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Feature Theme: The Post-Kim Jong-il Era in North Korea and China

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Kim Jong-un's North Korea: What Should We Expect?*

Andrei Lankov

In the short run, one should not expect any significant change in Pyongyang. The North Korean leaders will continue diplomatic maneuvers aimed at extracting foreign aid, and they will stubbornly avoid domestic reforms and will not consider denuclearization. All these policies might be annoying and even dangerous to the outside world, but from the point of view of North Korea leaders, such things make perfect sense, so one should not expect them to reverse these policies. In the long run, however, the emergence of Kim Jong-un might indeed have far-reaching consequences. He has been unable to build up a legitimacy which would equal that of his father, and he might be open to some reformist ideas - especially once his current advisers will be gone. And, irrespectively of the leaders' subjective intentions, the system is changing from below. The growth of market forces and spread of uncensored information from overseas is gradually corrupting and undermining the current system. Therefore, sooner or later the system is likely to collapse under its own weight - largely because of its ingrained and incurable inability to bring about living standards commensurate with its neighbors, above all, South Korea. Nonetheless, we should not expect this collapse to happen too soon.

Key Words: regime stability, Kim Jong-un, reforms, nuclear issue, North-South relations

The era of Kim Jong-il ended abruptly when the Dear Leader died on December 17, 2011—allegedly during a field guidance tour. His son, 28-year-old Kim Jong-un, perhaps the world's youngest four-star general, was instantly made supreme commander of the North Korean

* This work was supported by a grant from the National Research Foundation of Korea (NRF-2010-330-B00187), funded by the South Korean government.

armed forces and extolled by the media as the Supreme Leader of the North Korean state. In April he was appointed first chairman of the National Defense Committee and also made first secretary of the Korean Workers' Party. So far, it seems, the power transition has appeared to be smooth.

The emergence of the new leader in the world's only communist monarchy has made many observers wonder about the future and speculate about coming change.

Indeed, the situation in North Korea might change eventually. Nonetheless, as I will try to demonstrate in this article, there is good reason to believe that, for the next few years at least, we will see the continuation of the existing set of policies. Some of the faces at the top might change, and new rhetoric is likely to be introduced, but the essence of regime is likely to remain the same. At the same time, the gradual changes occurring in the society do not bode well for regime sustainability in the long run (but this long run might be very long indeed).

The Short-term Prospects—Same People, Same Policies, Same Problems

Perhaps the most surprising thing about developments in Pyongyang of late is the complete absence of surprises. From at least late 2010, a majority of North Korean watchers expected that the eventual death of Kim Jong-il would lead to the emergence of Kim Jong-un as a figurehead leader. It was predicted that at the early stages of his rule he would be assisted and, to an extent, controlled by a board of elder advisers, in which his uncle Jang Sung-Taek and Korean People's Army Chief of Staff Ri Young-ho would play a major role.[1] These predictions have seemingly been proven correct, which is a rare feat in the treacherous world of Pyongyang watching.

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1. For one such prediction, see Peter Beck, "What Is Kim Jong-il Up to Now?" *The Wall Street Journal Asia*, November 24, 2010, p. 13.

Due to unknown reasons, Kim Jong-il postponed the preparations for his eventual demise and power transition until very late. Such preparations began at earnest only in 2009, soon after Kim Jong-il suffered a major stroke. Nonetheless, up until the last moment Marshal Kim and his advisors seemingly assumed that they would have a few good years at their disposal to complete the power transition.

It is often overlooked that Kim Jong-un was not explicitly proclaimed successor prior to his father's demise. At the moment of Kim Jong-il's death, Kim Jong-un was technically merely a four-star general, one of a dozen top military officers, four-star generals, vice marshals and marshals of the Korean People's Army (albeit, admittedly, the youngest of them all by far). He was also a vice chairman of the Party's Central Military Commission, a rather obscure part of the Korean Workers' Party structure which has not played much of a political role since the mid-1970s. Obviously it was assumed that in the near future Kim Jong-un would finally be proclaimed successor and officially made second-in-command to his father.

Kim Jong-un's official promotion to heir designate took place amidst the expected gala celebrations for Kim Il Sung's 100th birthday in April 2012. However, Kim Jong-il died before these plans could be brought to fruition. Nonetheless, immediately after his death, the North Korean media professed unconditional loyalty to Kim Jong-un, around whom the people of North Korea were urged to rally. To the best of our knowledge, there were no suspicious happenings in Pyongyang: it appears as if all key members of the North Korean top leadership immediately accepted Kim Jong-un as their new boss, and at his father's funeral he was surrounded by those who had long been expected to become key members of his entourage. The 4th Delegates' Conference of the Korean Workers Party in April also confirmed that no dramatic changes in the personal composition of the leadership had taken place, although it seems that known associates of Jang Sung-Taek have strengthened their position in Pyongyang.

This is somewhat unusual, since in most other dictatorships, such an embarrassingly young and politically inexperienced dictator would almost certainly face challenges from within the inner circle.

One can surmise that this unanimous acceptance of Kim Jong-un is motivated by two major factors: first, the North Korean decision makers are aware that any instability might have grave consequences for all members of the elite; second, we must remember that the death of Kim Jong-il has not changed the personal constitution of North Korea's top leadership.

The Pyongyang regime finds itself in a peculiar and potentially unstable situation which is very different from that of China. The major difference has resulted from the existence of affluent and successful South Korea. The per capita income gap between North and South is almost twenty-fold (and many scholars believe it might be even higher).[2]

This yawning gap makes the position of the elite in Pyongyang rather different from that of post-Communist reformers in Hanoi and Beijing. In case of an outbreak of instability or some relaxation of political controls, the North Korean people are likely to learn of the true extent of South Korean prosperity (unbelievable by North Korean standards, and still unknown to a majority of the North Koreans), and the populace will also become less fearful of the authorities. Such a loss of control is likely to give rise to conditions in which a grassroots pro-unification movement becomes probable. In such an eventuality, somewhat similar to developments in East Germany in 1989-1991, the entire North Korean elite might be doomed. The cohesion demonstrated by the North Korean elite in recent months might be seen as indirect proof that such unity of destiny—irrespectively of stylistic and substantive differences in policy preferences—is understood by Pyongyang decision makers, and make them unlikely to start quarrelling amongst themselves.

This ingrained and well-founded fear of domestic instability is

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2. For details on the ongoing arguments over the actual size of North Korea's GDP, see I Chong-sok, "Pukhan kukmin sotuk chaepyongka" [Reassessment of the National Income of North Korea], *Chongsewa chongchaek* [Current Issues and Policies], No. 3 (2008), pp. 1-4. For the most recent available estimates of the gap, see *2011 Pukhan-ŭi chuyo t'onggye chip'yo* [Major Statistical Indicators for North Korea, 2011] (Seoul: National Statistics Office, 2012), p. 1.

what makes North Korea's decision-makers extremely cautious. This is the fundamental reason why they are likely to avoid any potentially destabilizing confrontation. In the average dictatorship, a possible challenger believes that, if successful, he might replace the weak dictator at the top of the power structure. In the peculiar case of North Korea, a successful challenger might still lose everything, since the challenge itself might trigger a chain of events which in rapid succession destroys the entire system and, for that matter, even the North Korean state.

Even if a hypothetical coup against (or other political challenge to) Kim Jong-un were to succeed, it is likely to produce much internal instability. One might recall that many a crisis in the former Eastern European countries began with a sudden leadership change. This instability could easily escalate and lead to regime collapse in a relatively short period of time. The history of the Communist Bloc's disintegration provides us with many examples of this kind. Actually, the decisions of reformists to remove the previous leaders in many countries triggered events which sealed those regimes' fates. For example, in Hungary the system's disintegration was triggered by the replacement of János Kádár in May 1988; in East Germany the ousting of Erich Honecker in October 1989 led to the loss of Party control in a matter of days; and around the same time the removal of Todor Zhivkov produced similar results in Bulgaria.

If such a sequence were to play out in North Korea, both winners and losers might lose power and might conceivably find themselves in the same prison cells, being investigated for their roles in the human rights abuses of the Kim family era. Therefore, the North Korean elite will not rock the boat: whatever their private thoughts are of the embarrassingly young Supreme Leader, these people are likely to keep the appearance of unity. They might fight amongst themselves, especially if they can keep their confrontations hidden from the common populace, but from what we know about these people they are unlikely to challenge one who was anointed by the Dear Leader Kim Jong-il and who bears such a striking resemblance to the country's founding father, Great Leader Kim Il Sung.

So far, it appears that Kim Jong-il's death has not led to any significant personnel changes among the top leadership. The people who are running North Korea now are the same people who have played decisive roles in North Korean decision-making for the last 10 to 15 years. Therefore, it would not be wise to expect much in the way of change in Pyongyang's domestic and foreign policies for the time being. It will take some time before Kim Jong-un establishes his own power base, and in the meantime he will have no choice but to follow the suggestions of his advisors, who are unlikely to discard the Kim Jong-il-era policies which they once formulated and executed. And, frankly, they have few compelling reasons to discard those policies; after all, they have served well in insuring the regime's survival against tough odds.

What We Should Expect in the Near Future

What are the major policies the new—or, actually, not so new—regime in Pyongyang is likely to follow?

On the international front, Pyongyang's immediate policy goal is to ensure the resumption of large-scale South Korean and American aid. Domestically, they will work hard to ensure the stability of their regime.

Contrary to what has often been stated, the North Korean state does not desperately need aid from South Korea or the U.S. to escape economic disaster. A few years ago, one could frequently come across statements to the effect that "sanctions are beginning to bite." The implication was that international sanctions would drive North Korea's leaders to desperate measures, i.e. surrendering their nuclear program in order to get a reprieve from the mounting economic difficulties. We have not heard much talk along these lines recently, and with good reason: since the introduction of international sanctions in 2006, North Korea's macro-economic indicators have improved and continue to do so, albeit with occasional lapses into recession and negative economic growth.

Nonetheless, since the discontinuation of large-scale South Korean and U.S. aid in 2008, the North Korean state has become extremely dependent on just one sponsor—China. This dependency goes against the instincts and experiences of North Korea's decision-makers. Since the Sino-Soviet split, the North Korean government has tried to keep at least two sponsors, whose relationship is strained and preferably hostile. This is a sound strategy: it gives North Korean diplomats room to maneuver, allowing them to squeeze concessions concurrently from feuding sponsor states, while giving neither of them much in return.

The regime's current dependency on China alone for aid is, therefore, worrisome for the North Korean leadership. Thus far Pyongyang's leaders have ensured that this economic dependency has not translated into socio-political influence, but they cannot discount the possibility that China will try to leverage its economic domination over the North in the political realm.[3] Therefore, the immediate goal of the North Korean leadership is to ensure the eventual resumption of large-scale unconditional aid from countries other than China—above all, they are eager to restore the U.S. and ROK aid which was abruptly halted in 2008. They would prefer that this aid be generous and unconditional. As Noland and Haggard observed recently, "General economic inducements, such as the lifting of sanctions, entry into international financial institutions (IFIs), or more formalized regional cooperation, have never been as appealing to the North Korean leadership as proponents of engagement have believed. The regime has always favored targeted transfers that can be directly controlled by the leadership, including food aid, heavy fuel oil shipments, or cash payments."[4] In order to bring this about, the North Korean leaders are likely to follow

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3. For a detailed and sophisticated analysis of China's attitude to North Korean actions of the last years, see Jooyoung Song, "Understanding China's Response to North Korea's Provocations: The Dual Threats Model," *Asian Survey*, Vol. 51, No. 6 (March/April 2011), pp. 1134-1155.
4. Stephan Haggard and Marcus Noland, "Sanctioning North Korea: The Political Economy of Denuclearization and Proliferation," *Asian Survey*, Vol. 50, No. 3 (May/June 2010), p. 540.

two sets of policies, one targeting the ROK and the other the U.S.

In dealing with the South, it seems that the new North Korean leadership has pinned its hopes on the electoral victory of South Korea's "progressives" (though they must have been disappointed by the results of the parliamentary elections in April, in which the South Korean left did not fare particularly well). On the eve of the April parliamentary elections, North Korean media (especially the Uriminjok-kkiri website, their major propaganda outlet targeting the South Korean public) explicitly expressed fervent support for the South Korean progressives, even confidently predicting that "the South Korean people will not give another chance to the [conservative] New Frontier Party." Remarkably, recent North Korean publications have contained some attacks on Park Geun-hye, the most likely candidate for the conservative side in the upcoming presidential election.[5]

North Korea's leaders assume that a victory by the South Korean left—not likely, but by no means impossible—will lead to the resumption of aid on a scale more or less commensurate with that of the "Sunshine policy" era. These expectations might be overblown, but indeed it seems that South Korea's "progressives" are more likely to be generous with aid than their "conservative" opponents.

Therefore one might expect that in the immediate future, the North Korean government will refrain from undertaking any provocative military actions near the DMZ or the NLL. As the Cheonan incident demonstrated, such incidents in the short run tend to incite a massive upsurge in anti-Pyongyang feelings among South Korean voters. Needless to say, such sentiments play into the hands of the "conservatives," who take a more hardline approach to the North. Of course, provocations cannot be ruled out completely, and now, after the parliamentary success of the "conservatives," the North might even consider punishing the South Korean voters by staging another provocation. Nonetheless, it would make more sense to refrain from actions which would strengthen the hard-liners' case.

At the same time, there is little chance of the North Korean govern-

5. *Rodong Sinmun*, April 28, 2012.

ment engaging in high-level talks with the South until after the presidential elections. If the incumbent "conservative" administration were to succeed in luring the North into negotiations, this would be presented as a major victory for the conservative method of dealing with the North. Such a success would no doubt be used by the "conservatives" in their electoral campaign with great efficiency, since their "progressive" opponents often insist that "conservatives" are ineffectual in dealing with the North. Therefore it makes sense for the leadership in the North to bide its time in dealing with the South and to even use increasingly hostile rhetoric in regard to the South Korean leaders. If this helps the "progressives" to win an electoral victory then Pyongyang will be satisfied. But if the "progressives" are unsuccessful in December 2012, the North will still try to acquire aid from the post-Lee Myung-bak "conservative" administration.

In dealing with the U.S., Pyongyang's goal is likely to remain the same—i.e. the resumption of large-scale and preferably unconditional aid. However, the methods the new North Korean leadership employs in pursuing this goal are likely to be somewhat different.

First of all, in the long run, North Korean diplomats are likely to pursue negotiations with the U.S. They might make some concessions, largely of a symbolic and reversible nature, in order to demonstrate their "willingness" to undertake denuclearization in some unspecified but distant future. In return, they hope to obtain food aid and other monetary rewards.

However, such an approach has serious limitations. The North Korean government has no serious reason or intention to consider denuclearization. They believe that nuclear arms are the major safeguard against foreign invasion and/or intervention into a domestic crisis. The sorry fates of both Saddam Hussein and Colonel Gaddafi could only strengthen their belief in the need for a nuclear deterrent. If anything, the recent events in Libya have confirmed these assumptions. On March 22, 2011, the North Korean official news agency, *KCNA*, quoted a spokesman for the DPRK Foreign Ministry as saying: "The present Libyan crisis teaches the international community a serious lesson. It was fully exposed before the world that "Libya's nuclear

dismantlement" much touted by the U.S. in the past turned out to be a mode of aggression whereby the latter coaxed the former with such sweet words as "guarantee of security" and "improvement of relations" to disarm itself and then swallowed it up by force. It proved once again the truth of history that peace can be preserved only when one builds up one's own strength as long as high-handed and arbitrary practices go on in the world."[6]

They also depend on nuclear weapons as a powerful tool for diplomatic blackmail. In the absence of the nuclear problem, no one would pay much attention to the North, essentially an impoverished third-world dictatorship with a smaller economy than Ghana's or Mozambique's.

Right now, it appears that North Korea is in the tension-building stage of its usual strategic cycle (first create a crisis and then get concessions in exchange for being less aggressive). Pyongyang's decision to renege on the so-called "Leap Day Agreement" just two weeks after its signing was surprising, and its reasons are open to interpretation. Bureaucratic inefficiency or factional strife might have been the cause, but this decision might have reflected a well-planned strategy as well. By reneging on the agreement, Pyongyang might have wished to show that the North Korean leadership is not going to make serious concessions in exchange for the paltry 240,000 tons of food which were promised as a part of the "Leap Day Agreement," hoping to gain much more eventually.

As a way to build up tension, North Korea tried a satellite launch, which, as usual, was a failure. A nuclear test might follow. Indeed, as a tension-building exercise, a test of a uranium device would likely work well (less so if the devise uses plutonium). Such a test would clearly demonstrate that North Koreans have managed to produce a significant amount of highly enriched uranium. This would increase the proliferation risk, as a uranium program is much more difficult to monitor than the production of weapons-grade plutonium. Since a

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6. "Foreign Ministry Spokesman Denounces U.S. Military Attack on Libya," *KCNA*, March 22, 2011, www.kcna.co.jp, accessed on March 5, 2012.

uranium program constitutes a major proliferation challenge, an unequivocal demonstration of North Korea's productive capacity might have a decisive impact on the U.S. position, prompting the U.S. to make concessions.

The Domestic Dilemma: To Reform, Or Not to Reform

Every noticeable change in North Korea's political landscape is bound to produce media (and also academic) speculation about reforms in the North, which are allegedly bound to happen in the near future, or perhaps have "just begun."[7] Since the late 1980s it has been commonly assumed that the North Korean leaders must eventually come to their senses and emulate the Chinese model. So far, the North Korean government has stubbornly refused to follow this seemingly attractive strategy. Interestingly, the North Korean authorities have never made a secret of their outright rejection of the much lauded Chinese reform model. But denouncing the Chinese model on a regular basis—a common feature of the North Korean propaganda and press—has failed to have any impact on the expectations of most observers, who are still anticipating reform as they have for the past two decades.

The stubborn rejection of this seemingly attractive option is often described as "paranoid" and explained away by the alleged ideological zeal and/or stubbornness of the North Korean decision-makers. Unfortunately, such observations seriously underestimate the North Korean leadership, which is both rational and logical in outlook. Rather, from the North Korean perspective, emulating the Chinese would be risky, or even suicidal.

As already stated, the primary reason behind the North's reluctance to accept the reform path is the staggering gaps in economic

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7. As a good – but typical – example of the over-optimistic (albeit slightly cautious) assessments of the 2002 "Economic Improvement Measures," see Young Chul Chung, "North Korean Reform and Opening: Dual Strategy and 'Silli (Practical) Socialism'," *Pacific Affairs*, Vol. 77, No. 2 (Summer 2004), pp. 283-304.

performance and income levels between North and South. Reform would bring social relaxation and a dramatic increase in access to information about the outside world. The spread of information, unavoidable if Chinese-style reforms are instituted, would be destabilizing for the North.

China faces no such threat. No doubt, the Chinese populace is well aware of the prosperity of the United States, Europe and Japan. But those are foreign nations, and their success cannot directly be construed as proof of the illegitimacy of the Chinese state's claim to nationhood. China cannot (nor would it want to) become the 51st state of the United States, or a Japanese prefecture. The Chinese have no other country with which to unify and substantially improve their living standards (Taiwan is far too small to make any difference). The Korean situation is very different. With reform, a powerful pro-unification movement is likely to arise in the North, and such a movement is likely to threaten the power, and perhaps even the lives of the North Korean decision-makers.

The above reconstruction of the Pyongyang elite's thinking is necessarily hypothetical, but a reliable confirmation of this hypothesis has emerged recently. In January 2011, journalists of the Japanese *Tokyo Shimbun* daily managed to interview Kim Jong-nam, Kim Jong-il's eldest son who lives overseas in semi-exile (largely in Macao and continental China) and is the only member of the Kim family who occasionally talks with foreign journalists. His remarks have become more frank in recent years, and in January 2011 he described the predicament of his father's regime in no uncertain terms. He was quoted as saying: "I personally think that reforms and openness are the best way to make the lives of the North Korean people more affluent. But if one takes into account the peculiarities of North Korea, one might fear that reforms and openness will bring about system collapse."[8] This is a remarkably frank—but completely reasonable—admission.

There is little doubt that the current North Korean leadership

8. *Tokyo Shimbun*, February 2, 2011.

understands the great dangers which are associated with attempted reforms. After all, Jang Sung-Taek and his peers greatly contributed to the anti-reformist hardline policy line of the Kim Jong-il era. Therefore, as long as actual political power in North Korea remains in the hands of the current "council of regents," the chance of seeing any dramatic change in domestic policy is slim.

However, one would expect that in due time Kim Jong-un will become an actual player in North Korean politics. His period of apprenticeship may last for several years, but sooner or later it will end. Some people with first-hand knowledge of Kim Jong-un's personality have privately described him to this author as "ambitious and energetic." Whether these accounts are accurate or not remains to be seen, but it appears unlikely that Kim Jong-un will be content to remain a figurehead for decades to come.

Changes are also likely to be hastened by biology. All the leading advisors of Kim Jong-un are old: currently most are in their mid-to-late 60s or even 70s, and their bodies and brains will not function indefinitely. They are likely to be soon replaced by much younger people, many of whom will be Kim Jong-un's peers—that is, people who are now in their late 20s and early 30s, obscenely young by the standards of North Korea's gerontocracy. Taking into account the near hereditary nature of the North Korea's social and political system, many of these people (if not all of them) will be the grandchildren of the present-day top officials, but this does not mean they will share the same assumptions as their grandparents.

Many of these future leaders have studied overseas, and nearly all of them are admirers of Western popular culture. This does not necessarily mean that they have a Western worldview, but it seems unlikely that any of them take the communist ideology—or, for that matter, the *Juche* ideology—seriously, although many of them might be quite serious about North Korea's version of ethnic nationalism. Most of these people have been born into power and privilege, so they might lack the caution and insecurity which is ingrained in the psyche of the current elite—lucky and cunning survivors of the bloody purges and cutthroat factional struggles of the 1950s and 1960s.

In other words, the next generation may try to undertake Chinese-style reforms, and in this undertaking they might be supported and encouraged by Kim Jong-un himself. These youngsters may lack the understanding of how dangerous such reforms will be for the existing system, so they might see Chinese-style policies as the logical way to revive the moribund Northern economy.

Of course this is only one of many possibilities, and the present author is more inclined to believe that the next generation will choose not to follow the Chinese path, since Chinese-style reforms are likely to lead to the regime's demise.

Glacial Change from Below

Even though the North Korean leadership is extremely cautious about reforms and will probably never dare to tamper with the existing economic and political system, North Korean society is nonetheless slowly changing from below. These changes are clearly not to the liking of the state, but all attempts to stop this steady transformation have failed so far—and are likely to continue to fail in the future.

The Kim Il Sung era economic system, the near perfect embodiment of Stalinist, centrally-planned economies, collapsed in the early 1990s. Some parts of this system have survived, like the military-industrial complex, some related infrastructure, and some export-related industries largely catering to the Chinese market. But production in most North Korean factories has come to a near complete standstill. There is some disagreement over the exact scale of North Korean industrial output, but it is universally accepted that it is well below the 1990 level.[9]

When a majority of the North Korean populace suddenly lost

9. In recent years, the transformation of North Korea's economy and society attracted much attention. Of English language book-length publications, one should mention, first of all Stephan Haggard and Marcus Noland, *Witness to Transformation: Refugee Insights into North Korea* (Washington, DC: Peterson Institute for International Economics, 2011).

access to government-issued food rations, a major famine ensued. However by the late 1990s, survivors had essentially rediscovered the market economy.

Nowadays, a majority of North Koreans make their living primarily outside of the barely functioning state economy. They are engaged in private market activities, technically illegal but tolerated for practical purposes. North Koreans toil in private fields, and they manufacture consumption goods in their homes or even at passively tolerated private workshops. They provide many kinds of services (the revived and booming restaurant industry is overwhelmingly private), they trade, and they smuggle. It was recently estimated that in 1998-2008 the share of income from informal economic activities reached 78% of the total income of North Korean households.[10]

The growth of private enterprise has had numerous political and social consequences for North Korean society. It has led to a dramatic increase in official corruption, hitherto largely absent. Low-level officials are nearly always willing to turn a blind eye to technically illegal activities as long as they can get kickbacks in return from private entrepreneurs. In some cases, they are also willing to overlook irregularities of a political nature. People can buy their way out of trouble if they are caught watching South Korean videos or listening to foreign broadcasts (and the money involved is not prohibitively high).

Controls over domestic travel, once notoriously strict, have all but disappeared (except for those restricting entry into Pyongyang itself), and the Sino-Korean border has become very porous. This has resulted in the proliferation of rumors about the outside world. Another important phenomenon is the spread of South Korean and Chinese TV shows via video CDs and DVDs. A study by the InterMedia research group concluded that in 2009 the penetration rate was 21% and 5% for VCD and DVD players, respectively,[11] and from my research it

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10. Kim Byung-Yeon and Song Dongho, "The Participation of North Korean Households in the Informal Economy: Size, Determinants, and Effect," *Seoul Journal of Economics*, Vol. 21, No. 2 (July 2008), p. 373.

11. *InterMedia*, "International Broadcasting in North Korea: North Korean Refugee/Traveler Survey Report," April-August 2009.

seems that in the borderland areas of the country some 70-80% of all households were in procession of DVD players by early 2012.

All this means a slow but unstoppable disintegration of the two main pillars of North Korean society—information exclusion and all-encompassing surveillance. The younger North Koreans know, or at least suspect, that South Korea is doing far better than the North, even though they are likely to underestimate the yawning size of this gap. They are less afraid of the authorities and they are often involved in horizontal networks—for decades, the North Korean state has done everything it could to prevent the emergence of such connections. They have also grown up in a society where income largely comes from one's own good fortune, efforts and guile, and not from one's ability to ingratiate oneself with the state bureaucracy and faithfully parrot the official propaganda. For many of them, the state and its bureaucrats are perceived not as natural providers but rather as a swarm of parasites who have to be tolerated as a fact of life, but whose necessity is doubtful at best. Of course, one should not overestimate these changes—they are very slow and the North Korean government is unlikely to be challenged from below in the immediate future. Nonetheless, time is not on the government's side.

The government perfectly understands that this spontaneous growth of market forces constitutes a long-term threat to regime stability. There have been periods when market activities have been tolerated and even accepted—the culmination of one such period was marked by the so-called "July 1st reform measures" of 2002—a much overrated but still significant attempt at adjusting the state's economic management to fit the new realities. There have also been times when the state has tried its utmost to push the genie back into the bottle—for instance, during the 2005-2009 period. This attitude has led to bans on an assortment of market activities and culminated in the failed currency reform of 2009.[12] In this struggle against market

12. For a detailed review of the counter-reforms which preceded the 2009 currency reform fiasco, see Andrei Lankov, "Pyongyang Strikes Back: North Korean Policies of 2002-08 and Attempts to Reverse "De-Stalinization from Below"," *Asia Policy*, Number 8 (July 2009), pp. 47-71.

forces, the state has scored only very limited successes. In most cases, bans have only been enforced for short periods of time and then have been completely forgotten by the police and populace. Tellingly, most of these bans were quietly lifted after the failed currency reform of 2009—the state ordered that markets be left alone in the spring of 2010.

From the point of view of Pyongyang, it makes sense to control and contain the growth of the markets and private economic activities. However, the state has no ready substitute for them, since the old centrally-planned economy cannot be restarted in spite of the state's best efforts. Therefore, the domestic policies of Kim Jong-un's government will probably continue to oscillate between attempts to push markets back or obliterate them completely and efforts to find some way to coexist with the markets which now provide most North Koreans with their daily bread (or more aptly, their daily corn).

So, what should we expect from the new leader in Pyongyang? In the short run, it will probably be more of the same: diplomatic maneuvers aimed at extracting foreign aid, a stubborn unwillingness to initiate domestic reforms and, of course, an unwavering commitment to keeping, and if necessary advancing, the nuclear weapons program. All these policies might be annoying or even dangerous to the outside world, but from the point of view of North Korea's leaders, they make perfect sense, and so we should not expect to see them reversed.

In the long run, however, the emergence of Kim Jong-un might indeed have far-reaching consequences. He has been unable to build up legitimacy equal to that of his father, and he might be open to some reformist ideas—especially once his current advisers have gone. Thus we cannot rule out the possibility that eventually the new leaders will try some reform—perhaps with destabilizing consequences.

Furthermore, irrespective of the leaders' subjective intentions, the system is changing from below. The growth of market forces and the spread of uncensored information from overseas is gradually corrupting and undermining the current system. Therefore, sooner or later the system is likely to collapse under its own weight, largely

because of its ingrained and incurable inability to bring about living standards commensurate with neighboring countries—above all, South Korea. Nonetheless, we should not expect this collapse to happen too soon, although when it finally does happen it will probably come like a bolt out of the blue.

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Prospects for Sino-American Policy Coordination toward North Korea

Scott Snyder

Kim Jong-il's death on December 17, 2011 stimulated widespread expectations that sudden change might occur in North Korea as a result of political paralysis resulting from a premature father-to-son succession in North Korea. But the respective responses of both the United States and China following Kim Jong-il's death revealed both a shared interest in preventing the outbreak of instability on the Korean peninsula and evidence of strategic mistrust over the conditions that would constitute a desirable end state on the peninsula. These responses and recent past fluctuations in Chinese policy toward North Korea and Sino-U.S. cooperation, respectively, provide a data set that can be analyzed to understand in greater detail the relationship between instability on the Korean peninsula and prospects for policy cooperation between the United States and China. This article will analyze fluctuations in Sino-American cooperation over policy toward North Korea to draw preliminary conclusions regarding the influence of the quality of Sino-American policy coordination efforts toward North Korea on both peninsular stability and Korean unification.

Key Words: North Korean instability, Sino-North Korean relations, Sino-U.S. relations, post-Kim Jong-il, U.S.-DPRK relations

Kim Jong-il's death on December 17, 2011 stimulated widespread expectations that sudden change might occur in North Korea as a result of political paralysis resulting from a premature father-to-son succession in North Korea. But the respective responses of both the United States and China following Kim Jong-il's death revealed both a shared interest in preventing the outbreak of instability on the Korean peninsula and evidence of strategic mistrust over the conditions that would constitute a desirable end state on the peninsula. This mixture raises important questions regarding the context and prospects for

Korean unification because the extent to which the United States and China either cooperate or compete with each other for influence during a potential period of instability or uncertainty will be one among several major factors that will influence the prospects for and feasibility of Korean unification. This article will analyze fluctuations in Sino-American cooperation over policy toward North Korea to draw preliminary conclusions regarding the influence of the quality of Sino-American policy coordination efforts toward North Korea on both peninsular stability and Korean unification.

Recent years have seen considerable fluctuations in the level and type of China's cooperation with the United States on North Korea-related issues, so these variations may offer a useful window onto the influence of U.S.-China coordination on efforts to deal with North Korean instability and unification. Following North Korea's first nuclear test, Sino-U.S. cooperation played a critical initial role in bringing North Korea back to the Six-Party Talks, but ultimately broke down over perceptions that Sino-U.S. cooperation came at the expense of China's own capacity to influence North Korea. But following North Korea's second nuclear test and the passage of UN Security Council resolution 1874, the level of Sino-U.S. cooperation on North Korean issues appears to have dropped. Differing American and Chinese responses to North Korea's provocations in 2010 lessened American hopes for China's cooperation on North Korean issues even as China's ability or willingness to restrain North Korea appears to have diminished. This circumstance changed somewhat with the issuance of the Sino-U.S. Joint Statement of January 2011, outlining limited Sino-U.S. cooperation in an attempt to bring North Korea back to the Six-Party Talks, but as a tactical objective embedded in strategic interests that increasingly seemed to be in direct conflict. Finally, the responses to Kim Jong-il's death are revealing because they increasingly show a Chinese approach that is skeptical of U.S. intentions and one in which China has set out to unilaterally strengthen its direct influence on North Korea.

