

Nonproliferation and the North Korean Nuclear Weapons Program:

Impotence Meets Ambition

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Abbreviations

ADMM	ASEAN Defence Ministers Meeting
ASEAN	Association of South East Asian Nations
DMZ	Demilitarised Zone
DPRK	Democratic People's Republic of Korea
EU	European Union
FAO	Food and Agriculture Organisation
FDRC	Flood Damage Rehabilitation Committee
GFC	Global Financial Crisis
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
JIG	Joint Civilian-Military Investigation Group
KCNA	Korean Central News Agency
KJNWFZ	Korea-Japan Nuclear Weapon Free Zone
KPA	Korean People's Army
KWP	Korean Workers' Party
NDC	National Defence Commission
NGO	Non-Government Organisation
NLL	Northern Limit Line
NPT	Nuclear Nonproliferation Treaty
PNT	People's Neighbourhood Teams
ROK	Republic of Korea
SEATO	Southeast Asian Treaty Organisation
SLOCs	Sea Lines of Communication
UN	United Nations
USA	United States
WFP	World Food Programme
WMD	Weapons of Mass Destruction

Abstract

North Korea is unlikely to willingly relinquish its nuclear program because of its importance to the political economy of the DPRK state and the perpetuation of the Kim Jong-il regime. It is clear that the nuclear program has great intrinsic value to Pyongyang, its role as a defensive deterrent and important element in Pyongyang's offensive asymmetric war strategy. The nuclear program functions as a bargaining chip in international diplomacy to extract economic inputs for its moribund economy, in domestic politics as vehicle for bureaucratic interests, and as a rallying symbol of the country's hyper-nationalist ideology. At the same time, regional states lack a credible strategy for coaxing North Korea into nuclear relinquishment due to their lack of leverage over the Kim regime, the absence of unity in addressing the nuclear issue and the incongruence of their wider strategic goals *vis-à-vis* North Korea. Given this state of affairs, regional countries will have no choice but to accept North Korea as a nuclear power and manage regional relations through deterrence. To increase the stability of this environment, regional states may consider unconditional normalisation of political and economic relations with North Korea.

Declaration

I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due reference is made in the text.

Signed: _____

Preface

Analysis of a country like North Korea that imposes such severe restrictions on the flow of information across its borders is complicated by impediments to the development of a chain of evidence. It is important at this juncture to acknowledge the limitations of the data sample used in this thesis and account for any potential bias that may lie herein. There is not the wealth of primary data available that one could expect to access if studying another country. Much of this information is available in South Korea, in Korean, which is an obstacle for a researcher based in Adelaide, Australia, with minimal understanding of *hangul*. Where possible and/or practical, this thesis has drawn on primary data, including government documents and official statistics obtained online and through direct observation on two trips to the region: a July 2008 research trip to South Korea, and a three-month stay in Dandong, China, during 2004, on the west bank of the Yalu River facing North Korea. Where access to primary data is limited, the thesis draws heavily on secondary sources written in English. Peer reviewed books and articles are the most prized secondary sources, followed by non-government organisation (NGO) reports and expert commentaries. Where appropriate, attempts have been made to corroborate primary data and secondary written sources with interview testimony from academics, journalists and think-tank policy analysts, gathered during the aforementioned trip to South Korea in 2008. Where interview testimony has been used, a description of the interviewee is provided in the footnotes to establish their credibility as a source of information.

The reliance on English language sources may bias data collection toward predominantly American and Australian perspectives on the nuclear issue. Every effort has been made to

access work by South Korean, Chinese and Japanese scholars, however it is acknowledged that a larger and more extensive literature on this subject exists in the native languages of those countries. In relation to the use of Korean words and names, the thesis uses the McCune-Reischauer system of transliteration (without breves).

It is for these reasons that the scope of the thesis is limited to providing a fresh interpretation of the existing academic literature in order to address its research hypothesis, rather than a more ambitious project requiring sustained access to large amounts of primary data. Despite these limitations, the thesis provides a comprehensive analysis of the North Korean nuclear issue and reaches conclusions that provide a substantive addition to the scholarly debate on this topic.

Many people have contributed to the production of this thesis. First, I would like to express my heartfelt gratitude to my wife Helen for supporting me through my candidature, as well as my son Kobe and my parents Peter and Olga. The support of my family has been integral to the completion of this project. I would also like to thank my supervisors, Prof Andrew O'Neil and Dr Maryanne Kelton for their guidance and mentoring throughout my candidature. I greatly appreciate the contribution of Higher Degree Administration and Scholarships Office and the Faculty of Social Sciences at Flinders University for awarding me a scholarship to undertake PhD studies, and for providing financial grants to undertake field research in South Korea. My gratitude also goes out to Dr James Manicom, Dr Terry O'Callaghan, Dr Deanne Gannaway, Dr Martin Burke (DSTO), Dr Holli Evans, Dr Salah Kuteileh, Dr Vlado Vivoda, Dr Peter Burns, Dr Pamela Wallace, Assoc Prof Nick Bisley, Robert Godfrey (ANSTO), Julie Rayner, Cathy Moloney, Mary Lyons, Colum Graham, Rob Manwaring, Julie Tonkin, Sonja Yates, Trisha Farmilo for their assistance throughout my

PhD journey. I give thanks to the academics, journalists and policy analysts in South Korea, who kindly gave their time for interviews during my trip to South Korea in July 2008, as well as Kim Sa-ra and Hwang Seong-woo, who assisted with logistics during my stay. Finally, I would like to thank the academic staff of the School of Politics and International Relations at Flinders University, whose collective wisdom helped enormously in the formative stages of this research project.

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Part I: The North Korean Nuclear Problem

1. Introduction

To the casual observer, North Korea must seem like a bastion of irrationality, ruled by a provocative, nuclear-armed regime that is constantly engaged in crises with neighbouring states and the international community. Indeed, every time diplomacy heralds a new dawn for cooperation on the Korean peninsula, the regime of Kim Jong-il unleashes some new provocation that plunges the region back into uncertainty. This pattern seems perplexing given the perilous condition of the North Korean state since the great famine of the 1990s. For many foreign policy makers and academic analysts, the obvious road to recovery for North Korea lies through economic reform and integration into the global trading system. Instead, the Kim regime has chosen to devote a large portion of its scant resources to the development of a nuclear weapons program, a choice that has exacerbated the deprivation of the North Korean people and deepened the country's economic and political isolation. In the meantime, it has engaged in episodes of calculated escalation against over the United States and other regional countries. This thesis will explore the reasoning behind North Korea's escalatory behaviour and the subsequent responses of regional states up to mid-2009.

North Korea's nuclear development has occurred in the context of over half a century of antagonism between the North and the United States, as security guarantor of its southern neighbour the Republic of Korea (ROK). Since the detection of plutonium reprocessing activities at the Yongbyon nuclear facility in the 1980s, Washington has been at the forefront of efforts to halt North Korea's nuclear program before Pyongyang could develop a functional nuclear deterrent. South Korea and Japan have also become involved, as have China and Russia. Most disconcerting for regional countries has been their impotence in preventing North Korea from becoming a nuclear weapons state.

Denuclearisation means different things to different actors in this debate. Removing the weapons component of the nuclear program is not the same thing as the complete elimination of the program itself. The United States and Japan clearly desire the total dismantlement and removal of all North Korea's nuclear-related facilities and materials encompassing the entire nuclear fuel cycle, a position that reflects their geopolitical goals and threat perceptions. China, South Korea and Russia have adopted a more nuanced position on this question, advocating the removal of the North's nuclear weapons capability but not necessarily the entire nuclear program. Under this interpretation of denuclearisation, removal of weaponised components of the North's nuclear program does not preclude the continued operation of peaceful energy-generating components of the nuclear fuel cycle under International Atomic Energy Agency (IAEA) safeguards. The North Koreans have argued they have a right, enshrined in the Nuclear Nonproliferation Treaty (NPT), to develop nuclear technology for peaceful application as a civilian energy source, a view that has a great deal of currency among developing nations.¹ Pyongyang's demands for proliferation-resistant light-water nuclear reactors as compensation for relinquishing their nuclear program are a reflection of this argument. However, one should treat this claim with caution because of the high probability that North Korea's nuclear development has long been pursued with military applications in mind. Also, because the Korean nuclear crisis is a product of the US-DPRK antagonism, the American policy position on denuclearisation may be more pertinent to the discussion. Therefore, for the purposes of this thesis, *denuclearisation* will refer to the complete dismantlement of North Korea's nuclear program, inclusive of weapons systems and all components of the nuclear fuel cycle.

¹ 2003b. *KCNA refutes U.S. sophism about DPRK's decision*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/item/2003/200301/news01/15.htm> [Accessed 23 July 2007].

Literature Review

The investigatory themes of this thesis relate to the full spectrum of imperatives driving Pyongyang's nuclear proliferation, and the substantial limitations in negotiating leverage that regional states suffer *vis-à-vis* North Korea. To outline a research niche in which to explore these issues in an innovative manner, one must first appraise the existing literature on North Korea in order to define that niche. Indeed, the scholarship on North Korea's nuclear proliferation is nested within a wider literature on North Korea's domestic politics and foreign relations. This literature review will begin by perusing key works on the Kim regime leadership and the North Korean economy. It then considers the literature focussing on low politics and various other facets of North Korean society. Next, it identifies important studies comparing North and South Korea, before moving into high politics and North Korea's foreign policy. Finally, it considers analyses of the Korean nuclear issue from North Korean and regional perspectives. From this, the literature review will lead to the identification of the research niche of this study and provide the foundation for the thesis research questions and methodology.

Primary Influence on Modern North Korea: Leadership or Economy?

There is a vast literature devoted to the investigation of the political, ideological and domestic dimensions of the North Korean state. Several scholars have devoted attention to Kim Il-sung, as the founding charismatic leader of the one-Party North Korean state. Suh Dae-sook's *Kim Il-sung: The North Korean Leader* is a case in point, in which Suh identifies the successes and failures of Kim's leadership as fundamental to comprehending the nature of his

regime and more broadly the ideological competition between North and South Korea.² This relationship arises because of the intense personality cult surrounding Kim and his personal control of the key institutions of state. Adrian Buzo shares Suh's focus on Kim Il-sung as the central character in the story of North Korea. In *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Buzo argues that the origins and development of the North Korean state are inseparable from Kim Il-sung's persona as an anti-Japanese guerrilla fighter during the latter part of the Japanese occupation.³ While the Kim Il-sung personality cult has diminished since his death in 1994, the importance of the leader at the centre of a vast apparatus of control has not diminished under Kim's son, Kim Jong-il. Former journalist Bradley Martin has documented the continuity and contrast of the two leaders of North Korea in his book *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*.⁴ A key theme of this book is the manner in which the regime uses the Kim Il-sung personality cult as a vehicle for the exploitation of ordinary North Koreans to support a parasitic regime elite.

However, as will be illustrated in chapter six, the Kim Il-sung personality cult has diminished in importance in contemporary North Korea. Kim Jong-il is clearly less charismatic than his father and has adopted a more technocratic leadership style based on expanded linkages with the military. This is not to say that the leadership cult has become irrelevant, because the dynastic line remains an important legitimator of Kim Jong-il's rule. Rather, one must concede that the personality cult is no longer the fundamental feature of North Korean politics in the present institutional environment, but one of a number of important features.

² SUH, D.-S. 1988. *Kim Il Sung: The North Korean Leader*, New York, Columbia University Press. p. 321.

³ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin.

⁴ MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin's Press.

The works of Suh, Buzo and Martin cited above therefore tend appear somewhat dated in the context of more recent institutional changes.

Exclusive focus on the regime leadership tends to gloss over the fundamental structural underpinnings of the North Korean state. The great famine of the mid-1990s was a defining event in recent North Korean history, with mortality estimates ranging from 100,000 to 2 million deaths. Daniel Goodkind and Loraine West have offered the most reliable mortality figures in their article *The North Korean Famine and Its Demographic Impacts*, suggesting a figure of approximately 600,000 fatalities. Yet the numbers by themselves do not tell the full story. Former Vice-President of World Vision Andrew Natsios claimed in his book *The Great North Korean Famine* that the regime “triaged” the northeast section of the country, depriving it of food shipments in order to ensure that people in the politically more important cities had access to food.⁵ This view is disputed by Hazel Smith, who argues that it was industrial workers in the big cities who were worst affected by the famine.⁶

The famine drew particular attention to the perilous state of the North Korean economy and thus the survivability of the Kim regime itself. At this time Nicholas Eberstadt contended in his article *Hastening North Korean Reunification* and book *The End of North Korea* that the current order in the North could not last, given the deterioration trajectory of the economy.⁷ Kim Kyung-won made a similar argument in his article *No way out: North Korea's impending collapse*, warning that the economic fundamentals could not be ignored and that collapse was imminent.⁸ Many studies have made the assumption, explicitly or implicitly,

⁵ NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. p. 106.

⁶ SMITH, H. 2005. Disintegration and reconstitution in the Democratic People's Republic of Korea. In: CHESTERMAN, S., IGNATIEFF, M. & THAKUR, R. (eds.) *Making States Work: State Failure and the Crisis of Governance*. New York: United Nations University Press.

⁷ EBERSTADT, N. 1999. *The End of North Korea*, Washington DC, American Enterprise Institute; EBERSTADT, N. 1997. Hastening Korean reunification. *Foreign Affairs*, 76, 77-92.

⁸ KIM, K.-W. 1996. No way out: North Korea's impending collapse. *Harvard International Review*, 18, pp. 22-5, 71-2.

that if regime collapse was avoided, economic weakness would at some stage force North Korea to seek political accommodation with the United States and regional countries. Not all analysts, however, agreed with the economic determinism inherent in the work of Eberstadt and Kim. In his well-known article *Why North Korea Will Muddle Through*, Marcus Noland predicted that the Kim regime would neither collapse nor thrive, but would persist by making *ad hoc* adjustments to specific problems as they arose.⁹ This has turned out to be prescient, though it remains to be asked what other factors played a role in preserving the Kim regime as the very foundations of its rule began to crumble. The subsequent book *Famine in North Korea: Markets, Aid, and Reform* by Noland and Stephen Haggard suggested that the regime maintained itself through reliance on large inputs of foreign aid, which allowed Pyongyang to avoid the kind of systemic reform deemed necessary and unavoidable by the economic determinists.¹⁰

Beyond Economics: A Broader Treatment of North Korean Society

Further answers to these questions can be found in adaptable ideology and the power of the military, which provided the glue that kept the North Korean state together through the worst of the famine period. In *North Korea: The Politics of Unconventional Wisdom*, Han S Park eschews emphasis on the regime leadership and instead pays primary attention to the ideational context within which North Korean politics and society operate. Park believes that the “state of mind” of the society determines the behavioural patterns of the people within it, an attitude which informs the book’s analysis of political, institutional and economic facets of the North Korean state through the lens of *Juche*, the regime’s official ideology.¹¹ Park’s

⁹ NOLAND, M. 1997. Why North Korea Will Muddle Through. *Foreign Affairs*, 76, pp. 105-118.

¹⁰ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 5.

¹¹ PARK, H. S. 2002. *North Korea: The Politics of Unconventional Wisdom*, Boulder, Lynne Rienner. pp. 8-9.

analysis of the North Korean state is instructive in its location of the Kim regime's political behaviour and decision making within the context of a rational system of ideas. Its drawback is that it does not speak to power; in attempting to overcome the drawbacks of a leader-centric framework it does not pay sufficient heed to the power relationships of state institutions.

As later chapters of this thesis will show, the military has become the most important institution within the DPRK state under the leadership of Kim Jong-il. In *The Armed Forces of North Korea*, Joseph Bermudez provides a detailed account of the links between the regime and the forces, and then describes each wing: air, naval, ground forces, paramilitary, internal security, and intelligence.¹² This text is detailed and informative, however its main drawback is that it is now somewhat dated. Much is likely to have changed within the military in the decades since 2001, in parallel and because of the evolving internal dynamics of North Korea, as well as newfound power of the Korean People's Army (KPA) derived from the North's nuclear weapons capability and the possibility of growing internal power plays linked to the regime's dynastic succession. The case piece entitled *The North Korean People's Army: Origins and Current Tactics* by James Minnich provides a more up to date examination of the KPA's doctrine and tactics. Minnich identifies a distinct asymmetric warfighting strategy within KPA doctrine that could quite easily accommodate a nuclear weapons capability.¹³ Minnich's work does not examine, nor is it intended to, the intentions of the Kim regime in relation to the military capabilities identified.

Several quality edited volumes have been published which pick up on the structural themes of the North Korean state. *The North Korean System in the Post Cold War Era*, edited by

¹² BERMUDEZ, J. 2001. *The Armed Forces of North Korea*, London, I.B. Taurus.

¹³ MINNICH, J. 2005. *The North Korean People's Army: Origins and Current Tactics*, Annapolis, Naval Institute Press. pp. 73-75.

Samuel Kim, examines the interactive processes between the various structural units of the North Korean state, using a systems theory approach.¹⁴ *North Korea: The Politics of Regime Survival*, edited by Kihl Young Whan and Kim Hong Nack, covers similar terrain to argue that North Korea has little option but to open to the outside world, because of the internal processes of change underway since the famine.¹⁵ Alternatively, *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*, edited by James Clay Moltz and Alexandre Mansourov, draws on the expertise and experience of Russian nationals who lived, worked and studied in North Korea during the Cold War, when the DPRK and Soviet Union were allies. This book offers more nuanced alternative perspectives on North Korea's economy, political system and nuclear program that offer a finer resolution of detail than Western sources, because they are insider accounts.¹⁶

Many authors have attempted to divine the regime's intentions regarding its nuclear program through general studies of the North Korean state, synthesising information from all the perspectives described above. In *North Korea: Through the Looking Glass*, Kongdan Oh and Ralph Hassig paint a broad picture of North Korea's ideology, economy, leadership and military, before describing the nature of internal social controls and external foreign policy. In a theme echoed by Bertil Lintner in *Great Leader, Dear Leader: Demystifying North Korea under the Kim Clan*, Oh and Hassig caution against making standardised judgements of North Korea's economic trajectory and foreign policy decision making because the North is unique in comparison with other states; the regime and the people exist in a closed society,

¹⁴ KIM, Y.-G. 2001. Ideological Changes in North Korea since the 1990s. In: Second Biennial Conference of Korean Studies Association of Australasia, 24-25 September 2001 Melbourne, Australia. Monash University, pp. 384-392.

