the 1950s North Korea began converting the population to become passive to the system through rationing food, clothing and shelter. Although the initial purpose of the rationing that began in March 1952 was to overcome food shortages and secure food for the military, later it was exploited to keep a grip on the people. Due to cuts in Chinese grain aid and unfavorable weather conditions, North Korea is today short 2.5 million tons of grain. Rations to the wavering class have been cut to two-thirds, and to the hostile class to less than half. The people are suffering from malnutrition and disease. As the regime has launched a two-meals-a-day campaign, children normally go to school without breakfast.

Diseases such as pellagra that generally can be found only in starving areas of Africa and India are rampant in North Korea. Soldiers, who previously had been given relatively generous rations, are now stealing grain from nearby households.[18] Although the North Korean leadership is telling the people that they have to endure these tribulations until the liberation of the South Korean people who are starving to death under American imperialism, the people would seem to have reached their limits of endurance.

There is also discrimination in the distribution of clothing. The nuclear class can buy their clothes in special shops selling suits, wool and even fur clothes, but the wavering and hostile classes are not only given insufficient clothing but are limited in how much they can buy from shops. Those of the hostile class lack underwear, outer garments, socks and gloves. Most distributed clothing is of low quality, made with rayon and nylon.

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18 *Dong-A Ilbo*, 4 June 1995.

Houses and apartments are distributed on lease. Shelters are generally constructed mainly for sleeping, so they lack space for leisure. Housing policy has been adopted so as to make it easy to supervise the people and standardize their orientation. The nuclear class enjoys a relatively comfortable living environment, but the wavering and hostile classes have to use common toilet facilities and live in very poor conditions.

In sum, North Korea adopted a rationing system that impels the people to become involved in the competition to gain recognition of their loyalty in order to secure better living conditions. This is the North Korean sense of equality, the North Korean way of socialism.[19]

Control of Travel

Free travel is banned, and there is no mention of freedom of travel in the North Korean constitution. Everyone needs a travel permit to visit somewhere, and those caught in the wrong place without one will serve forced labor for about thirty days.

Travel in North Korea is usually for the purpose of visiting shrines of Kim Il Sung's personality cult or for labor mobilization. Ordinary people who want to travel to visit relatives, get married or mourn must apply for their permit fourteen days before the journey. The workplace team leader must give permission to apply; then the document is examined by officials of administrations in cities and *kun* areas and should also pass through the the Public Security Ministry and the Ministry of State Security.

Ordinary people are not allowed to visit Pyongyang or its adjunct *kun* areas, the 38th parallel, sea coasts, territorial borders, or areas in which military industry is concentrated. Students in particular are restrained from travelling, so they rarely visit

19 Kim Jong-hyuk, *North Korean Human Rights Situation: Understanding North Korea*, pp. 173–8; Chon Hyun-Joon, pp. 108–29.

relatives who live away from school.[20] The people are forbidden to travel abroad under any conditions. Not only are foreign travel permits simply not issued for private business, but the people would not have money anyway.

This is one way the regime thoroughly controls the flow of information and precludes any organization of opposition forces.

Reality of Detention Camps for Political Prisoners

The Scope of Political Crimes and the Treatment of Political Prisoners

The political prisoners are those who suffer the most over human rights violations. Most of them are those who were found to oppose the personality cult or the father-to-son succession. Included are attempted defectors, former land owners and religious people, many Japanese Koreans, those who passed on foreign information they had acquired during a stay abroad as students or trainees, and abducted South Koreans who are no longer useful. Such people are arrested without legal procedures and sentenced arbitrarily by the Ministry of State Security and the Public Security Ministry. In some cases their families are also sent to labor camps. At present, the number of political prisoners detained in twelve camps is as many as two hundred thousand.[21]

Once a political prisoner enters a camp, he is deprived of citizenship and is not given any food or clothing ration, not to

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20 Jong Boo-rak, pp. 70–6; Kwon Oh-duk, pp. 24–6; Kim Byoung-mook, pp. 119–20. With the grand plan to develop Pyongyang, Nampo and Kaeseong as international cities, North Korean authorities have moved the genetically handicapped people to mountainous areas and are limiting their travel elsewhere.

21 Kim Young-man, *North Korea's Detention Camps for Political Prisoners*, Institute of Inter-Korean Affairs, pp. 9–21; Kwon Oh-duk, pp. 60–1. On 26 April 1995 the North Korean Human Rights Research Association did allow an Amnesty International research team to visit the Sariwon camp. Their guide told them that there are fewer than 1,000 prisoners and among them 240 are political prisoners.

mention medical care. No one may marry and women are forbidden to give birth. The camps are under close surveillance by the Ministry of State Security guards. Those caught fleeing are shot to death before the eyes of their families.[22]

Camp Facilities and Living Conditions

The detainees live in unsanitary basements or shelters made of mud and straw. They solve food, clothing and shelter problems strictly by themselves. Virtually no one ever comes out alive, and the camps are called the "terror zone of death."

The prisoners do hard labor from five o'clock A.M. to six o'clock P.M. Anyone who does not complete an allocated job must work until it is done. More than two inmates are not permitted to walk together.

The prisoners eat grass, bark, snakes, frogs or whatever they can scratch up. Some inmates suffer inflammation on their faces or die because they have eaten toxic plants. Most suffer from malnutrition, tuberculosis, hepatitis and pellagra. They are not given any medical care and are left to die of their diseases.[23]

Conclusion

It is for the sole purpose of maintaining the Kim regime that North Korea has promulgated its laws and founded its institutions. The people are forced to pay loyalty to the so-called Great Leader. The DPRK has been brutally oppressing, supervising and controlling the people for over half a century. The extent of human rights violations in North Korea has reached unbelievable heights, but the people are unable to express their grievances because they live in a hermetically sealed society. To

22 Kim Byoung-mook, pp. 144–77.

23 Ibid., pp. 135–47; Kwon Oh-duk, pp. 63–70.

survive, they are accustomed to saying that they are quite content under the benevolence of the Great Leader.

For the people to speak the truth, North Korean society has to open up. The leadership, however, perceives reform and opening as the very path to system collapse. They will therefore try to adjust the speed of opening and minimize its side-effects.

There is zero possibility for a democratic movement like Prague Spring in 1968. North Korean people have never had the chance to enjoy a democratic way of life because the Kim Il Sung dictatorship replaced Japanese colonial rule immediately after the Second World War.

Therefore hopes for democratic movements or improvement of human rights in North Korea as happened in Eastern Europe is simply wishful thinking. Even so, North Korea will be unable to resist change. More than eighty percent of the North Korean population is composed of post-war generations, more free-thinking than their parents. This generation is in its own way paving a new life style. North Korean people had the chance, though limited, to meet foreigners in the Pyongyang celebration held this year; this surely would have had some impact.

There have also been inter-Korean exchanges since 1972. More than one hundred thousand Japanese Koreans, students studying abroad, technical trainees, mid-ranking officers and officials who visited the Soviet Union, diplomats, technocrats in the State Administrative Council have all seen the outside world. As time passes, they will induce changes.

Especially since the death of Kim Il Sung in July 1994, most of the first revolutionary generation are dying of old age or are retiring from major posts. This trend will accelerate and give way to a new leadership in North Korea. As Pyongyang approximates reform and opening, the human rights situation in North Korea will also improve proportionally.

The free world should also render incessant attention and more strongly demand an improvement. When such efforts change Pyongyang's perceptions, then shall we see progress.