Responding to North Korea's First Nuclear Test: Sino-U.S. Cooperation at the Expense of Relations with North Korea

The Bush administration's decision to support the establishment of the Six-Party Talks with China as the host recognized China's interests and provided China with an opportunity to play a constructive role as host of the talks, but it also provided China with an opportunity to inject its interests directly into the main diplomatic process for managing tensions on the Korean peninsula. As host, China had responsibility for coordinating participation by all the parties in the Six-Party Talks, and found itself engaging in shuttle diplomacy and playing a limited mediating role between the United States and North Korea in the early stages of the establishment of the talks. China exerted sustained effort to bring the United States and North Korea together and to convene the other parties for Six-Party meetings, but beyond the hosting role, China appeared hesitant to assert its own interests as part of the talks, ostensibly preferring to preserve its neutrality and to act as though China was an observer rather than an interested party in the settlement of North Korea-related disputes. China's role also provided an opening for it to attempt to restrain the United States from pursuing objectives that might have been perceived as harmful to China's own interests. After all, China's primary motive in undertaking a more active convening role in organizing the Six-Party Talks was to prevent U.S.-DPRK tensions from spiraling out of control by providing a diplomatic mechanism for addressing tensions on the peninsula. As long as the talks continued, however sporadically, China could be assured to some degree that escalation of tensions was capped by the existence of a mechanism for managing the Korean crisis. The talks also provided a framework through which the United States and China might work cooperatively to a certain degree toward a shared interest in constraining North Korea from further developing its nuclear capabilities.

Following North Korea's first nuclear test, PRC President Hu Jintao harshly criticized North Korea for conducting its first nuclear test on

October 10, 2006, using a description normally reserved for adversaries, "hanran," or "brazen," to describe North Korea's action in proceeding with a nuclear test. The international ramifications of North Korea's nuclear test put pressure on China to go along with UN Security Council Resolutions 1695 and 1718, which condemned North Korea for its actions and imposed sanctions on shipments of luxury goods to North Korea. It also motivated China to align its position more closely with that of the United States, but at a cost to the level and quality of China's relationship with North Korea.

In combination with measures to impose greater pressure on North Korea, China also sought to utilize high-level dialogue with the North to get a handle on the situation, dispatching Councillor Tang Jiaxuan as a special envoy to Washington, Moscow, and Pyongyang for consultations immediately following the nuclear test in mid-October. This mission may have borne some fruit, judging from the fact that by the end of the month China was able to host Assistant Secretary Chris Hill and Vice Minister Kim Kye-gwan for an announcement of the resumption of Six-Party Talks. However, no progress was made at the December round of Six-Party Talks; instead, Kim Kye-gwan and Chris Hill agreed to bilateral meetings in Berlin the following month at which a framework was hatched for moving forward toward a February 2007 agreement adopted as part of the six-party process on an interlocked set of actions to implement the Six-Party Joint Statement.

China faced a clear dilemma as it approached diplomacy toward the North following North Korea's nuclear test: greater support for U.S. denuclearization aims came at an apparent cost to its perceived influence and leverage over North Korea. Following North Korea's missile and nuclear tests the level and quality of Sino-DPRK interaction appeared to decline as North Korea appears to have pulled back on the level and frequency of high-level exchanges with China. Moreover, China also perceived that loss of leverage on North Korea meant loss of relevance and loss of leverage with the United States, since America's primary interest in China's involvement related directly to perceptions of China's ability to restrain North Korea's behavior.

China's marginalization from the process in favor of U.S.-DPRK

bilateral handling of substantive aspects of implementation engendered criticisms that China's policy had tilted too closely toward the United States and that as a result China had lost leverage (and relevance) with Pyongyang. Moreover, Sino-DPRK high-level consultations were reduced in frequency, as Pyongyang sought to distance itself from Beijing. As a result of the "normalization" of relations between Beijing and Pyongyang, the PRC was losing momentum in its relations with Pyongyang and losing influence over the pace and progress of U.S.-DPRK relations. In the meantime, Vice Minister Kim Kye-gwan began to openly call for Washington to engage Pyongyang independently of coordination with Beijing. This circumstance further heightened criticism among some Chinese strategists that by treating North Korea as "normal" and lowering the priority of good relations with North Korea, China was in the process losing influence to the United States over an issue that did have a direct impact on China's strategic interests.

In a prescient critical review of China's policy toward North Korea published in March of 2008, Shi Yinhong concludes that China's siding with the United States and American diplomatic reengagement of North Korea at the end of the Bush administration led to "China's lowing its central position as the indispensable mediator, negotiation organizer, and leading settlement-promoter," implying that China needed to strengthen relations with North Korea not only in order to shore up North Korean stability, but also as a means by which to gain strategic leverage not only with North Korea, but also with the United States and South Korea.[1]

But with the apparent failure of the parties to resume Six-Party Talks until North Korea affirms its will to denuclearize, the potential for North Korea to serve as an example or opportunity for Sino-U.S. bilateral cooperation has been constrained. As a result, China and the United States have less to show for their cooperative efforts to

1. Shi Yinhong, "China and the North Korean Nuclear Issue: Competing Interests and Persistent Policy Dilemmas," *The Korean Journal of Defense Analysis*, Vol. 21, No. 1, March 2009, pp. 33-47.

restrain escalation of tensions on the Korean peninsula under President Obama than was the case during the Bush administration. Moreover, Chinese attitudes appear to have hardened on the desirability of economic engagement as a tool for promoting eventual reform in North Korea, while the Obama administration has insisted on trying to change the pattern of its past interaction with North Korea and that it would not reward North Korean provocations. These developments place Chinese and U.S. economic policies toward the North essentially at odds with each other. China chooses to interpret UN resolutions and prohibitions against North Korea narrowly while the United States has focused on sanctions as a means by which to send a message that there will be "no reward for provocations."

North Korea's Second Nuclear Test and Kim Jong-il's Health Crisis: China's Strategic Embrace of North Korea at the Expense of Cooperation with the United States

Following North Korea's May 2009 nuclear test and the passage of UN Security Council Resolution 1874, Chinese leaders reviewed their policy toward North Korea and came to the conclusion that the relationship has a strategic dimension that is critical to China's security interests. This determination reversed China's policy following the first North Korean nuclear test to treat Sino-DPRK relations as a "normal" (as opposed to "special") relationship, and was accompanied by redoubled Chinese efforts to promote Sino-DPRK economic relations and high-level dialogue.[2] Premier Wen Jiabao led an impressive cabinet-level delegation to Pyongyang to commemorate the sixtieth anniversary of Sino-DPRK normalization in October of 2009, revealing China's determination to hug North Korea closer both through intensified bilateral economic exchanges and through more frequent high-level strategic consultations. On the occasion of the visit, Premier Wen

2. Bonnie S. Glaser, "China's Policy in the Wake of the Second DPRK Nuclear Test," *China Security*, Vol. 5, No. 2, 2009, pp. 1-11.

reportedly offered a comprehensive economic package that included $20 million in aid.[3] The purposes of China's comprehensive engagement were to provide stability for North Korea's political succession and economic reform while restraining North Korea from continuing its provocations.

China's decision in late 2009 to reaffirm a strategic element in the Sino-DPRK relationship was in the words of Shi Yinhong, "nothing less than a renewal of the alliance."[4] It reframed China's approach to North Korea in ways that limited prospects for Sino-U.S. cooperation to increase pressure on North Korea, particularly because an element of China's engagement was driven by Chinese strategic mistrust of American intentions toward the Korean peninsula. But this strategy also failed to deliver satisfactory outcomes for China precisely because China was unable to control North Korea's volatility, both in terms of bringing predictability to North Korea's internal succession process and in terms of imposing predictability by narrowing North Korea's preferred policy options and behavior. Moreover, China's support for North Korea limited its ability to cooperate with the United States on strategies designed to pressure the North. The divergence became particularly apparent in the aftermath of North Korea's 2010 provocations, during which the United States and South Korea sought to hold North Korea accountable for its actions through UN condemnation while China blocked these efforts. China's decision to promote comprehensive engagement with North Korea revived Chinese influence on the North, but at a certain cost to prospects for Sino-U.S. coordination.

China's primary policy objectives toward the Korean peninsula have remained unchanged since the direction of its policy was set in

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3. "Chinese premier discusses "multilateral issues" with N. Korea," *Yonhap*, October 4, 2009.

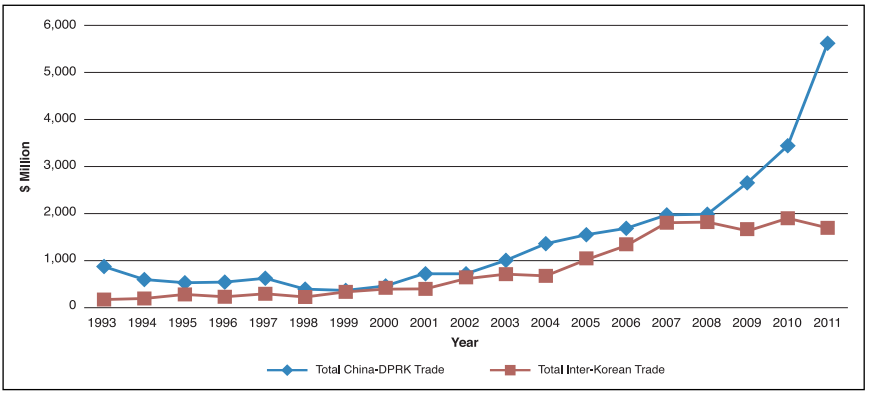
4. Shi Yinhong, "New Games in Tightly Fixed Structures: North Korea's Volatile Desperation and China's Cornered Strategy," *The Korean Journal of Defense Analysis*, Vol. 23, No. 3, September 2011, pp. 353-368.

late 2009.[5] China prioritizes stability on the Korean peninsula, seeks to avoid escalation of tensions that could lead to war, and opposes a nuclear North Korea. However, China's top priority is stability and its primary near-term concern is to support a stable leadership transition in North Korea. China's concerns about potential instability in North Korea following Kim Jong-il's stroke in the fall of 2008 may have catalyzed China's decision to promote strategic relations with North Korea from 2009. Kim Jong-il's death in December of 2011 has only resulted in a redoubling of Chinese efforts to support North Korea's transition and political consolidation. As of mid-February of 2012, Chinese analysts appeared satisfied with the progress of North Korea's political consolidation and were relieved to observe no evidence of instability in the North.[6] During this time, China has actively cultivated senior-level contacts with North Korean counterparts, not only through more intensive meetings between Hu Jintao and Kim Jong-il, but also through the active utilization of high-level visits organized by the Chinese Embassy in Pyongyang as occasions for meeting with all the top leaders in North Korea's elite hierarchy.

Expectations regarding China's influence over the North Korean nuclear issue have grown with North Korea's increased economic reliance on China. The China-North Korea trade relationship has experienced double digit growth, reaching US$5.63 billion in 2011, an increase of 62.5 percent from $3.46 billion in 2010.[7] China's trade with North Korea has steadily grown since around 2003, at approximately the same time that China took a more active role in mediating nuclear

5. Bonnie S. Glaser, Scott Snyder, See-Won Byun, and David J. Szerlip, "Responding to Change on the Korean Peninsula: Impediments to U.S.-South Korea-China Coordination," Center for Strategic and International Studies, May 2010, http://csis.org/files/publication/100506_Glaser_RespondingtoChange_Web.pdf.
6. Author conversations with Chinese Korea specialists, Beijing, China, February 2012.
7. "N. Korea-China trade jumps 62 percent in 2011: Data," *Yonhap*, January 1, 2012.

Figure 1. China-DPRK Trade vs. Inter-Korean Trade (1993-2011)



Source: Korea Trade-Investment Promotion Agency, Korea International Trade Association, ROK Ministry of Unification.

talks between the United States and North Korea through the establishment of the Six-Party Talks.

Figure 1 shows that Sino-DPRK trade has increased steadily since 2002, with the exception of a slight drop in Sino-DPRK trade in 2009. However, the volume of Sino-DPRK trade increased dramatically from 2007 to 2008 and from 2009-2011. The expansion of China-DPRK trade ties was matched by growth in inter-Korean trade relations through 2008, at which point the inter-Korean trade relationship stopped growing, primarily as an effect of the South Korean government's May 24, 2009, policy measures in response to the sinking of the Cheonan. One result of continued growth in Sino-North Korean trade in combination with the stagnation of Sino-South Korean trade is that North Korea's trade dependency on China as a proportion of its overall trade is now almost seventy percent.

Modest Chinese investments have focused on North Korea's mining and extractive industries, but it is not clear that these investments have provided China with significant political leverage in relations with North Korea. According to South Korean sources, Chinese investment in the North stood at $41 million in 2008 compared to a

$1.1 million in 2003.[8] Most of these investments have occurred in North Korea's natural resource sector.[9] The overall amount of Chinese investment in North Korea appears to be more a function of Chinese energy security needs than a strategic design to increase influence over or exposure to North Korea, given that Chinese investment there lags in comparison with China's investments in other neighboring countries such as Myanmar and Laos.[10] Chinese investment in North Korea provides an incentive for China to favor stability as a means to protect its economic and commercial interests. Overall, China's economic reach into North Korea has increased substantially in recent years, but it has not necessarily been accompanied by commensurate political influence. At least China has not yet found that its growing economic leverage is sufficient to prevent North Korea from taking actions destabilizing to regional security that involve direct costs to China's national interest.

China's efforts to establish a strategic relationship with the North have come against the backdrop of seemingly rising mistrust of U.S. intentions, including the purpose and aims of the U.S.-ROK alliance. As Lee Myung-bak came into office with the intention of strengthening the U.S.-ROK alliance, this development was met with mistrust in Beijing. The Chinese Foreign Ministry spokesperson called the U.S.-ROK alliance a "cold war relic" in advance of South Korean president Lee Myung-bak's first visit to Beijing in 2008, asserting at the time that the United States-ROK alliance "would not be valid in viewing, measuring and handling the current global or regional security

8. "N. Korean economic reliance on China further growing: Report," *Yonhap*, October 1, 2010.
9. A list of significant Chinese investments in the North Korean natural resource sector is included as part of Dick K. Nanto and Mark E. Manyin, "China-North Korea Relations," Congressional Research Service, December 28, 2010.
10. Drew Thompson, "Silent Partners: Chinese Joint Ventures in North Korea," U.S.-Korea Institute, Johns Hopkins SAIS, February 2011, http://uskoreainstitute.org/wp-content/uploads/2011/02/USKI_Report_SilentPartners_DrewThompson_020311.pdf.

issues."[11] Chinese analysts were surprised and frustrated by Lee Myung-bak's efforts to strengthen the U.S.-ROK security alliance following the relative convergence of Chinese and South Korean interests under Roh Moo-hyun's progressive leadership (which also seemed to be moving in the direction of lessening South Korea's dependence on the United States), both because they perceived Lee's move as leading to heightened inter-Korean tensions and because of China's concerns that the U.S.-ROK security alliance stands as an obstacle to greater Chinese influence on the Korean peninsula.

Chinese skepticism toward U.S. intentions on the Korean peninsula has grown higher in recent years, with some Chinese analysts seeing U.S. policy toward the Korean peninsula as a means of countering China's rise. American and South Korean skepticism toward China grew in turn as a result of China's poor handling of the aftermath of the Cheonan sinking and Yeonpyeong Island shelling in March and November of 2010, as a result of which China chose to defend North Korea at a cost to its relations with South Korea and the United States. Through this period, there was a growing perception in China that the United States and South Korea were utilizing the provocations as a pretext for placing undue pressure on the North. This perception came through strongly in Chinese protests against U.S.-ROK combined anti-submarine exercises held in the summer of 2010 off South Korea's east coast. Several Chinese military analysts strongly criticized the exercises, even though they were held in South Korea's East Sea (Sea of Japan). At that time, Chinese analysts also warned that such exercises should not be held in areas adjacent to China such as the Yellow Sea. Immediately following the Yeonpyeong shelling in November of 2010, the USS George Washington participated in exercises in the Yellow Sea. Chinese analysts showed sensitivity to U.S.-ROK security cooperation for the first time.[12] U.S. rebalancing, with its strengthened emphasis on East

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11. Foreign Ministry spokesperson Qin Gang's regular press conference, May 27, 2008.

12. Christopher Bodeen, "USS George Washington Visit Poses a Dilemma for China," *Huffington Post*, November 26, 2010.

Asia as a component of U.S. global strategy, and the prominent naming of China as part of U.S. Defense Guidelines released in early 2012, have further fueled some Chinese suspicions that the U.S. intends to block China's rising regional influence.[13]

Squaring the Circle: Limits of China Support for North Korea and Cooperation with the United States

One partial exception came in the context of preparations for Hu Jintao's January 2011 state visit to the United States, at which time limited but visible efforts to strengthen Sino-U.S. cooperation served as a factor that imposed restraint and discouraged further escalation of tensions between the two Koreas as a result of heightened tensions resulting from the North Korean shelling of Yeonpyeong Island. As a result, prospects for Sino-U.S. cooperation on North Korea have also become more limited.

The January 2011 Sino-U.S. joint statement reveals both commonalities and limits in the two countries' approaches to the Korean peninsula. It affirms their shared interest in promoting stable inter-Korean relations by calling for "sincere and constructive inter-Korean dialogue." It also recognizes enriched uranium as an item that should be on the agenda of renewed Six-Party Talks, underscoring a common interest in the denuclearization of the peninsula. However, the joint statement exposes limits to Sino-U.S. agreement on how to approach North Korea, failing to explicitly mention UN Security Council Resolutions 1718 or 1874, or the need for stepped up counter-proliferation and export-control efforts focused on preventing the transfer of fissile material-related technologies or know-how. This is a significant omission because it dramatically exposes differing views on how to apply tools of economic statecraft as leverage to influence North Korean

13. Michael S. Chase and Benjamin S. Purser III, "China unbowed, vigilant and still rising," *Asia Times*, March 17, 2012.

behavior. The statement also failed to explicitly mention or attribute responsibility for "recent developments" that have heightened tension on the Korean peninsula.

There is no indication of agreement on a further UN role in addressing tension on the Korean peninsula. The statement does not explicitly define "necessary steps" that would enable a return to the Six-Party Talks, indirectly underscoring the absence of a viable process for achieving the shared objective of denuclearizing the Korean peninsula. Although China allowed direct mention of North Korea's "enriched uranium" program in the joint statement it released with the United States in January, it opposed the issue being taken up at the UN Security Council and has rebuffed South Korean efforts to even acknowledge the topic in Sino-South Korean joint statements.

China's defense of North Korea has become a growing source of irritation in Washington. From the perspective of U.S. policymakers, China has seemingly turned a blind eye to North Korea's actions and allowed Kim Jong-il's regime to pursue provocations with apparent impunity. Washington's growing frustration with China's insistence on "calm and restraint" when dealing with North Korea was clearly reflected in President Obama's remarks at the G20 Summit in Toronto, when he noted, "There's a difference between restraint and willful blindness to consistent problems."[14] This feeling has only intensified since China's response to the Yeonpyeong Island shelling, where there is no ambiguity about North Korea's disproportionate and escalatory actions.

Sino-U.S. Responses to Kim Jong-il's Death: Convergent Interests in Stability amidst Rising Mistrust

China's immediate response to Kim Jong-il's death was to pull out the stops in support of North Korea's succession. In its condolence

14. Remarks by President Obama at G20 Press Conference in Toronto, Canada, The White House, June 27, 2010. Accessed at http://www.whitehouse.gov/the-press-office/remarks-president-obama-g-20-press-conference-toronto-canada.

message to Pyongyang over the death of Kim Jong-il, China emphasized hopes that North Korea "will remain united as one with the leadership of the WPK and comrade Kim Jong-un."[15] President Hu Jintao offered his condolences at the DPRK embassy in Beijing on December 20, accompanied by Vice President Xi Jinping, top legislator Wu Bangguo, propaganda chief Li Changchun, Vice Chairman of the Central Military Commission Guo Boxiong, Foreign Minister Yang Jiechi, head of the CPC International Department Wang Jiarui, General Office Director of the CPC Central Committee Ling Jihua, and Director of the President's Office Chen Shiju. Senior officials Wen Jiabao, Jia Qinglin, Li Keqiang, He Guoqiang, and Zhou Yongkang visited the embassy of the DPRK on December 21. Hu Jintao affirmed Beijing's "persistent policy" of consolidating and developing the traditional friendship with North Korea, calling for "joint efforts" to further the China-DPRK friendship.

China also mobilized regional efforts to promote stability on the peninsula, even to the extent of warning others not to engage in mischief-making with North Korea during such a sensitive period of transition.[16] Foreign Minister Yang held separate telephone conversations with Russian, Japanese, U.S., and South Korean counterparts on December 20, emphasizing peninsular peace and stability in the "common interests of all parties."[17]

The United States also responded cautiously to Kim Jong-il's death, with Secretary Clinton providing a statement of condolences to the North Korean people. The statement said that "it is our hope that the new leadership of the DPRK will choose to guide their nation onto the path of peace by honoring North Korea's commitments, improving relations with its neighbors, and respecting the rights of

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15. Deng Shasha, "China sends condolences over death of DPRK top leader," http://news.xinhuanet.com/english/china/2011-12/19/c_131315765.htm, December 19, 2011.
16. Victor D. Cha, *The Impossible State: North Korea, Past and Future*, Ecco, April 2012.
17. "China urges stability in wake of Kim Jong-il's death," http://english.peopledaily.com.cn/102774/7684153.html, December 21, 2011.

its people."[18] In a public appearance with the Japanese foreign minister on the same day, Secretary Clinton stated that "We both share a common interest in a peaceful and stable transition in North Korea, as well as in ensuring regional peace and stability."[19] Although these statements reserved judgment on the leadership succession process itself, they expressed an interest in continuity and made no attempt to treat North Korea's leadership transition as an opportunity to press for regime change or to foment instability. Likewise, after a day of deliberations, South Korea's Minister of Unification Yu Woo-ik issued a statement of condolences to the Korean people, carefully avoiding criticisms of the North Korean regime.[20] No doubt, there were some advocates in both Washington and Seoul who advocated North Korea's leadership succession as a moment of opportunity to overturn the regime, but those sentiments clearly were not reflected in the official responses of South Korea or the United States. Given this circumstance, Chinese warnings to neighboring countries of the need to remain calm and not do anything to heighten tensions begs the question of why China would carry such high levels of suspicion regarding South Korean and American actions toward North Korea at a moment of apparent vulnerability.

Despite a convergence in U.S. and Chinese desires for stability, there remains a substantial difference in American and Chinese strategic objectives as it relates to the desired end state on the Korean peninsula. Chinese anxiety about changes in the political balance (i.e., anything that might lead toward Korean unification) inhibits

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18. Secretary Clinton on Passing of Kim Jong-il, U.S. Department of State, December 19, 2011, http://translations.state.gov/st/english/texttrans/2011/12/20111220100015su0.2711865.html#axzz1wyu3Fke4.

19. Remarks by Secretary Clinton, Japanese FM Gemba, U.S. Department of State, December 19, 2011, http://translations.state.gov/st/english/texttrans/2011/12/20111219170839su0.3180157.html#axzz1wyu3Fke4.

20. Donald Kirk, "Sympathy? Condolences? South Korea weighs response to Kim Jong-il's death," *Christian Science Monitor*, December 20, 2011, http://www.csmonitor.com/World/Asia-Pacific/2011/1220/Sympathy-Condolences-South-Korea-weighs-response-to-Kim-Jong-il-s-death.

prospects for future Sino-U.S. cooperation and even raises the prospect of Sino-U.S. conflict as developments on the peninsula unfold. Above all else, China's fear that internal instability might lead to a unified Korea has led it to attempt to shore up the status quo in the face of increasing North Korean weakness and instability. It has also prevented the Chinese government from cooperating with the United States and others despite common interests in preventing instability and promoting denuclearization of the Korean peninsula.

Strengthened Sino-DPRK Relations and Implications for Sino-U.S. Coordination toward North Korea

U.S. perceptions of China's efforts to strengthen its relationship with North Korea are a background influence in the U.S. policy debate over how to deal with North Korea. The influence of strengthened Sino-DPRK relations on U.S. perceptions primarily revolves around the question of prospects for cooperation with China to pursue common objectives toward North Korea. To the extent that U.S. policymakers might have sought regional cohesion as a basis for pressuring North Korea, China's prioritization of North Korean stability and strengthened relations with the North seem to prove that China has no intention to actively cooperate with the United States in pursuing such a strategy. There are at least three background factors likely to influence the quality and importance of Sino-U.S. cooperation as it relates to policy toward the Korean peninsula.

First, China's capacity to influence the strategic situation on the Korean peninsula has grown in proportion to China's rising influence in regional and global affairs. China's influence on U.S. perceptions of the Korean issue was negligible in the 1990s, and the apparent necessity of cooperation with China as a means by which to restrain North Korea is now an important factor shaping North Korea's strategic environment. Although U.S. and South Korean policymakers acknowledged China's constructive efforts to influence North Korea in the first North Korean nuclear crisis in the 1990s, the Bush administration's

decision to pursue Six-Party Talks with China as host constituted a direct recognition that any successful effort to achieve North Korea's denuclearization and integration with the region required China's buy-in. Policymakers from the Clinton era who returned to positions of responsibility at the beginning of the Obama administration cited China's rising influence as the single biggest change in the policy environment surrounding the North Korean issue that had occurred since they had last dealt with North Korea policy in the 1990s.[21]

As time passes, China's ability to influence the situation on the Korean peninsula may continue to grow as a result of China's rising power. This circumstance may reinforce the perception in Beijing that time is on China's side, and that efforts to buy near-term stability on the Korean peninsula will ultimately work in favor of a solution on the Korean peninsula that is conducive to China's interests, while near-term instability in North Korea is clearly perceived as contrary to Chinese interests. A *Global Times* editorial argued in October 2010 that "China should firmly insist on the protection of peninsular stability and oppose any country that seeks to undermine such a standpoint. As China's national strength rises, such a bottom line will be insisted on with greater seriousness."[22] This suggests that increasingly, the United States will have to factor in cooperation with China as a necessary element of any successful strategy in dealing with North Korea, and that China's importance to any policy that attempts to address North Korea's denuclearization will continue to grow as time passes.

A second factor influencing the effectiveness of Sino-U.S. cooperation over North Korea is that the U.S.-China relationship is now overloaded with so many agenda items that North Korea can get lost in the shuffle. But the danger is that Chinese policymakers take the crowdedness of the agenda and the prioritization of other pressing issues in the relationship over North Korea as a signal of the relative priority that U.S. accords to solving the North Korean issue. As a

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21. Author conversations with U.S. government officials, May 2009.
22. "Stable Sino-N. Korea Ties Benefit Region," *Global Times*, October 11, 2010.

result, some Chinese analysts may have drawn the observation that the Obama administration does not place a high priority on addressing the North Korea issue, especially compared with the other issues on the agenda that are prioritized above North Korea. Certainly, the fact that President Bush personally made North Korea an active issue of discussion at the leadership level means that it would be easy for Chinese analysts to draw the conclusion that by comparison, the Obama administration has prioritized North Korea behind Iran and other issues at the top of the list.

But even if North Korea were at the very top of the Sino-U.S. agenda for coordination, there would still be clear limits imposed on what the United States and China would be able to do together with each other, especially in an environment in which PRC Vice Minister Cui Tiankai has described the two countries as facing a "trust deficit."[23] This is an understated way of pointing to strategic mistrust between the United States and China that would likely persist in the respective positions of the two countries even if North Korea were to become the number one priority issue on the Sino-U.S. agenda. Because the United States and China so far appear to embrace very different preferred end states on the Korean peninsula—with China's priority being the perpetuation of stability and the United States having formally signed on to a Joint Vision Statement with South Korea that aspires to see a unified, democratic, market-oriented Korean state—it is easy to feel that prospects for Sino-U.S. cooperation on the peninsula will face clear limits. At the same time, North Korea's provocations continue to be a drag on China's security environment. The problem is that U.S. ownership of the North Korean issue too often appears to let China off the hook as China continues to adopt the view that China is an innocent by-stander and potential victim of continued hostility in the U.S.-DPRK relationship.

Third, the state of China's own leadership transition and the conduct of foreign policy under Xi Jinping is additional factors likely

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23. Chris Buckley, "China sees 'trust deficit' before Xi's U.S. trip," *Reuters*, February 7, 2012.

to require further Sino-U.S. interaction in the coming days and months, given ongoing concerns that North Korea's third generation leadership may actually fail. How China chooses to manage its relationship with North Korea will remain important, as will the issue of how much China is willing to share its first-hand experience and observations of the North Korean leadership with outsiders.

Chinese Concerns about North Korean Stability and their Influence on Sino-U.S. Coordination toward North Korea

The foregoing review attempts to provide a picture of the influence of China's policies toward North Korea on prospects for Sino-U.S. coordination, based on a review of the dynamics in the Sino-DPRK relationship and the Sino-U.S. relationships, respectively. This review of China's approach to North Korea and its influence on prospects for Sino-U.S. cooperation points to two primary variables in China's approach to North Korea that have an impact on prospects for Sino-U.S. cooperation, both of which lead to a sober view of prospects for cooperation with China in the future. First, China's primary objective has been to ensure stability in North Korea, and China's cooperation with the United States and South Korea on other issues appears to have been limited to that objective. Cooperation in pursuit of other objectives has been limited and has been premised on the assumption that cooperation on other issues must not be allowed to supersede the objective of stability maintenance on the Korean peninsula. Second, Sino-U.S. cooperation has been most active when China has perceived instability on the Korean peninsula as coming from a source external to North Korea (i.e., a rise in U.S.-DPRK tensions or rising inter-Korean tensions), while perceived instability internal to North Korea has resulted in limited Sino-U.S. cooperation, as a result of China's prioritization of the maintenance of North Korean stability above all other priorities. The influence of China's concerns regarding North Korean instability and its judgment regarding whether such instability is driven by

Table 1. Nature of North Korean Instability and Impact on Sino-U.S. Policy Coordination

Sources of North Korean Instability	PRC Position, Reaction, Implications
External/Peninsular Instability (ROK/U.S.-DPRK Tension)	intent: influence ROK/U.S. action action: distrust-constrained cooperation with ROK/U.S. result: limited cooperation with U.S.; strained relations with DPRK
DPRK Domestic Uncertainty/Instability	intent: influence DPRK domestic conditions action: high-level outreach/support for DPRK result: diminished potential for cooperation with U.S.

external or internal factors is reflected in Table 1.

Following North Korea's first nuclear test, China regarded the greatest potential for instability on the Korean peninsula as coming from external sources, namely the possibility of a U.S. reaction that would drive further tensions on the Korean peninsula, rather than from internal sources. Thus, China's main energy and efforts were focused diplomatically on how to convince the United States and North Korea to return to diplomatic talks. This circumstance required careful Chinese coordination with the United States to promote diplomatic channels through the Six-Party Talks. But a result of the talks was that by aligning with the United States, China lost leverage and influence over the process, demonstrating the limited prospects for Sino-U.S. cooperation on the Korean peninsula.