¹⁵ KIHIL, Y. 2006. Staying Power of the Socialist 'Hermit Kingdom'. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books.

¹⁶ MOLTZ, J. C. & MANSOUROV, A. (eds.) 2000. *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge.

an alternate reality that is not easily comprehensible to outsiders.¹⁷ Paul French offers a similar catch-all case study of North Korea in his book *North Korea: The Paranoid Peninsula - A Modern History*. For French, the key to understanding the alternate reality that is North Korean society lies in the regime's "misguided" economic policies, stretching back to the beginnings of the North's command economy during the 1950s.¹⁸ Andrei Lankov also uses the regime's economic policies as a starting point in his book *North of the DMZ: Essays on Daily Life in North Korea*, but instead focusses on how these have shaped common life experiences of everyday North Koreans. According to Lankov, many citizens under Kim Jong-il's reign have managed to transcend the tyranny of their oppressive environment, creating subtle but perceptible changes in the North Korean social fabric that will result in the transformation of Kim regime from Stalinism into something quite new. For Lankov, this social change will be evolutionary rather than abrupt as the regime lurches between denial and acceptance of the emerging social reality.¹⁹

Comparative Studies: North Korea versus South Korea

The comparative approach is perhaps best exemplified by the epic *The North and South Korean Political Systems: A Comparative Analysis* by Yang Sung-chul, which offers a comprehensive comparative analysis of the political and economic systems of the two Korea's prior to the early 1990s.²⁰ Yang goes into great detail describing the history and structure of North Korea's political system which he characterises as totalitarian, and the command economy, which he believes was typical of those existing in most socialist countries. Yang argues that these characteristics, diametrically opposed to those existing in

¹⁷ OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. xiii; LINTNER, B. 2005. *Great Leader, Dear Leader: Demystifying North Korea under the Kim Clan*, Chang Mai Silkworm Books.

¹⁸ FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books.

¹⁹ LANKOV, A. 2007. *North of the DMZ: Essays on Daily Life in North Korea*, Jefferson, NC, McFarland & Company.

²⁰ YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press.

the South, are what drive the political decision making of governments on both sides of the DMZ. Don Oberdorfer makes largely the same point in *The Two Koreas: A Contemporary History*, though with much less finesse and authority.²¹

Alternatively, American historian Bruce Cumings suggests that North Korea's internal politics and foreign policy decision making, as well as those of South Korea, have their genesis in a history and a political thought that extends well beyond the immediate concerns of the modern strategic environment on the peninsula. In *North Korea: Another Country*, Cumings offers an alternative perspective to the common portrayal of North Korea, marvelling at how the North has survived since 1945 in spite of foreign invasions, natural disasters, and its own internal contradictions. It is within this narrative of insecurity that Cumings locates Pyongyang's desire for nuclear weapons.²² In *Korea's Place in the Sun: A Modern History*, Cumings provides a chronicle of modern Korea's turbulent twentieth-century history, incorporating the demise of the Yi Dynasty and loss of independence to Japan in 1910, its years under Japanese occupation, and its division and the Korean War.²³ It then becomes a comparative study contrasting the diverging fortunes of North and South Korea, particularly after the mid-1970s.

High Politics: Nonproliferation and North Korean Foreign Policy

Several studies offer historiographic accounts of the first nuclear crisis, culminating in *the Agreed Framework*.²⁴ For example, in their seminal work *Going Critical: The First North Korean Nuclear Crisis*, Joel Wit, Daniel Poneman and Robert Gallucci offer an inside

²¹ OBERDORFER, D. 1999. *The Two Koreas: A Contemporary History*, London, Warner Books.

²² CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe.

²³ CUMINGS, B. 2005. *Korea's Place in the Sun: A Modern History*, New York, WW Norton & Company.

²⁴ 1994. Agreed Framework Between the United States of America and the Democratic People's Republic of Korea. Korean Peninsula Energy Development Organization, <http://www.kedo.org/pdfs/AgreedFramework.pdf>.

account of the first nuclear crisis, in which all three were involved as high-ranking officials in the US State Department.²⁵ Similar studies document the second nuclear crisis that began in 2002. Charles “Jack” Pritchard and Yuichi Funabashi have published similar descriptive accounts of the second nuclear crisis, documenting the diplomatic activities that led to the establishment of the Six Party Talks and the pursuit of a denuclearisation deal in that forum. Pritchard’s *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb* is a US-centric insider’s account which documents his role as a special envoy in the Bush administration’s negotiating team.²⁶ In *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Funabashi, a journalist, uses a broader brush in illustrating the role played by other states in the Six Party Talks, along with the key role played by the US.²⁷ These works do an outstanding job of chronicling the diplomatic manoeuvring that has embodied denuclearisation negotiations since the late 1980s. Yet it is precisely because they concentrate on the diplomatic angle that they miss the critical domestic drivers of North Korea’s proliferation decision-making.

Other authors are more prescriptive. In *Disarming Strangers: Nuclear Diplomacy with North Korea*, Leon Sigal chronicles the negotiating track during the first nuclear crisis, concluding that the United States would have to pursue more serious cooperative engagement with North Korea if it was going to accomplish its nonproliferation goals.²⁸ Where Sigal has concentrated on the means of accomplishing nonproliferation objectives during the first nuclear crisis, Michael Mazarr has focussed on the nature of US nonproliferation objectives themselves. In *North Korea and the Bomb: A Case Study in Nonproliferation*, Mazarr

²⁵ WIT, J., PONEMAN, D. & GALLUCCI, R. 2004. *Going Critical: The First North Korean Nuclear Crisis*, Washington DC, Brookings Institution Press.

²⁶ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press.

²⁷ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press.

²⁸ SIGAL, L. 1998. *Disarming Strangers: Nuclear Diplomacy with North Korea*, Princeton Princeton University Press.

suggests that realistic criteria for successful nonproliferation should vary according to the degree to which a nuclear program is entrenched in the military and political economy of a proliferator state.²⁹ In the North Korean case, Mazarr concludes that engagement should be the strategy of choice because the reasons behind Pyongyang's proliferation decisions are likely to have evolved from their original purposes as tool of hard power security.³⁰ For Selig Harrison, engagement on its own was not enough to get the diplomatic track moving. In *Korean Endgame: A Strategy for Reunification and US Disengagement*, he argued for the gradual disengagement of US forces from Korea in order to reposition itself as an honest broker in denuclearisation negotiations.³¹

The debate over engagement in the late-1990s and early-2000s centred on the ability of the US to deter would-be nuclear aggression by Pyongyang, as well as the willingness of the Kim regime to accept a grand bargain *quid pro quo* for dismantling its nuclear program. In *North Korea: A Debate on Engagement Strategies*, Victor Cha and Daving Kang took up this debate.³² Cha argued in favour of "hawk engagement," whereby the US would negotiate with Pyongyang in order to secure an international mandate for more punitive action, while Kang argued in favour of a grand bargain. Both agreed that the Kim regime was neither irrational nor undeterrable, and that engagement should be the default policy option, though for different ends. In *North Korea on the Brink: Struggle for Survival*, Glyn Ford and Soyoung Kwon have investigated the history of the DPRK to analyse whether Pyongyang's nuclear threat is real, or exaggerated as a threat by Washington to garner international support for its

²⁹ MAZARR, M. 1997. *North Korea and the Bomb: A Case Study in Nonproliferation*, London, Macmillan Press. p. 203.

³⁰ *Ibid.* p. 183.

³¹ HARRISON, S. 2002c. *Korean Endgame: A Strategy for Reunification and US Disengagement*, Princeton, Princeton University Press. p. xxiii.

³² CHA, V. & KANG, D. 2003. *North Korea: A Debate on Engagement Strategies*, New York, Columbia University Press.

national missile defence system.³³ This forms the basis for their assessment of how the European Union (EU) should approach the Korean nuclear crisis. They recommend that the EU provide North Korea with sufficient security guarantees to enable it to give up its nuclear weapons and enough assistance to facilitate the economic and social reforms that the country needs.

Other writers have explored the nuclear question in the context of US relations with both North and South Korea. Lee Chae-jin contends in *A Troubled Peace: US Policy and the Two Koreas* that Washington's policy of containment and deterrence since the Korean War has allowed South Korea to enjoy a prolonged period of peace, during which time the South has become an economic powerhouse and matured politically into a stable democratic state. At the same time, its inability to successfully deal with the North Korean nuclear issue has ensured that the US will remain enmeshed in Korean peninsula affairs for some time to come.³⁴ *Korea at the Center: Dynamics of Regionalism in Northeast Asia*, edited by Charles Armstrong *et al*, looks more broadly at the prospects for regional integration in Northeast Asia and concludes that though so far elusive, a comprehensive regionalism based on economic, political and security linkages is possible.³⁵ By contrast, Samuel Kim's *The Two Koreas and the Great Powers* explores the two Korea's relationships with the four other regional powers: the United States, China, Russia and Japan.³⁶ The persistent theme raised is the diverging geostrategic interests of the regional powers, which inhibits their capacity for coordinated action on the North Korean nuclear question. This theme will form the basis for the analysis of the Northeast Asian security environment in Part III of this thesis.

³³ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press.

³⁴ LEE, C.-J. 2006. *A Troubled Peace: US Policy and the Two Koreas*, Baltimore, The Johns Hopkins University Press.

³⁵ ARMSTRONG, C., ROZMAN, G., KIM, S. & KOTKIN, S. (eds.) 2006. *Korea at the Center: Dynamics of Regionalism in Northeast Asia*, Armonk: ME Sharpe.

³⁶ KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press.

The problem with studies focusing on the North Korean nuclear question as a dimension of US foreign policy is that they tend to overlook factors driving Pyongyang's proliferation decision making that extend beyond national security concerns. While the foreign policy dimension is no doubt important, other analysts have offered greater focus on the domestic aspects of North Korea's nuclear development. *North Korea in a Regional and Global Context*, edited by Robert Scalapino and Lee Hong-ku, provides an overview of the organisation and administration of North Korean foreign policy during the 1980s, with specific emphasis on the influence of Juche philosophy on North Korean foreign policy calculus.³⁷ The question remains, however, as to why a self-reliant foreign policy orientation would be important to North Korea? To address this question, it is not enough to focus on foreign policy considerations alone. Particularly where nuclear proliferation is concerned, foreign policy variables must be combined with domestic drivers to arrive at some useful conclusions. Indeed, the domestic political economy dimensions of the North's nuclear proliferation are among the most important to consider in coming to an understanding of the complexities of the North Korean proliferation problem. It is clear from Pyongyang's long history of nuclear development and negotiating behaviour that the nuclear program has great intrinsic value to the Kim regime. Alexandre Mansourov's article *The Origins, Evolution, & Current Politics of the North Korean Nuclear Program* cites four key drivers of North Korea's nuclear development—US bombardment of Japan with atomic weapons, US nuclear threats against Pyongyang, the Cuban missile crisis, and the discovery of the South's clandestine nuclear weapons program.³⁸ These justifications fall under the rubric of national security, yet states usually seek to develop and maintain nuclear weapons for a number of

³⁷ SCALAPINO, R. & LEE, H.-K. (eds.) 1986. *North Korea in a Regional and Global Context*, Berkeley: Center for Korean Studies, University of California-Berkeley.

³⁸ MANSOUROV, A. 1995. The Origins, Evolution, & Current Politics of the North Korean Nuclear Program. *The Nonproliferation Review*, 2, pp. 28-29.

reasons. In his article *North Korea's Weapons of Mass Destruction: Badges, Shields, or Swords?*, Victor Cha points to internal variables such as parochial bureaucratic interests, domestic political machinations, national identity and economic incentives as the drivers of nuclear proliferation, over and above national security.³⁹ It is this line of reasoning, focussing on the links between the nuclear program and the political economy of the North Korean state, which forms the foundation for analysis in Part II of this thesis.

Identifying a Research Niche

This thesis presents a novel interpretation of the existing literature on the North Korean nuclear problem, integrating a number of different analytical perspectives in its conceptualisation of the issue as a two-level game. Denuclearisation negotiations should be viewed as the site at which the two-level game takes place, where domestic politics and foreign policy objectives of North Korea and regional states intersect with regional strategic competition. The thesis combines a detailed structural and theoretical analysis of the political economy of the North Korean state, identifying Pyongyang's core rationales for acquiring nuclear weapons, with a comprehensive summary of the Northeast Asian security environment and the commitment of regional states to nonproliferation on the Korean peninsula. As the literature review suggests, there is a niche for studies that integrate these variables and explain how they interact to produce the stalemate we see today. This is the research niche that this thesis aims to occupy.

³⁹ CHA, V. 2002b. *North Korea's Weapons of Mass Destruction: Badges, Shields, or Swords?* *Political Science Quarterly*, 117, p. 211.

Research Questions

Pyongyang has a documented commitment to developing nuclear technologies stretching back to the 1950s and the aftermath of the Korean War, and of nuclear weapons-related development from as early as 1970.⁴⁰ It has shown a willingness to buy time for this task through provocations such as missile and nuclear tests, incursions into South Korean sea- and air-space, and inflammatory statements about its nuclear program. The concurrent failure of regional states to counter North Korea's proliferation threat prompts a rather obvious question: can North Korea's nuclear weapons program be removed? This answer to this problem is not the exclusive disjuncture that it may appear on face value.

The literature review revealed two key concepts that will require further examination through the thesis. First, the many studies focussing on low politics of North Korea's internal political economy all tend to arrive at the same discussion point: *regime longevity*. One arrives at this conclusion because there appears to be a definitive trajectory of decline in each of the dimensions of state, which accelerated during the great famine. This leads to related questions: is the North sincere about the denuclearisation process? Pyongyang's loose observance of the 1994 Agreed Framework, withdrawal from the Nuclear Nonproliferation Treaty in 2002, and demands to renegotiate the terms of subsequent agreements reached in the Six Party Talks, as well as its possible clandestine uranium enrichment program, all point to a negative answer. Again, this opens up a new line of inquiry: if North Korea is committed to nuclear development, what utility does the nuclear program have for the Kim regime? The North's perseverance in advancing its nuclear weapons program in spite of dogged international pressure seems to indicate that the nuclear program is of some vital importance to the perpetuation of the Kim regime. If this is the case, one must then probe the

⁴⁰ For a detailed chronology of North Korea's nuclear development stretching back to the late-1940s, see: HABIB, B. & O'NEIL, A. 2009. North Korea's Emergence as a Nuclear Weapons State and the End of the Disarmament Paradigm. *Global Change, Peace and Security*, 21.

relationship of the nuclear program to the political economy of the North Korean state and ask how it assists in perpetuating the Kim regime. The degree to which the nuclear program is entwined with the Kim regime may reveal much about the likelihood that Pyongyang will choose to relinquish its nuclear program.

Second, the literature examining the high politics of the nuclear program in terms of North Korea's foreign policy and Northeast Asian relations also arrives at a singular discussion point: the *poor record of denuclearisation negotiations*. Indeed, while diplomatic and economic engagement appears to be the most realistic options for addressing the nuclear problem, and taking into account the significance of the Agreed Framework in delaying North Korea's nuclear armament by a decade, tangible outcomes in terms of permanent denuclearisation have been relatively limited. Again, this poses a series of related sub-questions: can military solutions bring about nuclear dismantlement? Pyongyang's regular provocations, including a number of missile and nuclear tests, have not incited a military response from regional states. Instead, each provocation has prompted further economic sanctions and a flurry of ineffectual diplomatic activity. Why, then, have two decades of diplomatic efforts proven fruitless? Despite a series of agreements since 1994 to forestall the North's nuclear development, by 2006, Pyongyang had tested a nuclear device, followed by a second test in May 2009. If the goal of diplomatic engagement was to prevent North Korea from acquiring a nuclear capability, then by any measure these efforts have failed. Since 2003, diplomatic efforts have centred on the Six Party Talks, a multilateral forum involving North Korea, the United States, China, South Korea, Japan and Russia. It was hoped in Washington that the six-Party forum would enable the US to pressure Pyongyang to make concessions on its nuclear program through the added leverage of demands for denuclearisation from regional states, leverage that has failed to materialise because regional

states find it difficult to present a united front. Are then the goals and methods of regional states in addressing the North Korean nuclear threat mutually consistent? These questions must be examined within the context of the broader strategic environment of Northeast Asia in order to delineate the place of each regional state within this system.

These two key concepts point to an internal/external dichotomy to the North Korean nuclear question, both of which must be addressed. They give rise to three primary research questions, which will form the basis for the methodology employed in this thesis:

1. Will North Korea willingly relinquish its nuclear program (the internal dimension)?
2. Can North Korea be compelled to relinquish its nuclear program by regional states (the external dimension)?
3. What are the possible outcomes (integrating the two dimensions)?

Clearly there must be some relationship between the longevity of the Kim regime, the nuclear program, and the persistent failure of denuclearisation negotiations. The goal of this thesis is to pinpoint the exact nature of this relationship.

Methodology

International relations in practice incorporates a mixture of political, economic and social forces moulded together in complex interplay. As an academic discipline, it is a multifarious amalgam of politics, history, economics, philosophy, psychology, sociology and other related fields, so it makes sense that any sound analysis of specific foreign policy problems should embrace insights from the breadth of the disciplinary spectrum. The methodological framework utilised in this thesis is a reflection of the disciplinary heterogeneity inherent in both the international relations discipline and, as Lee Chae-jin rightly points out, the Korean

peninsula context as well.⁴¹ Despite this, the thesis is *positivist* in its epistemological foundation, because it is examining a series of hypotheses (the research questions) to establish causal explanations based on the evidence of material forces. The methodology, and the analytical frameworks set up within it, is directed toward the satisfaction of these ends.