Following North Korea's second nuclear test, China's concern with North Korea's internal instability was the overriding factor motivating Chinese diplomacy, which was focused on revitalizing Sino-DPRK relations as a means by which to support North Korean political and economic stability. China's strategic interest in North Korean stability overrode prospects for cooperation with the United States and South Korea, respectively, and even led China to incur

significant diplomatic costs as a result of its decision to support and protect North Korea from retaliation for its provocations in March and November of 2010.

With rising inter-Korean tensions following the Yeonpyeong shelling, China again focused on the possibility that sources of tension external to North Korea might lead to internal instability in North Korea and resumed active efforts to cooperate with the United States as a means by which to restrain inter-Korean tensions and maintain peninsular stability. But China's cooperation with the United States remained limited to the objective of maintaining stability on the peninsula, and did not provide the Obama administration with opportunities to strengthen regional cohesion as a basis for pressuring North Korea on denuclearization.

Finally, Kim Jong-il's death raised the twin prospects of internal North Korean instability and the risk that external actors might take advantage of North Korea's vulnerability during a period of leadership transition. China warned against external interference while concentrating most of its energy on maintaining stability in the North. China must be pleased that the U.S. government is not attempting to destabilize North Korea, but there have been no special efforts to enhance Sino-U.S. coordination in response to North Korea's leadership transition. This suggests that China's policy approach in the near-term will continue to prioritize stabilization of North Korea, but that prospects for Sino-U.S. coordination on North Korea-related issues will remain limited.

Conclusion

China's focus on stability in North Korea narrows the scope and circumstances under which China is willing to cooperate with the United States, especially in light of Chinese concerns that the United States could take advantage of North Korean regime transition as an opportunity to pursue objectives that might involve transformation of the strategic situation on the Korean peninsula. The best period of

Chinese cooperation with the United States in recent years resulted in the apparent marginalization of Chinese influence toward North Korea, making China ill-positioned to respond in case of North Korean instability or to influence prospects for Korean unification. China's dilemma has been described by Shi Yinhong as "cornered in its relations with the ROK, and with the United States on the North Korean issue and with a volatile DPRK."[24]

This suggests that China's rising influence on North Korea is mitigated by the unpalatability of its strategic choices, hemmed in by a desire to avoid both unification and North Korean instability, but with no sure means by which to preserve the status quo. If this is the case, then there will be limited likelihood of success from directly trying to engage China in discussions regarding how to deal with instability because China's objective and investments are designed to prevent instability in the first place.

The main conclusion for American and South Korean policymakers to consider from this study is that prospects for Sino-U.S. cooperation on policy toward North Korea will remain limited: China will not officially discuss with the United States and South Korea on how to respond to possible instability in North Korea, while remaining worried that the United States and South Korea might seize the moment to press for Korean unification at an early stage by moving forces into North Korea—perhaps to reestablish social order in the event that a power vacuum or infighting might develop inside North Korea. To the extent that China's influence with North Korea is growing, it will be used to perpetuate the status quo; as a result, China will increasingly become an obstacle to South Korean and U.S. efforts to achieve goals that might remotely challenge the status quo. Nor will diplomatic efforts to persuade China to accept an altered strategic environment on the Korean peninsula be successful. The emergence of North Korean instability due to internal factors would be a particularly unstable and dangerous problem that would require careful Sino-U.S. management, especially to avoid the possibility that various factions

24. Shi Yinhong, *op. cit.*, p. 363.

inside North Korea might draw the United States and China into support for different sides in the incipient stages of an internal competition for control inside North Korea, but until it become clear that the current status quo is unsustainable, it is unlikely that Sino-U.S. cooperation will be possible in any circumstance that goes beyond China's primary strategic objective of maintaining stability in North Korea and perpetuating the status quo on the Korean peninsula.

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Prospects for China's North Korea Strategy in the Post-Kim Jong-il Era and Implications for South Korea*

Myeong-hae Choi

This paper asserts that with the advent of the post-Kim Jong-il era, China will advance from its previous role of mere balancer and seek to become a more active manager in pursuit of its own national interests. China hopes for a softer, more stable North Korean regime, so that a mutually beneficial partnership can develop between the two states. China believes that it must adjust and take on a new role in the process of North Korea's "normalization." China also expects that by adopting this new role, it can restructure North Korea into a strategic buffer zone in the long term. This Chinese perspective can be seen as not merely an attempt to manage the situation, but rather a visionary approach toward the North Korean issue. This is expected to spark considerable controversy within South Korea concerning its Chinese policy. From a progressive viewpoint, the new Chinese approach concerning the stabilization of the North Korean region, the softening of the North Korean regime, and the development of mutually beneficial relations, resembles the Sunshine Policy of South Korea in certain aspects. But from a conservative perspective, while there has been a noticeable shift in China's attitude toward North Korea, there is no detectable change in its actual North Korea policy. For the conservatives, China's approach to North Korea is likely to be seen as an attempt to expand its influence on the Korean peninsula for self-gain. These changes will be intertwined with the political schedule of South Korea and may incite social controversy over what kind of strategic position South Korea should occupy between the U.S. and China.

Key Words: post-Kim Jong-il era, North Korea-China relations, role of China, new strategic buffer zone, South Korea's China policy

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Introduction

Since 2000, every time North Korea became a diplomatic issue, controversy would erupt in China over whether North Korea was a "strategic asset" or a "strategic burden." But this previous dichotomy now seems to be moving toward common ground after the missile launches and nuclear tests conducted in 2006 and 2009. For China, which has aimed to create a stable and peaceful international environment in order to coexist in harmony with the international community, North Korea is increasingly seen as a "strategic burden."[1]

Experts who had thus far claimed that North Korea could be a "strategic asset" are now gradually moving away from this position to advocate the traditional buffer zone approach.[2] In other words, North Korea is no longer evaluated as a "strategic shield of defense" that will prevent South Korea, the U.S., and Japan from hindering China in any way. Whatever the intentions of North Korea, the general opinion is that North Korea's "adventuristic" actions are causing "strategic losses" for China. That is, because North Korea is "ignoring China's desire to build a harmonious Northeast Asia by maintaining peace and stability on the Korean peninsula" and engaging in provocative actions, China now stands in a difficult position on the international stage. Also, there are some who claim that North Korea's development of nuclear weapons and missiles will spur on the development of stronger missile defense capabilities in South Korea, the U.S., and Japan, and conversely weaken the nuclear deterrent of China.[3] Some have even suggested that the real security threat to

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1. You Ji, "Understanding China's North Korea Policy," *China Brief*, Vol. IV, Issue 5 (March 4, 2004); Jay Solomon, "China's Anger at North Korea Test Signals Shift," *The Wall Street Journal*, May 29, 2009; John Pomfret, "A Changing Chinese Tune on North Korea?" *Washington Post*, June 2, 2009; "Must China Revise its North Korean Policy?" *Fenghuang [Phoenix] TV* (March 11, 2012), http://blog.ifeng.com/article/16739884.html.
2. On this tendency, refer to Heungkyu Kim, "From a buffer zone to a strategic burden: Evolving Sino-North Korea relations during the Hu Jintao era," *The Korean Journal of Defense Analysis*, Vol. 22, No. 1 (March 2010), pp. 57-74.
3. "North Korea lets ordinary Chinese down," *Global Times*, June 2, 2009; "China

North Korea comes not from outside but North Korea's adventuristic actions themselves.[4]

But simply from this point of view, although North Korea has already become a burden for China, the "North Korean problem" has the potential to go beyond the confines of North Korean-Chinese bilateral relations and become an impetus for changes in the future strategic environment of Northeast Asia. Therefore, China cannot completely lower the banner of "traditional friendly relations" with North Korea. Chinese experts claim that China must maintain "friendly relations" with North Korea in order to preserve its diplomatic role and influence and in this way steer the future path of the Korean peninsula according to its own pace.[5] Maintaining "friendly" relations with untrustworthy neighbors will incur diplomatic costs from the negative reactions of neighboring states, as well as the economic costs of providing aid, but the bilateral relationship will inevitably continue, considering the absence of workable alternatives.[6] That is, North Korea's internal instability and the associated future uncertainty are the factors that perpetuate China's "uncomfortable cohabitation" with North Korea.

From a long-term perspective, China's most serious concern is not which position it should take on the "North Korean nuclear issue," but the uncertainty of the unfolding situation on the Korean peninsula. With the possibility of abrupt changes in North Korea's future and

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needs 'Plan B' for N. Korea conflict," *Global Times*, May 31, 2009; Willy Lam, "Beijing Mulling Tougher Tactics against Pyongyang," *China Brief*, Vol. IX, Issue 12 (June 12, 2009).

4. "North Korea must stop playing nuclear games," *Global Times* (Editorial), May 13, 2010.
5. Shin Sang Jin, "An analysis on China's changing view on North Korea: In-depth interviews with North Korea experts," *Tongil jungchaek yungu* [Unification Policy Studies], Vol. 17, No. 1 (2008), pp. 265-291; Scott Snyder, *China's Rise and the Two Koreas: Politics, Economics, Security* (Lynne Rienner Publishers, 2009), pp. 149-157.
6. You Ji, "Hedging Opportunities and Crises against Pyongyang's Hereditary Succession: A Chinese Perspective," *International Journal of Korean Unification Studies*, Vol. 20, No. 1 (2011), pp. 55-87.

changes in the geopolitical order of Northeast Asia in the post-Kim Jong-il era, the end state of the Korean peninsula is extremely uncertain. China has always emphasized that the South Korean-U.S. military alliance is not the only method of "managing" that uncertainty.[7]

From China's perspective, waving the banner of "traditional friendship" with North Korea is a means of ensuring that future developments on the Korean peninsula do not disrupt the strategic interests of China.[8] China's "traditional friendship" with North Korea, on the one hand, acts as a "soft balancing mechanism" against South Korea and the U.S., preventing future events on the Korean peninsula from unfolding in a way that is detrimental to the security and national interests of China, while on the other hand serving as a "management mechanism" to control the unexpected behavior of North Korea by emphasizing mutual information sharing and cooperation.[9]

The uncertainty that afflicted the North Korean regime after the death of Kim Jong-il must have heightened China's need to maintain "friendly relations" with North Korea.[10] For one thing, China is desperate to prevent North Korea's internal instability from spreading across its borders. In order to make sure that incidents like the Cheonan sinking and the Yeonpyong Island attack do not occur again, China must maintain channels of communication with North Korea. Fur-

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7. This point was brought up in a commentary by a spokesperson of China's Ministry of Foreign Affairs. *Xinhuawang* (May 27, 2008), http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/world/2008-05/27/content_8264427.htm.
8. Shi Yinhong, "China and the North Korean nuclear issue: Competing interests and persistent policy dilemmas," *The Korean Journal of Defense Analysis*, Vol. 21, No. 1 (March 2009), pp. 33-47.
9. Choi Myeong-hae, *Joonggook bukhan dongmaeng guangae: Bulphunhan dongguei yueksa* [The Chinese-North Korean Alliance: The History of an Uncomfortable Cohabitation] (Seoul: Oreum, 2009).
10. North Korean-Chinese relations have grown very close since fall 2009, in part due to the instability within the North Korean regime after the deterioration of Kim Jong-il's health. Shi Yinhong, "Meiguo zai dongbeiya: Quanshi zhendi de suishi gonggu" [The U.S. in Northeast Asia: A Temporary Solidification of Established Powers], *Xiandai gouji guanxi* [Contemporary International Relations], No. 1 (2012), pp. 10-12.

thermore, in light of its long-term strategic rivalry with the U.S., China believes that "friendly relations" with North Korea must be maintained.[11]

However, the Kim Jong-un regime has proclaimed that it will continue to carry out Kim Jong-il's final instructions. In 2012, North Korea announced through its "New Year's Joint Editorial" that Kim Jong-il's legacy (achievements) and final instructions (policy) will be "unconditionally adhered to and cherished." More than anything, "nuclear weapons and satellites" are said to be the highest priorities of Kim Jong-il's legacy.[12] The launch of the "Kwangmyongsong-3" rocket was part of North Korea's current effort to carry out these final instructions.

Will China continue to maintain the same type of relationship with North Korea that it had during the Kim Jong-il era, with the same economic and diplomatic costs?[13] Will there be any detectable changes in China's North Korean policy? In regard to these questions, there is some disagreement among China experts as to whether China should completely reestablish its North Korean strategy in the post-Kim Jong-il era. But most experts do agree that a new approach must be considered.[14] In that case, what role will China play in dealing with the North Korean problem? The answer depends on what role China has played up to the present moment, and how much that role will change in the future.

This paper argues that since the end of the Cold War, China has

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11. Lee Hee Ok, "China's perspective on the Kim Jong-un regime," *Dongasia Brief* [East Asia Brief], Vol. 7, No. 1 (2012), pp. 62-67; Andrei Lankov, "Chinese Interest on the Korean Peninsula and the Future of North Korea," *EAI Issue Briefing*, No. MASI 2012-02 (March 19, 2012).
12. *Rodong Sinmun*, Commentary on December 28, 2011.
13. China's past tactics were aimed at buying peace on the Korean peninsula; this was a type of bribery. Zong Hairen, *Aimei de quanli jiaojie* [An Ambiguous Change of Power] (Hong Kong: Mingjingchubanshe, 2003), p. 285.
14. Refer to information from a seminar hosted by the China Institutes of Contemporary International Relations (CICIR) on the topic of "The new circumstances and strategic influences of Northeast Asia," *Xiandai gouji guanxi* [Contemporary International Relations], No. 1, pp. 1-21.

played the role of by-stander, "stakeholder," and balancer in regard to the North Korean problem. This paper will also present the case that in the post-Kim Jong-il era, China will take one step further from its past role of mere balancer to seek a more active role of manager in pursuit of its own national interests. And it will also argue that, by taking on this new role, China will expect to reshape North Korea as a new strategic buffer zone in the long term. In the second chapter, the evolution of China's role in the North Korean problem will be laid out. In chapters 3 and 4, the goals of the North Korean strategies devised by China and the specific approaches it takes to realize those goals will be presented. In the last chapter, we will examine China's strategic approach to North Korea in terms of its future implications for the debate over South Korea's China policy.

China's Transformed Role

During the first North Korean nuclear crisis in the 1990s, China was virtually a by-stander. At the time, China clearly expressed its opposition to Western pressure and sanctions against North Korea, rather than bearing the diplomatic responsibility of mediating between North Korea and the U.S., and reacted passively to the situation by adopting measures that helped to stabilize the surrounding political situation. China intervened only in a limited capacity, just before the conclusion of the North Korea-U.S. Geneva Agreement.[15] Considering the deterioration in North Korean-Chinese relations after China and South Korea normalized diplomatic relations, it is not surprising that North Korea had misgivings about China's role as mediator.[16]

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15. Banning Garrett and Bonnie Glaser, "Looking Across the Yalu: Chinese Assessment of the North Korea," *Asian Survey*, Vol. 35, No. 6 (June 1995), pp. 528-545; Joel S. Wit, Daniel B. Poneman, Robert L. Gallucci, *Going Critical: The First North Korean Nuclear Crisis* (The Brookings Institution, 2004).
16. Samuel S. Kim and Tai Hwan Lee, "Chinese-North Korean Relations: Managing Asymmetrical Interdependence," in Samuel S. Kim and Tai Hwan Lee (eds.), *North Korea and Northeast Asia* (New York: Rowman & Littlefield Publishers, 2002).

China's new active diplomatic role emerged after the second North Korean nuclear crisis, when Hu Jintao's "New Thought Diplomacy" coincided with the U.S.' "outsourcing" of the North Korean nuclear problem to China.[17] But China was willing to at least serve as an "honest mediator" between North Korea and the U.S. during the first Bush administration.[18] During the second Bush administration, the diplomacy and security team led by Secretary of State Condoleezza Rice and advisor Philip D. Zelikow turned away from the previous hardline stance toward North Korea and proposed a new broad approach. Writing in 2007, Zelikow recalled that in 2005 he had presented two approaches. One was diplomatic, and the other was defensive. The diplomatic strategy involved recognizing that the North Korean problem was an opportunity to bind powerful potential rival states into a common front in Northeast Asia, and the defensive approach focused on responding to the various "outlaw strategies" that North Korea relied on for its economic survival.[19]

It is well known that the U.S. had an in-depth discussion with China concerning the "future of North Korea" during Secretary Rice's visit to China in March and July, and also during the first Chinese-U.S. senior dialogue in August.[20] Through these meetings, the U.S. brought up China's status as a responsible "stakeholder" in dealing with the North Korean nuclear problem.[21] China responded actively and posi-

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17. Hunabashi Yoichi (translated by Oh Young Hwan et al.), *Kim Jung-il choihuei dopak* [Kim Jong-il's Last Gamble] (Seoul: Joong Ang Daily Co. Media, 2007), pp. 395-404, pp. 434-440.
18. Refer to the media interview by Yang Xiyu, who had served as the director of the Korean Affairs Section of the Chinese Ministry of Foreign Affairs and had also successfully served as the Chinese representative to the Six-Party Talks. "Exclusive interview with North Korea expert Yang Xiyu, Duowei News," *Duowei Xinwenwang* [Duowei News], May 9 and May 16, 2009.
19. David E. Sanger, "U.S. Said to Weigh a New Approach on North Korea," *The New York Times*, May 18, 2006; Robert B. Zoellick, "Long Division," *The Wall Street Journal*, February 26, 2007; Philip Zelikow, "The Plan That Moved Pyongyang," *Washington Post*, February 20, 2007.
20. Glenn Kessler, "Zoellick Details Discussions with China on Future of the Korean Peninsula," *Washington Post*, September 7, 2005.
21. "Wither China: From Membership to Responsibility?" Speech of Robert B.

tively to the U.S.' new approach. Consequently, China behaved in a very proactive manner during the fourth round of Six-Party Talks in 2005, in a departure from its passive diplomacy of the past, and played a decisive role in producing the September 19 Joint Statement, which promoted the implementation principle of "words for words" and "actions for actions."[22] At the same time, China actively participated in U.S. measures to apply pressure to stop North Korea's illegal actions.[23] Rather than playing the role of a "honest mediator," China seemed to be utilizing the North Korean nuclear problem to enhance its own relations with the U.S.[24]

In reaction to China's new diplomatic tendency to lean toward the U.S. on the nuclear issue, North Korea took an extreme hard-line stance by conducting a nuclear test in October 2006. China responded by publishing an angry commentary claiming that "denuclearization and the deterrence of nuclear proliferation on the Korean peninsula is the consistent policy of the government of China … and North Korea has recklessly (*hanran*) conducted these experiments." China also voted in favor of UN Resolution 1718, marking the first time in the history of North Korean-Chinese relations that China agreed to impose sanctions on North Korea.[25] But China could only watch as the diplo-

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Zoellick, Deputy Secretary of State, before the National Committee on United States-China Relations, New York, September 21, 2005, http://www.ncuscr.org/articlesandspeeches/Zoellick.htm.

22. On the changing role of China, refer to Anne Wu, "What China Whispers to North Korea," *Washington Quarterly*, Vol. 28, No. 2 (Spring 2005), pp. 35-48; Bonnie S. Glaser and Wang Liang, "North Korea: The Beginning of a China-U.S. Partnership?" *Washington Quarterly*, Vol. 31, No. 3 (Summer 2008), pp. 165-180; Thomas J. Christensen, "Will China Become a "Responsible Stakeholder?": The Six-Party Talks, Taiwan Arms Sales, and Sino-Japanese Relations," *China Leadership Monitor*, No. 16 (Fall 2005), pp. 2-6; Lin Limin, "Chaohe weiji guanli yu zhongguo de waijiao juece" [Managing the North Korean nuclear crisis and China's diplomatic choice], *Xiandai guoji guanxi* [Contemporary International Relations], No. 8 (2006), pp. 32-38.
23. Gregory J. Moore, "How North Korea threatens China's interests: Understanding Chinese 'duplicity' on the North Korean nuclear issue," *International Relations of the Asia-Pacific*, Vol. 8, No. 1 (2008), pp. 9-10.
24. Shi, "China and the North Korean nuclear issue," p. 39.
25. Chinese Ministry of Foreign Affairs, "Answers given by Ministry of Foreign

matic influence it had expended suddenly evaporated. Ironically, the North Korean nuclear weapons tests gave new momentum to the nuclear negotiations, and the leading role that China had played in the Six-Party Talks was now pushed to the backbench by the North Korean-U.S. bilateral negotiations.[26]

North Korea's nuclear weapons tests have shown that China's previous approach of intervention under a cooperative regime led by the U.S. was ineffective. After the North Korean nuclear tests, voices of self-criticism arose within China arguing that the North Korean nuclear negotiations had fallen into a pattern of "2+0" (the U.S. and North Korea, with China excluded), and China's standing in regard to the North Korean problem was weakened as a result. Since North Korea's second nuclear weapons test in May 2009, the mainstream opinion has been that China must not make the same mistake it made during the second Bush administration, of losing its sense of balance.[27] After North Korea's first nuclear test in October 2006, China invested an entire year to restore relations with North Korea, but after the second nuclear test it took only four months for the relationship to be mended with a visit by Premier Wen Jiabao to North Korea. Additionally, the instability of North Korea's internal affairs due to the deteriorating health of Kim Jong-il was another factor making the restoration of Chinese-North Korean relations more urgent.[28]

Since then, China has sought to strengthen its strategic position in relation to North Korea through its role as balancer, controlling the uncertainty of the present and future of the Korean peninsula, and also to focus more on the stable management of the situation rather than trying to devise an ultimate resolution.[29] During Kim Jong-il's

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Affairs Spokesperson Liu Jian-Chao during official briefings" (October 10, 2006), http://www.fmprc.gov.cn/chn/pds/gjhdq/gj/yz/1206_7/fyrygth/t275579.htm.

26. Shi, "China and the North Korean nuclear issue," pp. 40-41.
27. *Huanqiu Shibao* [Global Times], June 2 and June 4, 2009.
28. Shi, "Meiguo zai dongbeiya," pp. 10-12.
29. *Huanqiu Shibao* [Global Times], July 11, 2011.

visit to China in May 2011, an editorial in the *Huanqiu Shibao* (Global Times) commented that with stronger communication, the highest-level officials of China and North Korea can act as "balance weights" when the political circumstances on the Korean peninsula periodically fall into vicious cycles, and this can stop uncontrollable situations from occurring.[30] To this end, China has emphasized to North Korea the need to maintain diplomatic communications and economic cooperation in the name of "traditional friendship"; to the other states involved, it has highlighted the utility of the Six-Party Talks as a mechanism to manage unstable circumstances. This decision was based on China's judgment that there is little chance of North Korea surrendering its nuclear weapons, and any negotiations with North Korea on the matter would be fruitless. China sees the Six-Party Talks as a mechanism to manage the actions of not only North Korea but also South Korea and the U.S. From China's perspective, if each party can be at least tied down within the framework of discussions, then any unexpected situation can be prevented.[31]

China's Strategic Goals and New Roles in the Kim Jong-un Era

Considering China's geopolitical relations and historical experience, it is quite certain that China prefers to maintain the *status quo* on the Korean peninsula. But this does not mean there is no possibility of change. In more precise terms, China's Korea policy can be summarized as "*status quo* plus." In other words, China's strategic interests (creating a stable security environment for the purpose of economic development and maintaining relative influence) are best served by prioritizing

30. *Huanqiu Shibao* [Global Times], May 21, 2011.

31. ICG, "Shades of Red: China's Debate over North Korea," *Asia Report*, No. 179 (November 2, 2009); Jin Canrong, "Dongbeiya xin bianju yu 'hou Jinzhengri shidai' de chaoxianbandao" [The political currents of the recently changing Northeast Asia and the Korean peninsula of the 'post-Kim Jong-il era'], *Xiandai guoji guanxi* [Contemporary International Relations], No. 1 (2012), p. 4.

peace and stability on the Korean peninsula and maintaining "friendly" relations with both North and South Korea, as change occurs gradually on the peninsula. To actualize these goals, China has implemented policies that supported North Korea's regime survival and reform, while continuing to develop relations with South Korea, establishing its dominant influence on the Korean peninsula, encouraging the functional integration of North and South Korea, and supporting denuclearization on the Korean peninsula.[32] From this strategic perspective, it seems accurate to say that for China, North Korea is "an issue that requires skillful management, rather than a problem that must be urgently resolved."[33]

It can be said that since the U.S.-China rapprochement in the 1970s, China's Korea strategy has consistently focused on strategic management.[34] Under this basic theme, China has played the roles of bystander, stakeholder, and balancer since the end of the Cold War, as mentioned above. But China has continued to express concerns that its room to maneuver is limited by the policy dilemmas caused by North Korea, and now it is faced with the unexpected situation of Kim Jong-il's death.[35]

It seems that China's North Korea strategy in the post-Kim Jong-

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32. Avery Goldstein, "Across the Yalu: China's Interests and the Korean Peninsula in a Changing World," in Alastair Iain Johnston and Robert S. Ross (eds.), *New Directions in the Study of China's Foreign Policy* (Stanford: Stanford University Press, 2006), pp. 139-143; David Shambaugh, "China and the Korean Peninsula: Playing for the Long Term," *Washington Quarterly*, Vol. 26 No. 2 (Spring 2003), pp. 44-45.

33. You Ji, "The Military Aspects of China's Strategy of Peaceful Development and Increasing Chinese Influence on the Korean Peninsula," *Junlyack yungu* [Strategy Analysis], Vol. XIV, No. 2 (2007), p. 76.

34. Samuel S. Kim, "China's Conflict-Management Approach to the Nuclear Standoff on the Korean Peninsula," *Asian Perspective*, Vol. 30, No. 1 (2006); Quansheng Zhao, "Moving toward a Co-Management Approach: China's Policy toward North Korea and Taiwan," *Asian Perspective*, Vol. 30, No. 1 (2006).

35. "North Korea must stop playing nuclear games," *Global Times* (Editorial), May 13 2010; "Why China can't persuade N. Korea alone," *Global Times* (Editorial), March 19, 2012.

il era will be to maintain the basic strategic management direction which it has consistently implemented in the past. But some China experts also claim that after the death of Kim Jong-il, China needs to take on a more active role than the past. Considering the stiff competition between China and the U.S. which is likely to intensify in the future, North Korea's geostrategic values will remain valid for some time to come.[36] It is also quite true that North Korea has utilized these geostrategic considerations as part of its China policy.[37] This implies that China will continue to face a policy dilemma over the North Korean problem. But there are also voices that argue that now that Kim Jong-il is dead, China must not continue to be dragged around by North Korea as it has in the past. In other words, China must avoid the vicious cycle of North Korean provocations leaving little room for it to maneuver. China believes that it must take the lead at least in North Korean-Chinese relations.[38] In order to do this, China must go beyond the passive balancer role and seek to become a "constructive manager." In other words, China should not stop at being a mere mediator, but become an "important manager with a constructive significance for the purpose of peace, stability, and prosperity on the Korean peninsula." This means that China uses its influence work to gradually change the circumstances on the Korean peninsula in a way that better reflects its national interests.[39]

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36. On China's geostrategic interests concerning the Korean peninsula, refer to Shen Dingli, "North Korea's Strategic Significance to China," *China Security*, Vol. 3, No. 2 (Autumn 2006), pp. 19-34; Toshi Yoshihara and James Holmes, "China, a Unified Korea, and Geopolitics," *Issues & Studies*, Vol. 41, No. 2 (June 2005), pp. 119-169.

37. Chung Jae Ho and Choi Myeong-hae, "Uncomfortable Allies or Uncertain Neighbors? Making Sense of China-North Korean Relations, 1949-2010," *Pacific Review* (forthcoming in 2012).

38. Cheng Xiaohe, "Chaoxian fashe weixing yao mao sizhong fengxian" [North Korea's launching of missiles must face four risks], *Jingji guancha* [Economic Observer], March 26, 2012, http://www.eeo.com.cn/2012/0326/223513.shtml.

39. Refer to comments by Zhu Feng and Zhang Pohui on *Fenhuang* [Phoenix] *TV*, March 12, 2012, http://blog.ifeng.com/article/16739884.html; Tang Yongsheng, "Yingdui bandao jushi keneng bianhua de youguan sikao" [Responses to

It seems that China expects North Korea to be restructured as a new strategic buffer zone in the true sense of the word. Actually, from China's point of view, it can hardly be said that North Korea has functioned effectively as a buffer zone protecting China's security and economic interests. The very definition of buffer zone implies that it only functions properly if it is stable, soft, and costless (or beneficial). China hopes for a softer, more stable North Korean regime, so that a mutually beneficial partnership can develop between the two states. And it believes that its own role should accommodate this process of "normalization" of North Korea.[40]

This new perception of China's was clarified during the two North Korean-Chinese summit meetings in 2010. At the first summit meeting on May 5, 2010, China recommended that both sides communicate matters such as "important issues on domestic politics and diplomacy, international and regional matters, and experiences in Party politics and governance," and emphasized its willingness to introduce "its experiences of reform and construction."[41] During the August 27 summit in *Changchun*, the Chinese side mentioned an economic trade partnership where both states can benefit and learn from China's experiences of reform and open policy. The Chinese leaders highlighted the "necessity of cooperation with the outside world for economic development, and not just autonomous rejuvenation."[42] These statements by the Chinese leadership mean that China is clarifying its intention to actively engage in North Korea. In the future, China can be expected

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possible changes on the circumstances of the Korean peninsula and some observations], *Xiandai guoji guanxi* [Contemporary International Relations], No. 1 (2012), pp. 14-15.

40. Jin, "Dongbeiya xin bianju," p. 4; Tang Yongsheng, "Yingdui bandao jushi," p. 15; Liu Xinghua, "Chaoxian zhengju yu zhongguo de dongbeiya zhanlue" [The political circumstances of North Korea and China's Northeast Asia strategy], *Xiandai guoji guanxi* [Contemporary International Relations], No. 1 (2012), p. 19.

41. International Department of Communist Party of China (May 7, 2010), http://www.idcpc.org.cn/duiwai/niandugaikuang/2010/100507.htm.

42. International Department of Communist Party of China (August 30, 2010), http://www.idcpc.org.cn/duiwai/niandugaikuang/2010/100830.htm.

to actively move away from its previous tactic of using bribery to manipulate North Korea, and shift to strengthening strategic communications on domestic and diplomatic matters. It will also move away from the practice of providing aid without compensation and move toward closer cooperation on economic trade, while pressing the North to make progress on reforms and opening.

China's Future Approach to North Korea

Stabilization of the North Korean Region

In order to realize the strategic goals of China's North Korea policy, stabilization of the North Korean region is paramount. China believes that controlling the external security environment around North Korea requires maintaining internal stability inside the North. Considering the fact that the China's highest priority for the Korean peninsula is maintaining peace and stability, it is urgently needed to give prompt support for the North Korean power succession. Also, in China's view, North Korea must be prevented from inciting trouble outside its borders in a bid to divert attention away from its own internal insecurity. Also, China must demonstrate to the international community that its relations with North Korea remain unchanged in order to preemptively restrict the maneuvers of other interested states.[43] As such, China believes that it can manage the situation within the realm of predictability by preemptively restricting the maneuverability of not just North Korea but all interested states. This shows a general policy trend

43. On the cessation of discussions between the U.S. and China concerning the rapid changes in North Korea since 2009, Chinese theories on providing food aid and the need to immediately accept the North Korean power succession after the death of Kim Jong-il, and China's call to neighboring states for calm and restraint, and other factual matters, refer to Scott Snyder and See-won Byun, "New Challenges in the Post-Kim Jong-il Era," *Comparative Connections* (Pacific Forum CSIS) (January 2012); "China provides half a million tons of food and crude oil to China," *Yonhap News*, January 30, 2012.

of "quick actions, passive attitude."[44]

China's viewpoint is reflected in its statement concerning North Korea's launch of the "Kwangmyongsong-3" rocket. The Chinese government did not respond positively to North Korea's claim for its right to peaceful use of outer space.[45] And unlike in 2009, when there was an intense back-and-forth debate for two weeks, this time China quickly agreed within three days to adopt the UN Security Council Chairman's Statement denouncing the launch, sending a clear message to North Korea.[46] But China also repeatedly stressed that, regardless of which side is right or wrong, it will not support any one-sided action that may cause instability.[47] It is said that Hu Jintao, in a March 26 meeting with Lee Myung-bak, expressed deep concerns about North Korea's plans to launch long-range missiles, and China, "through constant communication, urged North Korea to surrender its satellite launch plans and instead focus on the development of public welfare."[48] But press reports from China only mentioned that "The current situation on the Korea peninsula is extremely complex and sensitive. We hope that this hard-won easing of the Korean situation does not revert back to the past."[49] On March 20, deputy minister

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44. "China's N. Korea initiative on right track," *Global Times*, December 21, 2011; Cheng, "Chaoxian fashe weixing yao mao sizhong fengxian."

45. When North Korea launched its "Kwangmyongsong-2" rocket in April 2009, it commented that "launching a satellite, missile testing, and nuclear weapons testing are all distinct activities, and each state has the right to peacefully utilize outer space." "Spokesperson of the Ministry of Foreign Affairs Jiang Yu Official Briefing," April 7, 2009, http://www.fmprc.gov.cn/chn/gxh/tyb/fyrbt/jzhsl/t556297.htm.

46. "Pyongyang must remember to heed China's advice," *Global Times*, April 17, 2012.

47. Refer to Wang Wenwen, "Launch unlikely to drastically alter Korean affairs," *Global Times*, March 19, 2012.

48. "China urges North Korea to cease missile launch, focus on development of public welfare," *Yonhap News*, March 26, 2012.

49. "Hu Jintao receives South Korean president Lee Myung-bak" (March 26, 2012), *Xinhuawang*, http://news.xinhuanet.com/world/2012-03/26/c_111703307.htm.

of China's Ministry of Foreign affairs, Fu Ying, summoned the South Korean ambassador to China and requested "calm and restraint." At the same time, China strongly criticized North Korea. On the day that North Korea proclaimed its plans for a missile launch, deputy minister Zhang Zhijun of the Ministry of Foreign Affairs summoned Ji Jae Ryong, the North Korean ambassador to China, and sent a message of "caution and concern." This was a very rare occurrence in the history of North Korean-Chinese relations. The *Huanqiu Shibao* commented that "The state that suffers the most losses is ultimately North Korea. By cunningly using the strategic environment of Northeast Asia, a small state has implemented the diplomatic strategy of a large state. (But) what North Korea must understand is that, while this type of behavior may seem to put China in a difficult situation, ultimately the negative consequences will boomerang back to North Korea." But the commentary also added that "North Korea is China's friend in the twenty-first century. China will not make myopic mistakes concerning North Korean-Chinese relations."[50]

Softening of the North Korean Regime

Considering China's new Korea policy of "*status quo* plus," the gradual reform and opening of North Korea is in keeping with China's national interests. Since the end of the Cold War, Chinese leaders such as Deng Xiaoping have endeavored to make clear that Chinese-style reform and opening would be beneficial for North Korea.[51] From this, it can be assumed that China does not want the post-Kim Jong-il regime to ultimately revert to the past or establish a "dynastic regime." China seems to expect the emergence of a "collective leadership regime"

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50. *Huanqiu Shibao* [Global Times], March 30, 2012.
51. Shen Jingguo (ed.), *Gongheguo waijiao fengyun zhong de Deng Xiaoping* [Deng Xiaoping in the Dynamic Political Situation of Republic Diplomacy] (Haerbin: Heilongjiang renminchubanshe, 2004), pp. 383-384; Refer to the interview with Ambassador Zhang Ruijie, who had served under five of the top leaders of China since the reform and opening of 1978, including Deng Xiaoping, Li Xiannian, Zhao Ziyang, Zhang Zemin, etc., *Seoul Daily*, September 7, 2005.

Table 1. Differences in the Diplomatic Messages of Consolation sent by China after the Deaths of Kim Il Sung and Kim Jong-il

Death of Kim Il Sung (July 1994)		Death of Kim Jong-il (December 2011)
A list of signatures of national leaders including Zhang Zemin (CCP), Li Feng (government), Chao Shi (parliament), and the personal signature of Deng Xiaoping (senior advisor)	Format of message of consolation	Joint statement from the four branches of power, namely the CCP, parliament, government, and military
International Department of CPC (CCP)	Channel for message	Ministry of Foreign Affairs (government)
Emphasis on Kim Jong-il: "The North Korean people unite around the Workers' Party with comrade Kim Jong-il as chairman…"	Content of consolation	Emphasis on the Workers' Party of Korea: "the people of North Korea unite around the Workers' Party of Korea, under the leadership of comrade Kim Jong-un,"
Dispatched Ding Guangen (Politburo member), Wen Jiabao (Politburo candidate member), and Wang Ruilin (first assistant director of the General Political Department of the People's Liberation Army)	Dispatching consolation emissaries	None
12 days	Period of mourning	None

Source: *JoongAng Sunday*, January 1, 2012.

where some alternative internal policies can at least be discussed. Considering China's historical experiences, it expects that these political conditions are required for reform and opening. China's expectations were reflected somewhat in its condolence diplomacy following the death of Kim Jong-il. China's quick gestures to embrace North Korea and requests to neighboring states for restraint after Kim Jong-il's death in December 2011 may be partly interpreted as preemptive measures

to stabilize the Korean peninsula, but there is also an element of expectation of change in North Korea's regime. China's expression of condolences on Kim Jong-il's passing differed in content and format from the message it sent to North Korea after the death of Kim Il Sung in July 1994.

In terms of content, when Kim Il Sung died, Kim Jong-il the "individual" was emphasized, whereas after the death of Kim Jong-il the role of the Korean Workers' Party was highlighted. It seems that China is expressing a wish that the power of the individual leader will be checked by the organs of the Party and the state. From this perspective, it is significant that the general director of Organization Department of Central Committee, Li Yuanchao, paid a visit to North Korea in June 2011, following Kim Jong-il's visit to China in May. The purpose of Li's visit was to lay the systemic foundation for inter-Party exchanges by establishing an "inter-Party strategic communication" mechanism, an issue that was agreed upon by the leaderships of both North Korea and China. China even included a statement expressing hope that the final injunctions of Kim Jong-il would be upheld, but this did not seem to imply that China was encouraging North Korea to revert to a monarchical dynastic regime and destroy any political possibility of devising alternative policies. China had already mentioned, during Choi Tae Bok's visit to China in October 2010, that North Korea's succession system of elites represented a "new central leadership group of the Workers' Party of Korea."[52] China does not want power divided within North Korea to the point of breeding instability within the political regime, but it generally wishes to see at least some political breathing space so that internal debate concerning the necessity of reform and opening can be fostered.

Also, judging from the form of the consolation message and its intended recipient, China also seemed to be trying to shift its relationship with North Korea from a "special relationship" to normal state-to-state relations. In 1994, the consolation was sent to three indi-

52. International Department of Communist Party of China (October 2, 2010), http://www.idcpc.org.cn/dongtai/101002.htm.

viduals at the highest levels of the North Korean government, but the 2011 message was sent to official institutions of the Party and state. The message also implied that China wants to change its relationship with North Korea into one between two sets of official institutions (Party, government, military); in other words, normal state-to-state relations based on national interests. We can infer from this that it has become difficult for China to maintain the old-style "special relationship" with North Korea based on inter-personal friendships.

Promoting Mutually Beneficial Relations

Since Premier Wen Jiabao's visit to North Korea in October 2009, China has tried to stabilize the situation by inviting the relevant states to hold dialogues within the framework of the Six-Party Talks, while encouraging change within North Korea by allowing it to smoothly participate in development strategies for Northeast region of China. Through this process, China has sought practical gains such as economic development in the Jilin Province area. China's utilization of North Korea's Rajin port was a factor behind the short-term success of the "Chang-Ji-Tu Pilot Area Development Initiative," and is also meaningful in the long term as it paves the way for North Korea to become an important member of a Northeast region economic zone that connects China, Japan, and the Primorsky Krai of Russia.[53] In this way, through the Hu Jintao-Kim Jong-il summit in Changchun in August 2010, China changed from its previous North Korean economic cooperation principle of "government leadership, civilian participation, and market principles" to "government leadership, preference for corporations, market principles, and mutual benefits."[54]

But North Korea is not equipped with the basic conditions to guarantee the success of the gradual systemic transition so hoped for

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53. Choi Myeong-hae, "The DPRK-PRC Joint Projects in Rason and Hwanggeumpyong," *SERI Quarterly*, Vol. 4, No. 4 (October 2011), pp. 130-136.

54. International Department of Communist Party of China (August 30, 2010), http://www.idcpc.org.cn/duiwai/niandugaikuang/2010/100830.htm.

by China. A type of leadership which has no choice but to find its legitimacy in its revolutionary legacy rather than pragmatic reforms, a monolithic and centralized form of governance unlike China's fragmented and decentralized system, and an economic foundation that makes the accumulation of capital difficult, are all factors that stand to hinder gradual systemic change in North Korea. Therefore, rather than follow China's path, i.e., beginning with reforms and opening in the agricultural and external economic sectors and then expanding and intensifying those results into state-owned corporations, it would be most appropriate for North Korea to concentrate its capital and technology into a few core strategic industrial sectors to pave the way for a new North Korean economy. But one advantage that North Korea has over China in terms of preliminary conditions is that it has access to the export markets of South Korea and Japan. If this asset is properly utilized and North Korea's economy is incorporated into the economic network of Northeast Asia, thereby lending it export competitiveness, then swift economic growth may be possible.[55]

The Special Economic Zone system offers a model for economic development that guarantees the stability of the regime and also meets the conditions of North Korea. In July 2010, North Korea launched the Joint Investment Committee, an organization devoted to implementing joint development projects with China in the Hwanggeumpyong and Rason areas. In November the same year, North Korea and the Commerce Ministry of China signed the "Joint Development and Management Agreement for the Rason Economic Trade Zone and the Hwanggeumpyong-Wuihwado Economic Zone." In order to guarantee the implementation of these treaties, the central governments of North Korea and China created the "North Korean-

55. Kim Byung Yeon, "Political conditions for socialist economic reforms and regime change: Precedents of the former Soviet Union, East Europe, China, and the potential for implementation in North Korea," *Begyo gyungjae yungu* [Comparative Economics Analysis], Vol. 12, No. 2 (2005), pp. 215-251; Wang Zaibang, "Chaoxian pingwen guodu de jingji shehui jichu" [Economic and social foundations for a peaceful and stable transition of North Korea], *Xiandai guoji guanxi* [Contemporary International Relations], No. 1 (2012), pp. 7-8.

Chinese Joint Guidance Committee," which in February 2011 laid out concrete plans in the "Joint Development and Plan Summary for the Rason Economic Trade Zone and the Hwanggeumpyong Economic Zone." In June 2011, the North Korean and Chinese governments held a ground-breaking ceremony for the joint development of the Rason Economic Trade Zone and the Hwanggeumpyong Economic Zone. It was the first time the two states committed to jointly developing an area as an economic zone at the central government level.[56]

The "Joint Development General Plan Summary" crafted by the two governments presents a broad vision that goes beyond mere economic cooperation. The two sides agreed on "overall planning, government leadership, joint development, business focus, market management, and mutual benefits and cooperation" as principles for development. This implies that corporations will be the primary agents in managing the project under free market principles, but the two governments will take responsibility for joint development. Alongside these principles, development goals have been clearly set: "improving the industrialization level and public standard of living of North Korea, raising North Korea's capacity for earning foreign currency and producing quality goods, and transforming the comparative resource advantages such as manpower, land, and minerals into comparative economic advantages." The intention of this is to move away from simple economic aid and provision of food and energy, to connect development in North Korea's special zones to its overall industrial development, so that the very structure of North Korea's economy can change.[57]

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56. Choi Myeong-hae, "The DPRK-PRC Joint Projects in Rason and Hwanggeumpyong," pp. 130-136; Gordon G. Chang, "Implications of China's Economic Penetration of North Korea," *China Brief*, Vol. 11, Issue. 13 (July 15, 2011).

57. Zhang Yushan, "Chaoxian jingji zhengce de bianhua dui changjitu tongdao jianshe de yingxiang" [Influence of changes in DPRK's economic policy on construction of Chang-Ji-Tu passage], *Dongbeiya Luntan* [Northeast Asia Forum], No. 4 (2011), pp. 87-95; Zhang Dongming, "Duiyu zhongchao chanye kaifa yu hezuo wenti de jidian sikao" [A study on industrial development and cooperation between China and DPRK], *Dongbeiya Luntan* [Northeast Asia Forum], No. 5 (2011), pp. 12-21; Lin Jinshu and He Fanglong, "Changjitu xiandaoqu yu chaoxian luoxianshi de jingmao hezuo" [Economic cooperation

China's expectations for North Korea's special economic zones are rising despite the news of North Korea's "Kwangmyongsong-3" rocket launch. The Chinese media noted that while North Korea was announcing its satellite launch, it was also carefully experiencing changes. For instance, it had formally announced laws concerning the Hwanggeumpyong and Wuihwado special economic zones,[58] including various pro-investment measures such as repealing income taxes for businesses that invest in North Korea. China emphasizes that North Korea's dependency on it should be transformed into a motivating force for reform, with a focus on normalizing the state.[59]

Implications for South Korea

Recently, some Chinese scholars have claimed that China's North Korea policies must be approached through the prism of Korean unification. That is, China's Korea policy must be directed towards unification. To this end, China must develop economic and trade relations with North Korea and utilize this as an engine for growth in China, while at the same time establishing a North Korean-Chinese relationship that is more predictable in the long term by encouraging North Korean reform and opening. There are even suggestions that peaceful unification of the Korean peninsula is the most ideal scenario for China's development, and that it may be advantageous to use the entire Korean peninsula as a buffer zone for China. This would require the normalization of North Korea through stronger relations with China, as well as improved relations with South Korea, and stronger strategic communication with the U.S.[60]

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between Chang-Ji-Tu Pilot Zone and Rajin-Sonbong], *Yanbian daxue xuebao* [Journal of Yanbian University], No. 2 (2011), pp. 14-18.

58. "North Korea Announces its Hwanggeumpyong, Wuihwado Special Economic Zone Law," *Hankook Daily*, March 19, 2012.

59. "N. Korea's nuanced change to be encouraged," *Global Times*, April 16, 2012.

60. Tang, "Yingdui bandao jushi," pp. 14-15; Jin Qiangyi, "Juejie Chaoxianbandao wenti de fangfa, shijiao ji lujing xuanze" [Resolving the issue of Korean peninsula:

This view by China may be not just a simple means of "managing the situation," but rather a visionary approach toward the North Korean problem. This is expected to spark considerable controversy within South Korea concerning its Chinese policy. For progressives, China's approach, which focuses on the stability of the North Korean region, the softening of the North Korean regime, and mutually beneficial relations, is somewhat similar in premise to South Korea's former "Sunshine policy." Therefore, they will claim that a long-term platform for strategic cooperation with China is necessary.

But for conservatives, while the change in China's perception of North Korea is noticeable, a real change of its North Korea policy would be harder to detect. In reality, the various approaches devised by China to gain leadership in North Korean-Chinese relations are not specific policies. The inherent instability within North Korea, and the uncertainty surrounding the international political circumstances of Northeast Asia involving the strategic rivalry between the U.S. and China, will perpetuate the policy dilemma faced by China. From a conservative perspective, this may seem a selfish attempt by China to expand its influence on the Korean peninsula. The first concept that Chairman Hu Jintao proposed during the March 26 summit between South Korea and China, "the strengthening of political and strategic mutual trust," may hint at the possibility of deepening mistrust between South Korea and China in the future.[61]

On the other hand, it is still unclear whether the Kim Jong-un government will respond positively to China's new approach. North

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Method, prospective, and path selection], *Dongbeiya luntan* [Northeast Asia Forum], No. 2 (2012), pp. 47-56. But considering North Korea's history of "enjoying" geopolitical games with nuclear weapons, its "adventurism," and its tendency to respond sensitively to reform and opening in keeping with its conservative government creed, it seems unlikely that North Korea will simply accept China's demands. It is difficult to predict North Korea's response and China's counter-response at the present moment, but this will no doubt be an important topic for research on the currents of Northeast Asian politics.

61. *Xinhuawang* (March 26, 2012), http://news.xinhuanet.com/world/2012-03/26/c_111703307.htm.

Korea certainly will feel the need to make some gesture corresponding to China's interests in order to procure the minimal amount of outside material goods needed to secure its power succession. But there is also a possibility of North Korea moving away from China's interests, in the event that discord arises in the process of economic aid and cooperation between China and North Korea. During the May 2011 summit meeting, Kim Jong-il proposed elevating the status of economic cooperation between the two states, while Wen Jiabao promoted the idea of economic cooperation for mutual benefit and proposed allowing active participation by corporations.[62] This can be interpreted as North Korea's effort to procure "magnanimous" development aid through industrial loans from the central government, which is at odds with China's emphasis on cooperation based on the market economy and guided by provincial governments. If China continues to be parsimonious in providing development aid to North Korea as it struggles to establish its power succession, then we cannot rule out the possibility of North Korea engaging in more provocations and drifting away from China's interests.[63] This is the most significant dilemma for China in its economic cooperation with North Korea.

For China, North Korea remains a strategic burden and an uncertain neighbor rather than a mutually beneficial partner. Also, taking leadership in its bilateral relations and promoting changes in North Korea seems like it is still beyond its capabilities. China's strategic intentions for the Korean peninsula will remain unclear to South

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62. *Xinhuawang* (May 26, 2011), http://news.xinhuanet.com/politics/2011-05/26/c_121463025.htm.

63. The Chinese Ministry of Commerce estimates that China's investment in North Korea reached 12.14 million dollars in 2010. This is merely 30% of the amount reached in 2008 (41 million dollars) when Chinese investment peaked. In 2010, Chinese investment in North Korea was merely 0.017% of China's total direct foreign investment. Considering Kim Jong-il's efforts to promote economic cooperation through frequent visits to China right before his death, it is noteworthy that China's actual direct investment in North Korea is much smaller than expected. Ministry of Foreign Affairs and Trade (Republic of Korea) Northeast Asia 2nd Department, "Bi-weekly analysis of Chinese politics" (2011-6), requoted from p. 4.

Korea for a long time to come. Entangled with the circumstances of South Korea's domestic politics, these issues will spark more social controversy concerning the strategic status of South Korea in relation to the U.S. and China.

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A Historical Contingency?: North Korea's New Leadership Meets the Rise of China and the U.S. Re-engagement Policy*

Ihn-hwi Park

The new power relations between the United States and China suggest an increasing possibility of conflict due to the U.S. re-engagement policy and China's vigorous rise. From the perspective of the Korean peninsula, this historical transitional period occurs ironically alongside a huge transformation in North Korea, with the death of Kim Jong-il and the emergence of the new Kim Jong-un regime. If North Korea attempts to expand its economic relations with China, improve relations with the United States and the international community, and capture the momentum to transform its relations with South Korea, all these things linked together may provide momentum for an ultimate, albeit unintended, transformation of the entire North Korean society. The diplomatic environment of the G2 relationship may possibly give North Korea a vague hope for the future and lead it to heighten the brinkmanship diplomacy inherited from the previous leadership. Against this backdrop, South Korea must strive to ensure that the only option for North Korea is to embrace the transforming environment in which the United States and China seek increased influence on the Korean peninsula, and accept the momentum for transformation.

Key Words: U.S.-China relations, post-Kim Jong-il North Korea, Kim Jong-un's new leadership, inter-Korean relations, U.S.-North Korean relations

Introduction

The sudden death of Kim Jong-il signifies both continuity and discontinuity of the security order on the Korean peninsula which has persisted

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since the end of the Cold War. On the one hand, Kim's death will certainly cause a transformation of the North Korean regime that has remained firmly in place through the past two decades, and if the international community, including South Korea and the United States, utilizes this momentum, it may have an opportunity to cause the structural collapse of the Korean peninsula security structure. On the other hand, if Kim Jong-un feels the weakness of his grip on power after his father's sudden death and turns to much more aggressive foreign policies, his North Korean regime may well continue to drive the peninsula's security order in the same vicious cycle as it has seen in the past. Kim Jong-un is the second successor to inherit the regime's hereditary power; his succession implies an inevitable change in the future of North Korea, and whether this change is positive or negative, it may lead to a fundamental transformation of the Korean peninsula's security order.[1]

Diplomatic relations are determined basically by various combinations of "the structural environment" and "the nature of the issues at stake." In the post-Kim Jong-il era, North Korea's foreign relations will be shaped by combinations of the structural environment (namely the Northeast Asian security order) and the nature of the issue (North Korea's diplomatic policy, which mainly involves the nuclear issue). The year 2012 augurs a considerable transformation for East Asian security, as it marks the passage of two decades since the end of the Cold War. Meanwhile, the "structural conditions" of the future diplomatic environment in North Korea and the "nature of nuclear diplomacy" that has long been pursued by North Korea are both expected to undergo transformations as well. Kim Jong-il's unexpected death ironically coincided with a major transition in the security order of Northeast Asia. Will the post-Kim Jong-il leadership's reaction to the new Northeast Asian diplomatic environment lead to a historical contingency that may change the fundamental security structure of the Korean peninsula? While exploring this question, this paper will

1. Victor D. Cha and Nicholas D. Anderson, "A North Korean Spring?" *The Washington Quarterly*, Vol. 35, No. 1 (Spring 2012), pp. 7-24.

focus on the strategic stance South Korea should take in order to ensure that the new North Korean leadership captures the positive diplomatic momentum from the transforming East Asian security environment, defined by "the rise of China" and "the U.S. re-engagement policy."[2]

In the current state of international politics at the beginning of the G2 era, what are the specific implications of the transforming power relationship, and what changes does it bring to the world order and the Northeast Asian security order that have been centered on the United States for the past twenty years since the Cold War? The United States' declaration of its "re-engagement in Asia" from the year 2011 and "the rise of China" have drawn the world's attention to the future of Northeast Asian diplomatic environment. Amidst these circumstances, North Korea has signaled the beginning of a new leadership. In other words, North Korea's foreign relations in the post-Kim Jong-il era will take place within a region where "the rise of China" and "the U.S. re-engagement in Asia" converge. From this point of view, this paper will first analyze how the current international security environment standing of the new U.S.-China power relationship resembles and differs from other "great power politics" in history. It will then explain the significance of new U.S.-China power relationship in the global order and the Northeast Asian security structure. Finally, it will analyze North Korea's future nuclear strategy from the view of the rise of China and the new U.S. policy toward East Asia and explore South Korea's strategic options to ultimately ensure that the new North Korean leadership finds a way to transform itself amid the new diplomatic structure of Northeast Asia.

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2. Regarding the strategic importance of the rise of China and its reflection on the United States' Asia policy, see Hillary Clinton, "America's Pacific Century," *Foreign Policy*, November 2011.

The Transformation of U.S.-China Relations and the Significance of Northeast Asia

The Significance of the G2 Era and the New U.S.-China Relationship

The following is a brief examination of the significance of the G2 era and the type of relationship that is being formed between the United States and China, based on previous observations of the new structural environment of international politics and the nature of the issue of U.S.-China relations.[3]

First, as the world has grown increasingly centered on the U.S.-China relationship the Asian region has risen as a global hub. As can be seen from the fact that China's share of the world's GDP is speculated to reach 24 percent by the year 2030, Asia stands to become the center of the world order. As the economic growth during the Cold War in the last century signified a world order evolving around Western Europe, the U.S.-China era may see a world order that revolves around Asia with its China-centric development and growth. Since the beginning of the modern international order in the 17th century, the world order has tended to progress toward Western civilization, but the G2 era implies that Asia will stand at the center of international politics.

Secondly, some see the U.S.-China relationship as one way of balancing the powers. After more than twenty years of the post-Cold War period, China's remarkable economic growth, in connection with the rise of "the rest,"[4] may lead to a power transition between the United States and China, which in turn may evoke emphasis on bilateralism and the need for a thorough balancing strategy toward China. In the latter half of the 1990s, the prevailing U.S. views of

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3. "G2" is not a widely comprehensively academic concept yet. But it is known that the U.S.-China summit of January 21, 2011 marked a historical beginning in terms of sharing global leadership and responsibility. See Simon Serfaty, "Moving into a Post-Western World," *The Washington Quarterly*, Vol. 34, No. 2 (Summer 2011), pp. 7-23.

4. Fareed Zakaria, "The Future of American Power: How American Can Survive the Rise of the Rest," *Foreign Affairs*, May/June 2008.

China were divided between China as a revisionist state and China as a traditional state. But today, it seems the former view has inspired calls for a more aggressive balancing strategy toward China, and the latter has developed into the so-called liberal stance that the U.S. and China can share responsibilities in tackling various issues in the globalized era.[5]

If G2 relations are significant in the ways mentioned above, what is the specific type of relationship being formed between the two states? One suggestion is a "hostile rivalry." Competition presupposes a wide gap between the two states' national interests, therefore reducing the matter to a question of whether the United States, as a hegemonic power, can succeed in balancing China, or whether a power transfer will occur between the two states. But in reality, China is not equipped with the institutional leadership for a global confrontation against the United States. Therefore, a more convincing theory than a comprehensive balance of power would be a restricted balance of power or a balance of threats, involving issues limited to the Asian region. If the United States and China compete against each other over a certain core interest, other states, particularly those located in Asia, will experience inevitable harm to their security autonomy. But, in contrast to the traditional sense of rivalry between states engaged in fierce competition to put more states under their respective influence, the United States and China have little possibility of engaging in aggressive power balancing such as the competition between blocs in the Cold War, due to the gap between the practical powers of the United States and China, the development of a networked diplomatic environment in the 21st century, and the post-modern nature of international political issues.

A second suggestion is "great power cooperation." This is basically an attempt to understand the G2 system as a sharing of leadership between the United States and China. A cooperative system between

5. See Robert S. Ross, "Bipolarity and Balancing in East Asia," in T.V. Paul et al. (eds.), *Balance of Power: Theory and Practice in the 21st Century* (Stanford: Stanford University Press, 2004).

two great powers is built on mutual understanding and respect for one's counterpart's core interests, and such understanding can translate into a diplomatic mechanism. To establish a cooperative system at a global level or in a certain region, the United States and China must be recognized as great powers distinctive from other states. To use the example of old Europe, two states must have institutionalized conference diplomacy for various issues and at multiple levels, and the results from such conference diplomacy must be backed by authorities at a very high level. But a question may arise as to whether it is possible to hold mutually exclusive interests in clearly distinguished fields, considering the character of the globalized era. For instance, territorial disputes involving China, human rights issues, and ethnic minorities are not the sort of issues where the United States can easily conform with China's exclusive national interests.

The last suggestion is so-called "strategic cooperation" between the United States and China. This type of relationship basically develops on the foundation of a narrow gap of interests between two states regarding core issues or, in the case of a wide gap, China's recognition of the international order institutionalized by the United States. Therefore, in this case, the United States and China would follow the logic of a "balance of interests" in which both would gain increased common interests on regional issues, not to mention global issues. Strategic cooperation between the United States and China is basically a coexistence of competition and cooperation at the regional and global levels, but it also requires communal efforts to prevent from one side gaining excessive benefits or being burdened by excessive losses. In the reality of international politics, where power is fluid, the problem is of course that strategic cooperation cannot be maintained at the institutional level. But considering that the differences between the two civilizations are greater than we have seen in the history of "great power politics," and considering the complex power relations among states in the environment of network diplomacy, strategic cooperation may have more practicality than "hostile rivalry" or "great power cooperation."[6]

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6. For the consequences of "networked diplomacy" in power politics, see Joseph

Transformation of U.S.-China Relations & Northeast Asian Security Structure

In the new global power relations of the U.S.-China era, two aspects differ from the past. One is the complex nature of China's rise, and the other is the idea that G2 relations can be viewed as a sort of choice made by the United States, the existing global power. To support the first point, China has what is called "duplicity of ability," meaning China is a poor state with great economic power and a powerful state with many problems. Such aspects can be explained by the complexity of global influence that derives from China's national identity. As can be expected from the phrase "the age of non-polarity," the global influence of any state other than the United States is likely to be limited.[7] In regard to the second point, the Concert of Europe and the U.S.-Soviet bipolar system can hardly be viewed as the result of one side's choice. The global influence of the Soviet Union was not a result of the U.S.' strategic choice (though the revisionists' contribution is recognized in the opposite way). On the other hand, in the case of G2 relations, although it has no choice but to accept China's rise, the United States still has several strategic options including management of China through the U.S.-Japan alliance and a full-scale power balancing strategy.

The transformation of the world order with the coming of the U.S.-China era is a vital issue to South Korea because this transformation will develop most prominently in the Northeast Asian region and will have an enormous influence on South Korea's reunification strategy. During the post-Cold War period, as in the Cold War period, the United States has constantly gained benefits in the Northeast Asian region through reinforcement of relations with existing allies, a diplomatic partnership with China, an extensive security network in

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S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004); Joseph S. Nye, *The Power to Lead* (Oxford: Oxford University Press, 2008).

7. Richard N. Haass, "The Age of Nonpolarity," *Foreign Affairs*, May/June 2008.

the Pacific including Australia and New Zealand, and participation in the East Asian regional discussion through APEC (Asia-Pacific Economic Cooperation). The United States has proceeded to build "America's East Asia" at three overall levels. First, the United States has made strategic use of the absence of multilateral security mechanism in East Asia by continuously promoting the logic that East Asia needs the presence of the United States. Especially in the post-Cold War period, the United States has established a new, loose, multilateral security cooperation system that adds to the previous security alliance structure, building future-oriented security cohesion between the United States and East Asia. Second, the United States expects that steady economic growth and economic integration in East Asia will strengthen the region's multilateral diplomatic relations, and as a result, lead the region to observe international norms and accept American ideologies and values. Intensified economic integration in the East Asian region will heighten the need for economic openness, liberalism, and fair trade, and such transformations are expected to ultimately lead East Asia to accept the global standards promoted by the United States with more enthusiasm. Third, the United States is promoting "transformational diplomacy" to maintain its unipolar status which has continued since the end of the Cold War and to create a new global leadership. The U.S.' transformational diplomacy, based on public diplomacy, non-governmental diplomacy, and reinforcement of the knowledge basis for foreign relations, is expected to actively contribute to focusing the East Asian order on the Unites States.[8]

To sum up, U.S. interests in East Asia consist of the security and economic benefits it has acquired during the Cold War era and the continuance of its role as the active "regional balancer" has been seen in the post-Cold war period. Specifically, the general interests promoted by United States include "management of proliferation of weapons of

8. Regarding the U.S. national interests in East Asia in the post-Cold War era, see G. John Ikenberry, "America in East Asia: Power, Markets, and Grand Strategy," in Ellis S. Krauss and T.J. Pempel (eds.), *Beyond Bilateralism: U.S.-Japan Relations in the New Asia-Pacific* (Stanford: Stanford University Press, 2004).

mass destruction," "deterrence of emergence of a regional hegemonic power," "maintenance of stability among great powers in Eurasia," "securing peace in the Middle East and influence on the region," "U.S.-centered economic growth," and "propagation of democracy and liberalism."[9] To translate these interests into East Asian terms, they can be described as "steady management of China's growth," "reinforcement of relations with regional allies including Japan and South Korea," "steady role of the United States as the heart of the world economy," and "active propagation of democracy in the region." These interests show certain distinctions from U.S. interests in other regions, reflecting the geopolitical nature of the Northeast Asian region.