The research questions point to an internal/external dichotomy inherent to the North Korea nuclear issue, which suggests analysis of the problem at the domestic and international levels. Robert Putnam describes international politics as a two-level game in which the internal machinations of domestic politics lead national governments to formulate foreign policies that seek to satisfy domestic interests, while minimising any adverse consequences these policies may generate in the international realm.⁴² Therefore, the domestic imperatives of state governments, as well as the preferences of the individuals that lead them, heavily influence interstate relations. In the context of the North Korean nuclear issue, this applies to the proliferation calculus of the DPRK government as well as the commitment of regional states to nonproliferation strategies. The two-level game is the premise that forms the methodological foundation for addressing the research questions of the thesis.

Research Question #1: Will North Korea willingly relinquish its nuclear program?

This question requires a probing of the Kim regime's motivations for nuclear proliferation.

These motivations will revolve around preserving the security of the North Korean state and

⁴¹ Lee notes, "the competing theoretical or philosophical paradigms such as realism and liberalism serve to characterize general tendencies, but they do not fully describe the varying nuances in the multi-faceted US policy toward Korea. No American administration always and consistently applied a straightforward one-sided paradigm to the multitude of foreign policy issues. Every president drew on a combination of different paradigms to address specific issues and presided over the shifting balance between and among different bureaucracies." See: LEE, C.-J. 2006. *A Troubled Peace: US Policy and the Two Koreas*, Baltimore, The Johns Hopkins University Press. p. 278.

⁴² PUTNAM, R. 1988. Diplomacy and domestic politics: the logic of two-level games. *International Organization*, 42, pp. 427-460.

the perpetuation of the regime's rule. The working hypothesis for this question is that the decay of the North Korean state, accelerated after 1991 but beginning much earlier, has forced the regime to use the nuclear program to address several different domestic problems which endanger regime perpetuation. First, it must be established that the North Korean state has experienced significant decline between its establishment in 1945 and the present day. David Carment's *three perspectives on state failure* establish this case; they encompass long-term (macro) systemic processes, intermediate mechanisms associated with institutional viability, and short-term (micro) shock events that accelerate state deterioration in the context of variables at the macro and intermediate levels.⁴³ What we find in the North Korean case are decay vectors at each level: ecological constraints and resource limitations exists at the macro level; declining marginal returns on investment eating away at state institutions on the intermediate level; and two shock events—the collapse of the USSR in 1991, and natural disasters from 1995-98—at the micro level. Second, having established a decline trajectory, the thesis makes a *before and after comparison* of the North Korean economy and political system on either side of the great famine, the period which encompasses the two shock events identified above. The comparison helps to identify the weaknesses of the North Korean state today, using the command economy and totalitarianism as frames of reference for the economic and political systems respectively. Third, the thesis examines how the nuclear program is used to address some of these weaknesses and prop up the Kim regime, using an analytical framework encompassing the national security, international diplomacy and domestic politics *drivers of nuclear proliferation*. Examination of this research question constitutes Part II of the thesis.

⁴³ CARMENT, D. 2003. Assessing state failure: implications for theory and policy. *Third World Quarterly*, 24, p. 410.

Research Question #2: Can North Korea be compelled to relinquish its nuclear program by regional states?

This question stems from the lack of success regional states have enjoyed in pursuing nonproliferation objectives *vis-à-vis* North Korea. The key issues here relate to the capacity of any one regional state, or regional states acting in concert, to successfully compel North Korea to relinquish its nuclear program. First, this section examines international relations theory, comparing realism, liberalism and constructivism in the Northeast Asian context. Because neither theory paints a satisfactory picture of the regional security environment on its own, the section instead adopts the *cooperation, competition and conflict* framework devised by Muthiah Alagappa, which incorporates insights from each of the three leading international relations theories to construct a much more comprehensive picture of the Northeast Asian security environment. Second, the cooperation, competition and conflict framework is applied to the five regional states—the United States, Japan, South Korea, China and Russia—to ascertain their strategic goals and gauge the likelihood of their cooperation on the North Korean nuclear issue, finding that strategic competition is the *modus operandi* of regional states. Third, the cooperation, competition and conflict framework is used to categorise and assess the individual and collective nonproliferation strategies employed by regional states to address the North Korean nuclear issue since the first nuclear crisis began to escalate in 1992. Examination of this research question constitutes Part III of the thesis.

Research Question #3: What are the possible outcomes?

This question requires the integration of the answers obtained to the other two research questions, a combination of domestic considerations driving North Korea's proliferation

decisions and the undercurrent of strategic competition that inhibits the ability of regional states to cooperate in addressing Pyongyang’s nuclear gambit. Scenario mapping within the rubric of cooperation, competition and conflict is the rubric of choice here, ascertaining what nonproliferation strategies may work given North Korea’s intent to remain a nuclear power and the difficulty that regional states have in prosecuting a coordinated response. This section will also identify some wildcard scenarios that may change the domestic and external variables of the issue. Examination of this research question constitutes Part IV of the thesis.

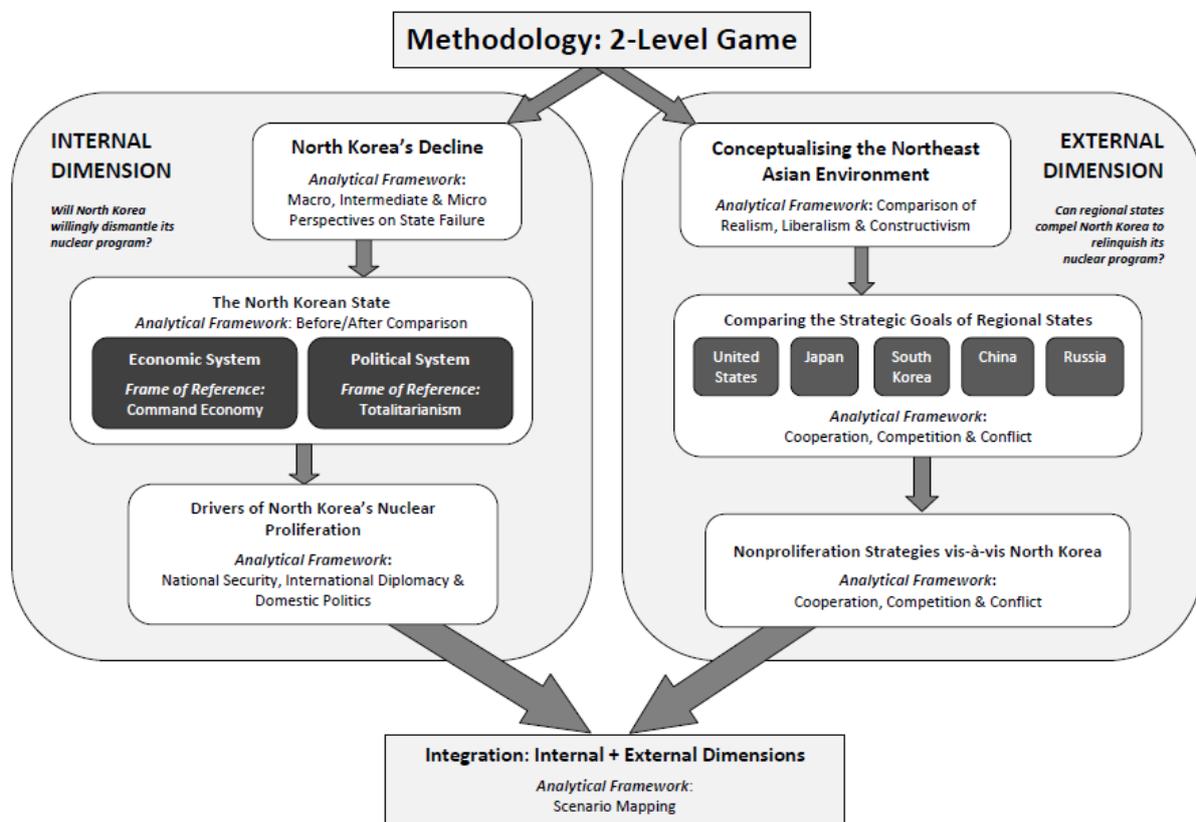


Figure 1: Structure of thesis methodology.

Thesis Argument

The argument of this thesis derives directly from the research questions identified above. First, North Korea is highly unlikely to relinquish its nuclear capability because the nuclear program is deeply enmeshed in the political economy of the North Korean state and performs several functions that are integral to the perpetuation of the Kim regime. The degree of this enmeshment and the specific functions it performs are the focus of Part II of the thesis. Second, regional states are poorly equipped to compel North Korea to relinquish its nuclear program. This arises because no one regional state has the capacity to force Pyongyang's hand on its own. Similarly, regional states lack a coherent strategy for collective action, stemming from the atmosphere of strategic competition within which their mutual relations take place. Each state has its own unique set of strategic objectives that are often incongruent with those of the other players, making it difficult for all parties to agree on appropriate nonproliferation strategies. These divisions will be explored in more detail in Part III of the thesis. Third, given this state of affairs, regional countries themselves will be compelled to adapt to North Korea as a nuclear power. How they manage to do this in a regional security environment characterised by competition is likely to become the new battleground for policy and academic debate. Part IV of the thesis will explore this in greater detail, offering a number of future trajectories along which the nuclear issue may head, as well as some wildcard scenarios that could destabilise the situation and create a whole new dynamic in Korean peninsula affairs. China's growing role as a centre of power is occurring as the United States begins to diminish as a global superpower. The evolving foreign policy orientation of Japan, developing from the tension between its historic pacifist posture under US protection and pressure from the political right to return Japan to adopt a more active and 'normal' strategic posture. Internationally, broader factors such as the global financial crisis,

energy insecurity and climate change are emerging as challenges to regional security, despite the difficulty in calibrating their precise long-term impacts.

Chapter Outline

Part I

Following on from this introduction, chapter two analyses North Korea's motivations for pursuing its nuclear weapons program. These motivations are clustered into three specific groups—national security, domestic politics, and international diplomacy—which illustrate a clear case for North Korea's acquisition and maintenance of a nuclear capability. The multi-faceted utility of the nuclear program to the Kim regime is indeed compelling. Most importantly, given the country's anaemic economy and resource shortages, the nuclear capability gives the regime the bargaining leverage it needs to plug holes in its economy with inputs of aid from the international community. The chapter then examines the technical aspects of the North's nuclear fuel cycle and the level of sophistication so far achieved by its nuclear weapons capability.

Part II

Chapter three examines the decline of the DPRK leading up to 1991 and its subsequent rapid economic collapse following the demise of the Soviet Union. The thesis establishes the long-term and intermediate timeframe trends of decay, and the immediate trigger events that led to the calamitous famine and the consequent reorganisation of North Korean society. The process of declining marginal returns on investment in key areas of the economy, where ongoing reductions in output within key economic sectors plagued the North Korean economy before the famine, caused the long-term and intermediate timeframe degradation.

The regime's responded by priming the system with ever more inputs of resources and labour in an attempt to boost production. Over time, the success of this strategy declined despite the increasing scale of inputs, a classic illustration of declining marginal returns. The trigger events that sparked the famine and deindustrialisation of the command economy were a result of the over-reliance on foreign inputs at the very moment when this external support gave way. North Korea's nuclear program is integral to the regime's efforts to postpone the onset of declining marginal returns and is used to preserve the status quo for as long as possible.

North Korea's economic system post-famine is the focus in chapter four. The moribund command system, increasingly reliant on imported energy supplies, agricultural inputs and manufactured goods from the Soviet Union and the wider communist bloc, was extremely vulnerable to disruptions in its input flow. When the Soviet Union collapsed, this vulnerability was exposed and the weakened economy plunged into precipitous decline, splintering into a number of parallel economies through the 1990s, including the huge military economy, the entrepreneurial economy, the court economy, and the illicit economy, along with the remains of the old command system. The military has become the backbone of regime perpetuation under this economic order. In the absence of systemic economic reform, inputs of foreign aid have become crucial to the maintenance of the military-centred system.

Having charted North Korea's economic history, Part II then focuses on the impact of economic decline on the country's political system. Chapter five analyses North Korea's political structure during the Kim Il-sung era prior to 1991, which harboured the characteristics of a totalitarian state: absolute dictator and mass Party, transformational ideology, all-pervasive system of terror, and Party monopoly on communications

technologies.⁴⁴ Reflecting the pre-famine economy, this political system also fell victim to the gradual decay of declining marginal returns, as a function of the great systemic maintenance costs inherent in such strict social control mechanisms. The economic crisis triggered by the collapse of the Soviet Union accelerated systemic decay already underway since the late-1960s, eroding with it the other dimensions of the totalitarian political order.

Chapter six examines the degradation of the totalitarian architecture post-famine, concluding that North Korea is in the process of becoming a post-totalitarian state. North Korea's political system today is no longer that of a full-blown totalitarian regime, though the foundations of the totalitarian order remain in place. The economic transformation that has taken place has triggered a process of political change at the grass-roots level that is undercutting the institutions of the old order, a process that does not appear to have reached its conclusion.

Part III

Chapter seven outlines the strategic value of the DPRK to regional states, documenting their differing strategic priorities and incongruous goals *vis-à-vis* North Korea. Northeast Asian countries co-exist in strategic competition, where each state's geopolitical imperatives and strategic goals conflict with those of its neighbours, creating a disharmony of purpose that impedes their collective effort to address the North Korean threat. Northeast Asia is a complex strategic environment riven by historical animosities, competing alliance blocs and growing rivalries. The region is a bipolar system dominated by the United States and China. Within this system, the Chinese control the continental mainland while the US, for the time

⁴⁴ FRIEDRICH, C. & BRZEZINSKI, Z. 1966. *Totalitarian Dictatorship & Autocracy*, New York, Frederick A. Praeger Publishers.

being, dominates the East Asian maritime environment. Regional states align their positions more or less behind these two poles of power in denuclearisation negotiations, allowing Pyongyang to cultivate the divergence of positions to its own advantage.

Chapter eight documents the strategies pursued by regional states to compel North Korea to denuclearise. It considers four broad approaches to denuclearise North Korea: regime change, limited military action via air strikes, bilateral engagement, and multilateral engagement. These strategies have encountered varying degrees of success. Military options have proven to be unviable in the absence of a catalysing event such as a North Korean attack over the DMZ. Efforts to extract concessions from Pyongyang by strangling the North Korean economy have not fared much better, owing to the disunity of purpose among regional states described in the preceding chapter. Efforts to engage North Korea, to secure nuclear relinquishment in exchange for a raft of incentives, has achieved the most by way of constructive progress, but even this has proven unsuccessful as a denuclearisation strategy. In light of these failures, this chapter finds that regional states are unlikely to compel North Korea to relinquish its nuclear weapons program.

Part IV

Chapter nine confronts the predicament that regional states will need to adapt to a North Korea, either through conflict, cooperation or competition. The key question is how they manage the tension between their divergent strategic interests, their nonproliferation goals, and their desire for regional stability. This chapter contrasts the likelihood of conflict (nuclear arms race) with cooperation (multilateral security institutionalism), before exploring several more likely scenarios reflecting the reality of regional strategic competition. It also

considers wildcard scenarios that could alter North Korea's internal politics and the dynamics of regional relations.

Chapter ten will integrate the findings of the preceding chapters to address the three primary research questions of the thesis. Denuclearisation of North Korea has been a goal of regional states for two decades. Despite the efforts of regional states and a seemingly weak hand, Pyongyang has attained nuclear power status and used it as a means to shore up the position of the leadership and strengthen the national security of the state. Yet the regime's continued brandishing of the nuclear card is a recipe for further crises, a problem regional states will compound by clinging to a denuclearisation agenda that has been ineffective. Regional countries will be forced to adapt to North Korea as a nuclear weapons power and manage competitive regional relations in a pragmatic way that accommodates this new reality.

2. North Korea's Nuclear Program: Strategic Rationale and Technical Capabilities

Understanding Pyongyang's motivations for acquiring a nuclear capability is integral to the comprehension of the Korean nuclear crisis. If the motivation is purely one of national security then the conclusion of an agreement featuring mutual concessions and confidence-building measures should be reasonably straightforward. The fact that denuclearisation negotiations have been anything but straightforward should be a red flag to the international community that North Korea's motivations for proliferation are more complex. The first section examines North Korea's motivations for acquiring nuclear weapons. These motivations are clustered into three specific groups—national security, domestic politics, and international diplomacy—which clearly illustrate the degree to which the nuclear program is embedded in the political economy of the DPRK state. Subsequent chapters will explain how these motivations spring from deficiencies in the political economy of the DPRK state, as evidence for the hypothesis that North Korea will not willingly relinquish its nuclear program.

This task requires an understanding of the technical aspects of the nuclear program itself. Some actors in this story, including members of the former administration of George W Bush in the US, have called for nuclear dismantlement as if it were something the North could perform very rapidly.¹ By examining the extent of the nuclear program, the sheer impracticality of such demands becomes clear. In a very real way, the physical plant of the

¹ The Bush administration had chosen to maintain its position that complete, verifiable, irreversible denuclearisation (CVID) was necessary before North Korea could reap any benefits from negotiations. Indeed, the Americans were adamant that talks on any forthcoming incentives would not begin until these demands were met. This will be explored further in Chapter 8. See also: ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 607.

program, the numerous complex industrial processes of the North's nuclear fuel cycle, are embedded in the national economy. Through coming to understand the regime's motivations for nuclear proliferation and the technical aspects of its nuclear capability, one can successfully locate the program within the political economy of the DPRK state and evaluate its importance to the institutional maintenance of Kim regime rule.

Strategic Aspects: North Korea's Motivations for Nuclear Proliferation

The Six Party Talks are based upon the assumption that North Korea can be persuaded to dismantle its nuclear capability with the right mix of incentives and pressure. However, is it wise to assume that the conventional logic is appropriate in the case of North Korea? In denuclearisation negotiations since 1994, the North has failed to make lasting concessions on its nuclear program, despite what appear to be compelling incentives in light of the country's economic weakness. Instead, the regime has actively engineered crises as a means to extract international largesse in exchange for de-escalation, without making any real concessions that address the core issue. This pattern suggests that the conventional logic is flawed. North Korea's long history of nuclear development, the momentum of investment in the closed indigenous nuclear fuel cycle describe above, and the benefits Pyongyang accrues from nuclear-related blackmail, point toward the conclusion that Pyongyang has relinquishing strong interest in maintaining its nuclear program.