Although this may be a simplification, the great power politics surrounding the U.S.-China relationship involve a basic operating principle consistently found in Northeast Asia. More specifically, the core actor in the major power relations of Northeast Asia is the United States. This observation may be viewed as obvious considering that the U.S. has enjoyed hegemonic status in the world order since World War II, but it is not unusual for the security order of a region to differ from the global security order. For instance, in the case of the regional security order in the Middle East, it is hard to say the U.S.' status as a great power has helped it dominate over Israel or other Arab states as a decisive actor. Also, the relations among Japan, China and the United States have continuously exhibited an asymmetrical tendency in the form of "United States and Japan versus China." Of course, it is not easy to conclude that U.S.-Japan adhesion is the result of choices made by either side. Simply in terms of the political and economic systems of Japan and China and their historical animosity, the difficulty of a China-Japan adhesion is convincing, but considering the hostility and confrontation between the United States and Japan during World War II, there is no easy explanation for the successful management of U.S.-Japan alliance.[10]

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9. See Condoleezza Rice, "Rethinking the National Interest: American Realism for a New World," *Foreign Affairs*, July/August 2008.
10. Christopher W. Hughes and Akiko Fukushima, "U.S.-Japan Security Relations –

Meanwhile, there are two perspectives to consider when speculating about the new U.S.-China relationship that will develop in the Northeast Asian or the East Asian region. One involves a logic known as "balance of power within the region" in theories of international politics. In the case of Europe, the growth and rise of Germany was naturally balanced by developments of a geopolitical nature and curbing efforts by neighboring states, but in the case of East Asia, according to the theory, there is no power capable of keeping rising China in check.[11] As a result, from the end of WWII until now, U.S. strategy has constantly been the most important factor at work in Northeast Asian regional security, with the goal of deterring China. Eventually, this has come to mean that to cause a fundamental transformation in the U.S.-centered Northeast Asian security structure, a state must emerge that can counter-balance U.S. power, but such counter-balancing requires participation by China and a group of states that can be transferred to Chinese leadership. However, in theories of international politics, the degree of power gap between a superpower state and a second-ranked state is very important. Considering the serious military power gap between the United States and China and the geopolitical structure consisting of Russia, India, Japan, and Central Asia, there seem to be few Asian states willing to participate in a China-led attempt to counter-balance the United States. Therefore, it is highly likely that the United States will not easily give up its role as a power balancer in East Asia.

Another perspective involves the issue of whether the East Asian security structure provided by the United States is a more peaceful choice than any other alternative. If the states in the East Asian region recognize such a security structure as a way to prevent wars by preemptively blocking competition among major powers and

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Toward Bilateralism Plus?" in Ellis S. Krauss and T. J. Pempel (eds.), *Beyond Bilateralism: U.S.-Japan Relations in the New Asia-Pacific* (Stanford: Stanford University Press, 2004).

11. Ihn-hwi Park, "Sino-Japan Strategic Rivalry and the Security of the Korean Peninsula," *The Korean Journal of Defense Analysis*, Vol. 19, No. 1 (Spring 2007), pp. 79-102.

providing a means to maintain diplomatic relations among competing powers at a certain level of tension, then a transformation in the security structure caused by the rise of China may not be deemed serious. Certainly, U.S. strategy has been gradually shifting from direct intervention to offshore balancing, and the conventional structure of its bilateral alliances is expected to undergo a fundamental transformation to prevent excessive spending and advancement of diplomatic resources;[12] still, the United States' role as a security balancer is not likely to be assumed by China.

The Post-Kim Jong-il Era and the Northeast Asian Security Structure

The Nature of North Korea's Nuclear Diplomacy & the Post-Kim Jong-il Era

At this point in time, the new development of U.S.-China power relations holds a special significance for South Korea because Kim Jong-un's new leadership in North Korea comes at a time of critical transformation in the regional order in Northeast Asia—or East Asia, in a broader sense. How will North Korea's foreign relations be affected by the convergence of Kim's new leadership and the new era of U.S.-China relations that is about to begin? To answer this question, it is important to understand the character of the "nuclear diplomacy" that North Korea has pursued for the past two decades in the post-Cold War period and North Korea's national interests in regard to its diplomacy.

The North Korean nuclear issue has become the most essential matter in North Korea-U.S. relations since the end of the Cold War. In

12. Conceptually, the "offshore balancing strategy" is not compatible with the "re-engagement in Asia policy." But it is also true that U.S. engagement must be implemented in a different way than of her previous intervention policy. Regarding offshore balancing, see Stephan Walt, "Offshore Balancing: An Idea Whose Time Has Come," *Foreign Policy*, November 2011.

regard to this issue, there are two preconditions at work. One is North Korea's will to promote its most core value, "the survival of North Korea," through the diplomatic means of nuclear weapons development even at the risk of its other national interests. The other is the United States' most important core value of the post-Cold War international security, which is the stable management and control of nuclear weapons. The United States and North Korea have distinct national interests. Why is it that the core North Korean problem of the nuclear issue has remained unresolved for the past twenty years?

In this regard, two points may be suggested. One is the fundamental difference between North Korea and the international community in perception of nuclear development strategies. After posing the nuclear issue, North Korea has seen neither an improvement in economic conditions nor international society's commitment to North Korea's sovereignty and security, yet North Korea still has not withdrawn its nuclear strategy. In short, it clings to continuous development of nuclear weapons even though there seems to be no benefit to it. The reason is that the North Korean definition of national security completely differs from that of a normal member of the international community.[13] North Korea equates "leadership security" and "regime security" with "national security." Therefore, if Kim Jong-un, the successor to Kim Jong-il's regime, believes that nuclear weapons are the most effective means of securing the safety of power elites, with himself in the center, and concludes that such a stance will maintain the national security of the whole North Korean society, then he will remain determined to pursue nuclear diplomacy. This point of view is in stark contrast with the universal understanding of the international community, which considers national security to be the result of a process of "securitization" based on social consensus and the total sum of national interests.[14]

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13. See Emma Chanlett-Avery and Mi Ae Taylor, *North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation* (Washington, DC: Congressional Research Service, 2010).

14. Regarding the meaning of securitization, see Ralf Emmers, "Securitization,"

The other point is that in order for the U.S. engagement strategy toward North Korea to produce a meaningful outcome for the denuclearization of the Korean peninsula, there must be policy coordination between key players in international society. In addition to the cooperation system among South Korea, Japan, and the United States, it is imperative to draw cooperation from China, the chief benefactor of the North Korea problem.[15] But conventionally China has provided the North Korean economy with comprehensive support including energy supplies, and the Chinese government's economic aid has considerably offset the effectiveness of U.S. policies toward North Korea. Under the circumstances, assuming that the views of the United States and North Korea fundamentally differ, neither side has much chance of achieving a diplomatic victory. Furthermore, while inheriting Kim Il Sung's "ideological power" and Kim Jong-il's "military power," Kim Jong-un has set "economic power" as a key national goal, which will lead to more vigorous economic exchanges between North Korea and China.[16] Moreover, North Korea will attempt to take the lead on the East Asian security issues until the rise of China acquires a larger influence in East Asian regional security order.

The so-called "why question," first posed at the beginning of North Korea's attempt to develop nuclear weapons, no longer seems a mystery. The main purpose of North Korea's nuclear development doesn't seem to "use as a diplomatic tool," but to "acquire the status of a nuclear power." Kim Jong-un, the heir to his father's diplomatic strategy of "attaining nuclear power status," is likely to also be tempted by the national benefits that nuclear weapons can bring. Perhaps his nuclear diplomacy will go one step beyond that of his father and demand that international society, including the United States and

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in Alan Collins (ed.), *Contemporary Security Studies* (Oxford: Oxford University Press, 2010).

15. Ihn-hwi Park, "Korea-U.S. Alliance under the Obama Administration: On the Perspective of Alliance Strategy and North Korea Problem," *IFANS Review*, Vol. 16, No. 2 (February 2009), pp. 1-22.

16. Marc McDonald, "In North Korea, Same as the Old Bosses," *International Herald Tribune*, February 26, 2012.

South Korea, specifically respond as follows.

First, it is anticipated that North Korea will attempt to identify itself as a new type of nuclear state. As is well known, North Korea argues that it has never once leaked any nuclear-related technology or material outside of the Korean peninsula, even after two nuclear tests.[17] Also, despite the logical contradiction, North Korea repeatedly stresses that the denuclearization of the Korean peninsula was one of Kim Il Sung's final injunctions.[18] This means that up to now North Korea has constantly nuclear power status, restricting its strategic significance to Northeast Asia. In other words, North Korea demands U.S. approval of its nuclear weapons, while restricting their strategic significance to Northeast Asia for a certain period. In return, North Korea would agree not to disrupt the global security interests of the United States. If the U.S.-China confrontation grows more pronounced in the Northeast Asian region as China continues its international political and economic growth, North Korea may well strengthen its diplomatic stance, and it will never give up its nuclear weapons unless its survival and stability are guaranteed permanently.

Furthermore, these strategic demands from North Korea will in the end lead to an increase in the cost of regional stability in Northeast Asia. North Korea may claim that it respects the symbolic aspects of global security and the global economy, but in order for the economic growth dynamic to continue, neighboring states must pay the "peacekeeping costs" of maintaining the North Korean system. As seen from South Korea's appeasement policy toward North Korea, which was viewed as certain peacekeeping cost for stability in Northeast Asia and on the Korean peninsula, the logic of North Korea's demand for peacekeeping costs will become more elaborate and seemingly legitimate as Northeast Asia's stability becomes even more important to the G2 states as their policies for Asia develop. Ultimately, North Korea will define its existence as an essential prerequisite for the

17. *The New York Times*, "World Topic: North Korea," May 17, 2012.

18. Since North Korea recently specified its nuclear status in its Constitution, hereafter this position could be changed.

maintenance of peace in Northeast Asia, and whether intended or not, if such logic persists, the road to peaceful reunification will only grow longer.

North Korea, the Rise of China, and the U.S. Re-engagement Policy

What are the specific details of the rise of China and U.S. re-engagement policies toward Asia, and what impact will they have on North Korean issues in the post-Kim Jong-il era? These days, U.S. political leaders assert that if the 20th Century U.S. diplomacy has evolved around its investment and interest in Europe, in the 21st Century the diplomatic focus will shift toward Asia. Secretary of State Clinton has specified how the United States plans to utilize the Asian growth engine of the 21st Century and thus Asian geopolitical dynamics will be vital to the future U.S. economy and security.[19] In regard to South Korea, Clinton also stressed the importance of enhancing the South Korea-U.S. bilateral security alliance along with the U.S.' partnership with Japan, Australia, Thailand and the Philippines. In the Defense Strategy Review released in January 2012, President Obama made clear that U.S. military power around the globe would be reduced effectively. However, highlighting the increased strategic significance of the Asian region, he clarified that the existing U.S. military force in the region would remain, and furthermore, be qualitatively reinforced in the future.[20] This is a key example confirming the importance of Asia in terms of security, a core area of U.S. national interest. Most of all, considering the strategic value of China as a rising political and military power in Asia, U.S. security interests in Asia cannot be overemphasized.

Moreover, the United States thoroughly acknowledges the importance of Asia as the world economy's growth engine, accounting for more than half of total global production. To cite an example, in 2010, annual U.S. trade with the Asia-Pacific region reached 1.1 trillion dollars,

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19. Clinton, *ibid*.
20. Douglas H. Paal, "Obama in Asia: Policy and Politics," *Asia Pacific Brief*, December 2011.

almost twice the amount of its trade with Europe (670 billion dollars). Therefore, the new market in Asia and increasing investment and trade with the region are expected to play the most important role in the U.S. economy. The Korea-U.S. Free Trade Agreement, ratified in 2011 with parliamentary approval from both South Korea and the United States, and the Trans-Pacific Partnership both reflect U.S. economic interests. Additionally, the development of U.S. economic exchanges with India, Vietnam, and Malaysia clearly demonstrates how U.S. economic-strategic interests encompass the whole Asian region.

Lately, the United States has promoted its "Asia First Policy," which interestingly is starting as the United States puts an end to the extensive war on terrorism that has continued for the past decade.[21] The United States has announced it plans to complete the withdrawal of its troops from Afghanistan by 2014. As it ends two massive wars in the Middle East (Iraq and Afghanistan), the United States seems to be concentrating its available resources in Asia. To use a journalistic expression, this foreign policy of the United States can be called a "re-engagement policy" toward the Asian region. As is widely known, Asia has risen to the core of U.S. diplomacy because of China. As analyzed in the first half of this paper, the G2 power relationship has caused the United States to concentrate its power in Asia, and the purpose of this paper's focus on the North Korean nuclear issue is to understand the security of the Korean peninsula in a more comprehensive sense amid the increasingly conflicting U.S.-China diplomatic relationship.

How is Kim Jong-un, the new leader of North Korea, adapting to the current changes in the Northeast Asian diplomatic environment coinciding with his regime's emergence? As observed previously, the fundamental goals of North Korea's nuclear diplomacy are to eliminate threats against its regime and to become a normal member of the Northeast Asian region, as defined by its economic growth and dynamics. Paradoxically, any kind of international effort to pursue

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21. *The New York Times*, "Obama's Trip Emphasizes Role of Pacific Rim," November 18, 2011.

peaceful reunification of the Korean peninsula will be viewed as a threat by Kim's North Korea. In that case, taking into account the U.S. re-engagement policy to Asia and the rise of China, Kim has only one strategic option. As the United States emphasizes Asia's continued stability and advancement, North Korea can use the nuclear card to threaten the Northeast Asian order, increase its own strategic value, and ultimately force the United States to accept the permanence of the North Korean regime. Meanwhile, North Korea continues to emphasize the importance of its existing diplomatic relations with China in order to develop reciprocal economic gains. While recognizing that China has a certain influence on North Korean issues, North Korea will try to maintain its traditional alliance partnership with China to prevent the Unites States from wielding excessive influence on the peninsula. Therefore, it is possible to speculate that in the G2 era, Kim Jong-un's foreign policies may grow more unpredictable and difficult to tackle than his father's.

Also, it must be pointed out that the North Korean nuclear issue has specific implications that can only be interpreted in terms of the Northeast Asian security mechanism. Most importantly, North Korea knows better than anyone else about the "Northeast Asian significance" of its nuclear strategy. North Korea knows well that its distinct nuclear strategy acquires diplomatic power only when the game unfolds at the level of the Northeast Asian region, and for this reason, the more important Asia becomes to the United States and China, the more effective North Korea's nuclear game becomes in the restricted region of Northeast Asia. This reckoning leads South Korea and the international society to suspect that North Korea may be looking for a U.S. guarantee of a peace regime so as to participate in the stability and economic growth of Northeast Asia, and that perhaps North Korea is willing to establish normal international relations with the international community as well.

A Historical Contingency?: South Korea's Strategic Concerns

In this final section, this paper will focus on South Korea's strategic options for peaceful reunification of the Korean peninsula. If Asia's strategic value grows considerably as a result of the new power relationship between the United States and China, North Korea's post-Kim Jong-il regime may ramp up the severity of North Korean issues by reinforcing its peculiar brinkmanship strategy in order to promote North Korea's continuous survival, and further undermine South Korea's strategy for peaceful reunification. However, if South Korea makes strategic use of the momentum for change in North Korean society, which will come in one form or another even if it is unintended, it could make a meaningful contribution to peaceful reunification. What must be done to achieve this strategic goal?

First, as two decades of experiences have shown, dividing the issues of inter-Korean relations between "the North Korean nuclear issue" and "non-nuclear issues" is not helpful. Paradoxically, one of the unintended but critical consequences of Kim Jong-il's past nuclear diplomacy is that every approach made by South Korea and the international community toward North Korea divided the nuclear issue and other issues. What is needed to solve the North Korean nuclear issue is a negotiation strategy that rises above the nuclear issue, but South Korea's public sentiment tends to view North Korea as either "a state with nuclear weapons" or "a target of the Sunshine Policy," which does not help to improve inter-Korean relations.[22] Therefore, South Korea needs to plan a more careful strategy toward Kim Jong-un's North Korea, one that divides the agenda of the inter-Korean relations into various areas and issues. Looking back at past experience, it is not helpful for the relations between the two Koreas to be strained by emphasis solely on the nuclear issue, nor is it wise to expose South Korea to condemnation for providing North Korea

22. Sung-han Kim and Geun Lee, "When Security Met Politics: The Denuclearization of North Korean Threats during the Kim Dae-jung Government," *International Relations of the Asia-Pacific*, Vol. 11, No. 1, 2011, pp. 25-55.

with excessive aid due to the focus on "overall improvement of relations" to the neglect of the nuclear issue.

Furthermore, it is possible to say that the former Kim Jong-il used the nuclear issue as a means to expand the security situation on the Korean peninsula into a global matter, justifying intervention by international players such as the U.S. and China. On reflection, North Korea eventually partially succeeded in strengthening its international influence in the process of addressing Korean peninsula issues and in maintaining the traditional confrontational relationship between the two Koreas in the form of "North Korea versus the United States" or "North Korea versus the international community." Thus, South Korea and the international community must work together to build a strategy that incorporates a diverse agenda, keeping contacts within North Korea and preparing for any possible change of Kim Jong-un's leadership.

Second, in regard to carrying on policies toward the North, South Korea must maintain a strategic balance between "inter-Korean factors" and "international factors." If the United States and China's political will to exercise influence on the peninsula grows stronger due to the U.S. re-engagement policy and the rise of China, maintaining a balance between these two sets of factors becomes even more difficult. In retrospect, South Korea has lost some of its balance and leaned toward Korean peninsula factors during the ten-year period it was governed by the two progressive governments of Kim Dae-jung and Roh Moo-hyun. Whereas during the Lee Myung-bak administration it leaned more toward international factors, essentially making the same error. The North Korean issue has two aspects: one is "the management aspect," i.e., safely managing the security situation on the Korean peninsula, and the "North Korean transformation aspect," i.e., pursuing the ultimate transformation of North Korean society.[23]

In the process of approaching North Korea, we must maintain a balance between "Korean peninsula factors," centered on South and North Korea, and "international factors," centered on the United

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23. Sung-han Kim and Geun Lee, *ibid*, pp. 30-35.

States, China, and the international community. But in reality, this is extremely difficult. Especially, as mentioned previously, if Kim Jong-un's North Korea increases its dependence on China and aggressively promotes bilateral talks, South Korea will experience more difficulties balancing the Korean peninsula approach and the international approach when implementing its policies toward North Korea. Therefore, taking these aspects into account, it is more urgent than ever for South Korea to avoid splitting public sentiment, appropriately distribute its diplomatic resources for North Korea policy, and balance its diplomatic position between the United States and China. In addition, the South Korean government should not waste its energy on domestic disputes over the possibility of North Korea temporarily abandoning its relations with the South and attempting direct negotiations with the United States.[24]

Third, bringing peace to the Korean peninsula depends on whether the U.S.-led moderates can maintain the momentum for diplomatic dialogue and peaceful approaches in negotiations with North Korea. In other words, it is important to establish a structural international cooperative system and at the same time, maintain long-term, logical and emotional bonds among South Korea, North Korea, and moderates groups within China.[25] In the era of Kim Jong-il, hard-liners and compliant groups have always maintained balance inside North Korea, working as a domestic political factor within North Korea. In the era of Kim Jong-un, South Korea and the international community must provide more aggressive support to overcome the soft-liners' limitations and strengthen their position. For instance, as long as North Korea shows any meaningful signals to participate in negotiation talks on nuclear issue, the U.S. and South Korea need to respect the previous

24. Most recently, after the announcement of the February 29 U.S.-DPRK agreement, the South Korean public has been divided into two groups: "ROK-U.S. policy coordination first" vs. "U.S.-DPRK negotiation process first."

25. Although liberals in each of these three countries differ in terms of their specific policy positions on the North Korea problem, they share a lot in terms of foundational matters such as the importance of negotiation, nuclear capabilities as an eventual bargaining chip, the strategic significance of U.S.-DPRK bilateral talks, etc.

resolutions such as the September 19 Joint Statement of 2005.

Of course, in the process of diplomatic political decision-making, a certain degree of competition and coexistence between hard-liners and soft-liners is inevitable, which means that the diplomatic tactics of dialogue and coercion must coexist even in the negotiation process with North Korea. Also, among international moderates it is impossible to find complete homogeneity in the political or ideological sense. However, the use of force should not be tolerated on the Korean peninsula, and the argument that the North Korean nuclear issue must be solved by peaceful means to ultimately bring North Korea into international society remains legitimate. Once Kim Jong-un's North Korea starts to communicate with the international community, the important thing is to maintain and reproduce that momentum. Viewed in this light, the pre-existing institution of the Six-Party Talks must be resumed; while retaining the framework of the Six-Party Talks, perhaps we should promote the aspect of direct negotiation between the United States and North Korea.

Finally, because of the weak and unstable leadership, Kim Jong-un's North Korea will be overwhelmed with anxiety and security threats much more daunting than that which was experienced during his father's reign. Therefore, South Korea's future policies toward North Korea must be developed in the form of "combination" or "winning-over" strategies to relieve North Korea of fundamental anxiety, and at the same time give structural influence to the North Korean system. It is widely known that it is difficult to seize the momentum to resolve the North Korean nuclear issue due to the distinct character of the Northeast Asian security structure and U.S.-China relations. But since Kim Jong-un's main goal lies in improving North Korea's economic status, it can be anticipated that in the near future, external support and influence will grow more significant in North Korea, creating momentum for North Korea's transformation one way or another.[26] In order to strategically capture that momentum,

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26. "Young Heir Faces Uncertain Transition in North Korea," *The New York Times*, December 20, 2011.

peace on a small scale must be continuously accumulated via progress on a variety of issues, and the United States will be a very valuable cooperative partner in accumulating this "small peace." In order to achieve this, as mentioned previously, the North Korean soft-liners must be provided with an environment in which they can constantly stand out and take action. Also, a critical task of the U.S. moderates will be to continuously carry the momentum in dialogue with North Korea.

Conclusion

Not all powers can secure global hegemonic status. Conventionally, the elements of hegemonic power consist of advanced military power, economic power, cultural power, and the ability to realize these powers at institutional levels. Seen in this light, many problems may arise if China is to achieve the status of a hegemonic power. But China's vast territory, overwhelming population size, long history, continuous high growth, and the factors comprising China's national identity overlap with the aging of the U.S. global presence, which seems to allow the United States and China to share some global responsibilities. International politics, which has more of a repetitive character than any other field, helps us to speculate about historical repetition and new phenomena that may arise in the U.S.-China era, based on the Concert of Europe in the 19th century and the bipolar system during the Cold War in the 20th century. Especially in terms of the great power politics of the past, the fact that each individual power has promoted distinct interests has many implications for South Korea, because if the Korean peninsula and North Korean issues are included among China's interests, this will inevitably present challenges for South Korea's strategic concerns.

The new power relationship between the United States and China suggests an increasing possibility of conflict due to the U.S. re-engagement policy and China's vigorous rise. Viewed from the Korean peninsula perspective, this historical transitional period has ironically

coincided with a considerable transformation within North Korea – the death of Kim Jong-il and the emergence of the Kim Jong-un regime. As has been observed throughout this paper, the diplomatic environment known as the "G2" may possibly give North Korea a vague hope for the future and cause it to ramp up the brinkmanship diplomacy inherited from the previous leadership. Nonetheless, the primary goal of Kim Jong-un, who inherited his grandfather's ideology and father's military power, seems to lie in solving the economic problems.[27] If North Korea attempts to expand its economic relations with China, improve relations with the United States and the international community, and capture the momentum to transform its relations with South Korea, it may end up unintentionally lending momentum to the ultimate transformation of the entire North Korean society. Against this backdrop, South Korea must strive to ensure that the only option for North Korea is to embrace the changing environment in which the United States and China aim to increase their influence on the Korean peninsula, and accept the momentum for transformation.

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Sino-North Korean Relations in the Post-Kim Jong-il Era: U.S. Perspectives*

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Pyongyang's nuclear and missile tests have put China in a somewhat awkward position, causing tension between China's role as an emerging global actor with increasing international responsibilities and its commitment to North Korea as an ally. Beijing has adopted a "measured policy" toward North Korea, balancing efforts to both constrain Pyongyang's belligerence and sustain its system. Such a measured response has often raised skepticism in the United States about China's willingness to resolve the issue of North Korean provocations, but this clearly reflects Beijing's ambivalence on these matters in deference to its own intrinsic national interests. This paper examines opinions and analyses by U.S. experts and policy-makers in order to better understand how the United States perceives the Sino-North Korean relationship, particularly after the death of Kim Jong-il.

Key Words: Sino-North Korean relationship, Chinese interests in North Korea, U.S.-Sino relationship, Chinese foreign policy, North Korea

Introduction

The People's Republic of China (PRC) and the Democratic People's Republic of Korea (DPRK) are allies with long historical and ideological ties dating back to the Korean War. Today, the PRC-DPRK relationship is essential to the survival of the North Korean regime. China is the

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DPRK's largest trading partner and its main source of food aid, arms, and fuel. It also regularly opposes "harsh international economic sanctions against the DPRK in the hope of avoiding regime collapse and an uncontrolled influx of refugees across its eight-hundred-mile border with North Korea."[1] However, Pyongyang's nuclear and missile tests have put China in a somewhat awkward position, creating tension between China's role as an emerging global actor with increasing international responsibilities and its commitment to North Korea as an ally. Beijing has responded to this situation by adopting a "measured policy," balancing efforts to both constrain Pyongyang's belligerency and sustain its system.[2] Beijing, either intentionally or unintentionally, has failed to show an effective capacity to restrain provocations by Pyongyang. Nevertheless, most U.S. analysts and government officials believe that Beijing holds more leverage over Pyongyang than any other country and that its cooperation is essential in coping with North Korea.

The death of Kim Jong-il in December 2011 and the subsequent power succession to his son, Kim Jong-un, has raised numerous concerns within the international community about the country's future. Can the state survive a third generation transition of power? Will the new regime continue to demonstrate belligerence toward the international community, or will it attempt to improve its relationships with the outside world? While little is known about what type of leader Kim Jong-un will be, the response by the international community (including the United States) to the extreme uncertainty of the situation has been to cautiously seek ways to re-engage with Pyongyang, with a particular expectation of Beijing's involvement in the process.

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1. Jayshree Bajoria, "The China-North Korea Relationship," Council on Foreign Relations, October 7, 2010, http://www.cfr.org/china/china-north-korea-relationship/p11097 (Accessed on April 10, 2012).
2. A "measured policy" means a planned, strategic response to others' actions displaying consistent and clear aims. China, as will be seen below, has responded cautiously and strategically to North Korea. It has basically supported Pyongyang to prevent its collapse, while firmly opposing its nuclear and missile development.

However, Pyongyang's attempt to launch the Kwangmyongsong-3 satellite into orbit on April 13, 2012 (commonly believed to be a disguised attempt to test the DPRK's long-range missile capabilities), despite its failure, has chilled what seemed to be a warming of U.S.-DPRK relations and further complicated the political dynamics between Washington and Beijing. The White House's response was to immediately condemn North Korea's rocket launch, characterizing it as "a provocative act undermining regional security," and "violating international law." It also warned of a halt to delivery of U.S. food aid.[3] In contrast, China avoided making an immediate response, opting instead to urge the international community to exercise restraint so as not to disturb stability on the Korean peninsula. Such a measured response has often raised skepticism in the United States of China's willingness to resolve the issue of North Korean provocations, but clearly reflects Beijing's ambivalence on these matters in deference to its own intrinsic national interests. The consistency of Chinese responses to North Korean actions raises certain questions: Is Beijing willing to protect Pyongyang? How much influence does it really have over North Korea? What are the constraints on its power over its smaller, weaker ally? This paper examines opinions and analyses by U.S. experts and policy-makers in order to better understand how the United States perceives the Sino-North Korean relationship, particularly focusing on how Beijing may react to North Korean provocations after the death of Kim Jong-il.

Chinese Influence over North Korea

The question of how much influence Beijing has over Pyongyang is a common discussion topic among Korea experts. Expert opinions in the United States tend to fall into two major schools of thought on

3. Anne Gearan, "White House: Failed North Korean Rocket Launching 'Provocative'," *Associated Press*, April 13, 2012, http://www.timesofisrael.com/white-house-failed-north-korean-rocket-launching-provocative/ (Accessed on April 13, 2012).

this subject: One segment believes China protects North Korea at all costs, while the other believes that China has no real (or very little) tangible influence over it. While there is ample evidence to support either view, the opacity of Chinese decision-making processes makes it difficult to verify which view more accurately reflects reality. U.S. Senator Jim Webb, chair of the East Asia and Pacific Affairs Subcommittee of the Senate Foreign Relations Committee, represents the first camp. He argues, "The whole region would benefit from the Chinese government being more open and visible in assisting us with international situations such as the stand-off with North Korea."[4] Webb's view suggests that Washington tends to rely heavily on Beijing's potential role in convincing Pyongyang to abandon its controversial weapons programs and return to the Six-Party Talks. However, a growing number of U.S. analysts and officials are reaching the conclusion that China has little, if any, influence over the DPRK. Alan Romberg, a former U.S. State Department official and Stimson Center expert, suggests, "Pyongyang has spit in the [People's Republic of China's] eye, and despite the historical and ideological alliance between the two, Beijing has little control over Pyongyang."[5] For example, in the context of North Korea's recent rocket launch attempt—touted by North Korea as a part of a peaceful space program but viewed by the international community as an illegal long-range missile test—China proved unable to compel Pyongyang to forego the launch. The American news media reported, "China, North Korea's closest ally and largest provider of aid, has expressed concern about the planned launch. Beijing says it has held talks with Pyongyang on the matter, but they appear to have had little effect on the North's plans."[6]

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4. Justin McCurry, "North Korea's Missile: China's Problem?" *Global Post*, April 6, 2012, http://www.globalpost.com/dispatch/news/regions/asia-pacific/120405/north-korea-missile-launch-senator-webb (Accessed on April 13, 2012).
5. Bajoria, "The China-North Korea Relationship."
6. Paula Hancocks and Jethro Mullen, "North Korea Planning New Nuclear Test, South Korean Intelligence Report Says," *CNN*, April 9, 2012, http://edition.cnn.com/2012/04/09/world/asia/north-korea-launch/?hpt=hp_t2

Daniel Pinkston, Northeast Asia deputy director for the International Crisis Group, echoes this notion, saying, "In general, Americans tend to overestimate the influence China has over North Korea."[7] Some American scholars almost sympathize with what they see as a tough position for China to be in. Temple University's Robert Dujarric insists that "[China] doesn't want to give the impression it's supporting what North Korea is doing… It's tough for Beijing. They have to criticize it, but they can't do much more."[8] He suggests that it may be possible that China has strong economic influence but rather weak political clout with its longtime ally. A 2010 Congressional Research Service report summarizes the situation:

> In the case of North Korea, however, no one knows what kind of leverage Beijing actually has with Pyongyang. It may be that PRC leaders are uncertain as well, given North Korea's penchant for the unexpected and its demonstrated willingness at times to reject Chinese overtures, carrot and stick alike. If Chinese leaders are, in fact, unsure of the extent of their own leverage, they appear unwilling to be more assertive in testing what those limits might be.[9]

However, some experts contend that Chinese security interests with North Korea constrain Beijing from exercising its influence over Pyongyang to a full extent. According to Stephanie Kleine-Ahlbrandt, Northeast Asia director for the International Crisis Group, "China has less influence than we think, but more than it uses." She points to the disparity between what the international community expects China to do versus what China believes is in its own national interests. The

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(Accessed on April 11, 2012).

7. Bajoria, "The China-North Korea Relationship."
8. Andy Sharp, "N. Korea Rejects Rocket Launch Criticism as China Cautions," *Businessweek*, March 19, 2012, http://www.businessweek.com/news/2012-03-18/china-presses-n-dot-korea-on-rocket-launch-as-japan-weighs-options (Accessed on April 11, 2012).
9. Mark E. Manyin and Dick K. Nanto, "China-North Korea Relations," Congressional Research Service, December 28, 2010, p. 7, http://www.fas.org/sgp/crs/row/R41043.pdf (Accessed on April 11, 2012).

U.S. priority, for instance, is for Pyongyang "to stop threatening its neighbors and end an illegal nuclear program that is suspected of transferring nuclear technology to other states, such as Syria." On the other hand, the Chinese priority is "to ensure the impoverished dictatorship does not erupt in revolution or uprisings." Thus, she asserts, "China fears a flood of refugees more than North Korea's uranium-enrichment program or missile technology, and sees the North as a useful buffer between it and U.S.-backed democratic South Korea."[10]

U.S. and Chinese Responses to North Korea's Power Succession and Provocations

If China intentionally avoids confrontation with North Korea over its provocations, what is Beijing's eventual purpose in regard to the Korean peninsula? If it unintentionally avoids confrontation, what is restraining the Chinese from adamantly and assertively reacting to North Korean provocations? An examination of U.S. and Chinese reactions to North Korea's power succession and provocations provides clues to better understand Beijing's lukewarm and ambivalent posture.

Right after the death of Kim Jong-il, the White House announced, "The president reaffirmed the United States' strong commitment to the stability of the Korean peninsula and the security of our close ally, the Republic of Korea." President Obama immediately called for cooperation from Japan, China and Russia. The primary U.S. concern in this situation was to prevent North Korea from provoking a military conflict on the Korean peninsula which could spread into Northeast Asia. As such, Washington also expressed a hope for re-engaging Pyongyang. U.S. Secretary of State Hillary Clinton stated, "We reiterate our hope for improved relations with the people of North Korea and remain deeply concerned about their well-being." Bill Richardson,

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10. Calum MacLeaod, "North Korea's Impending Missile Launch Puts Focus on China," *USA Today*, April 13, 2012, http://www.usatoday.com/news/world/story/2012-04-11/north-korea-missile-launch-china/54187674/1 (Accessed on April 13, 2012).

the former Governor of New Mexico who once visited North Korea as an unofficial envoy, expressed "extreme concerns," especially about any instability the power succession in North Korea could cause, and described conditions on the Korean peninsula as a "tinderbox." However, he also suggested that he would "lean in favor of engaging North Korea," stressing that "when we isolated them, it didn't work." In general, the United States did not believe there would be a sudden upheaval or a drastic change in the near future. Former State Department Spokesman P.J. Crowley predicted, "As was the case with [Kim Jong-un's] father, this transition will go on for months, maybe even a year or two. So I don't know that there will be a whole lot of change in the short term."[11] With that sentiment in mind, Washington has cautiously cultivated opportunities to open a dialogue with Pyongyang. China has also shown deep concern about a potential disturbance in North Korea that could destabilize the Korean peninsula. However, unlike Washington, Beijing's prime focus lay in supporting the new regime in order to prevent a drastic change in the region. Praising Kim Jong-il as a "great leader" who made "important contributions" to relations with China, the Chinese Foreign Ministry confirmed "the traditional friendship between the two parties" and said it was committed to preserving peace and stability on the peninsula. This measured response affirmed the legitimacy of North Korea's power succession and reaffirmed China's commitment to continuing economic and diplomatic support to solidify the regime's stability.[12] Just prior to his death, Kim Jong-il travelled to China, primarily to confirm Beijing's support of the transition of power to his son. Upon Kim's death, Chinese President Hu Jintao issued a condolence statement expressing his wish for North Korea to build a strong socialist country under this

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11. M.J. Lee, "Hillary Clinton: Concerns with North Koreans." *Politico*, December 19, 2012, http://www.politico.com/news/stories/1211/70634.html (Accessed on April 12, 2012).

12. Alan Cowell, "Kim's Death Inspires Worry and Anxiety," *New York Times*, December 19, 2011, http://www.nytimes.com/2011/12/20/world/asia/kim-jong-ils-death-inspires-anxiety.html?pagewanted=all (Accessed on April 12, 2012).

new leadership, further strengthening the legitimacy of Kim Jong-un's succession.[13] What we see in both Washington and Beijing's responses to the death of Kim Jong-il is a common desire to prevent military clashes and maintain stability on the peninsula. However, the United States seeks to change North Korea's behavior and prevent its provocations by engaging the new regime, while China basically aims to preserve the status quo on the Korean peninsula by consolidating Kim Jong-un's power.

In terms of responding to North Korean provocations, Beijing has over the years crafted a cautious and measured strategy for addressing the situation that still allows for the expression of a certain degree of condemnation when it feels it necessary—that is, when North Korea's behavior encroaches on Chinese national security interests. For the most part, Beijing maintains careful control over its public statements and actions regarding North Korea. A brief analysis of these reveals what Beijing may or may not want from its relationship with Pyongyang. When tensions rise on the Korean peninsula, as they did with the North Korean attack on Yeonpyeong Island and the sinking of the ROK naval vessel Cheonan in 2010, as well as over the continued development of North Korea's nuclear weapons and ballistic missile programs, China has routinely issued statements urging restraint and peaceful discourse. However, Beijing's responses have varied when such provocations have threatened Chinese national security interests. It is clear that China supports Pyongyang through trade, economic development projects, aid, and security agreements, but at times North Korea has incited harsh responses from Beijing. China has tried to balance its alliance with North Korea with its acknowledgement of U.S. and ROK concerns.

In 1994, when the United States tried to pass UN sanctions against North Korea for illegally withdrawing from the Nuclear Non-Proliferation Treaty, China firmly vetoed the measure. At that time, North

13. Young Hyun Yoon, "China Supports Kim Jong-un," *SBS News*, December 20, 2011, http://news.sbs.co.kr/section_news/news_read.jsp?news_id=N1001049390 (Accessed on April 12, 2012).

Korea's economic situation was deteriorating and its diplomatic capacity was severely impeded by Seoul's *Nordpolitik*. Wary of the potential fallout that would result from the regime's collapse, Beijing provided enormous amounts of assistance to Pyongyang to help it recover from that period of decline. In this instance, Beijing's preference was to maintain political stability on the Korean peninsula even despite North Korea's pursuit of nuclear weapons. After the first Inter-Korean Summit in 2000, Seoul's economic assistance to Pyongyang grew rapidly, while DPRK continued to expand trade and economic ties with Beijing. In Washington, hawkish neoconservatives pushing for regime change in North Korea retreated, and U.S. policy toward the DPRK softened. North Korea seemed to have survived its most critical phase and muddled through for a substantial period. However, after Pyongyang tested a nuclear weapon in October 2006, China agreed to pass UN Security Council Resolution 1718, which placed sanctions on Pyongyang. American analysts saw this action as a strong shift in the Sino-DPRK relationship from diplomacy to punishment.[14] Less worried at the time about the imminent possibility of regime collapse in Pyongyang, Beijing demonstrated a greater concern that North Korea's nuclear capability might weaken Chinese leverage over the country and eventually disrupt stability on the Korean peninsula. Thus, this time Beijing decided to constrain Pyongyang.

In May 2009, Pyongyang tested a second nuclear device. Once again, China agreed with U.S. and ROK condemnations of the test and responded by supporting UN Security Council Resolution 1874, which placed stricter sanctions on the regime. However, "China also insisted on language in UN Resolution 1874 that allowed for sanctions to be lifted if the DPRK returned to the negotiating table."[15] This allowed China to send a strong message to North Korea, one that the U.S. and ROK overwhelmingly supported, while limiting the damage caused to the Sino-North Korea relationship. What can be surmised from China's reactions to North Korea is that China will

14. Bajoria, "The China-North Korea Relationship."

15. Nanto and Manyin, "China-North Korea Relations," pp. 11-12.

not risk jeopardizing its relationship with DPRK because in the end, Beijing wants to maintain some level of influence on the Korean peninsula and, more importantly, the Sino-DPRK relationship is critical to China's supreme interest of national and territorial integration. The rocket launch by the Kim Jong-un regime on April 13, 2012 put the U.S.-China relationship to the test once again. Pyongyang's announcement of the planned rocket launch reignited tensions and fears that the uncertain, worrisome, and tenuous regime would continue down a path of escalating provocations, becoming a powder keg in the region. The rocket launch was also seen as a blatant breach of the "Leap Day" agreement made between Pyongyang and Washington (which placed a moratorium on nuclear and missile tests and halted the uranium enrichment program at Yongbyon in exchange for 240,000 tons of food aid), and it reversed the U.S. and its allies' willingness to engage North Korea.[16] The White House said that China had, in principle, agreed with the United States to "co-ordinate their responses to any 'potential provocation' if North Korea goes ahead with a planned rocket launch."[17] However, despite President Obama's criticism of China for not being tough enough with North Korea, the Chinese response to the launch turned out to be very measured. China's twin concerns with regard to North Korea—denuclearization and stability—present it with a dilemma, requiring "strategic maneuvering" in order to achieve the seemingly contradictory goals of preventing North Korean collapse while also preventing it from becoming too strong. So while the United States and its allies may want China to conform to a more critical stance toward North Korea, Chinese national interests prevent Beijing from fully cooperating with the international community on North Korean affairs.

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16. Kate Andersen Brower and Juliana Goldman, "North Korea Missile Launch Would Be 'Provocative' Act, U.S. Says," *Bloomberg*, April 9, 2012, http://www.bloomberg.com/news/2012-04-09/north-korea-missile-launch-would-be-provocative-act-u-s-says.html (Accessed on April 12, 2012).
17. "Obama and Hu to Co-ordinate on North Korea Rocket Launch," *BBC News*, March 26, 2012, http://www.bbc.co.uk/news/world-asia-17509349 (Accessed on April 12, 2012).

China's Interests in North Korea

American analysts and government officials have little trouble discerning what China wants from North Korea. The number one objective for China in this relationship is maintaining stability and ensuring that North Korea is not hostile to Chinese interests. Daniel Sneider, an associate research director at Stanford University, suggests, "For the Chinese, stability and the avoidance of war are the top priorities. […] From that point of view, the North Koreans are a huge problem for them, because Pyongyang could trigger a war on its own."[18] It is clear that the potential for a widespread humanitarian crisis with thousands of North Korean refugees flooding across the border into China is a major concern for Beijing. A 2010 Congressional Research Service report explains:

> However unpredictable and annoying the North Korean government may be to Beijing, any conceivable scenario other than maintaining the status quo could seriously damage PRC interests. […] Within this context, Beijing's continuing economic assistance to North Korea can be easier to explain. Rather than a deliberate attempt to sustain North Korea's nuclear weapons program or undermine an ultimate resolution to the Six-Party Talks, as some have suggested, China's food and energy assistance can be seen as an insurance premium that Beijing remits regularly to avoid paying the higher economic, political, and national security costs of a North Korean collapse, a war on the peninsula, or the subsuming of the North into the South.[19]

Maintaining and maximizing Chinese influence over North Korea is an essential component of achieving the goal of stability on the Korean peninsula. China is a major proponent of the Six-Party Talks. The denuclearization of North Korea is in China's national security interests and it uses the Six-Party Talks process to bolster its standing with the United States and South Korea, while still maintaining influence over Pyongyang. The talks allow "Beijing to expand on its mediating

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18. Bajoria, "The China-North Korea Relationship."
19. Nanto and Manyin, "China-North Korea Relations," p. 7.

role and offe[r] it the potential, however slight the prospect of a successful conclusion to the talks, of being an original crafter of a key international agreement."[20] As an added benefit, "Continuation of the process provides a more neutral forum for regular conversations with Japan tha[t] might otherwise not be possible given lingering Sino-Japanese tensions and the 2010 clash over the Senkaku (Diaoyu) Islands."[21] It is important to note that China has other interests in Northeast Asia than merely protecting an ideological ally. To date, the Six-Party Talks have been an effective tool for China to elevate its standing as a gateway and mediator into the opaque world of North Korean foreign relations. In addition, Beijing has leveraged the talks in dealings with the United States and South Korea. Moreover, it expects the multilateral security arrangement to act as an instrument to stabilize the Northeast Asian geopolitical environment, which in turn serves its prime national interests.

Beijing's economic aid to Pyongyang is also intended to promote Chinese economic and geopolitical interests both in North Korea and in Northeast Asia as a whole. Despite North Korea's fragile economy and urgent need for international aid, China recognizes the commercial and economic advantages to be had in North Korea, especially for its small and medium enterprises. According to a Council on Foreign Relations report, the number of Chinese firms investing in North Korea has been growing rapidly, gaining such economic concessions as preferable trading terms and port operations. In particular, Chinese companies have been aggressively pursuing extraction rights to mineral and energy resources from North Korea's northern region. The energy resources provided from these mining contracts are essential for developing China's poorer northeastern provinces (which are predominantly ethnic-Korean populated areas) and for supporting its ever-growing economy. Victor Cha, Korea Chair at the Center for International and Strategic Studies, explains, "What China loses in economic handouts to the North, it is rapidly making back in a series of lucrative mining

20. *Ibid*., p. 8.
21. *Ibid*.

contracts."[22]

China sees economic development and cooperation as the best means of achieving stability and maintaining the status quo in North Korea. A January 2010 Congressional Research Service report suggests that this must be understood as "part of a Chinese strategy" of stabilizing the border region it shares with North Korea, lessening the pressure on North Koreans to migrate to China, and raising the general standard of living in North Korea.[23] This "buffer zone" strategy is one of the cardinal principles underpinning Beijing's North Korea policy—a policy designed to manage the border areas while limiting the spread of separatism among ethnic minorities. North Korea is not the only case in which China has demonstrated such concerns. For example, China has expanded its economic presence into Central Asia since the collapse of the Soviet Union. This expansion was driven, in part, by a desire to preclude both Islamic militancy and the incipient nationalism of the newly independent states from penetrating the Chinese border and spreading ethno-nationalism to the Uighurs, Kazakhs, Kirghiz, Uzbeks, and other Muslim ethnic groups in China. Chinese efforts to control these border areas included both the use of force and the intentional migration of Han Chinese into the region in order to dilute the non-Han presence there. Another motive for this economic expansion into Central Asia was to secure Xinjiang's internal stability by expanding its sphere of influence and fueling its economic development. This build up of "soft power" in the region through economic development and prosperity helped prevent Islamic penetration into China.[24] Similarly, underpinning China's efforts to help maintain stability in North Korea

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22. Victor Cha, "Why China Can't Cut Off North Korea," *Huffington Post*, April 6, 2012, http://www.huffingtonpost.com/mobileweb/victor-cha/china-north-korea-relations_b_1404178.html (Accessed on April 12, 2012).
23. Nanto and Manyin, "China-North Korea Relations," pp. 3-8. Recited from Bajoria, "The China-North Korea Relationship."
24. S. Enders Wimbush, "Great Games in Central Asia," in Ashley J. Tellis, Travis Tanner, and Jessica Keough (eds.), *Strategic Asia 2011-21: Asia Respond to its Rising Powers: China and India* (Seattle and Washington, DC: The National Bureau of Asian Research, 2011), pp. 265-267.

is the desire to prevent the consolidation of ethnic Korean influence in the region—fueled by a North Korean regime collapse and absorption by South Korea—that could ultimately lead to pan-Korean nationalism and irredentism in China's three Northeastern provinces (what the Koreans would call "Manchuria"), triggering a domino effect on other minority groups within the territory.

More immediately, North Korea offers China a security buffer from U.S. and ROK forces on the Korean peninsula. Counterterrorism expert Adam Segal asserts, "The Chinese are most concerned about the collapse of North Korea leading to chaos on the border […] If North Korea does provoke a war with the United States, China and South Korea would bear the brunt of any military confrontation on the Korean peninsula." In this context, Beijing has tried to constrain Pyongyang's provocative actions and at the same time strengthen its sustainability. China's measured reaction to the April 13 rocket launch can be understood in the same vein. And while China had joined Japanese and South Korean attempts to dissuade Pyongyang from going through with the launch, it failed to reach a consensus with its regional neighbors on how to respond to the launch itself.[25] Chinese Foreign Minister Yang Jiechi released a statement a week before the launch, stating, "China calls upon relevant parties to focus on the overall situation and look in the long-term, and to remain calm and exercise restraint and to use diplomacy and peaceful means to adequately resolve relevant problems."[26]

Because of the complex and somewhat conflicting interests China has in North Korea, Beijing has adopted measured strategies aimed at not only maximizing its security and economic benefits, but also minimizing Pyongyang's antagonistic actions, including its nuclear

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25. "Japan, China, South Korea urge North Korea to cancel rocket launch," *The Japan Times Online*, April 9, 2012, http://www.japantimes.co.jp/text/nn20120409a1.html (Accessed on April 12, 2012).
26. Yoshihiko Noda, "China 'worried' about N. Korea rocket launch," *The Economic Times*, April 5, 2012, http://economictimes.indiatimes.com/news/politics/nation/China-worried-about-N-Korea-rocket-launch/articleshow/12593951.cms (Accessed on April 11, 2012).

and missile development. For instance, in 1961, China and North Korea signed the Treaty of Friendship, Cooperation and Mutual Assistance. This bilateral agreement committed both parties to rendering military and other assistance against any outside attack. However, while North Korea portrays this as a defense treaty, Chinese scholars place less emphasis on the military assistance. According to Lu Chao, director of the Korean Research Center at Liaoning Academy of Social Sciences in China's northeastern region, "The treaty was created during the time of the Cold War. Friendship and mutual assistance is the key. It is the most important, not the military aspect."[27] Shi Yinhong, a North Korea expert at Renmin University in Beijing, asserts, "China's emphasis is not on the military commitment. Today, China treats it more of a symbol of comradeship. But North Korea treats it as a 100% military alliance."[28] China has sent clear signals to the international community that it does not support North Korea's provocative and antagonistic behavior. Beijing has publically urged North Korea to show restraint and has joined international condemnation of North Korea's nuclear adventurism. Having an unpredictable and uncontrollable nuclear-armed North Korea in China's backyard is counter-intuitive to Chinese national interests. And while both South Korea and Japan are technically covered under the U.S. nuclear umbrella, a nuclear-armed North Korea could drive its neighbors to develop their own nuclear deterrents, which could exacerbate the security dilemma in Northeast Asia, causing further destabilization. China's acceptance and support of international sanctions following North Korea's two nuclear tests demonstrate Beijing's displeasure with Pyongyang on the nuclear issue.

Furthermore, Pyongyang's erratic behavior could also endanger China's own economy as well as its economic interests, particularly access to energy and mineral resources, in North Korea. A Bloomberg

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27. Sunny Lee, "China, North Korea: Unlikely Friends," *Asia Times*, July 21, 2011, http://www.atimes.com/atimes/Korea/MG21Dg02.html (Accessed on April 11, 2012).

28. *Ibid*.

report from April 2012 cites North Korea's preparation for a rocket launch and a nuclear test as the reason for Chinese emerging market stocks falling to a two-month low.[29]

Conclusion

From a U.S. perspective, it is difficult to see much change in the Sino-DPRK relationship in the Kim Jong-un era. China will likely continue with a status quo policy that ensures relatively consistent bouts of stability and maintains a geographic buffer zone between the Chinese border and U.S. and ROK troops. As discussed, China's "strategic interest" forbids it from condemning North Korea harshly or breaking away from the alliance relationship.[30] Wikileaks cables have revealed that China considered abandoning its alliance with North Korea in 2010.[31] A British report on the leaks stated, "In highly sensitive discussions […] the-then South Korean vice foreign minister, Chun Young-woo, told the U.S. ambassador, Kathleen Stephens, that younger generation Chinese Communist party leaders—no longer regarded North Korea as a useful or reliable ally—and would not risk renewed armed conflict on the peninsula."[32] Though it is understandable why China may be frustrated with North Korea's belligerence, it is difficult to envision a scenario in which China completely abandons its long-time friend and ally. Cha describes this precarious relationship:

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29. Zachary Tracer and Gan Yen Kuan, "Emerging Stocks Fall to 2-Month Low on U.S. Job Growth," *Bloomberg*, April 9, 2012, http://www.bloomberg.com/news/2012-04-09/emerging-stocks-fall-to-2-month-low-on-u-s-jobs-north-korea.html (Accessed on April 11, 2012).
30. Lee, "China, North Korea: Unlikely Friends."
31. Simon Tisdall, "Wikileaks cables reveal China 'ready to abandon North Korea'," *The Guardian*, November 29, 2010, http://www.guardian.co.uk/world/2010/nov/29/wikileaks-cables-china-reunified-korea (Accessed on April 11, 2012).
32. *Ibid*.

> For all of these reasons, China has worked itself into an uncomfortable corner when it comes to North Korea. It can't stand the way Pyongyang drags China's name through the mud with every provocation. Is Beijing more comfortable with a friendly yet weak and sometimes embarrassing North Korea on its southern flank than they would be with a rich, powerful, democratic, U.S.-aligned, unified Korea? You bet.[33]

The necessity of North Korea as a security buffer zone is further illustrated when taking U.S. strategy toward Northeast Asia into account. The 2012 Defense Strategic Guidance issued by the Obama administration clearly articulates that China must clarify its strategic intentions with regard to the growth its military power and assures that the United States will continue to engage Northeast Asia and "make the necessary investment to maintain regional access and the ability to operate freely in keeping with our treaty obligations and with international law." The report also regards as critical to U.S. national interests the area "extending from the Western Pacific and Eastern Asia into the Indian Ocean region and South Asia," and asserts that the United States "*will of necessity rebalance toward the Asia-Pacific region*." China has interpreted this as a strategy to contain China, and both powers view the Korean peninsula as the front line in Northeast Asia.[34] If the U.S.-Sino relationship deteriorates and descends into conflict, North Korean instability could serve a lethal blow to China. Therefore, during this transitional period, as the young Kim Jong-un struggles to consolidate his legitimacy and power, China will likely work to strengthen its ties with the DPRK rather than trying to constrain it. In the face of uncertainty about North Korea's future, the relationship between Beijing and Pyongyang is bound to get deeper and stronger.

At the same time, if Pyongyang continues to destabilize the security situation on the Korea peninsula through its erratic and provocative behavior, the nature of Sino-DPRK relations could fluctuate. The

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33. Cha, "Why China Can't Cut Off North Korea."

34. "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," Department of Defense, January 2012, p. 2, http://www.defense.gov/news/Defense_Strategic_Guidance.pdf (Accessed on February 21, 2012).

United States will surely pressure China into supporting international measures that admonish North Korea's behavior, such as additional UN sanctions. The future of relations between Beijing and Pyongyang could be further complicated by the emergence of a new Chinese leadership in 2012, coupled with presidential elections in both the United States and South Korea. Nevertheless, it is unlikely that we will see any dramatic changes in Beijing's attitude toward North Korea in the near future. What is likely is that Beijing will continue efforts to foster stability on the Korean peninsula by bolstering Kim Jong-un's transition to power and encouraging economic development. The precariousness of the situation on the Korean peninsula demands what Bates Gill, director of the Stockholm International Peace Research Institute, calls "an even more hard-nosed recognition of Chinese interests in North Korea and the kind of partner Beijing is—or is not—likely to be in supporting U.S. and allied priorities on the Korean peninsula."[35]

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35. Bates Gill, "China's North Korea Policy: Assessing Interests and Influences," United States Institute of Peace Special Report 283, July 2011, p. 10, http://www.usip.org/files/resources/China's_North_Korea_Policy.pdf (Accessed on April 13, 2012).

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In Search of Balance between Inducements and Sanctions: Evaluating the Lee Myung-bak Administration's North Korea Policy

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This paper will ① focus on the context behind the development of the North Korean problem and the limitations of the policy resources that can be effectively utilized, in order to explain the background for the change in North Korea policy under the Lee Myung-bak administration, and ② objectively evaluate the merits and demerits of this policy change. The gist of this paper is as follows. All previous South Korean administrations have strived toward the common goal of encouraging change in North Korea (denuclearization, reform, and liberalization). But the policy measures that the South Korean government could realistically employ were limited to two economic measures, namely inducements and sanctions. These two measures are like two sides of the same coin. Excessive utilization of one inevitably reduces the effectiveness of the other. The previous administration's policy met with difficulties in achieving its goals by leaning too heavily toward economic inducement. Learning from that experience, the Lee Myung-bak administration gave equal weight to use of economic sanctions and reestablished a principle of "compensation for cooperation, sanctions for deviation." Within its structural limitations, the Lee administration has sought to maximize the effectiveness of its policy measures. Because North Korea had become too complacent with the one-sided generosity of the previous administration, it responded to the new policy by engaging in acts of aggression which have perpetuated sanctions. But if sanctions are implemented consistently under transparent principles, then the learning curve will improve while the cost of the North's nuclear and anti-reform policies will rise. This can help incite change within North Korea. By maintaining clear principles, future administrations can double the effectiveness of their North Korea policies by making strategic use of the dual measures of inducement and sanctions. The North Korea policy of the Lee administration is significant in that it established the foundations for this approach.

Key Words: Lee Myung-bak government, North Korea Policy, economic inducement and sanction, policy instruments, policy measures

Introduction

The Lee Myung-bak administration now has less than one year remaining in its term. Of all the policies that have been implemented by the current administration, none has been subjected to as vehement an ideological and political assault as its North Korea policy. But our North Korea policy must not fall victim to wasteful political strife or counterproductive conflict; after all, North Korea policy is an important issue that can decide the future of South Korea and the destiny of the entire Korean population. We must make a calm calculation of our national interest and a fair judgment from the perspective of national governance strategy. By fairly evaluating the merits and demerits of the Lee Myung-bak administration we can plan an effective and successful North Korea policy for the future.

This paper will ① focus on the context behind the development of the North Korean problem and the limitations of the policy resources that can be effectively utilized, in order to explain the background for the change in North Korea policy under the Lee Myung-bak administration, and ② objectively evaluate the merits and demerits of this policy change.

The gist of this paper is as follows. All previous South Korean administrations have strived toward the common goal of encouraging change in North Korea (denuclearization, reform, and liberalization). But the policy measures that the South Korean government could realistically employ were limited to two economic measures, namely inducements and sanctions. These two measures are like two sides of the same coin. Excessive utilization of one inevitably reduces the effectiveness of the other. The previous administration's policy met with difficulties in achieving its goals by leaning too heavily toward economic inducement. Learning from that experience, the Lee Myung-bak administration gave equal weight to use of economic sanctions and reestablished a principle of "compensation for cooperation, sanctions for deviation." Within its structural limitations, the Lee administration has sought to maximize the effectiveness of its policy measures. Because North Korea had become too complacent with the

one-sided generosity of the previous administration, it responded to the new policy by engaging in acts of aggression which have perpetuated sanctions. But if sanctions are implemented consistently under transparent principles, then the learning curve will improve while the cost of the North's nuclear and anti-reform policies will rise. This can help incite change within North Korea. By maintaining clear principles, future administrations can double the effectiveness of their North Korea policies by making strategic use of the dual measures of inducement and sanctions. The North Korea policy of the Lee administration is significant in that it established the foundations for this approach.

The reign of Kim Jong-il stretched across four South Korean administrations: Kim Young Sam, Kim Dae-jung, Roh Moo-hyun, and Lee Myung-bak. During this period, Kim Jong-il "consistently" implemented a military-first, anti-reform, anti-liberalization policy, represented by the incessant development of nuclear weapons.[1] Faced with the danger of regime collapse brought on by the collapse of socialism, North Korea responded not with reforms but with conservative policies such as nuclear armament and the military-first system, and threw all its weight into establishing a hereditary autocracy by which the Kim Il Sung dynasty would continue to rule through the bloodline.[2] North Korea's pursuit of nuclear weapons runs counter to the international norm of non-proliferation, and is a destabilizing factor that can threaten the military balance between North and South Korea and instantaneously throw off the status quo of East Asia. It has been said that North Korea's "introverted, closed economic system and extreme ethnocentrism" are

1. This will be discussed in more detail later, but Kim Jong-il repeatedly implemented a policy cycle of "reach agreement—gain aid from the international community—cancel agreements." Despite this circular attitude shift, the North has consistently developed its nuclear and missile programs. Dick K. Nanto and Emma Chanlett-Avery, "North Korea: Economic Leverage and Policy Analysis," CRS Report for Congress R32493 (updated on January 22, 2010).
2. Concerning the hereditary autocracy system, refer to Jason Brownlee, "Hereditary Succession in Modern Autocracies," *World Politics*, Vol. 59, Issue 4 (July 2007), p. 599.

the fundamental factors that drive its ambition for nuclear weapons.[3] In other words, nuclear weapons and anti-reform are two sides of the same coin.[4]

In response to Kim Jong-il's nuclear development and anti-reform policies, successive South Korean governments have followed the same goals in their North Korea policies, namely denuclearization (delaying or suspending North Korea's development of nuclear weapons and missiles), reform and opening, and peace and stability on the Korean peninsula. North Korea's policies of nuclear development and anti-reform work in concert. Correspondingly, in South Korea's North Korea policy the goals of denuclearization of the Korean peninsula and reform and opening of North Korea are inseparable. In other words, South Korea has consistently strived for "change in North Korea's regime and policy direction."

Since the Kim Young Sam administration, the South Korean government pursued an engagement policy based on economic leverage as a means of inciting change in North Korea.[5] Military intervention or

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3. Etel Soligen, *Nuclear Logics: Contrasting Paths in East Asia and the Middle East* (Princeton: Princeton University Press, 2007), pp. 118-140.

4. In dealing with the development of its homegrown internal market, North Korea has shown a circular strategy similar to that of the nuclear negotiation process. This cycle consists of "partial economic improvement measures (e.g., the July 1 measures)—revival of economy—attempt to reestablish state control (e.g., the 2009 currency reform)." This pattern can be seen as the practical application of the "socialist pragmatism" line that ultimately aims to restore the planned distribution economy. For example, the "renomination" policy included in the July 1 measures can be seen as "a necessary and indispensible factor in restoring the seriously damaged centrally planned economy" rather than as a part of marketization. Renominization was concretely implemented through the establishment of the national economic plan, which had been partially reinstated after the July 1 measures, along with the currency reform implemented in 2009. Nicholas Eberstadt, *The North Korean Economy: Between Crisis and Catastrophe* (New Brunswick: Transactions, 2007), p. 302.