In general, states seek to develop and maintain nuclear weapons for a number of reasons. For Kurt Campbell, currently serving as Assistant Secretary of State for East Asian and Pacific Affairs in the Obama administration, the motivations for nuclear proliferation revolve

predominantly around external factors: a response to changes in US foreign policy; a breakdown of the global nonproliferation regime; erosion of regional security; domestic imperatives; and the increasing availability of nuclear technology.² Campbell's is very much a security-based explanation, privileging external factors as integral to proliferation decision making. His reference to domestic imperatives as one of five other factors downplays what on its own could include numerous separate justifications for nuclear development based on internal political, economic and ideological drivers.

Other analysts recognise the importance of internal variables in addition to national security concerns. Scott Sagan groups the drivers of nuclear proliferation into three categories: first, states build nuclear weapons to increase their security against foreign adversaries, particularly if their enemies also maintain a nuclear capability. Second, nuclear weapons are useful as political tools to advance parochial domestic political and bureaucratic interests. Finally, nuclear weapons acquisition, or restraint of nuclear weapons development, can provide a normative symbol of a state's identity.³ Victor Cha offers a similar typology specific to North Korea, dividing Pyongyang's nuclear motivations variously as "shields," "swords" and "badges." If the North's nuclear capability operates as a shield, it is a product of the Kim regime's feelings of chronic insecurity and as such is deployed as a deterrent. If the nuclear capability is a sword, it functions for aggressive purposes and will comprise a key component of an offensive war plan with the goal of reuniting the Korean peninsula on Pyongyang's terms. If it is a badge, the nuclear program is a symbol of international prestige that affords North Korea greater diplomatic weight in the international arena than what it otherwise

² CAMPBELL, K. 2004. Reconsidering a Nuclear Future: Why Countries Might Cross Over to the Other Side. In: CAMPBELL, K., EINHORN, R. & REISS, M. (eds.) *The Nuclear Tipping Point: Why States Reconsider Their Nuclear Choices*. Washington DC: Brookings Institution. p. 20.

³ SAGAN, S. 1996/1997. Why Do States Build Nuclear Weapons?: Three Models in Search of a Bomb. *International Security*, 21, p. 55.

would enjoy.⁴ What is missing from Sagan and Cha's frameworks is an explicit reference to the economic dimension of nuclear proliferation, which, as this thesis will show, is an important variable in Pyongyang's proliferation calculus. This section will combine the frameworks offered by Sagan and Cha with an emphasis on the economic dimension to explore three different areas—national security, domestic political and economic purposes, and international diplomatic advantage—in which the nuclear program is valuable to the Kim regime.

Nuclear Weapons for National Security

North Korea's emergent nuclear doctrine yields clues about its national security motivations of nuclear proliferation. Nuclear doctrine is a series of principles, rules and instructions about the utility of nuclear weapons to a given country encompassing how, when and why such weapons will be deployed and used. Specifically, a nuclear doctrine will describe the extent of a country's nuclear capability, clarify the offensive or defensive intention of its deployment, outline whether the capability is strategic or tactical, define probable targets, and identify key weapon delivery systems.⁵ Most nuclear powers explicitly define their nuclear doctrines to prevent potentially devastating miscalculations on the part of other nuclear states. It is possible to deduce elements of a likely nuclear doctrine by piecing together strands of information from official statements, North Korean strategic culture, known troop deployments, and research on the North's war-fighting strategy.

⁴ CHA, V. 2002b. North Korea's Weapons of Mass Destruction: Badges, Shields, or Swords? *Political Science Quarterly*, 117, p. 211.

⁵ SCOBELL, A. & SANFORD, J. 2007. *North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles*. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771> pp. 87-88.

Pyongyang's official statements have consistently indicated that the regime's nuclear capability is defensive and exists for deterrence. Even as early as 2001, regime officials were proclaiming the defensive nature of their nuclear program. In the aftermath of 11 September 2001, North Korean Foreign Minister Paik Nam-soon made clear that "our nuclear program is solely for our self-defence. We denounce al-Qaeda for the barbaric act of 9/11, which was a terrible tragedy and inflicted a great shock to America."⁶ The regime reiterated the defensive nature of their nuclear capability in a statement issued through KCNA on 3 October 2006 announcing the imminent nuclear test:

the DPRK will never use nuclear weapons first but strictly prohibit any threat of nuclear weapons and nuclear transfer. A people without reliable war deterrent are bound to meet a tragic death and the sovereignty of their country is bound to be wantonly infringed upon. This is a bitter lesson taught by the bloodshed resulting from the law of the jungle in different parts of the world. The DPRK's nuclear weapons will serve as reliable war deterrent for protecting the supreme interests of the state and the security of the Korean nation from the U.S. threat of aggression and averting a new war and firmly safeguarding peace and stability on the Korean peninsula under any circumstances.⁷

This announcement set a precedent for no first-use of nuclear weapons, intentionally demonstrating the defensive nature of a nuclear capability by attempting to minimise an adversary's fear of surprise attack.⁸ Generally, pre-emptive first strikes are more likely to occur when both opposing sides believe that war is imminent.⁹ In the North Korean case, by announcing a doctrine of no-first use, the Kim regime has attempted to reduce the perception of imminent threat among regional states in order to lessen possibility of a pre-emptive attack against it. Taken at face value, these assurances appear to be a sign of the North's intention to act as a responsible nuclear power.

⁶ Paik Nam-soon cited in CHEON, S.-W. 2005. North Korea Nuclear Crisis: Current Status and Past Lessons. *Korea and World Affairs*, 29, p. 346.

⁷ 2006c. *DPRK Foreign Ministry Clarifies Stand on New Measure to Bolster War Deterrent*. Korean Central News Agency, <http://www.kcna.co.jp/item/2006/200610/news10/04.htm#1> [Accessed 9 October 2006].

⁸ SIGAL, L. 1983. No First Use and NATO's Nuclear Posture. In: STEINBRUNER, J. & SIGAL, L. (eds.) *Alliance Security: NATO and the No-First-Use Question*. Washington DC: Brookings Institution. p. 110.

⁹ SNYDER, G. 1961. *Deterrence and Defense: Toward a Theory of National Security*, Princeton, Princeton University Press. pp. 107-08.

One element to consider in evaluating the credibility of this doctrine is the status of the North's nuclear capability. Prior to the October 2006 test, the North's capability was ambiguous, resting on unverifiable statements of admission. The regime made increasingly explicit assertions about its nuclear weapons capability from October 2003, culminating in an outright admission in February 2005.¹⁰ The October 2006 test seemingly confirmed the North's nuclear weapons capability, although the test did not emphatically demonstrate the existence of a working, deployable weapon. The May 2009 nuclear test has gone some way toward resolving this issue, though observers do not know if these weapons are ready for deployment as a warhead on a missile. Even if the North lacks a miniaturised weapon, an ambiguous nuclear posture can create some anxiety about undesirable consequences in the decision calculus of an adversary, without committing the deterring state whole heartedly to any specific threat.¹¹ Because outsiders do not know the exact status of the threat, any power considering attacking the DPRK must factor in the risk of an operational nuclear deterrent into its decision.

The second consideration is whether the North's nuclear posture is offensive or defensive in nature, or a combination of the two. To answer this question it is necessary to identify North Korea's overall strategic goals, of which there appear to be two: regime survival and reunification of the peninsula on North Korean terms.¹² The goal of regime survival requires as one of its prerequisites the deterrence of military penetration by South Korean and American forces and the compellence of other states to help it survive.¹³ Reunification of the peninsula on North Korean terms means ousting the US presence in South Korea and uniting

¹⁰ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press. pp. 132-33.

¹¹ SNYDER, G. 1961. *Deterrence and Defense: Toward a Theory of National Security*, Princeton, Princeton University Press. p. 246.

¹² HODGE, H. 2003. North Korea's Military Strategy. *Parameters*, Spring 2003, pp. 69-70; BERMUDEZ, J. 2001. *The Armed Forces of North Korea*, London, I.B. Taurus. p. 9.

¹³ For more on the utility of deterrence and compellence as dual strategies, see: MORGAN, P. 2006. Deterrence and System Management: The Case of North Korea. *Conflict Management and Peace Science*, 23, pp. 121-138.

the entire ‘fatherland’ under North Korean control. In this instance, North Korea’s long-standing reunification strategies may provide insights into how they might deploy nuclear weapons once they have achieved a fully weaponised capability. How the North deploys its nuclear weapons depends on which of these broader goals enjoys operational primacy.

Defensive Posture: Deterrence

Should regime survival be the paramount objective of the state then the nuclear capability is likely to be mobilised for deterrence. Neo-realist theories of deterrence posit that states must develop self-help strategies to protect their sovereignty and national security in an anarchical international system. Therefore, any state with nuclear-capable rivals must develop its own nuclear deterrent to preserve its sovereignty.¹⁴ Deterrence is the discouragement of the initiation of military aggression through the threat of a retaliatory response.¹⁵ Cheon Seong-whun argues that this holds true in the North Korean case, where the regime feels that a nuclear deterrent is necessary as a means of defence against nuclear intimidation or attack by the United States.¹⁶ This is the reason most often cited in North Korea’s official statements, which maintain that proliferation is a necessity to deter the United States. The US maintains the world’s largest nuclear arsenal and has threatened to use nuclear weapons against the DPRK over the past half-century. Deterrence has a different meaning in the North Korean context: small countries like North Korea do not deter aggression through the development of second-strike capabilities for mutually assured destruction (MAD), as in the superpower contest of the Cold War. Rather, they maintain a nuclear threat just large enough to raise the uncertainty in the calculations of an adversary that a first strike would not be completely

¹⁴ CAMPBELL, K. 2004. Reconsidering a Nuclear Future: Why Countries Might Cross Over to the Other Side. In: CAMPBELL, K., EINHORN, R. & REISS, M. (eds.) *The Nuclear Tipping Point: Why States Reconsider Their Nuclear Choices*. Washington DC: Brookings Institution. p. 24; SAGAN, S. 1996/1997. Why Do States Build Nuclear Weapons?: Three Models in Search of a Bomb. *International Security*, 21, p. 57.

¹⁵ SNYDER, G. 1961. *Deterrence and Defense: Toward a Theory of National Security*, Princeton, Princeton University Press. pp. 11-12.

¹⁶ CHEON, S.-W. 2005. North Korea Nuclear Crisis: Current Status and Past Lessons. *Korea and World Affairs*, 29, p. 346.

successful.¹⁷ In terms of the North's national security, the nuclear capability provides a low-cost strategic equaliser against the US/ROK forces across the DMZ and a deterrent against attack or invasion from the South.

For Robert Jervis, a strong deterrent posture employs the threat or use of force to make it either impossible for an aggressor state to achieve their objectives, or unacceptably costly for it to do so.¹⁸ The intention is to frighten an enemy state from attacking, because the expected cost of retaliation is high enough as to be unpalatable.¹⁹ As a small state with a limited nuclear program, North Korea cannot develop and utilise complex second-strike capabilities to cement a mutually assured destruction relationship with the United States. Instead, the North can create what Victor Cha has called "first-strike uncertainty," whereby it develops just enough of a nuclear inventory to plant seeds of doubt in the calculations of its enemies, creating uncertainty that an attack by the enemy would be sufficient to neutralise the North Korean deterrent.²⁰ This doubt also raises the risk premium of attacking North Korea, owing to the threat of nuclear retaliation against targets in South Korea and Japan.²¹ Nuclear weapons in North Korea's hands raise the stakes considerably in this regard. Deterrence, therefore, does not make a state impregnable from attack. A strong defence posture incorporates deterrence but includes other facets of conventional military power that enable a nuclear state to defend itself in the event that deterrence fails.²²

¹⁷ CHA, V. 2002b. North Korea's Weapons of Mass Destruction: Badges, Shields, or Swords? *Political Science Quarterly*, 117, pp. 216-17.

¹⁸ JERVIS, R. 1987. Strategic Theory: What's New and What's True. In: KOLKOWICZ, R. (ed.) *The Logic of Nuclear Terror*. Boston: Allen and Unwin. p. 51.

¹⁹ WALTZ, K. 2003. More May Be Better. In: SAGAN, S. & WALTZ, K. (eds.) *The Spread of Nuclear Weapons: A Debate Renewed*. New York: W.W. Norton & Company. p. 5.

²⁰ CHA, V. 2002b. North Korea's Weapons of Mass Destruction: Badges, Shields, or Swords? *Political Science Quarterly*, 117, p. 216.

²¹ MCLAUGHLIN, J. Year. Remarks by the Deputy Director of Central Intelligence, John E. McLaughlin. In: North Korea: Engagement or Confrontation, 17 April 2001, Texas A&M Conference. Federation of American Scientists.

²² SNYDER, G. 1961. *Deterrence and Defense: Toward a Theory of National Security*, Princeton, Princeton University Press. pp. 3-4.

Offensive Posture: Component of an Offensive War Plan

It is possible the North's nuclear weapons program has a strategic role over and above creating a strong deterrence posture. Reunification of the peninsula on North Korean terms—usually taken to mean 'by force'—has been a stated goal of the Kim dynasty since December 1962, when Kim Il-sung fortified the garrison state in North Korea by introducing his policy of the "Four Military Lines" during the Fifth Session of the Korean Workers' Party Central Committee.²³ His intent was to strengthen the state against attack from the South and to prepare for another push to reunify the Fatherland. Two years later Kim introduced the policy of the "Three Revolutionary Forces," which called for revolution at home, in South Korea and internationally. These policies remain embedded in the 1998 constitution and are the foundation upon which the North's military strategy has been based.²⁴

The DPRK's war fighting strategy remains heavily predicated on reunifying Korea by force and utilises asymmetric capabilities to achieve its objectives. In general, asymmetric military strategies allow a weaker state to deprive a stronger adversary of the advantages of their military superiority.²⁵ In this case, North Korea has compensated for its conventional military inferiority by enhancing its ability to strike targets at longer range utilising ballistic missiles, self-propelled artillery and multiple rocket launchers. This allows it to project force beyond the forward theatre without the need for wholesale movement of troops and military hardware.²⁶

²³ CHEON, S.-W. 2005. North Korea Nuclear Crisis: Current Status and Past Lessons. *Korea and World Affairs*, 29, p. 344.

²⁴ BERMUDEZ, J. 2001. *The Armed Forces of North Korea*, London, I.B. Taurus. p. 9.

²⁵ GOLDSTEIN, A. 2008. Parsing China's Rise: International Circumstances and National Attributes. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 62.

²⁶ POLLACK, J. 2005. The Strategic Futures and Military Capabilities of the Two Koreas. In: TELLIS, A. & WILLS, M. (eds.) *Strategic Asia 2005-06: Military Modernization in an Era of Uncertainty*. Seattle & Washington DC: National Bureau of Asian Research. pp. 137-38; OBERDORFER, D. 1997. *The Two Koreas: A Contemporary History*, Reading, Addison-Wesley. p. 388; YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. p. 715.

The offensive war plan itself is purportedly based upon a two-front surprise attack. The first front consists of a massive artillery bombardment followed by full-frontal attack across the DMZ, with the objective of rapidly capturing Seoul. Chemical weapons are to be utilised in the forward operating area to disable ROK forward defences, while simultaneous ballistic missile attacks will target military bases, ports and command and control facilities in the ROK rear, and in Japan, in an attempt to disable reinforcement of the forward defences. Special forces teams will infiltrate by sea, air and tunnel to create a second front, turning all of South Korea into a battlefield by attacking important facilities in the rear area, setting fires in urban areas and engaging defending ROK and US troops from a second flank.²⁷ The objective is to capture Seoul quickly and then overrun the peninsula before American reinforcements arrive from abroad, with the aim of forcing a political settlement in which the North Korean occupation is accepted as a *fait accompli*.²⁸ The regime leadership may view this strategy as feasible while the US is distracted in other theatres, including Iraq and Afghanistan, during which time rapid reinforcement of units in South Korea will be difficult. Pyongyang may also have noted the aversion among US officials to involvements that produce heavy American casualties. If the North can strike early and hard, producing heavy US casualties at the outset, they may surmise that Washington will come under intense domestic pressure to extricate their forces and sue for a diplomatic settlement.²⁹

Although it is logical for the North Korean military to position a large portion of its forces between the DMZ and Pyongyang to defend the capital, forward deployments of KPA personnel and hardware in close proximity to the DMZ may be a sign that this blitzkrieg war

²⁷ YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. p. 716.

²⁸ SCOBELL, A. & SANFORD, J. 2007. North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771>. p p. 32-38; MINNICH, J. 2005. *The North Korean People's Army: Origins and Current Tactics*, Annapolis, Naval Institute Press. pp. 73-75; BERMUDEZ, J. 2001. *The Armed Forces of North Korea*, London, I.B. Taurus. pp. 11-12.

²⁹ BRADNER, S. 2001. North Korea's Strategy. In: SOKOLSKI, H. (ed.) *Planning for a Peaceful Korea*. Carlisle, PA: US Army War College, Strategic Studies Institute. pp. 27-28.

strategy remains operational. It is estimated that approximately 70 percent of the North's military units and almost 80 percent of its aggregate firepower lie within 100 kilometres of the DMZ.³⁰ Since 1991, the DPRK has invested heavily in WMD programs—chemical and biological, as well nuclear and special forces capabilities—while de-emphasising conventional mechanised military assets. Cessation of Soviet patronage and stark economic difficulties forced this choice upon the regime. Asymmetric capabilities are a strategic leveller, providing the North with a degree of military parity in the face of the massive technological superiority of US and ROK forces.