5. It has been claimed that the "blockade policy" also contributes to inducing changes in the policies and systems of the target state. There has been much debate between the conservatives and liberals concerning the contribution of the Reagan administration's new Cold War (blockade) policy to the reforms of Gorbachev and the fall of the Soviet Union. Refer to Daniel Deudney and

containment were not considered realistic policy alternatives. That is, viable policy options were limited to either "economic incentives" such as economic support and aid, or "economic coercion" such as economic sanctions. The policy choices available to the South Korean government were limited by the fundamental dilemma of needing to lean toward either one or the other, or some combination of the two. Despite pursuing the same policy goals, different administrations have selected different means of implementing policies. Whereas the previous administration emphasized "economic incentives," the Lee administration has utilized "economic sanctions" as an important instrument for policy and attempted to strike a balance between the two methods.

The Geneva Agreement, the February 13 Agreement, and the South Korean government's Sunshine Policy are all based on the strategy of inducing change in North Korea through economic incentives.[6] But economic incentives have not succeeded in making North Korea comply with the terms of its agreements (the denuclearization process) or embrace reform and opening; thus this strategy appears to have reached its limit. Furthermore, South Korea's one-sided policy of economic aid has been continuously criticized for having the adverse

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G. John Ikenberry, "The International Sources of Soviet Change," *International Security*, Vol. 16, No. 3 (Winter 1991/1992); Jack Snyder, "International Leverage on Soviet Domestic Change," *World Politics*, Vol. 42, No. 1 (October 1989). There has also been debate about whether Germany's unification was a result of a continuous blockade policy or West Germany's interventionist policy of *ostpolitik*. But regardless of the debates about such blockade policies' effectiveness in inducing regime change in the target nation, it is not feasible for South Korea alone to maintain a blockade policy against North Korea in the post-Cold War era. The concern over North Korea's strategy to drive a wedge between the United States and South Korea reflects the uncertainty of the international political order in the post-Cold War era.

6. In February 2007, Six-Party Talks negotiators announced an agreement that would provide economic and diplomatic benefits to North Korea in exchange for a freeze and disablement of the North Korean nuclear facilities mainly located in Yongbyon. See Emma Chanlett-Avery and Mi Ae Taylor, "North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation," CRS Report for Congress R41259 (May 26, 2010), p. 6.

effect of stabilizing the North Korean regime, allowing it to continue its ceaseless development of nuclear weapons, and hindering cooperation among the international community rather than inducing change within North Korea. An evaluation of these policy failures and the negotiation strategies of North Korea has led to the conclusion that consistent principles must be utilized when wielding these two policy tools. This is the background for the policy shift of the Lee Myung-bak administration.

Contrary to public perception, the two economic policy measures of economic incentives and economic sanctions are not mutually exclusive but rather mutually dependent. They are like two sides of a coin. When demands are met (cooperation) then aid should be given as a reward, and when demands are rejected or agreements are violated (deviation) such behavior will be punished through sanctions. This issue relates to the most basic tenants of economic statecraft.[7] When a reliable threat of sanctions exists, the opposite party is likely to cooperate. When the threat of punitive military or economic sanctions does not exist or is unreliable, then even if the opposite party agrees to negotiations on the basis of economic incentives there is little possibility that it will faithfully abide by those agreements.[8] That is, without a probability of sanctions, incentive measures will most likely lead to violations of agreements or renegade behavior.

Breaking the rules of this game by responding to compliance with sanctions and violations with rewards will inevitably lead to policy failure. North Korea's strategy has been to operate a cycle of

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7. Baldwin has maintained that the concept of economic sanctions should be expanded beyond simple economic coercion to include economic statecraft, which may seek other objectives in addition to changing the attitude of the target state, such as achieving economic goals, gaining domestic political support, expressing a strong commitment to audiences in third-party states, and punishing bad behavior. David A. Baldwin, *Economic Statecraft* (Princeton, NJ: Princeton University Press, 1985), p. 32, pp. 371-372.

8. In this sense, economic sanctions have traditionally been considered a substitute for military intervention. According to Pape, policy-makers have shown great interest in looking for conditions that can "change the attitude of the target nation without resorting to military action." Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security*, Vol. 22, No. 2 (Fall 1997), p. 95.

deviations and provocations in which it breaks with principles and refuses to follow through with agreements, minimizing the effects of sanctions while at the same time receiving economic aid. This behavior has now become a pattern. In response, the Lee administration has endeavored to reestablish the basic principles of the negotiation game (rewards for cooperation, sanctions for violation) with the support of the international community and allies. This effort will be historically evaluated as an important contribution, enabling the subsequent administration to "flexibly" utilize incentives and sanctions and to more effectively pursue the goals of denuclearization and North Korean opening.

This paper is arranged as follows. First, it evaluates economic incentives and sanctions in general terms as means of encouraging change in the target nation, and also looks at the limitations of the policy measures available to the South Korean government. The principles of the Lee Myung-bak administration's North Korea policy originate from lessons learned about the ineffectiveness and adverse effects of one-sided incentive policies. The Sunshine Policy served as a reverse model for the Lee administration's North Korea policy. In the second part of this paper, we analyze the limitations of economic incentive policies. We then examine the North Korea policy of the Lee administration in terms of "choice."

The Limits of North Korea Policy Measures and the Logic of Economic Sanctions

The means of forcing or inducing a change of policy, attitude, or regime (such as reform) in another state have included military interventions, economic incentives, and sanctions. It is very difficult to externally manipulate the policy direction of a sovereign nation. This is especially true in the case of North Korea, whose policies and regime survival strategies, such as nuclear armament programs, anti-reform and anti-liberalization, and military provocation, stem from

the unique characteristics of its regime.[9] Whatever responsive measures or remedies are applied will face fundamental limitations, and their rate of success tends to be low.[10]

How effective are the various policy measures? According to quantitative case studies of the effects of different policy measures,[11] direct military intervention or "costly sanctions" tend to exert a relatively large influence in the regime stability of the target state; on the other hand, aid or "cheap and symbolic sanctions" tend not to be very effective.[12] Military intervention seems to be more effective than economic sanctions in changing policies in the target state. According to a study by Wang and Ray, military actions have achieved a success rate of 40% to 70% since the year 1495.[13] On the other hand, a study

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9. Stephen Van Evera, *Causes of War: Power and Roots of Conflict* (Ithaca: Cornell University Press, 1999), p. 2.
10. For this reason, deterrence strategies such as developing an independent nuclear armament, reintroducing American tactical nuclear weapons, and extended deterrence have been discussed as final alternatives, rather than policies to induce changes in North Korean attitudes. If change in North Korea is impossible, then naturally there will be debate on whether deterrence is the best option for South Korea's survival. It is true that there is growing pessimism about the possibility of North Korea changing its policies, as North Korea relentlessly pursues nuclear weapons.
11. This study focuses on the 160 regimes that have been the targets of regime change policies involving sanctions from 1946 to 1990. Barbara Geddes, "The Effect of Foreign Pressure on the Collapse of Authoritarian Regimes," paper presented at the Annual Meeting of the American Political Science Association, Boston, 2002.
12. Oechslin of the University of Bern has claimed that when the goal of sanctions is regime change of a dictatorial state, the dictator will actually strengthen oppression of civil society and adopt a defensive strategy, fundamentally blocking any possibility of potential challengers to the regime emerging. As Geddes points out, the original goal of the sanctions can be reached only when the cost of the sanctions becomes sufficiently large. Manuel Oechslin, "Targeting Autocrats: Economic Sanctions and Regime Change," paper presented at Tiburg University and the NEUDC Conference, Boston, 2011.
13. Kevin Wang and James Lee Ray, "Beginners and Winners: The Fate of Initiators of Interstate Wars Involving Great Powers since 1495," *International Studies Quarterly*, Vol. 38, No. 1 (March 1994).

by Hufbauer, Schott, Elliot, and Oegg shows that only 70 out of 204 (34%) cases of sanctions can be categorized as successful.[14] Despite having a higher success rate than economic incentives, economic sanctions[15] are often considered to have very "low"[16] effectiveness and have been described as a "notoriously poor tool of statecraft."[17]

Although military intervention is relatively effective in terms of producing tangible results, it is difficult to believe that it has much effect in terms of "costs." If the "costs" derived from military intervention are larger than the "benefits" of the change in the policy or system of the target nation, then military intervention cannot necessarily be considered the rational "choice." Excluding exceptional cases where an overwhelming gap in military capabilities allows the target nation to be easily defeated, military actions have rarely been considered effective in terms of minimizing costs and humanitarian damage. When the gap in military capabilities is quite large and the two parties are rational decision-makers, a believable threat of military intervention will likely be enough to convince the target nation to accept the demands of the sanctioning nation. In such cases, mere threats will be sufficient to control the situation without resorting to

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14. These pioneering data collection and categorization studies have been quoted frequently by studies on economic sanctions, either on friendly or critical terms. The information is continuously updated. This paper quotes from the 2009 version. Gary Clyde Hufbauer, Jefferey J. Schott, Kimberly Ann Elliot, and Barbara Oegg, *Economic Sanctions Reconsidered*, Third Edition (Washington, DC: Peterson Institute for International Economics, 2009), pp. 158-160.

15. For critical discussions on sanctions, refer to T. Clifton Morgan and Valerie L. Schwebach, "Fools Suffer Gladly: Use of Economic Sanctions in International Crises," *International Studies Quarterly*, Vol. 41, No. 1 (March 1997); Robert A. Pape, "Why Economic Sanctions Do Not Work?" *International Security*, Vol. 22, No. 2 (Autumn 1997).

16. George Tsebelis, "Are Sanctions Effective? A Game-Theoretic Analysis," *Journal of Conflict Resolution*, Vol. 34, No. 1 (March 1990), pp. 3-4.

17. Kim Richard Nossal, *Rain Dancing: Sanctions in Canadian and Australian Foreign Policy* (Toronto: Toronto University Press, March 1990), pp. 3-4. Critical perspectives on the Lee Myung-bak administration adopt a similar position. Making one-sided evaluations without comparing viable policy options (in terms of realization and effectiveness) can lead to biased conclusions.

actual military action.[18] Thus, according to the theory, in situations where military action is most likely to be successful, there is less chance of an actual military action taking place.

The potential for taking individual measures is inevitably limited to the international politics and geopolitical context of each case. The case of North Korea's attempt to develop nuclear weapons is a typical example. Before the 1994 Geneva Agreement, the main actors during the first North Korean nuclear crisis were the United States, North Korea, and South Korea. The fall of the Soviet Union and the ideological transformation in China created a military power vacuum which provided an opportunity for the Clinton administration to seriously consider surgical strikes and other military measures as viable options to eliminate North Korea's nuclear programs.

But the possibilities of North Korea engaging in all-out warfare with its powerful arsenal or the Chinese military becoming involved after the surgical strike made the United States hesitate. Even if the U.S.-South Korean alliance emerged victorious from such a conflict, the damage would be incalculable. Even adding in the advantages gained from non-proliferation and the damage that North Korea would suffer, the U.S. inevitably concluded that the losses to itself and its ally, South Korea, would be much greater than the benefits.[19] In addition, North Korean propaganda used the American military sanctions to justify its pursuit of nuclear weapons (to defend its sovereignty and as a deterrent), and this inevitably decreased the effectiveness of threats of military action.[20] Even from South Korea's

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18. Refer to James D. Fearon, "Rationalist Explanations for War," *International Organization*, Vol. 49, No. 3 (Summer 1995).

19. Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations* (Cambridge: Cambridge University Press, 1999), p. 299.

20. Of course, North Korea's claims were a form of deceptive propaganda called "presenting a false sequence of events." The U.S. respected the "denuclearization declaration of the Korean peninsula" between North and South Korea and removed its strategic nuclear weapons from South Korea; the threat of air strikes and other military actions was raised in response to North Korea's nuclear programs.

perspective (during the Kim Young Sam administration), supporting military action at the risk of all-out war was an enormous political burden. Military intervention was in reality not a viable alternative.[21] For both South Korea and the United States, the situation provided no other option but a mixed policy of "economic incentives" and "economic sanctions."

Economic incentives refer to moves aimed at inducing positive change in the policies of enemy states through symbolic political concessions or economic benefits. There are two broad goals of the incentive approach. The "Exchange Model" aims to induce policy changes by providing material benefits (such as bribes) in accordance with the unique policies of the enemy state. The "Catalytic Model" aims to change the basic policy priorities of the target state.[22] Offering economic assistance in exchange for a North Korean commitment to denuclearization would be an example of the Exchange Model, while the Sunshine Policy's attempt to encourage North Korean opening is more typical of the Catalytic Model. It is extremely difficult to change the policies of other nation states through economic assistance alone, and such measures are most effective when combined with military or economic sanctions (including suspension of aid), as suggested by the carrot-and-stick metaphor.

Forcible economic sanctions are defined as actions where "the sanctioning state threatens to undermine economic exchanges between the two states or to actually suspend exchanges if the target state does

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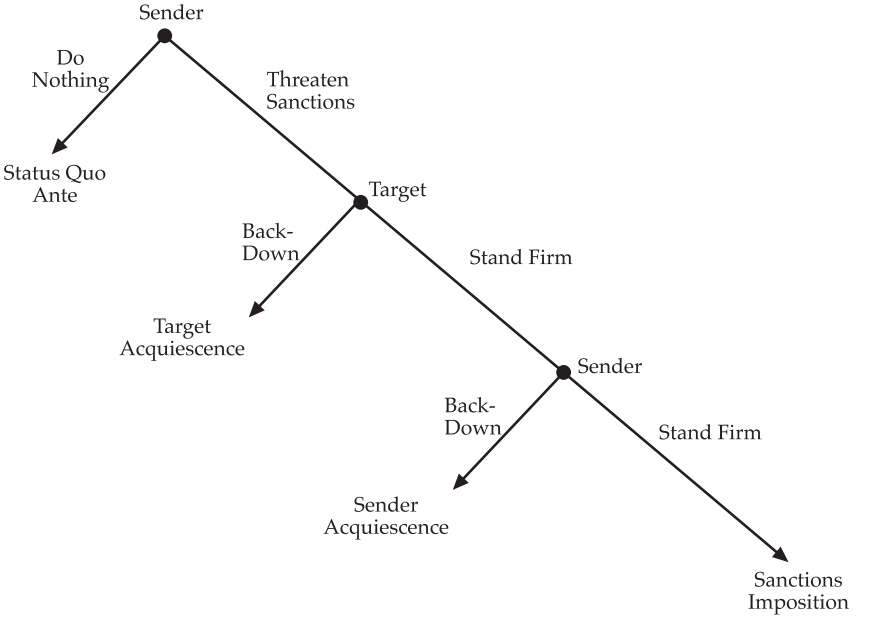
21. At least from the U.S.' perspective, even though the probability of enacting military sanctions is very low, the threat of doing so is still an important option. First, in some cases, diplomatic tactics or military threats can be useful negotiating tools to support economic coercion. Second, in the event of a decisive change in the geopolitical circumstances of Northeast Asia, compromise among the major parties, or decisive changes in the military balance on the Korean peninsula, military sanctions or strategic assaults on North Korean nuclear facilities may be possible or even demanded as a "necessary and inevitable choice."

22. Miroslav Nincic, "Getting What You Want: Positive Inducements in International Relations," *International Security*, Vol. 35, No. 1 (Summer 2010).

Figure 1. Model of Economic Sanctions



Source: Daniel W. Drezner, "The Hidden Hand of Economic Coercion," *International Organization*, Vol. 57, No. 3 (Summer 2003), p. 646.

not comply with the demands articulated by the sender state."[23] To limit economic exchanges, measures such as trade regulation, freezing financial assets, postponing aid, and boycotts are often utilized.

Figure 1 is a model of economic sanctions that presumes complete sharing of information (including the "transparent verification" of intentions). If there is a "plausible threat of sanctions," and if the target state of sanctions, as a rational agent, concludes that the disadvantages inflicted by the sanctions are greater than the advantages gained from continuing its existing policies and decides to abandon those policies or simply back down, then the sanctioning state gains the acquiescence of the target state. If the target state concludes that the advantages of adhering to existing policies are greater than the disadvantages inflicted

23. Daniel W. Drezner, *The Sanctions Paradox*, pp. 2-3.

by the sanctions, or decides to test the validity of the sanction threat, then the target state may use the adherence card. In this case, the ball goes to the sanctioning state's court; if the sanctioning state does not relent in its demands, then the sanctions must go forward.

Assuming the hypothetical conditions of rational agents, transparent sharing of information (concerning the intentions and capabilities of the other party), and a highly reliable sense of commitment, in theory it should not possible to actually impose sanctions. In situations where sanctions are actually effective (where the advantages gained by the target state from adhering to existing policies are greater than the disadvantages of sanctions), there is no actual possibility of economic sanctions being imposed.[24] This is because the target state as a rational agent will acquiesce to the sanctioning state and either amend or abandon its existing policies. Also, in cases where sanctions cannot be effective (where the advantages gained by the target state from adhering to existing policies are greater than the disadvantages of sanctions), the possibility of sanctions actually being imposed is very low. This is because the sanctioning state will not impose costly sanctions when it is certain that the target state will adhere to existing policies. Thus, if sanctions are actually imposed (as occurs frequently in the reality of politics), the most likely outcome is a continued stalemate.[25] This is because either some or all of the hypothetical conditions stated above are not present in cases where the calculation of interests is uncertain. For this reason, the rate of success for economic sanctions is very low in empirical studies.[26]

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24. Daniel W. Drezner, "The Hidden Hand of Economic Coercion," *International Organization*, Vol. 57, No. 3 (Summer 2003), p. 647.
25. Daniel W. Drezner, ibid. As the Drezner model predicts, the Six-Party Talks and the negotiations between North and South Korea are at an impasse. The sanctioning nations and North Korea are all afraid that making concessions in the current situation will weaken their future position at the negotiating table.
26. According to Drezner, the reason why sanctions seem to have a poor success rate is because in situations where sanctions are most effective, simply threatening sanctions can lead to successful mediation or resolution of disputes; on the other hand, most statistical analyses and case studies on sanctions have focused

In order to increase the effectiveness of economic measures in real-world politics, an effective mixture of incentives and sanctions is needed. If the complete theoretical conditions are actually realized, then the success rate of economic measures will rise. In other words, when there is a transparent expression of intentions, highly plausible threats of sanctions and promises of economic aid, and a consistent policy of rewards for cooperation and sanctions for lack of cooperation, then the intended aims will likely be achieved.[27] Wrong signals, wrong responses, manipulated intentions or mis-transmission of signals will diminish the effectiveness of policies, making goals more difficult to achieve.

In this section, we list policy measures that can be used to change the attitude of the target state. Military intervention, economic sanctions, and inducement all have limitations in terms of cost and effectiveness. Because of the Korean peninsula's geopolitical and military circumstances, it is difficult for South Korea to select military intervention as a major North Korean policy tool. In reality, South Korea's policy measures are limited to the relatively ineffective economic incentives and sanctions.

As such, instead of engaging in military action, past South Korean administrations have adopted North Korea policies that combine economic incentives and sanctions in concert with the U.S. and the international community.[28] But whereas previous administrations pursued biased policies that emphasized economic incentives, the

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on cases where sanctions have actually been implemented (in other words, situations where sanctions have a low chance of succeeding and therefore mere threats are insufficient); thus, a "selection bias" has occurred. Daniel W. Drezner, "The Hidden Hand of Economic Coercion."

27. It is often said that economic incentives and sanctions are indivisible; incentives are referred to as positive sanctions and sanctions are referred to as negative sanctions. In this study, the separate terms "incentives" and "sanctions" are used in accordance with convention.

28. It appears that they have learned the same lesson as the Lee Myung-bak administration (i.e., "One should not buy the same horse twice"). As a result, the ROK-U.S. alliance against North Korea has grown even stronger.

Lee Myung-bak administration has focused on a more effective mix of different measures; thus economic sanctions have been included as an important aspect of North Korea policy.

Background to the Policy Transition: Lessons from the Sunshine Policy

Contrary to expectations, the economic incentives of the Sunshine Policy failed to achieve the desired results.[29] Not only did they fail to achieve the denuclearization of North Korea, they failed to achieve satisfactory results in terms of reform and opening of North Korea. A critical reflection of the premise of the Sunshine Policy (the premise that increasing exchanges between North and South Korea, especially in terms of economic aid and cooperation, will contribute to the denuclearization, reform, and opening of North Korea and ultimately bring about peaceful integration of the two Koreas in the long term)[30] and the problems encountered implementing these policies have been a major influence in establishing the direction of North Korea policy under the Lee Myung-bak administration. This section looks at the preceding North Korea policy which has served as a lesson for the Lee administration in establishing its own policies, specifically the background and the limitations of the Sunshine Policy, and also seeks lessons from this example to give a general evaluation on the effect it has had on the Lee administration in establishing its own

29. In this study, the term "Sunshine Policy" refers to the general policy of economic incentives offered by the Kim Dae-jung and Roh Moo-hyun administrations. Despite partial differences, those two administrations both publically established and implemented North Korea policies based on the same basic premise described in this study. Refer to Kim Jin Ha, "Reevaluation and future tasks for the North Korean economic aid policy," *Juyo Gukje Munje Bunsuk* [Major International Issues Analysis], No. 2009-42 (Seoul: Institute of Foreign Affairs and National Security), January 2010.

30. For more on Sunshine's premise, refer to Marcus Noland, *Avoiding the Apocalypse: The Future of the Two Koreas* (Washington, DC: Institute for International Economics, 2000), p. 112.

North Korea policies.

As concerns increased about the adverse effects and excessive costs of military actions, South Korea and the U.S. shifted focus to economic sanctions as an alternative response during the first North Korean nuclear crisis.[31] In the early and mid-1990s, while the aftermath of the Cold War blockade of North Korea still remained, the volume of economic exchanges North Korea had with South Korea and the U.S. was quite small. Since South Korea and the U.S. had such a narrow influence on the economy of North Korea, there was no way of knowing with certainty the effects of economic measures. The prevailing opinion was that economic pressure and incentives would not be effective against North Korea, which during the Cold War had focused on building its own independent economy based on the principle of self-reliance.

But the increasing vulnerability of the North Korean economy after the fall of the Soviet Union laid a material foundation for effective economic measures.[32] In the aftermath of the long experiment of socialism and the fall of the Soviet Union, North Korea showed all the characteristics of a "failed nation"[33] and deteriorated even further.[34] Before the fall of the Soviet economic bloc, North Korea had received a steady supply of crude oil and food, which it could not procure by

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31. For a brief history on the process of the negotiations on North Korean nuclear weapons, refer to Cho Min and Kim Jin Ha, *Bukheck Ilji* [Chronicle of North Korea's Nuclear Development] (Seoul: Korea Institute for National Unification, 2009).

32. Refer to Kim Jin Ha, "Reevaluation and future tasks for the North Korean economic aid policy," *Juyo Gukje Munje Bunsuk* [Major International Issues Analysis], No 2009-42; Dick K. Nanto and Emma Chanlett-Avery, "North Korea: Economic Leverage and Policy Analysis"; Daniel W. Drezner, *The Sanctions Paradox*, pp. 275-304.

33. On the concept and characteristics of a failed state, refer to Robert I. Rotberg, "The Failure and Collapse of Nation-States: Breakdown, Prevention, and Repair," in Robert I. Rotberg (ed.), *When States Fail: Causes and Consequences* (Princeton: Princeton University Press, 2004), pp. 1-45.

34. Robert S. Litwak, *Regime Change: U.S. Strategy through the Prism of 9/11* (Baltimore: Johns Hopkins University Press, 2007), p. 245.

itself, by engaging in mutually beneficial planned trade with the Soviet Union, China, and other socialist nations based on the principle of mutual support among comrade nations. In reality, after the fall of the Soviet Union, which was responsible for most of the planned aid, North Korea faced a fundamental crisis.[35] Most importantly, because of the great famine brought on by the deterioration of the system of supply and demand, the situation reached a point where the foundations of the regime began to shake.[36] From this period onwards, food shortages became a constant factor threatening the survival of North Korea's regime (Refer to Table 1).

Table 1. Current Status of North Korea's Grain Supply and Demand, 1995-2000

(unit: 10,000 tons)

Year	Demand	Amount produced	Required imports	Actual imports	Shortfall
1995	534	345	189	96.2	92.8
1996	529	369	160	105	55
1997	530	349	181	163	85
1998	495	389	106	111.2	-18.8
1999	504	422	82	107	-25
2000	518	359	159	122.5	36.5

Sources: (1) Demand: Ministry of Unification, Institute for Unification Education, *Understanding North Korea 2009*, p. 144 (Based on the post-crisis reduced ration of 546g daily per person; standard ration amount is 700g); (2) Supply: Korean Statistics Agency (http://www.kostat.go.kr, search date on April 18, 2012); and (3) Imports: KOTRA, "North Korea's trade trends 2008."

35. After the fall of the Soviet economic bloc, North Korea was faced with a situation where it had no choice but to rely entirely on China for supplies of strategic goods, and China, which was desperate for an infusion of capital to enable its smooth transition to a market economy, switched in 1995 from a non-sanctioned to a sanctioned transaction system of trade with North Korea, thereby increasing the economic difficulties of North Korea. At the time, North Korea's mistrust of China reached its peak. Kim Jin Ha, "Reevaluation and future tasks for the North Korean economic aid policy," *Juyo Gukje Munje Bunseok* [Major International Issues Analysis], No. 2009-42 (2010).

36. For the causes and effects of the North Korean famine, refer to Andrew S.

Also, since the mid-1990s when the basic capacity for autonomous revival was depleted and the effects of the fall of the Soviet Union began to show themselves, the North Korean economy deteriorated even further. As seen in Table 2, from 1994 North Korea's GDP began to fall precipitously. By 1996, its GDP reached a nadir at around half of what it was before the crisis (refer to Table 2).[37] As the vulnerability[38] of North Korea's economy increased significantly, a window of opportunity was opened for South Korea and the U.S. to try to induce North Korea to change its policies.

Table 2. Comparison of the GDP of North Korea and Vietnam, 1975-2000
(Millions 1990 International Geary-Khamis Dollars)

Year	North Korea	Vietnam
1975	44,891	34,130
1976	45,652	39,879
1977	46,379	41,343
1978	47,104	41,622
1979	47,842	41,873
1980	48,621	40,671
1981	49,388	42,103
1982	50,138	45,526
1983	50,905	48,042
1984	51,695	52,355

Natsios, *The Great North Korean Famine: Famine, Politics, and Foreign Policy* (Washington, DC: United States Institute of Peace Press, 2001); Marcus Noland, Sherman Robinson, and Tao Wang, "Famine in North Korea: Causes and Cures," in *Economic Development and Cultural Change*, Vol. 49, No. 4 (July 2001), pp. 741-767.

37. In Table 2, the changing trends of North Korea's GDP are compared with the GDP of Vietnam, which has autonomously pursued economic reform measures since the 1980s. This shows that the fundamental solution to overcoming a crisis is not nuclear weapons or outside aid but autonomous reform and opening.

38. Vulnerability can be measured as the amount of costs that must be paid by an agent (state) when it establishes and implements policies to effectively respond to fluctuating external factors over a given period. Robert O. Kohane and Joseph S. Nye, *Power and Interdependence*, 4th Edition (New York: Longman, 2011), p. 13.

Year	North Korea	Vietnam
1985	52,505	55,481
1986	53,331	57,056
1987	54,172	59,127
1988	55,033	62,685
1989	55,934	65,615
1990	56,874	68,959
1991	57,846	72,963
1992	53,391	79,312
1993	53,552	85,718
1994	39,468	93,292
1995	32,758	102,192
1996	27,091	111,736
1997	25,249	120,845
1998	25,130	127,851
1999	25,310	133,221
2000	25,310	140,548

Source: OECD, *The World Economy: Historical Statistics* (Paris: OECD), 2003, pp. 174-178.

Considering the state of affairs at the time in North Korea, where grave threats of armed and economic sanctions loomed, a method of negotiation using economic incentives as the central theme was a rational choice. The result was the 1994 Agreed Framework and the partial denuclearization of North Korea. Although the Agreed Framework fell apart later due to problems with verification and North Korea's operation of a secret uranium enrichment program in violation of the agreement, subsequently a multi-party cooperative system was formed via the Six-Party Talks. In this way, China and Russia, which have maintained a significant volume of trade with North Korea (and therefore are capable of applying strong pressure, in theory), were inducted into an East Asian denuclearization regime, making it possible to maintain a cooperative regime for the denuclearization of North Korea with a focus on economic measures.[39] It

39. For a summary of the negotiations and conflict between the U.S. and North

is estimated that South Korea provided a total of 3,279,700,000 U.S. dollars in economic aid to North Korea during the Sunshine period. Economic exchange between the two Koreas also rapidly increased. Including commodities trade between North and South Korea, the volume of trade increased from $287 million in 1995 to $1,055,000,000 in 2005, while the number of trade items increased from 244 to 775. As a result, the North Korean economy's dependence on South Korea's economic assistance rose tremendously (refer to Table 3). The volume of trade for commissioned processed goods rose from $4.6 million to $21 million, while the number of trade items rose from 83 to 243, and the number of companies involved rose from 24 to 136.[40] Until North Korea's test launching of missiles in 2006[41] caused relations between North Korea and the U.S. to cool considerably, the United States provided approximately $1.2 billion in relief aid.[42]

Table 3. North Korea's Dependence on South Korean Aid Relative to GDP

(Unit: current value of US$ 1 million, %)

Year	1995	1996	1997	1998	1999	2000	2001
GDP	4,849	10,588	10,323	10,273	10,280	10,608	11,022
Aid to North Korea	236.6	12.89	20.05	14.29	28.88	180.99	196.86
Rate	2.23	0.13	0.19	0.14	0.28	1.71	1.79

Korea concerning the nuclear problem up to 2011, refer to Emma Chanlett-Avery, "North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation," CRS Report for Congress R41259 (last updated in June 2011).

40. Kim Jin Ha, "Reevaluation and future tasks for North Korean economic aid policy," *Juyo Gukje Munje Bunsuk* [Major International Issues Analysis]; Ministry of Unification, Institute for Unification Education, *Understanding North Korea 2009*.

41. On the 2006 crisis and its effects, refer to Gilbert Rozman, "The North Korean Nuclear Crisis and U.S. Strategy in Northeast Asia," *Asian Survey*, Vol. 47, No. 4 (July/August 2007), pp. 601-621; Il Soo David Cho and Meredith Jung-En Woo, "North Korea 2006: The Year of Living Dangerously," *Asian Survey*, Vol. 47, No. 1 (January/February 2007), pp. 68-73.

42. Mark E. Manyin and Mary Beth Nikitin, "Foreign Assistance to North Korea," CRS Report for Congress R40095 (last updated in June 2011).

Year	2002	2003	2004	2005	2006	2007	2008
GDP	10,910	11,051	11,168	13,031	13,764	14,375	13,337
Aid to North Korea	278.71	370.84	340.35	636.38	483.83	770.31	209.56
Rate	2.56	3.36	3.05	4.88	3.52	5.36	1.57

Source: Jin Ha Kim, "Reevaluation and future tasks for North Korean economic aid policy," *Juyo Gukje Munje Bunsuk* [Major International Issues Analysis], No 2009-42 (2010), p. 1.

As North Korea's dependence on economic aid increased, the leverage of both South Korea and the U.S. inevitably increased.[43] The smaller the economy and the population size of the target state, and the higher the rate of aid and dependency, the greater the leverage of the sanctioning nation will be.[44] As North Korea deteriorated to an "aid-based state,"[45] the conditions became more conducive to effective economic measures.