Nuclear weapons may have a role in this scenario, complementing the use of other asymmetric warfare capabilities such as chemical weapons and special forces commandos. Tactical use of nuclear weapons—as opposed to the more ambiguous definition of tactical nuclear devices as having short-range and low explosive yield—relates to the targeting of nuclear munitions of any size against military targets supporting the enemy's war effort, wherever they may be.³¹ In North Korea's offensive war plan, short-range Scud-C missiles carrying nuclear warheads could target military bases and logistical hubs in South Korea and Japan, such as port facilities in Seoul, Busan or Yokohama, or in artillery shells targeting frontline troops in the forward theatre.³² It is difficult to envisage, however, North Korea escaping massive nuclear retaliation from the United States should they employ nuclear munitions against South Korean or Japanese targets. The objectives of the war plan could certainly be achieved without nuclear weapons; after all, North Korean missiles are more than

³⁰ SCOBELL, A. & SANFORD, J. 2007. North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771>. p. 23.

³¹ SNYDER, G. 1961. *Deterrence and Defense: Toward a Theory of National Security*, Princeton, Princeton University Press. p. 137; SOKLOV, N. 2002. *Tactical Nuclear Weapons (TNW)*. Nuclear Threat Initiative, http://www.nti.org/e_research/e3_10a.html [Accessed 27 February 2008]; HWANG, J. 1999. *Testimonies of North Korean Defectors: Hwang Jang-yop Speaks*. Global Security.org, <http://www.globalsecurity.org/military/library/report/1999/hwang1.htm> [Accessed 22 July 2006].

³² KANG, D. 1998. North Korea's Military and Security Policy. In: KIM, S. (ed.) *North Korean Foreign Relations in the Post-Cold War Era*. Oxford: Oxford University Press. p. 181.

capable of destroying targets with conventional warheads. If North Korea were to use nuclear weapons in a war scenario, they are likely to be the weapon of absolute last resort in a losing gambit.³³

Indeed, it is hard to envision a North Korean assault ultimately being successful. What the war plan does, however, is add weight to Pyongyang's deterrent posture, because the threat of retaliation inherent in any deterrent posture must be credible. It has the political effect of increasing the risk premium for any American and South Korean plans to use force against the DPRK with overwhelming retaliation against the South.³⁴ It is likely that regime survival retains primacy in the current environment, given North Korea's fundamental weaknesses *vis-à-vis* South Korea and the United States. Reunification by force may no longer be an end in itself, though its continued emphasis in regime propaganda reinforces the credibility of the deterrent posture and is thus a source of tremendous diplomatic leverage.

Nuclear Weapons for International Diplomacy

Possession of nuclear weapons can radically alter the diplomatic weight and prestige of a country. Because of their power, nuclear weapons dramatically affect the thinking and behaviour of states-people; for the leaders of nuclear-armed states, possession gives them greater leverage in their relations with other countries and allows them to be bolder in pursuit of their national interests. Non-nuclear states must either accommodate with the preferences of the new nuclear state or form a balancing alliance with an existing nuclear power, an

³³ Victor Cha frames the choice in the following way: "Like the gambler down on his luck, the more North Korea frames the current situation as a losing one, the more appealing the double-or-nothing option becomes. Such a calculation would be based not on winning but on avoiding further loss." See: CHA, V. 2002a. Hawk Engagement and Preventive Defense on the Korean Peninsula. *International Security*, 27, p. 65; KANG, D. 2003. International Relations Theory and the Second Korean War. *International Studies Quarterly*, 47, p. 313.

³⁴ LIM, W.-H. 2006. *North Korea's Missile Tests: Malign Neglect Meets Brinkmanship*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0653Lim.html> [Accessed 12/07/2006].

influence referred to as the “nuclear shadow.”³⁵ North Korea’s use of ambiguous nuclear blackmail and overt nuclear posturing through nuclear tests seems to confirm this theory and has been successful in extracting a more accommodating political attitude from the US and regional states.

Nuclear weapon states may also deploy or threaten to deploy their nuclear capability in order to extract concessions, a tactic the Kim regime has utilised consistently in denuclearisation negotiations since the negotiation of the Agreed Framework in 1994.³⁶ Pyongyang’s strategy is known as “coercive bargaining,” in which deliberate, directed provocations put pressure on the US and regional states to provide material inducements to persuade the regime to pull back from the brink. As Victor Cha notes, these “deliberate pinpricks” fall short of war but are serious enough to raise concerns about possible escalation.³⁷ Once a crisis has been engineered, Pyongyang issues new demands or restates previous claims as conditions for de-escalation and a return to negotiations. For example, through its October 2006 nuclear test, Pyongyang was able to extract a significant shipment of oil, as well as the release of funds from suspected illicit operations frozen in Macau bank Banco Delta Asia, in exchange for its re-entry into the Six Party Talks. Underpinning these instrumental goals was Pyongyang’s broader objective of forcing a reticent United States to engage with it and ultimately alter Washington’s DPRK policy. This theme will be explored further in Chapter 8.

³⁵ BECKMAN, P., CRUMLISH, P., DOBKOWSKI, M. & LEE, S. 2000. *The Nuclear Predicament: Nuclear Weapons in the Twenty-First Century*, New Jersey, Prentice Hall. p. 172. See also: CHA, V. 2002b. North Korea’s Weapons of Mass Destruction: Badges, Shields, or Swords? *Political Science Quarterly*, 117, p. 227.

³⁶ For the general theory of nuclear blackmail, see: BECKMAN, P., CRUMLISH, P., DOBKOWSKI, M. & LEE, S. 2000. *The Nuclear Predicament: Nuclear Weapons in the Twenty-First Century*, New Jersey, Prentice Hall. p. 188. For more on the North Korean case, see: ANDRIANOV, V. 2000. Economic Aspects of the North Korean Nuclear Program. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 29.

³⁷ CHA, V. 2003b. Why We Must Pursue ‘Hawk’ Engagement. In: CHA, V. & KANG, D. (eds.) *North Korea: A Debate on Engagement Strategies*. New York: Columbia University Press. p. 72. See also: LIM, W.-H. 2006. *North Korea’s Missile Tests: Malign Neglect Meets Brinkmanship*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0653Lim.html> [Accessed 12 July 2006].

Nuclear weapon states often brandish the nuclear card as a signal in international diplomacy that their vital interests are engaged, or that a particular policy position is absolute and immovable.³⁸ One could argue that the North Korea's October 2006 nuclear test was intended not only as a demonstration of its nuclear weapons capability but also as a diplomatic signal to indicate that the unfreezing of North Korean assets in Banco Delta Asia was an important national interest that required immediate attention from the US and regional states. This had the desired effect; as described above, US-DPRK bilateral meetings were held parallel to the Six Party talks to deal specifically with the frozen funds and by early February 2007, a deal had been reached to transfer the money back to Pyongyang.

Pyongyang has also used its nuclear program to drive a wedge between regional states. With each act of nuclear brinkmanship, North Korea has been able to widen the gap between the US and ROK on the one hand, and China and Japan on the other. Following each provocation the US looks to Seoul to ratchet up the pressure on North Korea. Until the inauguration of Lee Myung-bak as South Korean president, Seoul was careful to avoid full endorsement of US policy for fear of disrupting engagement efforts with the North. The more pressure Washington placed on Seoul for action, the more the Pyongyang was able to entice the South into signing additional cooperation agreements to provide aid and assistance to the North. In the second example, North Korean provocations drive support for conservative factions in Tokyo who wish to fully remilitarise the Japanese state and engage in pre-emptive military solutions to address the threat from the DPRK, which in turn provokes deep-seated animosities in China stemming from the Japanese occupation during the Second

³⁸ BECKMAN, P., CRUMLISH, P., DOBKOWSKI, M. & LEE, S. 2000. *The Nuclear Predicament: Nuclear Weapons in the Twenty-First Century*, New Jersey, Prentice Hall. p. 187.

World War.³⁹ This allows Pyongyang to align with Beijing and Seoul in common apprehension of a remilitarised Japan and splinters the Six Party participants into two camps: China and South Korea (and often Russia) versus Japan and the United States.⁴⁰ The latter camp has also been split in recent years as domestic pressure in Japan for progress on the abduction issue has often made Japan's response more hostile (in a rhetorical sense) than the US.

Nuclear Weapons for Domestic Politics

The domestic political justifications for North Korea's nuclear weapons proliferation encompass economic, bureaucratic, and ideological dimensions. Generally, nuclear weapons present weak states with a relatively low-cost and technically achievable strategic equaliser in the face of the North's relative decline in conventional military capability.⁴¹ The initial up-front cost of establishing a nuclear program are high, but after the initial outlay to bring nuclear weapon development to maturity, the maintenance costs of the nuclear deterrent become quite low in comparison with those of a conventional military force of commensurate strategic value. The resultant savings dividend could then be redirected to other spending priorities.⁴² This argument has merit in the North Korean case, due to the vast technological gulf between the North Korean military and its opposing contingent of US and ROK forces, resulting from the growing disparity in economic power between the two Korean states. After all, conventional military build-up is costly, and therefore contingent on economic

³⁹ Indeed, according to one author, "if the cultish regime in North Korea had not existed, some Japanese strategists surely would have wished to invent it". See SAMUELS, R. 2007. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, Ithaca, Cornell University Press. p. 171.

⁴⁰ PARK, J. S. & LEE, D.-S. 2008. North Korea: Existential Deterrence and Diplomatic Leverage. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia*. Stanford: Stanford University Press. pp. 274-75.

⁴¹ CAMPBELL, K. 2004. Reconsidering a Nuclear Future: Why Countries Might Cross Over to the Other Side. In: CAMPBELL, K., EINHORN, R. & REISS, M. (eds.) *The Nuclear Tipping Point: Why States Reconsider Their Nuclear Choices*. Washington DC: Brookings Institution. p. 27.

⁴² SHEN, D. 2006. North Korea's Strategic Significance to China. *China Security*, Autumn 2006, p. 25.

capacity and technological prowess, areas in which North Korea is now at a terminal disadvantage.⁴³

In contemporary North Korea, the nuclear program also exists hand in glove with the regime's legitimising paradigm—*Songun*, or “military-first” politics—that privilege the military as the power base behind Kim Jong-il's rule.⁴⁴ The diversion of resources to service the nuclear program, and more widely the military itself, is justified in relation to the external threat posed by the United States. The regime needs the US as an enemy figure upon which to focus the people's attention while the country remains under extreme hardship.⁴⁵ North Korean propaganda positions the nuclear weapons program within this context.

Nuclear weapons development also serves the narrow bureaucratic interests of institutions within the DPRK state. Generally, in nuclear states, the institutional actors typically include the state's nuclear establishment, which maintains all facilities related to the nuclear fuel cycle, and important units within the military bureaucracy.⁴⁶ These institutions have a powerful stake in self-perpetuation and are likely to be active acquiring more resources to expand their role. For example, the fledgling bureaucracy established in the United States during the 1940s to run the Manhattan Project acquired a large pool of resources—including funding, personnel, and physical plant—which gave it a strong incentive to fulfil its mission to perfect a nuclear weapon. The continued existence of this bureaucracy was contingent on

⁴³ PARK, H. S. 2002. *North Korea: The Politics of Unconventional Wisdom*, Boulder, Lynne Rienner. p. 135.

⁴⁴ PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 10.

⁴⁵ MYERS, B. 2006. *Concerted Front: Why Seoul is soft on North Korea*. New York: The Wall Street Journal, <http://www.opinionjournal.com/forms/printThis.html?id=110009427> [Accessed 14 May 2008].

⁴⁶ SAGAN, S. 1996/1997. Why Do States Build Nuclear Weapons?: Three Models in Search of a Bomb. *International Security*, 21, p. 64.

the use of the weapon it had created and the continued manufacture of further weapons to augment the existing stock.⁴⁷

Nuclear research began in North Korea in December 1952 when Kim Il-sung established the Atomic Energy Research Institute as a branch of the North Korean Academy of Sciences to commence research into the use of radioactive isotopes in agriculture, industry and medicine.⁴⁸ In 1956, the USSR established the Joint Institute for Nuclear Research located at Dubna, outside of Moscow, to facilitate cooperation in nuclear science among countries within the communist bloc. North Korea, a founding member of the institute, sent over 300 nuclear specialists and more than 150 advanced specialists to Dubna during the period of Soviet-DPRK nuclear cooperation.⁴⁹ At the same time, Pyongyang established indigenous nuclear physics departments at Kim Il-sung National University and Kim Ch'aek Industrial College, which conducted basic nuclear research and were responsible for the refinement of new ideas in the field emanating from abroad.⁵⁰ These efforts were accelerated during the 1960s when the regime leadership made a conscious decision to ramp up development of a nuclear energy sector, then again in the 1970s when Kim Il-sung decided to begin work on nuclear weapons development as a hedge against abandonment by his major allies in the USSR and China in the shadow of the ongoing Sino-Soviet split.⁵¹

⁴⁷ BECKMAN, P., CRUMLISH, P., DOBKOWSKI, M. & LEE, S. 2000. *The Nuclear Predicament: Nuclear Weapons in the Twenty-First Century*, New Jersey, Prentice Hall. p. 95.

⁴⁸ 2004b. *North Korea Profile: Nuclear Chronology 1941-1989*. Nuclear Threat Initiative, http://www.nti.org/e_research/profiles/NK/Nuclear/46_89.html [Accessed 22 January 2008].

⁴⁹ SZALONTAI, B. 2006. I. The International Context of the North Korean 2 Nuclear Program, 1953-1988. In: SZALONTAI, B. & RADCHENKO, S. (eds.) *North Korea's Efforts to Acquire Nuclear Technology and Nuclear Weapons: Evidence from Russian and Hungarian Archives*. Washington DC: Cold War International History Project

Woodrow Wilson International Center for Scholars.p. 3; 2004b. *North Korea Profile: Nuclear Chronology 1941-1989*. Nuclear Threat Initiative, http://www.nti.org/e_research/profiles/NK/Nuclear/46_89.html [Accessed 22 January 2008]; MANSOUROV, A. 1995. The Origins, Evolution, & Current Politics of the North Korean Nuclear Program. *The Nonproliferation Review*, 2, pp. 25-26.

⁵⁰ 2004b. *North Korea Profile: Nuclear Chronology 1941-1989*. Nuclear Threat Initiative, http://www.nti.org/e_research/profiles/NK/Nuclear/46_89.html [Accessed 22 January 2008]; MANSOUROV, A. 1995. The Origins, Evolution, & Current Politics of the North Korean Nuclear Program. *The Nonproliferation Review*, 2, p. 26.

⁵¹ DENISOV, V. 2000. Nuclear Institutions and Organizations in North Korea. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. pp. 22-23.

Today the Second Natural Science Institute is responsible for nuclear weapons research and development, in collaboration with the Academy of Sciences and the Second Economic Committee's Fifty Machine Industry Bureau. The Nuclear Chemical Defence Bureau in the Ministry of People's Armed Forces manages the research and development of defensive measures against nuclear, chemical and biological attack.⁵² The Yongbyon complex employs approximately three thousand personnel, along with additional number associated with other nuclear facilities around the country.⁵³ The Nuclear-Chemical Defence Bureau, an organ of the Ministry of People's Armed Forces reporting directly to Kim Jong-il, exercises command and control of the nuclear inventory.⁵⁴ Dismantlement of these institutional structures would be extremely difficult because once established, institutions take on a life of their own.

Technical Aspects: North Korea's Nuclear Fuel Cycle

These institutions oversee North Korea's nuclear fuel cycle, consisting of a number of complex industrial processes through eight specific stages.⁵⁵ According to Russian scientists, North Korea possessed a complete nuclear fuel cycle by 2000, with the infrastructure to process weapons-grade plutonium.⁵⁶ This analysis highlights the resource inputs, industrial hardware and technical expertise necessary to maintain the North Korea's nuclear fuel cycle, as well as the geographic dispersion of important nuclear sites. While Yongbyon clearly is

⁵² 2005d. *North Korea Profile: Nuclear Facilities*. Nuclear Threat Initiative, http://www.nti.org/e_research/profiles/NK/Nuclear/45.html [Accessed 12 January 2008]; PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 9.

⁵³ NIKSCH, L. 2006a. North Korea's Nuclear Weapons Program. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/67840.pdf>. p. 9.

⁵⁴ SCOBELL, A. & SANFORD, J. 2007. *North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles*. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771>. p. 16.

⁵⁵ NIKITIN, M. B. 2009. North Korea's Nuclear Weapons. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/120976.pdf>. p. 3; HECKER, S. 2006. Report on North Korean Nuclear Program. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>. p. 8.

⁵⁶ DENISOV, V. 2000. Nuclear Institutions and Organizations in North Korea. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 26.

the epicentre of the nuclear operation, other important nuclear-related facilities are located around the country. As will be made clear, it is unrealistic to expect hasty dismantlement of such an extensive and well-developed infrastructure, regardless of any denuclearisation agreement.

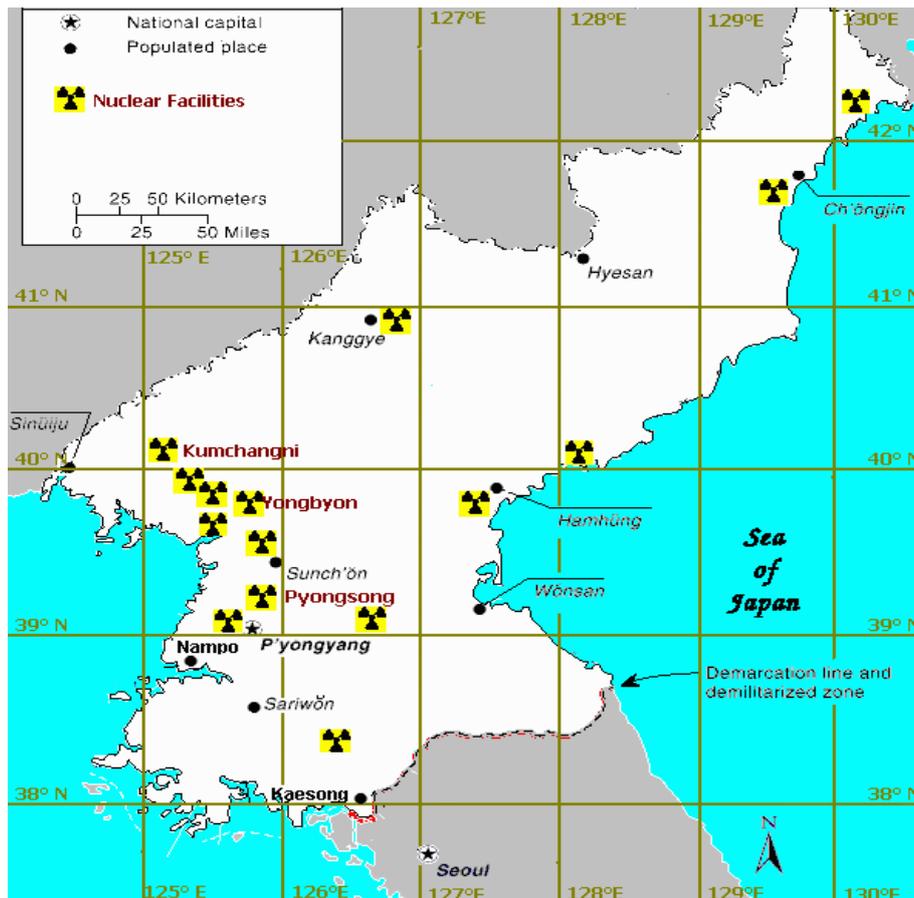


Figure 2: Location of facilities related to the nuclear program in North Korea.

Source: "North Korea—Nuclear Weapons Program," *Global Security*, 03 October 2006, http://www.globalsecurity.org/wmd/world/dprk/other_nuke.htm

Uranium Mining and Milling

North Korea is endowed with extensive uranium ore deposits, which constitute the prerequisite feedstock of the nuclear fuel cycle. Surveys conducted during the 1970s suggest that North Korea at that time possessed approximately 300,000 tons of uriferous black shale

ore, at concentrations of around 0.2 percent uranium, located at depths of about 200 metres.⁵⁷ Today, large-scale uranium mine sites in North Korea include Sunchon in South Pyongan province, Kusong, in North Pyongan province, Unggi in North Hamgyong province, Pyongsan in North Hwanghae province, and Pakchon in South Hamgyong province.⁵⁸ North Korean mines use two uranium ore extraction techniques; open cut mining is used when the ore body lies at a shallow depth, while underground mining techniques are employed when the ore deposit is greater than 120 metres deep.⁵⁹

Uranium milling facilities are generally located close to the ore body. North Korea's uranium milling facilities are located at Sunchon, Pyongsan and Pakchon, close to uranium mines in those areas.⁶⁰ The extracted ore must be milled to concentrate the uranium in a form more practical for industrial processing because of the low concentration of uranium in the ore body (as little as 0.2 percent). The milling process crushes the ore into a powder, which is then filtered through a strong acid or alkaline solution to leach the uranium from the ore fragments. The leached uranium is precipitated from the solution then dried and heated to produce a concentrate of uranium oxide, known as yellowcake, which contains approximately eighty percent uranium. The remainder of the ore is waste tailings consisting of radioactive materials and toxic heavy metals that need to be stored in isolation from the wider environment.⁶¹ One ton of North Korean uranium ore contains approximately one kilogram

⁵⁷ HAYES, P. 2004. *North Korea's Uranium Exports: Much Ado About Something*. The Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/archives/pub/ftp/napsnet/special_reports/Hayes-DPRKuranium.txt [Accessed 12 November 2007].

⁵⁸ See Figure 2. See also: 2006n. *North Korean Special Weapons Facilities*. Alexandria, VA: Global Security.org, <http://www.globalsecurity.org/wmd/world/dprk/facility.htm> [Accessed 12 February 2008]; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 29.

⁵⁹ HAYES, P. 2004. *North Korea's Uranium Exports: Much Ado About Something*. The Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/archives/pub/ftp/napsnet/special_reports/Hayes-DPRKuranium.txt [Accessed 12 November 2007]; 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007]; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 33.

⁶⁰ 2006n. *North Korean Special Weapons Facilities*. Alexandria, VA: Global Security.org, <http://www.globalsecurity.org/wmd/world/dprk/facility.htm> [Accessed 12 February 2008]; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 33.

⁶¹ 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007].

of uranium, which means that 50,000 tons of uranium ore had to be mined and milled to extract the fifty tons of uranium required for the initial fuel load for the 5 MW(e) reactor at Yongbyon. At peak production in the early 1990s, before the 1994 freeze under the Agreed Framework, North Korea was able to produce about 300 tons of yellowcake annually, from approximately 30,000 tons of ore.⁶²

Uranium Conversion and Enrichment

Conversion

Ordinarily yellowcake must be processed into uranium hexafluoride and then fed into a uranium enrichment process to increase the proportion of the isotope uranium-235 (²³⁵U) in the final fuel load.⁶³ Most reactors operating around the world today require enriched uranium for fuel. However, the 5 MW(e) [MW(e) = megawatts of electric output] reactor at Yongbyon is a gas-cooled graphite-moderated model, based on the UK's Calder Hall plutonium production reactor, which is capable of using fuel fabricated directly from unenriched natural uranium.⁶⁴ This was advantageous to the North Koreans because the materials, technology and equipment for uranium enrichment would have had to be imported from abroad.⁶⁵ Skipping the enrichment step was not only cheaper and more practical, but also allowed the front end of the fuel cycle to remain an indigenous operation.

⁶² 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 33.

⁶³ 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007].

⁶⁴ 2006n. *North Korean Special Weapons Facilities*. Alexandria, VA: Global Security.org, <http://www.globalsecurity.org/wmd/world/dprk/facility.htm> [Accessed 12 February 2008]. p. 34. See also: HAYES, P. 2004. *North Korea's Uranium Exports: Much Ado About Something*. The Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/archives/pub/ftp/napsnet/special_reports/Hayes-DPRKuranium.txt [Accessed 12 November 2007]; KOKOSKI, R. 1995. *Technology and the Proliferation of Nuclear Weapons*, New York, Oxford University Press. p. 12.

⁶⁵ HECKER, S. & LIOU, W. 2007. Dangerous Dealings: North Korea's Nuclear Capabilities and the Threat of Export to Iran. *Arms Control Today*, 37, p. 7.

North Korea has mastered the processing of yellowcake to uranium dioxide and then into uranium tetrafluoride, which is the precursor step to conversion into uranium hexafluoride, the feedstock for uranium enrichment.⁶⁶ A reported export of two tons of uranium to Libya from North Korea in 2004 raised concerns that a uranium hexafluoride conversion process had been mastered at Yongbyon, though it is unclear whether the export load was delivered as yellowcake or as uranium hexafluoride. If it was the latter, it means the North has developed the expertise for full uranium conversion and has mastered the prerequisite step for uranium enrichment.⁶⁷ However, IAEA inspections of the Yongbyon fuel fabrication plant prior to 2003 found no evidence of the equipment needed to produce uranium hexafluoride.⁶⁸ The existence of a full conversion process at Yongbyon, or elsewhere in North Korea, remains a matter of debate.

Uranium Enrichment

There are two enrichment processes currently in commercial use around the world: gaseous diffusion and gas centrifuge, which both use uranium hexafluoride as a feedstock and both use the different molecular weights of ²³⁵U and ²³⁸U to separate the isotopes.⁶⁹ Gaseous diffusion requires a massive “cascade” of at least 1,200 diffusion stages, where each stage enriches the uranium slightly more to produce three percent ²³⁵U reactor-grade uranium. Over four thousand stages are required to produce highly-enriched weapons-grade uranium using this technique.⁷⁰ Gaseous diffusion facilities in the United States and Europe are enormous, requiring physical space, equipment and substantial energy inputs that are not

⁶⁶ Ibid. p. 8.

⁶⁷ HAYES, P. 2004. *North Korea's Uranium Exports: Much Ado About Something*. The Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/archives/pub/ftp/napsnet/special_reports/Hayes-DPRKuranium.txt [Accessed 12 November 2007].

⁶⁸ HECKER, S. & LIOU, W. 2007. Dangerous Dealings: North Korea's Nuclear Capabilities and the Threat of Export to Iran. *Arms Control Today*, 37, p. 8.

⁶⁹ 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007].

⁷⁰ KOKOSKI, R. 1995. *Technology and the Proliferation of Nuclear Weapons*, New York, Oxford University Press. p. 63.

available in North Korea. If the North did establish such a facility, its size and energy signature would make it easily detectable by surveillance satellites. By contrast, gas centrifuge enrichment achieves isotopic separation by rotating the uranium hexafluoride at very high speed in rotating metal cylinders, where centrifugal acceleration causes the isotopes to separate out by weight. A cascade of only ten centrifuges is all that is required to produce reactor-grade uranium, or about 35 centrifuges for highly-enriched weapons-grade uranium. However, as the capacity of each centrifuge is very small, thousands of centrifuges are required to produce highly enriched uranium on an industrial scale.⁷¹

Natural uranium primarily consists of two isotopes: ^{235}U and ^{238}U . Of the two, only ^{235}U is fissile, though it constitutes only 0.7 percent of the natural uranium load. Uranium must be enriched to approximately two to four percent ^{235}U for use as fuel in light water reactors and to over ninety percent for use in nuclear weapons (highly-enriched uranium, or HEU).⁷² As North Korea does not have any operational light water nuclear reactors, any uranium enrichment activity is likely be devoted specifically to the production of fissile uranium for nuclear weapons.

Until recently it remained unclear whether the North had developed a fully functional industrial-scale uranium enrichment operation. In 1998, claims surfaced that there was a secret enrichment plant located in underground facilities at Kumgchang-ri, 160 kilometres

⁷¹ Ibid. p. 34.

⁷² 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007].

north of Pyongyang.⁷³ Subsequent inspections of the site in 1999 and 2000 appeared to refute this, ascertaining that the facility in question had not housed any enrichment activities.⁷⁴

During a trilateral meeting held in Beijing in October 2002, the Americans accused the North of conducting a clandestine HEU program. At a meeting on October 4, DPRK First Vice Minister Kang Sok-ju stated in reply that North Korea was forced to reinforce its “military-first” policy by modernising its military to the maximum extent possible. Kang cited North Korea’s inclusion in President Bush’s “axis of evil,” the preventive war doctrine outlined in the 2002 US National Security Strategy, and the targeting of North Korea by American nuclear weapons as mitigating factors. Charles Pritchard, who was a member of the American negotiating team, recalled that Kang did not explicitly admit to a HEU program:

While there was no precise, irrefutable statement—a smoking gun—many factors led all eight members of the US delegation to reach the conclusion that Kang had effectively and defiantly admitted to having an HEU program. Kang acknowledged that we said that his country had begun a uranium enrichment program for the production of nuclear weapons. Immediately following that statement, he declared that the DPRK was in fact prepared to manufacture even more developed weapons; he then said that the DPRK needed to be on equal footing with the United States if it was to discuss the issue of denuclearization.⁷⁵

According to Pritchard, the US team arrived at a consensus on the meaning of Kang’s remarks through a cumbersome process in which the three Korean linguists in their group were isolated and asked to recreate Kang’s statement from memory, or from any notes that they took during the meeting. They then created a final text by consensus that they felt accurately re-created Kang’s statement.⁷⁶ Clearly the Kang “admission” was far from unambiguous.

⁷³ CORERA, G. 2006. *Shopping for Bombs: Nuclear Proliferation, Global Insecurity, and the Rise and Fall of the A.Q. Khan Network*, New York, Oxford University Press. pp. 92-93

⁷⁴ MILTON, B. & KAMPANI, G. 1999. *Uncovering The Truth About North Korea's Alleged Underground Nuclear Facility: The Kumchang-ri Controversy*. Center for Nonproliferation Studies, <http://cns.miis.edu/research/korea/uncover.htm> [Accessed 27 February 2008].

⁷⁵ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press. p. 38.

⁷⁶ *Ibid.* p. 40.

A CIA intelligence estimate circulated in the US Congress in November 2002 alleged that North Korea had been working on a uranium enrichment program for several years. The estimate stated that the regime had been attempting to secure “centrifuge-related materials in large quantities” and was constructing an enrichment plant at an undisclosed location.⁷⁷ According to Selig Harrison, the Bush administration extrapolated a worst-case scenario of a HEU program from “sketchy data” that did not warrant such an extreme conclusion. Harrison made a distinction between high enrichment for weapons-grade uranium and lower levels of uranium enrichment, in which evidence of limited centrifuge acquisition by North Korea did not support the notion that the North obtained the thousands of centrifuges necessary to conduct an industrial-scale HEU process.⁷⁸ It was more likely that the North was conducting a small-scale experimental low-enrichment program.

Evidence gathered about the A.Q. Khan network and the Libyan uranium export case imply that North Korea does indeed have a complete uranium conversion process with the ability to fashion uranium hexafluoride. In 2009, Sigfried Hecker and William Liou believed that the North has a fledgling HEU program that has yet to progress beyond the research and development stage, which would account for the lack of subsequent evidence of an operational industrial-scale effort.⁷⁹ David Albright similarly doubts that the North has a large HEU centrifuge plant. According to Albright, there is a significant difference between assembling a small-scale centrifuge program with a few dozen centrifuges and operating a large-scale production plant involving the manufacture of thousands of complete

⁷⁷ 2002b. Untitled CIA estimate provided to Congress on November 19, 2002. Langley, VA: Central Intelligence Agency, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB87/nk22.pdf>

⁷⁸ HARRISON, S. 2005. Did North Korea Cheat? *Foreign Affairs*, 84, p. 100.

⁷⁹ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009]; HECKER, S. & LIOU, W. 2007. Dangerous Dealings: North Korea's Nuclear Capabilities and the Threat of Export to Iran. *Arms Control Today*, 37, p. 8.

centrifuges.⁸⁰ The best estimate from the evidence at hand until recently was that the North had a small HEU effort that has not progressed beyond an embryonic phase.

That changed in November 2010 with sensational revelations from Sigfried Hecker after his most recent visit to North Korea. On November 12, Hecker, along with colleagues John Lewis and Robert Carlin were taken on a tour of an industrial-scale uranium enrichment facility at Yongbyon, where they saw 2,000 fully operational centrifuges in two cascade halls. The facility was technologically advanced, with an “ultramodern control room” and advanced new generation centrifuges.⁸¹

One must then ask how North Korea was able to procure the necessary material for such an advanced program. The Central Intelligence Agency (CIA) and the US Department of Energy are believed to have documentary evidence including contracts, banking and shipping receipts documenting North Korea’s overseas procurement of materials and components destined for the HEU program.⁸² North Korea reportedly bartered missile technology for centrifuge enrichment equipment with Pakistan in the late-1990s through the network of Abdul Qadeer Khan, the chief scientist behind Pakistan’s nuclear program. Khan reportedly visited Pyongyang at least thirteen times between 1997 and 2002, the alleged period in which the North Korean HEU program expanded. The circumstantial evidence is damning, but beyond a log of high-level officials travelling between North Korea and Pakistan, there is no

⁸⁰ ALBRIGHT, D. 2007. North Korea’s Alleged Large-Scale Enrichment Plant: Yet Another Questionable Extrapolation Based on Aluminum Tubes. Washington DC: Institute for Science and International Security, <http://www.isis-online.org/publications/dprk/DPRKenrichment22Feb.pdf>. p. 1.

⁸¹ HECKER, S. 2010. What I Found in North Korea: Pyongyang’s Plutonium is No Longer the Only Problem. *Foreign Affairs*. 9 December 2010, <http://www.foreignaffairs.com/ARTICLES/67023/siegfried-s-hecker/what-i-found-in-north-korea?>

⁸² NIKSCH, L. 2006b. North Korea’s Weapons of Mass Destruction. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. p. 98.

direct proof in the public record that Pyongyang acquired centrifuge technology from this source.⁸³

Fuel Fabrication

As noted above, the fuel fabrication facility at Yongbyon houses processes for the production of fabricated reactor fuel from yellowcake. At the end of the conversion process, uranium tetrafluoride is furnace-moulded into metallic uranium ingots. In the final stage of fabrication, the uranium tetrafluoride ingots are melted into an aluminium alloy. The extruded mixture is then machined into fuel rods 50 centimetres long and three centimetres in diameter. The rods are then clad in magnesium-zirconium alloy (magnox) cladding, after which they are ready for insertion into the reactor.⁸⁴ The 5 MW(e) reactor at Yongbyon requires a full load of approximately 8,000 fuel rods.⁸⁵ The North currently has around 2,000 magnox-clad fuel rods in storage, which were fabricated for the 5 MW(e) reactor prior to 1994 but remain ready for use, along with approximately 12,000 unclad fuel rods that were manufactured for use in the 50 MW(e) reactor.⁸⁶

During a visit to Yongbyon in December 2006, Sigfried Hecker was told by Yongbyon nuclear center Director Ri Hong-sop that a section of the fabrication facility had been under

⁸³ CORERA, G. 2006. *Shopping for Bombs: Nuclear Proliferation, Global Insecurity, and the Rise and Fall of the A.Q. Khan Network*, New York, Oxford University Press. pp. 92-93; NIKSCH, L. 2006b. North Korea's Weapons of Mass Destruction. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. pp. 105-06; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 40.

⁸⁴ 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 33.

⁸⁵ HECKER, S. 2006. Report on North Korean Nuclear Program. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>. p. 8; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 33. For a general technical explanation of fuel fabrication, see: 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007].

⁸⁶ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009].

repair but would be ready to resume operation sometime in 2007.⁸⁷ IAEA inspectors verified on 17 July 2007 that the fuel fabrication facility had been disabled in accordance with the 2007 nuclear freeze agreement.⁸⁸ In fact, the facility was abandoned because the industrial equipment used to convert uranium oxide into uranium tetrafluoride has been excessively corroded and could not be used.⁸⁹ According to Ri however, the reactor was being operated with the spare fuel rods from the previous inventory described above. There was no hurry to recommence production as enough fuel rods had already been produced to service the 5 MW(e) reactor, while no extra fuel was needed for the incomplete 50 MW(e) and 200 MW(e) reactors. To manufacture new fuel rods the fabrication facility will need to undergo substantial repairs.