Did this increase in leverage induce changes in North Korea's attitude and encourage it to comply with the agreements? Our conclusion is that the economic incentive measures offered by South Korea and the U.S. had difficulty achieving their ultimate goals.

North Korea breached not only the Agreed Framework but also the February 13 Agreement and relentlessly pursued its nuclear programs. The nuclear missile tests in 2006 nullified all the efforts by South Korea and the international community to denuclearize the Korean peninsula. The economic assistance and aid helped to re-stabilize the

43. Leverage can be defined as the vulnerability of a regime to external pressure; it is a measure of (1) a state's negotiating power with the outside world and (2) the potential influence of punishment by the sanctioning state on the economic soundness or security of a target state. Steven Levitsky and Lucan A. Way, *Competitive Authoritarianism: Hybrid Regimes After the Cold War* (Cambridge: Cambridge University Press, 2010), pp. 40-41. For a classical discussion on the concept of sensitivity and vulnerability to outside shock, refer to Kohane and Nye, *Power and Interdependence*.

44. Levitsky and Way, 2010.

45. Don Oberdorfer, *The Two Koreas: A Contemporary History* (New York: Basic Books, 2001), p. 414.

Kim Jong-il regime after the crisis brought on by the fall of the Soviet Union,[46] and it was not especially influential in promoting reforms or liberalization measures. If aid is to contribute to development, then the receiving nation must have a sense of ownership of the development process and there must be harmony between the policies of the receiving and giving nations.[47] If a rogue nation does not implement reforms, then it will inevitably fall into the trap of bad governance, in which it continues to accept aid without any concrete development results.[48]

This also illustrates how aid provided with political motives fails to induce development or improve general welfare in the target state and only contributes to the security of the existing regime and its governing structures, which are the very cause of state failures.[49] In North Korea's case, the denuclearization negotiations have reached an impasse without achieving the goal of North Korean reform, and have actually had the adverse effect of enabling the North Korean regime to muddle through.[50]

To understand why the Sunshine Policy failed to reach its goal, we need to look at the reasons why, contrary to our theoretical hypotheses (assuming a low probability of economic sanctions actually being

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46. Certain critics of the U.S. claim that aid has provided more funds for governance for military rulers and other establishment powers. Manyin and Nikitin, "Foreign Assistance to North Korea," p. 2.
47. At the first High-Level Forum (HLF) of the OECD/DAC in 2003, the Rome Declaration on Harmonization was adopted. This declaration emphasized the importance of harmonization and cooperation between the giving and receiving nations in order to efficiently mobilize available resources and effectively implement aid policies.
48. Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It* (Oxford and New York: Oxford University Press, 2007), pp. 108-123.
49. Alberto Alesina and David Dollar, "Who Gives Foreign Aid to Whom and Why?" NBER Working Papers No. 6612 (Cambridge, MA: National Bureau of Economic Research, 1998).
50. On North Korea's strategy of muddling through, refer to Marcus Noland, "Why North Korea Will Muddle Through," *Foreign Affairs*, Vol. 76, No. 4 (July/August 1997).

enforced, under the premise of rational agents and transparent exchange of information), economic measures tend not to have favorable results.[51] Quoting Fearon's logic that settling inter-state conflicts through warfare instead of diplomacy is irrational due to its high costs,[52] Drezner suggests three factors at work: "① Private information: The dissemination of private information, often related to an incentive to distort or misrepresent the intentions or resolve of the agent; ② Failure of commitment: A condition where one or both parties fail to make a credible commitment to abide by mutually preferable deals; and ③ Indivisibility of disputed issues: A condition where the issues of dispute are indivisible and therefore fundamentally difficult to resolve through negotiations and compromise."[53]

All of these obstacles have been present during the process of negotiations with North Korea. First, let us consider the factor of distortion of information. North Korea has made efforts to exaggerate its determination to develop nuclear weapons in order to strengthen its negotiating power and give a false impression of its readiness to accept diplomatic compromises. As has been repeatedly verified throughout the past decade of negotiations on North Korea's nuclear problem, North Korea has no intention of eliminating its nuclear programs in exchange for economic assistance or aid. Despite its firm "determination" to develop nuclear weapons, North Korea has always used the denuclearization negotiations as a means of obtaining the resources needed for regime survival and overcoming international isolation.

North Korea had adopted a cyclical repetitive strategy. ① When facing sanctions after deviating from the negotiations, it uses brinkmanship to intensify military tensions via threats of war and provocative actions (nuclear and missile tests, maritime provocations in the Yellow Sea, etc.) in order to exert influence on South Korean public opinion and international politics, prompting calls for a diplomatic compromise. ② It then uses diplomatic tactics and charm offensives to resume negoti-

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51. Refer to p. 7 of this paper.
52. Fearon, "Rationalist Explanations for War."
53. Daniel W. Drezner, "The Hidden Hand of Economic Coercion," p. 646.

ations, but uses salami tactics in negotiations—dividing up its demands and steps to denuclearization and addressing them one-by-one in order to maximize the total amount of return benefits that can be gained through the negotiations.[54] ③ Once the negotiations are concluded, it obtains aid and then nullifies the agreement through some form of unacceptable behavior, returning to step one.[55] North Korea has distorted its own actual strategic intentions and commitments and utilized the denuclearization negotiation process and promised benefits as a means of maintaining its system. The aid received has been used exclusively to strengthen the military-first political system and the ruling coalition[56] while the regime has continued to operate its nuclear programs and improve its technology.[57]

On the other hand, despite North Korea's provocations and breaches of agreements, past South Korean administrations have succumbed to wishful thinking and disseminated the false illusion that economic incentives will lead to change in North Korea. This has given the mistaken signal that South Korea's economic assistance will continue to flow even if North Korea makes provocations and breaks agreements. Despite the "stated cause of denuclearization," this policy has given the false impression that South Korea is enabling North Korea to continue practicing brinkmanship and deceptive negotiation strategies. If South Korea continues with economic exchanges and aid even in cases where the threat of sanctions or actual sanctions are clearly needed, then inevitably it will be put in a disadvantageous

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54. Minutely divergent issues and procedural knots are sometimes used as excuses for deviating from agreements.

55. Refer to Nanto and Chanlett-Avery, "North Korea: Economic Leverage and Policy Analysis."

56. On large-scale economic aid from the international community and the North Korean regime's ability to survive and overcome crises, refer to Nicholas Eberstadt, "Why Hasn't North Korea Collapsed? Understanding the Recent Past, Thinking About the Future," in Young Whan Kihl and Hong Nack Kim (eds.), *North Korea: The Politics of Regime Survival* (Armonk: M.E. Sharpe, 2007).

57. On the progress of North Korea's nuclear programs and technological advancement, refer to Mary Beth Nikitin, "North Korea's Nuclear Weapons: Technical Issues," CRS Report for Congress RL34256 (January 2011).

negotiating position. Because of the tendency to favor economic assistance, South Korea has repeatedly made the mistake of sending signals that encourage North Korea's policy-makers to underestimate the South Korean government's determination to achieve denuclearization. This has led to a strange phenomenon in which expansion of economic exchanges has become an end in itself, rather than a means to an end.[58]

As the volume of economic aid and exchanges increased without objective verification of the results, this came to be erroneously seen as progress in inter-Korean relations, and a unified consensus on sanctions could not be reached within the political sphere of South Korea. From North Korea's perspective, as an interested spectator, the signal it received was that South Korea's participation in sanctions was merely "symbolic." North Korea then began in earnest to undermine South Korea's participation in international sanctions by actively promoting ethnic solidarity and dividing public opinion within South Korea.

Second, we have failed to clearly demonstrate a public and reliable commitment to see that inter-Korean agreements are observed. China and the other six-party members have made similar mistakes. As noted above, North Korea has intentionally shirked its responsibility to implement compromise agreements. Because of North Korea's repeated deviance, South Korea and the other six-party members could not be certain that North Korea would commit to the "denuclearization" negotiations in a trustworthy manner and implement agreements in a transparent and verifiable way.[59]

On the other hand, by repeatedly conducting nuclear and missile tests and deviating from agreements, North Korea has always clearly

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58. This is a mirage that emerged as the Sunshine Policy's basic assumption—that exchanges would bring about change—turned into a "political belief." A rational policy-maker should reevaluate basic assumptions when policies based on those assumptions achieve poor results.

59. The belief that the North Korean authorities would operate transparently and fairly, not only in denuclearization negotiations but also in implementing various types of humanitarian aid, has also been severely damaged.

expressed through its actions that it will not give up its goal of nuclear weapons in exchange for economic incentives. North Korea's commitment to its nuclear programs has been repeatedly verified. As will be noted later, because of the difficulties in cooperating on a policy level, the states of the Six-Party Talks have repeatedly failed to demonstrate an effective and firm commitment to sanctions and to consistently implement these sanctions when needed, whereas North Korea has convincingly expressed its nuclear ambitions. Thus the potential negotiating power of the sanctioning nations has been weakened. Even if the Six-Party member states repeatedly expressed their commitment to sanctions, North Korea would find it difficult to see this as a reliable and effective expression of a genuine threat. As the Six-Party members have been unable to prevent North Korea from engaging in provocations and deviance, the unstable sanctions situation has continued. North Korea has continued to developed its nuclear arsenal while committing intentional provocations and stoking tensions in order to break through the sanctions impasse. North Korea has applied pressure on the sanctioning states, increasing their pessimism and fatigue so that they feel forced to choose the easy way out by giving another aid package to North Korea.

The effectiveness of international leverage increases when it is in accordance with the sanctioning states' policy goals; when this is not the case, leverage tends to be less effective.[60] It is not easy for the multiple states involved to curb their own selfish national interests and cooperate with the leading state (the U.S.).[61] Especially during the Sunshine Policy period, the discord displayed by the South Korean government played a role in damaging confidence in the threat of

60. Levitsky and Way, 2010, p. 41.

61. For the same reason Drezner claims that, unlike conventional wisdom, multilateral sanctions with multiple agents (states, etc.) are actually less effective and costlier than one-party sanctions, and questions the habits of American policy-makers and their tendency to form multilateral sanctions. Daniel W. Drezner, "Bargaining, Enforcement, and Multilateral Sanctions: When Is Cooperation Counterproductive?" *International Organization*, Vol. 54, No. 1 (Winter 2000).

sanctions.[62] The lack of harmony between South Korea and the U.S. concerning policy cooperation did not just diminish the reliability of the sanctions threat. The potential for conflict between the two allies rose to the surface and shook the very foundations of American commitments to South Korean defense. Confidence in extended deterrence was also shaken, giving North Korea extra motivation to develop nuclear weapons.

Conflict between the U.S. and China over strategic interests concerning North Korea's denuclearization may be inevitable. China seems to prioritize the stability of the North Korean regime and maintain the status quo on the Korean peninsula rather than denuclearization.[63] This is why the U.S. and China find it so difficult to cooperate in implementing sanctions.[64] The South Korean government, especially the Roh Moo-hyun administration, claimed its neutrality by describing itself as a balancer of Northeast Asia, but regardless of the justness of this goal, this endangered the cooperative system between South Korea and the U.S. and made it difficult for the U.S. and China to compromise and negotiate, ultimately damaging confidence in the sanctions against North Korea through the international cooperation regime. At least, it gave North Korea the impression that China and South Korea will not actively participate in the sanctions.

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62. One researcher has pointed out that the Sunshine Policy can be considered "unconditional engagement," and a factor that causes difficulties in the South Korea-U.S. alliance. Mark E. Manyin, Emma Chanlett-Avery, Mary Beth Nikitin, and Mi Ae Taylor, "U.S.-South Korea Relations," CRS Report for Congress R41481 (December 2010), p. 7.

63. For China's prioritization of its strategic goals within Northeast Asia, refer to Lee Ji Yong, "The security status on the Korean peninsula since the Chinese-U.S. summit," *Juyo Gukje Munje Bunsuk* [Major International Issues Analysis] (Seoul: Institute of Foreign Affairs and National Security), March 2011; Kim Jin Ha, "Prospects of Resuming the Six-Party Talks and Analysis of North Korea's Negotiations Strategy with South Korea: With an Emphasis on Changes in Political Circumstances since the Chinese-U.S. Summit," *KDI Bukhan Kyeongje Review* [KDI Review of the North Korean Economy] (May 2011).

64. It may be only a slight exaggeration to say that China has contributed to diminishing the effectiveness of sanctions through its role as a "dark knight" fighting against hegemony. Levitsky and Way, 2010, p. 41.

Third, the indivisibility of disputed issues diminished the effectiveness of the economic measures. At least subjectively, the major power players within North Korea seem to think that nuclear weapons are indivisible from regime security. Although North Korea engages in the denuclearization negotiations for the sake of procuring resources necessary for regime survival, without a security guarantee to protect the Kim family' hereditary regime, North Korea is unlikely to agree to the principle of the denuclearization negotiations. Until North Korea recognizes that it must reform for the sake of its own survival, it is highly unlikely to approach the denuclearization negotiations with any sincerity.

For these reasons, economic measures are no longer effective. Even though incentives and sanctions are like two sides of the same coin, the administrations before Lee Myung-bak focused exclusively on incentive measures which ended up nullifying the effects of the economic incentive measures.[65] Because of this, the opportunities that arose from the weakening of North Korea's economy could not be effectively utilized. The lessons learned from the Sunshine Policy and negotiations with North Korea provided important guidelines for the Lee Myung-bak administration in developing its North Korea policy direction.

Evaluation of the Lee Myung-bak Administration

The Lee Myung-bak administration's North Korea policy has continuously endeavored to correct the problems brought about by Sunshine's one-sided economic assistance, while at the same time addressing many issues that had previously been neglected, such as the improvement of human rights in North Korea and discussion of unification. The policies of the previous administrations provide opportunities for reflection. The current policy does not fundamentally differ from those of the past in terms of the main goals of denuclearization and

65. Manyin, Chanlett-Avery; Nikitin, and Taylor, 2010.

reform/opening of North Korea or the means of achieving those goals, i.e., economic incentives and sanctions. The policy measures available are fundamentally limited. But the Lee administration has endeavored to use all available economic measures, that is, to find the most effective combination of incentives and sanctions, in order to transform this "very weak means of governance" into a more power means of "forceful persuasion" and "coercive diplomacy."[66]

In this section we evaluate the North Korea policies of the Lee administration using the Feron-Drezner evaluation framework quoted earlier.[67] First, the Lee Myung-bak administration has clearly stated its goal of the denuclearization, reform and opening of North Korea and has firmly committed to following through with this goal, taking measures to prevent the spread of erroneous private information or misunderstandings among North Korea, the U.S., and other sanctioning states concerning the goals and commitment of the South Korean government. The "Denuclearization-Reform-3000" proposal merits special attention in that it clearly presented South Korea's policy goals toward North Korea. The goals of denuclearization and opening were presented clearly through the "3000" proposal, and the benefits that North Korea would receive if it accepted those terms were also clearly expressed with no possibility for misunderstanding. Although North Korea's flat refusal made it impossible to achieve the stated

66. Coercive diplomacy is described as the "diplomatic effort to convince a hostile counterpart to cease or withdraw certain behaviors," and it often uses threats (such as the promise of economic sanctions) as important policy tools, but it is mostly used as a defensive mechanism to end crisis situations initiated by the counterpart. This concept is in contrast to aggression, where one side's intentions are forced upon another (Compellance: for example, armed provocations or assaults by North Korea, nuclear or missile tests, or the threat of nuclear weapons) by creating a threatening situation through provocations and use of armed force, and is a type of diplomatic strategy which uses forceful persuasion to make the counterpart "cease preemptive provocation and acts of aggression." Quoted from Alexander L. George, *Forceful Persuasion: Coercive Diplomacy as an Alternative to War* (Washington, DC: United States Institute of Peace Press, 1991), p. 5.

67. Fearon, "Rationalist Explanations for War"; Drezner, "The Hidden Hand of Economic Coercion."

goals, the outcome of the proposal made it clear that North Korea was committed to developing nuclear weapons and resisting reform, and had the additional benefit of preventing distorted information and misunderstandings from spreading.

The Lee administration also brought forward a unification proposal and achieved a paradigm shift from management of division to preparation for unification,[68] while clarifying the long-term goals of South Korea to the South Korean public and the other relevant states. While North Korea's noncompliance and repeated deviance from international norms pushed the international community into a corner in its efforts to denuclearize and stabilize the Korean peninsula, this provided an opportunity to convince relevant states and the international community of the viability of peaceful South Korea-led unification as an alternative to denuclearization negotiations. This built the foundations for future unification diplomacy. The spread of this perception was a coercive factor that gave North Korea no choice but to engage more sincerely in the denuclearization negotiations.

Second, the Lee Myung-bak administration, following a policy direction of "principled" response, has endeavored to present a clear position and a highly reliable commitment to the negotiation and implementation of North Korean denuclearization. When conflicts have arisen due to North Korea's military provocations, violation of agreements, and other devious actions, the Lee administration has clearly demonstrated South Korea's firm commitment through its actions by applying sanctions either on its own or with international cooperation. In order to stop North Korea from using its usual deceptive strategy and escape the vicious cycle of provocation-negotiation-agreement-deviation, the Lee administration has firmly applied sanctions. The purpose of this has been to demonstrate that there will no longer be rewards for bad behavior. This clearly demonstrated to North Korea that rewards will be given only when it cooperates and

68. To this end, the current administration had publicly mentioned a unification tax and brought up for discussion a bill to open a "unification account" within the Inter-Korean Cooperation Fund.

abides with agreements, while provocations and violations will be met with sanctions. The rules of this game were repeatedly laid down before North Korea in an effort to reestablish the rules of negotiation.

The South Korean government has proclaimed its firm and clear determination to achieve North Korean denuclearization and acted as a leading figure in international cooperative regimes such as the Six-Party Talks. More importantly, the Lee administration successfully restored policy cooperation between South Korea and the U.S. and devised and implemented joint responsive measures based on mutual trust in the face of pressure from North Korea. It was able to send a covert but firm warning to North Korea on the consequences of provocations against South Korea and deviation from agreements. It applied significant pressure on North Korea by restoring the South Korea-U.S. alliance and reconfirming U.S. defense commitments, while using U.S. pressure as leverage to encourage China and Russia to establish a more effective joint stance against North Korea.

The 42nd Security Consultative Meeting in 2010 adopted the "Strategic Alliance 2015 Proposal" and the Guidelines for U.S.-ROK Defense Cooperation, raising the South Korea-U.S. military alliance to the level of a comprehensive strategic alliance. At this meeting the parties agreed to establish an Extended Deterrence Policy Committee, which was actually established in 2011. This committee devised the "Guidelines for U.S.-ROK Defense Cooperation."[69] Reinforcing these guidelines has decreased the utility of North Korea's nuclear weapons and has also provided important disincentives for their nuclear program by creating additional costs. North Korea's pursuit of nuclear weapons resulted in stronger U.S.-ROK defense cooperation, a kind of alternative form of sanctions. This was made possible by the Lee administration's firm expression of commitment and the restoration of the South Korea-U.S. alliance.

Using the Korean peninsula's geopolitical position as a gateway to China as collateral, North Korea latched on to China's desire to

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69. Park Jae Jeok, "Evaluation of the Lee Myung-bak Administration's Unification Diplomacy toward the U.S.," unpublished paper (Seoul: KINU), April 2012.

maintain the status quo and stability in Northeast Asia and its strategic national interests and tried to divide the alliance against North Korea to overcome its international isolation. In order to disrupt the establishment of a close alliance between the U.S. and China, as well as between China and South Korea, North Korea committed military provocations such as the Yeonpyeong Island shelling to increase the unpredictability of the political situation on the Korean peninsula and fracture the strategic relationship between the U.S. and China. Creating U.S.-China frictions through the assaults on the Cheonan and Yeonpyeong Island proved to be a very effective short-term strategy for North Korea. It also disrupted South Korea's unification diplomacy with China[70] and limited China's diplomatic flexibility. But the Lee administration's strict adherence to its principles and the restoration of the South Korea-U.S. alliance increased the cost of China's protection of North Korea and the diplomatic and military burden of maintaining the status quo in Northeast Asia, presenting an opportunity for China to become more cooperative in the international cooperation regime against North Korea (for example, by accepting UN Security Council Resolution 1874 sanctioning North Korea).[71]

As the sanctions against North Korea by the three states continued, North Korea's economic reliance on China increased.[72] Naturally, voices of concern have arisen in response to this. There are concerns North Korea may be absorbed into China's economy, negatively affecting prospects for Korean unification. As seen in Table 4, recent trade between North Korea and China is continuously increasing.

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70. Lee Ki-Hyun, "Evaluation of the Lee Myung-bak Administration's China Unification Policy," unpublished paper (Seoul: KINU), April 2012.

71. When North Korea broke its Leap Day agreement with the U.S. and conducted a missile launch, China displayed a more cooperative attitude than before in accepting the demands of South Korea and the U.S. to apply pressure on North Korea. The strengthened U.S.-South Korea alliance and South Korea's clear expression of its commitment are now producing results.

72. For recent developments in North Korea-China relations, refer to Dick K. Nanto and Mark E. Manyin, "China-North Korea Relations," CRS Report for Congress R41043 (last updated on December 28, 2010).

Table 4. Trade between North Korea and China

(Unit: 1 million US dollars)

Year	Chinese Imports	Chinese Exports	Total Amount
1995	63.609	486.037	549.646
1996	68.638	497.014	565.652
1997	121.610	534.411	656.021
1998	51.089	356.661	407.750
1999	41.722	328.634	370.356
2000	37.214	450.839	488.053
2001	166.797	570.660	737.457
2002	270.863	467.309	738.172
2003	395.546	627.995	1,023.541
2004	582.193	794.525	1,376.718
2005	496.511	1,084.723	1,581.234
2006	467.718	1,231.886	1,699.604
2007	581.521	1,392.453	1,973.974
2008	754.045	2,033.233	2,787.278
2009	793.026	1,887.741	2,680.767

Source: Dick K. Nanto and Mark E. Manyin, "China-North Korea Relations," p. 15.

Also, China is expanding its direct investment in North Korea's mines and ports and is also known to be actively involved in development and infrastucture enterprises such as the Hwanggeumpyong development project.

But we must avoid judging this as simply a short-term phenomenon or viewing it through an ethnocentric lens. North Korea has in the past attempted to maintain regime stability by encouraging competitive support from both China and the Soviet Union, using equal distance diplomacy to benefit from the conflict between the two states. North Korea has tried to replicate this dynamic within the framework of the Six-Party Talks. It has incited conflict and competition between the U.S. and China, as well as between China and South Korea, in order to maintain its own autonomous policies (namely, the anti-reform and military-first policies), while at the same time obtaining resources for regime survival from both parties. By "diversifying

its sources of income," North Korea has been able to offset its dependence and minimize the influence of China.[73] The North has encouraged the disintegration of the international cooperation regime and focused its efforts on maintaining its anti-reform stance and independence.

North Korea's strategy has been partially successful in that the U.S., China, and South Korea have all provided a considerate amount of aid to North Korea but have failed to gain a corresponding amount of influence.[74] All these states have pursued the common goal of denuclearization and reform of North Korea, but have fallen into the trap of competition and the pursuit of national interests, ultimately providing North Korea with greater autonomy rather than applying pressure to it.

In the long run, North Korea's excessive dependence on China will diminish its autonomy, and China will be able to utilize its superior position to pressure North Korea into denuclearization and reforms. North Korean denuclearization and reform/opening will benefit China's national interests as well. North Korean reform will greatly reduce the cost of maintaining the North Korean regime and the status quo in Northeast Asia. North Korea mistrusts South Korea more than it mistrusts China. Thus it may be more advantageous for South Korea to approach North Korea indirectly through China. It can also attempt to work in regions outside the "mosquito net" through joint investment projects with the Chinese government and other investors. North Korea's increasing dependence on China may not necessarily have an adverse effect on South Korea's goals of denuclearization, reform and unification. A pragmatic approach might even be necessary to maximize the opportunities for active unification diplomacy with China.

Third, the Lee administration has made considerable efforts to correct North Korea's skewed perception that nuclear weapons

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73. Robert Kaplan, "Attacks That May Signal a Pyongyang Implosion," *Financial Times*, November 23, 2010, http://www.ft.com/cms/s/0/6fcf5c14-0d3e-11e0-82ff-00144feabdc0.html#axzz18xGbjgry.

74. It must be remembered that the previous administration gave generous aid yet lost its leadership role, allowing North Korea to take the lead instead.

equate to regime preservation. This subjective perception originates from the characteristics of the regime and is therefore extremely difficult to alter from the outside. But through the Denuclearization-Opening-3000 and Grand Bargain initiatives, the Lee Myung-bak administration has encouraged North Korea to distinguish between the pursuit of nuclear weapons and regime survival. These initiatives offered strong economic incentives in an attempt to convince North Korea that reform and opening could also promote regime survival. In the same context, the Lee administration repeatedly declared its respect and commitment to the February 13 Agreement, through which the members of the Six-Party Talks offer security guarantees to North Korea in return for denuclearization. It is up to North Korea to make the final decision. South Korea can only provide motivation through committed offers of aid and guarantees, while increasing the costs of continued hard-line policies via sanctions, thus giving North Korea the opportunity to change.

The Lee Myung-bak administration has compensated for the problems associated with the Sunshine Policy and focused on maximizing the effects of economic incentives and sanctions. North Korea is currently ignoring the lessons provided by the policy transition of the Lee administration and resisting demands by South Korea and the international community to abide by the rules. It is unable to break from its old habit of receiving rewards without fulfilling its end of the bargain. It is testing South Korea's resolve with armed provocations and trying desperately to revert back to the past situation. It is too much to expect it to adjust rapidly to such a steep learning curve. The Lee administration has adhered to the basic principle of "rewards for compliance, sanctions for deviance" even when challenged by North Korea's opposition and provocations.

Policies are ultimately "choices." The selection of a policy tool is not based solely on practicality. In the reality of politics, policies can only be chosen within a given range of options.[75] The Lee Myung-bak

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75. David A. Baldwin, "The Sanctions Debate and the Logic of Choice," *International Security*, Vol. 24, No. 3 (Winter 1999-2000), pp. 80-107.

administration has focused on the option of sanctions, which had been neglected before, and sought a mutually complementary relationship between sanctions and incentive measures. In order to induce change in the target state, positive inducements and reassurances must be reliably provided, but there must also be a convincing threat of punishments such as sanctions.[76] In other words, the Lee administration had never been swayed by the need to produce immediate tangible results, but has rather focused on establishing the rules of the game from a broader perspective. The efforts of the Lee administration must be seen as the establishment of a steady foundation for our future North Korea policy.

Conclusion

The North Korea policy of the Lee administration cannot be free from the constraints of policy measures. In reality, it is extremely difficult to induce change in North Korea within a single term of office. Also, in the process of implementing policies and building a relationship with North Korea, we have exposed strategic weaknesses. The Lee administration did make progress in improving North Korean human rights, supporting democratization efforts, promoting of unification diplomacy, and procuring military deterrence, but many tasks still remain. Among these, there are two points of contention that the succeeding administration must tackle.

First, we need to devise a "smart sanctions" package which "minimizes the suffering of the North Korean civilians and maximizes the punishment for noncompliance of the dictatorship of the target state."[77] We need to distinguish between the North Korean elites who are responsible for the nuclear programs and anti-reform policies and the civilians who are the victims of those policies, so that sanctions can

76. Alexander L. George, *Forceful Persuasion*, p. 11.

77. Daniel W. Drezner, "How Smart Are Smart Sanctions?" *International Studies Review*, Vol. 5, No. 1 (March 2003), p. 107.

afflict the regime in a subtler and more discerning manner. As Oechslin points out,[78] a dictatorial regime resists sanctions by passing on the damages caused by them to the populace, thereby redirecting hostilities toward the sanctioning state and maintaining regime solidarity. It is commendable that, when imposing sanctions, the Lee administration endeavored first of all to block sources of cash, which could be easily funnelled into nuclear development by the North Korean elite; however, the administration has been rather weak in terms of providing humanitarian aid to minimize the suffering of North Korean civilians.[79] We must devise creative solutions that minimize the possibility of resource diversion and gain the trust of the North Korean people. This will help lay the foundations for unification.

Second, we need to develop reliable and practical economic incentives to propose to North Korea. We cannot stress enough the complementary relationship between economic incentives and sanctions. Thanks to the Lee Myung-bak administration's principled North Korea policy, by now North Korea must have begun to realize that whenever it commits a provocation or deviates from an agreement, sanctions will inevitably follow. On the other hand, we also need to make North Korea realize that when it cooperates and abides by the agreements, it will be rewarded appropriately. In addition to the direct pain caused by sanctions, there must be other costs involved so that North Korea will hesitate before committing uncooperative or deviant behavior. The "Denuclearization-Reform-3000" proposal was effective in exposing North Korea's determination to develop nuclear weapons and resist reform, but it was unrealistic to expect that North Korea, which abhors reform and opening, would accept such practical alternatives. Once the current sanctions situation has been positively resolved, future economic sanctions will need to have a more "long-term" focus, aiming for incremental development and implementation by stages. Not only

78. Refer to footnote 11.

79. Although the Lee administration has made efforts to provide humanitarian aid such as medicine, vaccines, and emergency food during the imposition of sanctions, these were not sufficient to give the North Korean public an impression of South Korea's influence.

will this reassure North Korea, it offers the prospect of more long-term, structural and formal benefits to be gained from cooperation. The costs of deviation from agreements can also be presented in a more long-term and structured way. It is necessary to establish the structural conditions to encourage North Korea to consider the long-term harm caused by its actions and to refrain from provocative and deviant acts.[80]

But it is clear that these solutions must be devised in coordination with the North Korea policy of the Lee administration. When the rules of the game are firmly established such that "cooperation leads to rewards, and deviation leads to sanctions," smart sanctions and effective aid can have an impact. A policy that leans too heavily to one side will weaken our leverage against North Korea and make the goals of denuclearization and opening much more difficult to achieve.

North Korea's refusal to cooperate and extremely conservative stance are perpetuating the sanctions. Political censure and criticism of the North is on the rise within South Korea as well. Essentially, sanctions represent a battle of wills. With the sanctions in effect, a war of nerves is currently testing South Korea's patience. But from a rational perspective, continued sanctions increase the total costs of pursuing nuclear weapons and resisting reform, ultimately contributing to improving North Korea's learning curve. Once the presidential election season begins, debate about our North Korea policy may become a stage for political strife and ideological conflict. At this point, we need the impartial wisdom to coolly and objectively evaluate the merits and demerits of the current policy, transcending political leanings and ideologies and working constructively to develop new ideas.

A simple change in government cannot dramatically increase the available policy resources. It would be difficult for any government to find a solution other than the effective use of economic incentives

80. It is virtually impossible for the current administration to develop more effective incentive measures due to North Korea's opposition and the current impasse.

and sanctions. Under these conditions, the current administration has made efforts to maximize the effectiveness of the given policy measures and to establish principles for negotiation that will remain valid regardless of changes in administration. There will inevitably be changes in operational strategies, but a fundamental sense of policy continuity must be guaranteed. Only by establishing principles and changing North Korea's attitude toward negotiations can future administrations effectively combine economic incentives and sanctions to formulate a practical North Korea policy.

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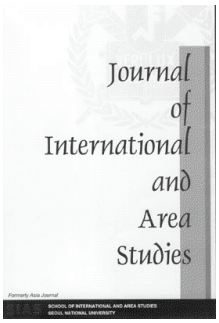

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