The Reactors

The 5 MW(e) reactor at Yongbyon is a gas-cooled, graphite-moderated design capable of producing up to 25 megawatts of thermal output. The reactor core consists of three hundred tons of graphite blocks, vertically cut with between 801 and 812 fuel channels. Each channel holds ten fuel rods stacked vertically on top of one another, giving the reactor capacity for about 8,000 fuel rods in total.⁹⁰ A further three hundred tons of graphite encase the graphite blocks containing the fuel rod channels, which reflect neutrons back into the core. A steel pressure vessel encloses the entire core structure to contain cooling gas and limit release of radioactive particles. Pressurised carbon dioxide is blown through the core to keep it cool. A

⁸⁷ HECKER, S. 2006. Report on North Korean Nuclear Program. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>. p. 7; HECKER, S. 2004. *Senate Committee on Foreign Relations Hearing on 'Visit to the Yongbyon Nuclear Scientific Research Center in North Korea'*. Washington DC: Global Security.org, http://www.globalsecurity.org/wmd/library/congress/2004_h/HeckerTestimony040121.pdf [Accessed 2008 10 February 2008]. p. 5.

⁸⁸ LEE, K. & CHOI, J. 2007. North Korea: Economic Sanctions and U.S. Department of Treasury Actions 1955-September 2007. National Committee on North Korea, http://www.ncnk.org/resources/publications/NCNK_Economic_Sanctions_Current

⁸⁹ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009].

⁹⁰ 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 34.

large machine located at the top of the core is used to load and remove fuel rods. If operating at full power for three hundred days per year, the reactor could produce approximately 7.5 kilograms of weapons-grade plutonium every year, reprocessed from the spent fuel.⁹¹

IAEA inspectors verified on 17 July 2007 that the 5 MW(e) reactor had been shut down in accordance with the 2007 nuclear freeze agreement.⁹² On 27 June 2008, the reactor's cooling tower was demolished as a gesture of goodwill to indicate compliance with agreements reached in the Six Party talks and by early 2009, approximately 90 percent of disablement work under the agreement was complete.⁹³ In response to international condemnation of its April 2009 rocket launch, the DPRK announced its intention to permanently withdraw from the Six Party talks, restore the Yongbyon facilities to full operation and recommence reprocessing plutonium from the stockpile of spent fuel rods at the site.⁹⁴ For the reactor to resume production at optimal levels, a new cooling system would have to be built, which could take between six months to one year. Alternatively, the reactor could run without a cooling system at very low power levels, though the rate of plutonium production would also be quite low.⁹⁵

North Korea has two other incomplete larger reactors that have been under construction for some time. Construction at both sites ground to a halt under the Agreed Framework and following the hiatus both require significant extra repairs for construction to resume. Work

⁹¹ 2006u. *Yongbyon 5-MW(e) Reactor*. Global Security.org, <http://www.globalsecurity.org/wmd/world/dprk/yongbyon-5.htm> [Accessed 23 January 2008]; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 34.

⁹² LEE, K. & CHOI, J. 2007. North Korea: Economic Sanctions and U.S. Department of Treasury Actions 1955-September 2007. National Committee on North Korea, http://www.ncnk.org/resources/publications/NCNK_Economic_Sanctions_Current

⁹³ 2009d. *KCNA on DPRK's Successful Launch of Satellite Kwangmyongsong-2*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/index-e.htm> [Accessed 25 April 2009].

⁹⁴ 2009h. *North Korea Cleared of International Nuclear Observers*. Washington DC: Global Security Newswire, http://gsn.nti.org/gsn/ts_20090417_9816.php [Accessed 01 May 2009].

⁹⁵ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009].

on the 50 MW(e) reactor at Yongbyon is more advanced, though progress has been stalled for some time. According to Ri Hong-sop, as of November 2006 a schedule for completing work on the reactor had not yet been finalised.⁹⁶ Sigfried Hecker saw the 50 MW(e) reactor on his 2004 visit and noted that the site looked in a state of disrepair, having been largely neglected to that point following the 1994 freeze. Ri told Hecker that a new design study had approved recommencement of work at the site and that workers had been commissioned for construction, but were awaiting final approval.⁹⁷ The delay relates to bottlenecks at factories supplying components for reactor construction and that delays are inevitable due to the difficulty of importing specific equipment.⁹⁸ The reactor core and other important internal components were stored off-site. Completion of the 50 MW(e) reactor would facilitate a tenfold increase in plutonium production, which would allow the North flexibility to rapidly increase the size of its nuclear arsenal and conduct further nuclear tests.⁹⁹

The site for the 200 MW(e) reactor is located at Taechon, about twenty kilometres from Yongbyon. According to the IAEA, no work has been done at this site since 2002.¹⁰⁰ Ri Hong-sop stated that the bureaucracy was still deciding what to do with the project, given that it would cost less to construct the reactor from scratch at a new location rather than rehabilitate the Taechon site. According to Ri, completion of the 50 MW(e) reactor has been prioritised above work on the 200 MW(e) reactor.¹⁰¹ The Yongbyon site also houses North

⁹⁶ ALBRIGHT, D. & BRANNAN, P. 2007. The North Korean Plutonium Stock February 2007. Washington DC: Institute for Science and International Security (ISIS), <http://www.isis-online.org/publications/dprk/DPRKplutoniumFEB.pdf>, p. 1-2; HECKER, S. 2006. Report on North Korean Nuclear Program. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>, p. 8.

⁹⁷ HECKER, S. 2006. Report on North Korean Nuclear Program. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>, p. 8.

⁹⁸ HECKER, S. & LIOU, W. 2007. Dangerous Dealings: North Korea's Nuclear Capabilities and the Threat of Export to Iran. *Arms Control Today*, 37, p. 7.

⁹⁹ Ibid. p. 7.

¹⁰⁰ 2007h. *Timeline: N Korea nuclear stand-off*. BBC News, <http://news.bbc.co.uk/1/hi/world/asia-pacific/2604437.stm> [Accessed 06 February 2008].

¹⁰¹ HECKER, S. 2006. Report on North Korean Nuclear Program. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>, pp. 8-9.

Korea's first nuclear reactor, the IRT-2000 research reactor built in the 1960s. The IRT-2000 is fuelled by highly-enriched uranium, which was supplied in measured quantities by the Soviet Union until 1991. This reactor was utilised for medical isotope production and other research projects but has been sparingly used since 1991 due to fuel supply constraints.¹⁰²

Spent Fuel Storage and Reprocessing

Spent fuel freshly removed from a reactor emits a substantial amount of heat and radiation. Used fuel is thus unloaded into a storage pond where the water traps radiation and absorbs heat. Fuel must remain in temporary water storage for periods ranging from six months to several years, allowing sufficient time for short-lived isotopes such as the volatile iodine-131 to degrade.¹⁰³ The Yongbyon facility contains a spent fuel storage pond located next to the 5 MW(e) reactor.¹⁰⁴ Prior to April 2009, over three-quarters of the 8,000 fuel rods had been removed from the reactor under the nuclear freeze agreement, though removal had slowed to only 15 fuel rods per week, dragging out the estimated date of full dismantlement to 2011.¹⁰⁵

Once the spent fuel has cooled and unstable fission products have decayed, it can be removed from storage and reprocessed. Spent fuel contains a large proportion of its original uranium, depending on burn-up time in the reactor core and neutron flux, with a reduced content of ²³⁵U isotopes (less than one percent). Waste products make up three percent of spent fuel, while the remaining one percent is plutonium. Reprocessing separates the uranium and

¹⁰² 2004b. *North Korea Profile: Nuclear Chronology 1941-1989*. Nuclear Threat Initiative, http://www.nti.org/e_research/profiles/NK/Nuclear/46_89.html [Accessed 22 January 2008]; MANSOUROV, A. 1995. The Origins, Evolution, & Current Politics of the North Korean Nuclear Program. *The Nonproliferation Review*, 2, 25-38. p. 26; HECKER, S. & LIOU, W. 2007. Dangerous Dealings: North Korea's Nuclear Capabilities and the Threat of Export to Iran. *Arms Control Today*, 37, p. 4.

¹⁰³ 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007]; KOKOSKI, R. 1995. *Technology and the Proliferation of Nuclear Weapons*, New York, Oxford University Press. p. 80.

¹⁰⁴ HECKER, S. 2004. *Senate Committee on Foreign Relations Hearing on 'Visit to the Yongbyon Nuclear Scientific Research Center in North Korea'*. Washington DC: Global Security.org, http://www.globalsecurity.org/wmd/library/congress/2004_h/HeckerTestimony040121.pdf [Accessed 2008 10 February 2008]. p. 4.

¹⁰⁵ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009].

plutonium from the waste products. The separated uranium is recyclable at the conversion stage of the cycle, while separated plutonium can be used for nuclear weapon production.¹⁰⁶

The Purex method (plutonium-uranium extraction), employed extensively in the nuclear industry worldwide, is used to reprocess spent fuel at Yongbyon. Spent fuel is transported by lorry in lined casks from the storage pond to the reprocessing facility, which has become known as the “radiochemical laboratory,” where the fuel has its cladding removed mechanically.¹⁰⁷ Next, the de-cladded rod is dissolved in nitric acid and then mixed with various organic liquids, before passing through a series of mixer-settler tanks where plutonium and uranium are selectively precipitated from the remaining fission products. Using a similar process, the plutonium-uranium mixture then passes through more mixer-settler tanks to separate the plutonium from the uranium. The separated plutonium is purified into plutonium oxide powder in a series of glove boxes, which are small radiation-insulated chambers in which radioactive materials can be handled safely. Plutonium metal ingots are smelted from this powder, which can later be melted and cast into components for nuclear weapons. A series of tanks are located adjacent to the radiochemical laboratory for storage of liquid and solid radioactive waste.¹⁰⁸

IAEA inspectors toured the radiochemical laboratory during their inspection regime between 1992 and 1994. The facility was operational at this time and had a peak capacity to reprocess approximately 220-250 tons of spent fuel per year, if operated continuously for three hundred

¹⁰⁶ 2007e. *The Nuclear Fuel Cycle: Briefing Paper # 65*. Uranium Information Centre, <http://www.uic.com.au/nip65.htm> [Accessed 16 October 2007]; 2004c. *The Nuclear Fuel Cycle*. Uranium Information Centre, <http://www.uic.com.au/nfc.htm> [Accessed 16 October 2007].

¹⁰⁷ NIKSCH, L. 2006a. North Korea's Nuclear Weapons Program. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/67840.pdf>. p . 8.

¹⁰⁸ 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 36; HECKER, S. 2004. *Senate Committee on Foreign Relations Hearing on 'Visit to the Yongbyon Nuclear Scientific Research Center in North Korea'*. Washington DC: Global Security.org, http://www.globalsecurity.org/wmd/library/congress/2004_h/HeckerTestimony040121.pdf [Accessed 10 February 2008]. p. 7; KOKOSKI, R. 1995. *Technology and the Proliferation of Nuclear Weapons*, New York, Oxford University Press. pp. 80-83.

days, which was sufficient capacity to reprocess all the spent fuel from the 5 MW(e) and 50 MW(e) reactors. Operations at the facility were frozen under the Agreed Framework, but were recommenced in 2003 when reprocessing began on the 8,000 fuel rods stored in the temporary storage pond at Yongbyon. A second reprocessing campaign extracted plutonium from fuel burned in the reactor between February 2003 and March 2005.¹⁰⁹ IAEA inspectors verified on 17 July 2007 that the Radiochemical Laboratory had been shut down in accordance with the 2007 nuclear freeze agreement.¹¹⁰

North Korea's Plutonium Stockpile

Calculations of the size of North Korea's plutonium stockpile are highly uncertain because of the lack of verifiable data concerning reprocessing efforts. In theory the 5 MW(e) reactor is capable of producing 0.9 grams of plutonium per day. If the reactor runs at an average capacity of 85 percent over a year, the amount of plutonium produced would range between 5.5 and 8.5 kilograms. A more realistic estimate assuming the reactor operates at 60 percent capacity over a year would yield between four and six kilograms of plutonium.¹¹¹ Reprocessing activities have yielded a total estimated plutonium stock of approximately 46-54 kilograms, of which between 28-50 kilograms is processed and ready for use in nuclear weapons.¹¹²

David Albright and Paul Brannan speculate that a plutonium stock of this size is sufficient to make between 5 and 12 nuclear weapons, based on the assumption that each bomb contains

¹⁰⁹ HECKER, S. & LIOU, W. 2007. Dangerous Dealings: North Korea's Nuclear Capabilities and the Threat of Export to Iran. *Arms Control Today*, 37, p. 8.

¹¹⁰ 2007h. *Timeline: N Korea nuclear stand-off*. BBC News, <http://news.bbc.co.uk/1/hi/world/asia-pacific/2604437.stm> [Accessed 6 February 2008].

¹¹¹ 2006u. *Yongbyon 5-MW(e) Reactor*. Global Security.org, <http://www.globalsecurity.org/wmd/world/dprk/yongbyon-5.htm> [Accessed 23 January 2008].

¹¹² ALBRIGHT, D. & BRANNAN, P. 2007. *The North Korean Plutonium Stock February 2007*. Washington DC: Institute for Science and International Security (ISIS), <http://www.isis-online.org/publications/dprk/DPRKplutoniumFEB.pdf>. p. 1; NORRIS, R. & KRISTENSEN, H. 2005. North Korea's nuclear program, 2005. *Bulletin of the Atomic Scientists*, 61, pp. 64-67; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 101.

4-5 kilograms of plutonium. Albright and Brannan further surmise that North Korean engineers may use more plutonium per weapon, perhaps six kilograms or more, to reduce the size of their weapons to configure onto a ballistic missile, in which case the separated plutonium stock would only be sufficient for 4-8 weapons.¹¹³ Sigfried Hecker estimates the North's plutonium stockpile at between 40 and 50 kilograms, from 6-8 nuclear bombs could be fashioned of similar size to that exploded in the October 2006 nuclear test.¹¹⁴ Mary-Beth Nikitin arrives at the slightly lower figure of 4-7 nuclear weapons, based on a plutonium stockpile of 30-50 kilograms, assuming six kilograms per weapon and subtracting 5-6 kilograms for the 2006 nuclear test.¹¹⁵

As these estimates demonstrate, attempting to calculate the size of a nuclear arsenal from a poorly quantified stockpile of fissile material is a complicated exercise. The precise amount of plutonium required to fashion a nuclear bomb depends on several variables: the desired yield, the design of the bomb, and the sophistication of the technology and the process.¹¹⁶ These variables are themselves dependent on the technical capabilities of the scientists and engineers involved. Designers with advanced technical competencies could build a bomb with a one kiloton yield from approximately one kilogram of plutonium. Less competent technicians might require three kilograms of plutonium to manufacture a bomb of the same yield.¹¹⁷ Assuming that the reactor and associated facilities can be brought back online, North Korea could be capable of separating approximately 8 kilograms of plutonium by October 2009 with existing stocks of reactor fuel and another six kilograms of plutonium per

¹¹³ ALBRIGHT, D. & BRANNAN, P. 2007. *The North Korean Plutonium Stock February 2007*. Washington DC: Institute for Science and International Security (ISIS), <http://www.isis-online.org/publications/dprk/DPRKplutoniumFEB.pdf>. p . 1.

¹¹⁴ HECKER, S. 2006. *Report on North Korean Nuclear Program*. Stanford: Center for International Security and Cooperation, Stanford University, <http://iis-db.stanford.edu/pubs/21266/DPRK-report-Hecker-06-1.pdf>. p . 4.

¹¹⁵ NIKITIN, M. B. 2009. *North Korea's Nuclear Weapons*. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/120976.pdf>. p . 4.

¹¹⁶ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press. p. 133.

¹¹⁷ NORRIS, R. & KRISTENSEN, H. 2005. North Korea's nuclear program, 2005. *Bulletin of the Atomic Scientists*, 61, pp. 64-67.

year for the next four years.¹¹⁸ Significant future growth of its plutonium stockpile will only be possible if the 50 MW(e) and 200 MW(e) reactors are brought online, or if the HEU program can be developed to operate at an industrial scale.¹¹⁹ These figures indicate that North Korea does not have the capacity to rapidly expand its nuclear arsenal.

Weaponisation

October 2006 Nuclear Test

The Kim regime announced via KCNA on 3 October 2006 that it intended to carry out a nuclear test. The statement explained the test was necessary because “the present U.S. administration scrapped the DPRK-U.S. Agreed Framework and seriously threatened the DPRK's sovereignty and right to existence.”¹²⁰ Six days later the Korea Institute of Geoscience and Mineral Resources in South Korea detected seismic activity equivalent to a 4.2 magnitude earthquake emanating from Musudan-ri in North Korea’s North Hamgyong province.¹²¹ The North announced shortly afterward that it had successfully tested a nuclear weapon, hailing it as “a historic event as it greatly encouraged and pleased the KPA and people that have wished to have powerful self-reliant defence capability.”¹²² An estimate released by John Negroponte, the then US Director of National Intelligence, confirmed that the October 9th nuclear test had indeed taken place but that its yield was quite low, reported at

¹¹⁸ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009].

¹¹⁹ NIKITIN, M. B. 2009. North Korea's Nuclear Weapons. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/120976.pdf>. p . 6.

¹²⁰ 2006c. *DPRK Foreign Ministry Clarifies Stand on New Measure to Bolster War Deterrent*. Korean Central News Agency, <http://www.kcna.co.jp/item/2006/200610/news10/04.htm#1> [Accessed 9 October 2006].

¹²¹ KANG, J. & HAYES, P. 2006. *Technical Analysis of the DPRK Nuclear Test*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0689HayesKang.html> [Accessed 12 December 2006].

¹²² 2006d. *DPRK Successfully Conducts Underground Nuclear Test*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/item/2006/200610/news10/10.htm#1> [Accessed 19 October 2006].

under one kiloton (kt), perhaps even as low as 0.2 kt.¹²³ A test yield of less than one kiloton is considered to be a failure. A successful test of a simple plutonium device should normally produce a blast in the realm of 5-20 kilotons.¹²⁴

One should remember that exploding a nuclear device is a complex technical undertaking, a multi-faceted process in which there is considerable scope for malfunction and error. There are several possible reasons why the weapon achieved such a small yield. The device itself may have suffered from poor machining or manufacturing defects; the explosive charges used to compress the plutonium and start the chain reaction may not have detonated simultaneously; the charges may have been incorrectly shaped; the amount of plutonium used may have been insufficient; or the neutron initiator or neutron reflector may have malfunctioned.¹²⁵ The test was not a complete failure, despite the compromised yield caused by a malfunction in one particular part of the process. The scientists involved would have learnt a great deal from the test, leading to technical improvements in weapon design. The test was successful in that nuclear criticality was achieved, which by itself is a substantial technical achievement for a first-time test. It should also be noted that a one-kiloton nuclear device could still kill people within an area of about one square mile and cause significant damage over a much wider area, which if miniaturised, still represents a significant threat to cities of such high population density as Seoul and Tokyo.¹²⁶

¹²³ John Negroponte, "Statement by the Office of the Director of National Intelligence on the North Korea Nuclear Test", ed. Office of the Director of National Intelligence (2006). The explosion of plutonium in a chain reaction creates specific fission products, including noble gas nuclides, which leave an emission signature that is detectable by satellite and ground-based instruments outside of North Korea. Air samples analysed in the wake of the test contained radioactive xenon at levels above normal background concentration. See: KANG, J. & HAYES, P. 2006. *Technical Analysis of the DPRK Nuclear Test*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0689HayesKang.html> [Accessed 12/12/2006]; CHANLETT-AVERY, E. & SQUASSONI, S. 2006. *North Korea's Nuclear Test: Motivations, Implications, and U.S. Options*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/nuke/RL33709.pdf>. p . 2.

¹²⁴ CHANLETT-AVERY, E. & SQUASSONI, S. 2006. *North Korea's Nuclear Test: Motivations, Implications, and U.S. Options*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/nuke/RL33709.pdf>. p . 2.

¹²⁵ KANG, J. & HAYES, P. 2006. *Technical Analysis of the DPRK Nuclear Test*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0689HayesKang.html> [Accessed 12/12/2006].

¹²⁶ PARK, J. S. & LEE, D.-S. 2008. *North Korea: Existential Deterrence and Diplomatic Leverage*. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia*. Stanford: Stanford University Press. p. 276.

May 2009 Nuclear Test

Through April 2009, rumours grew that the DPRK would conduct a second nuclear test sometime in the second half of 2009. As it happened, the test occurred on 25 May, well ahead of the expected timeframe. This blast was much more powerful than the 2006 test, registering a magnitude of 4.52 on the Richter scale, with an estimated yield of approximately 20 kilotons, putting it on a par with the American atomic bomb that levelled Nagasaki in 1945.¹²⁷ This test was necessary for the North to overcome the failure of the first test and unambiguously confirm its nuclear capability. The second detonation created a significant explosion and left no doubt in the minds of foreign observers that the DPRK was now a nuclear power.

The successful second test demonstrated clearly to the world that the North's nuclear program has made substantial technical progress since October 2006. Miniaturisation is the next technological milestone for the North's nuclear scientists, in order to produce a nuclear warhead that is deliverable atop a missile. This is a substantial technical challenge that is likely to require additional nuclear tests. Such tests are likely to be smaller in magnitude, due to the reduced size of the weapon, as well as the need to use as little fissile material as possible to achieve the necessary scientific goals. North Korea could extract enough plutonium from reprocessing spent fuel already in storage for two new nuclear devices, which would allow them to conduct a third test without any net loss from their plutonium stockpile.¹²⁸

¹²⁷ KIRK, D. 2009b. *Yes, North Korea is a nuclear power*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/KE26Dg02.html> [Accessed 29 May 2009]; 2009a. *CTBTO's Initial Findings on the DPRK's Announced Nuclear Test*. Vienna: Comprehensive Nuclear-Test-Ban Treaty Organization, <http://www.nautilus.org/fora/security/09043CTBTO.pdf> [Accessed 02 June 2009].

¹²⁸ HAYES, P. & BRUCE, S. 2009. *Winning, not Playing the Nuclear Game with North Korea*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09044HayesBruce.html> [Accessed 03 June 2009].

Delivery Systems

Suitable delivery systems must exist to carry strategic nuclear warheads to high-cost targets where maximum damage and casualties can be inflicted. North Korea possesses Scud-C, Nodong and Taepo-dong ballistic missile systems capable of delivering warheads to targets in South Korea and Japan. The Scud-C is considered the best short-range missile available on the market to states not allied with the US, with a range of approximately 500 kilometres, more than enough to hit targets in South Korea. The North is thought to have an inventory of around 600 Scud-C missiles.¹²⁹ The Nodong is a medium-range ballistic missile with a range of 1,000 kilometres. It is estimated that the North has an inventory of approximately one to two hundred Nodong missiles, many of which may be deployed at suspected sites at Shino-ri, Chongju and Pyong-pukto.¹³⁰ Pyongyang has also unveiled a new short-range missile called the Toksa KN-02, which is a version of the Russian Tochka SS-21 Scarab missile. It has a limited range of only 120 kilometres, but is far more accurate than other short-range missiles in its inventory.¹³¹

The Taepo-dong I missile system has a longer range of up to 2,300 kilometres, consisting of a three-stage conglomeration of a Scud-C short-range missile mounted on a Nodong rocket, with a small third stage booster to deliver the final payload.¹³² The Taepo-dong I was first tested on 31 August 1998, when a prototype was launched from a test facility at Musudan-ri

¹²⁹ SCOBELL, A. & SANFORD, J. 2007. North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771> pp. 113-14; NORRIS, R. & KRISTENSEN, H. 2005. North Korea's nuclear program, 2005. *Bulletin of the Atomic Scientists*, 61, 64-67; CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe. p. 80.

¹³⁰ SCOBELL, A. & SANFORD, J. 2007. North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771> pp. 113-14; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 104; VAN VRANKEN HICKEY, D. 2001. *The Armies of East Asia: China, Taiwan, Japan & the Koreas*, Boulder, Lynne Rienner Publishers. p. 209.

¹³¹ 2009k. North Korea's Missile Launch: The Risks of Overreaction. Brussels: International Crisis Group, http://www.crisisgroup.org/home/index.cfm?action=login&ref_id=6030 p. 5.

¹³² NORRIS, R. & KRISTENSEN, H. 2005. North Korea's nuclear program, 2005. *Bulletin of the Atomic Scientists*, 61, 64-67; CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe. p. 80.

with the stated intention of placing a small satellite into orbit. The three rocket stages separated successfully but the final booster stage exploded, destroying the satellite.¹³³ A Taepo-dong II three-stage rocket has also been developed, which uses a missile similar to the Chinese DF-3 or CSS-2 rockets as the base stage instead of a Nodong missile, increasing range to between 3,500 and 6,000 kilometres.¹³⁴ It is clear from a number of failed tests that both the Taepo-dong I and II rockets are still under development and are not ready for deployment. On 5 April 2009 the DPRK again launched a multi-stage rocket for the ostensible purpose of placing a satellite into orbit, which foreign observers believed to be a clandestine long-range rocket test.¹³⁵ Though ultimately described as a failure, the final stage of the rocket did manage to fly 2,700 kilometres before splashing down in the Pacific Ocean, a more successful result than previous tests.¹³⁶ These missiles also lack a reliable re-entry vehicle within which to house nuclear warheads and they re-enter the atmosphere en route to their target.¹³⁷ Until these technical issues have been rectified, the Taepo-dong missiles cannot be considered as an operational delivery system for a strategic nuclear weapon.¹³⁸

Conclusion

After examining the national security, domestic bureaucratic and international diplomatic rationales for North Korea's nuclear proliferation, it seems clear that the Kim regime values the nuclear program in diverse ways that extend beyond the realm of national security. The

¹³³ SCOBELL, A. & SANFORD, J. 2007. *North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles*. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771> p. 114; 2004a. *North Korea's Weapons Programmes: A Net Assessment*, London, International Institute for Strategic Studies. p. 105.

¹³⁴ CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe. pp. 80-81.

¹³⁵ 2009d. *KCNA on DPRK's Successful Launch of Satellite Kwangmyongsong-2*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/index-e.htm> [Accessed 25 April 2009].

¹³⁶ 2009i. North Korea Launches Long-range Rocket, Claims Success. *Yonhap News Agency North Korea Newsletter*, 49.

¹³⁷ HAYES, P. & BRUCE, S. 2009. *Winning, not Playing the Nuclear Game with North Korea*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09044HayesBruce.html> [Accessed 03 June 2009].

¹³⁸ Regardless of the weapon's operational status, Douglas Paal believes that the threat posed by Taepo-dong rockets is relatively small, due to the North's limited industrial capacity which may not be capable of manufacturing large numbers of long-range missiles. See: PAAL, D. 2009. *North Korea Poses No Real Threat to the World*. Washington DC: Carnegie Endowment for International Peace, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=23167&prog=zch,zgp&proj=znpp> [Accessed 29 May 2009].

nuclear capability provides a low-cost strategic equaliser against the US/ROK forces across the DMZ, it provides a deterrent against attack or invasion from the South, and likely occupies an important role in the North's asymmetric war plan. Domestically, the nuclear capability enhances the Kim regime's legitimacy as the guarantor of a "strong and prosperous country," fighting valiantly against the forces of American imperialism. It also is captive to the institutional inertia and sunk costs of bureaucratic interests. At the international level, the nuclear capability gives Pyongyang a level of prestige and diplomatic weight well above what it could otherwise expect to possess. The multi-faceted utility of the nuclear program to the Kim regime is indeed compelling and most importantly, given the country's anaemic economy and resource shortages, the nuclear capability gives the regime the bargaining leverage it needs to plug holes in its economy with inputs of aid from the international community. To trace why international largesse is so important to the political economy of the state one must first understand the reasons for the regime's near-collapse during the mid-1990s. The following chapters in Part II will expand on this in detail, showing that the political economy of the DPRK state and its constituent institutions are reliant on foreign inputs to subsidise the costs of systemic maintenance.

Part II: The Domestic Drivers of North Korea's Nuclear Gambit

3. Conceptualising North Korea's Decline

The longevity of the Kim regime—consisting of a leadership core centred on Kim Jong-il—is a crucial variable in the debate over nonproliferation goals for the Korean peninsula. The conventional logic is simple: a weak regime, on the verge of collapse, is by necessity more likely to make concessions in denuclearisation negotiations than it otherwise would. However, is it wise to assume that the conventional logic is correct? In various diplomatic fora since 1994, the North has failed to make lasting concessions on its nuclear program, despite what appear to be compelling economic incentives in light of the country's obvious fragility. Instead, the regime has actively engineered crises as a means to extract international aid in exchange for de-escalation, without making any real concessions that address the core issue.

This pattern suggests that the conventional logic is flawed and implies that the regime values perpetuation of its rule above crisis recovery for the country. The regime must see something inherently dangerous in acceding to the nonproliferation demands of the United States and its regional allies. To assess the danger, it is necessary to understand the true nature of the institutional crisis of the famine period. Three key questions require an answer if we are to arrive at a satisfactory explanation. First, why did North Korea's economy collapse during the famine? Second, why did economic collapse not lead to state collapse? Third, has the regime's trajectory of decay come to a halt, or is further systemic degeneration possible? North Korea has changed much over the two decades 1991. If this process of transformation is complete, the DPRK state has weathered the storm and will evolve over time. If the process of decay is yet to run its course, further collapse is possible under certain conditions.

Because of its over-reliance on economic determinism as the primary driver of state failure, the North Korea collapse literature is an insufficient source for addressing these questions.

This chapter will fill this void in the regime longevity literature using insights from the fields of ecology and organisational complexity. First, it provides an overview of regime longevity literature and settles on an organisational framework utilising Barry Buzan's conception of the state (physical, ideational and institutional bases) and David Carment's three levels of state decay (macro-, intermediate- & micro-level drivers). At the macro level it demonstrates the importance of the physical base of the DPRK state to the function of its institutional and ideological components, with specific emphasis on the concept of carrying capacity. At the intermediate level, it uses organisational complexity and theory of declining marginal returns on investment to show how limitations of North Korea's physical base lead to deterioration of the state's institutions and economy. At the micro level, it reveals how trigger events—Soviet collapse and natural disasters—impacted on the physical base of the state and led to rapid implosion of the command economy and key state institutions. Overall, the chapter finds that ecology, energy and resources—the physical base of the state—are the foundational variable that should be taken into consideration when discussing regime collapse in North Korea.

Longevity of the Kim Regime: An Overview

One can easily fall prey to the temptation of referring interchangeably to the collapse of the Kim regime and the collapse of the North Korean state. The latter necessarily entails the former, though the demise of the leadership may not bring about major changes in the economic and political architecture. Leadership change via *coup d'état* or even direct election are similar in that they do not necessarily alter the political and economic system—

the norms, rules and procedures governing the state's political and economic activities. Collapse ensues when this architecture is disturbed beyond recovery and breaks down.¹

During the 1990s, many analysts believed North Korea was a failing state, careening toward collapse. In some of his earlier work, Nicholas Eberstadt contended that the current order in the North could not last, with collapse becoming increasingly likely the longer its economy continued to degrade.² Kim Kyung-won made a similar argument, claiming that the economic fundamentals could not be ignored and that collapse was imminent.³ However, subsequent events undermined the assumption that economic failure would naturally and inevitably lead to state collapse. Few countries have collapsed simply because of the deprivation of people's basic needs, except when economic problems precipitate a legitimacy crisis accompanied by widespread public dissent that the leadership is incapable of silencing.⁴ This convergence has not occurred in North Korea; the Kim regime continues to cling to power and the nuclear question remains unresolved. Eberstadt has since retracted his early predictions and revised his position, to suggest that international aid, particularly from China and South Korea, has been decisive in propping up the regime.⁵

Other analysts have sidestepped the rapid implosion thesis, to predict the inevitability of collapse over longer time horizons. Commitment to a single outcome was rightly rejected in favour of broad scenario mapping. For example, Young Soo-gil *et al* outlined four future

¹ MOON, C.-I. & KIM, Y.-H. 2001. The Future of the North Korean System. In: KIM, S. (ed.) *The North Korean System in the Post Cold War Era*. New York: Palgrave. pp. 228-29; OH, K. & HASSIG, R. 1999. North Korea between Collapse and Reform. *Asian Survey*, 39, p. 299.

² EBERSTADT, N. 1999. *The End of North Korea*, Washington DC, American Enterprise Institute; EBERSTADT, N. 1997. Hastening Korean reunification. *Foreign Affairs*, 76, pp. 77-92.

³ KIM, K.-W. 1996. No way out: North Korea's impending collapse. *Harvard International Review*, 18, pp. 22-5, 71-2.

⁴ PARK, H. S. 2002. *North Korea: The Politics of Unconventional Wisdom*, Boulder, Lynne Rienner. p. 163.

⁵ EBERSTADT, N. 2006. Why Hasn't North Korea Collapsed? Understanding the Recent Past, Thinking About the Future. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books; EBERSTADT, N. 2004b. The Persistence of North Korea: What has been keeping Pyongyang afloat? *Policy Review*, 127, <http://www.hoover.org/publications/policyreview/3436436.html> [Accessed 28/06/2007].

scenarios for North Korea, including systemic reform, non-violent dissolution of the regime, civil unrest and *coup d'état*, and regional war.⁶ Aidan Foster-Carter went even further, hypothesising that all future pathways will lead to collapse, either by rapid economic implosion, war, or the unwinding of state institutions as the unintended consequence of reforms.⁷ Scott Snyder concurred, suggesting that systemic breakdown would transpire from the coalescence of complex simultaneous challenges that would overwhelm the regime leadership.⁸

With the benefit of a decade's hindsight, Andrew Scobell suggested three broad long-term possibilities for the future of the Kim regime: in the first scenario, the regime persists in a state of *suspended animation* without undertaking any significant policy revisions. In the second scenario—*soft landing*—the regime undertakes significant reforms and moderates its security policies. In the third scenario—*crash landing*—the regime collapses either with a whimper, as did the East European communist regimes in 1989, or with a bang, as did Romania in the same year. Scobell states that in the mid- to long-term, a crash landing may be inevitable, as the North's inelastic institutional structure may snap if serious reforms are undertaken.⁹

Not all analysts were as pessimistic about the North's chances of survival. Marcus Noland wrote in 1997 that North Korea was likely to “muddle through” as a weak state, making *ad*

⁶ The following is a synopsis of Young *et al*'s scenarios: one, *explosion*, referring to military conflict, resulting from the pressure created by the North's continued self-imposed isolation and cessation of assistance to Pyongyang from South Korea and the United States. Two, *implosion*, meaning the occurrence of a *coup d'état* or civil war leading to the collapse of the regime, which is likely to happen if the regime becomes unstable in isolation. Three, *regime decay*, in which the economy continues to weaken until the government eventually dissolves without violence. Four, systemic reform, incorporating marketisation of the economy and political liberalisation. See: YOUNG, S.-G., LEE, C.-J. & ZANG, H.-S. 1998. Preparing for the Economic Integration of the Two Koreas: Policy Challenges to South Korea. In: NOLAND, M. (ed.) *Economic Integration of the Korean Peninsula*. Washington DC: Institute for International Economics. pp. 258-59.

⁷ FOSTER-CARTER, A. Ibid. North Korea: All Roads Lead to Collapse—All the More Reason to Engage Pyongyang. p. 28.

⁸ SNYDER, S. 2000. North Korea's Challenge of Regime Survival: Internal Problems and Implications for the Future. *Pacific Review*, 73, p. 525.

⁹ SCOBELL, A. 2007. North Korea End-Game or Mid-Game? Some scenarios and their implications for US—China relations. *Journal of Contemporary China*, 16, pp. 315-323. pp. 319-21; BRADNER, S. 2001. North Korea's Strategy. In: SOKOLSKI, H. (ed.) *Planning for a Peaceful Korea*. Carlisle, PA: US Army War College, Strategic Studies Institute. p. 15.

hoc adjustments in response to specific circumstances. Noland compared the North Korea of 1997 with post-Ceaușescu Romania, pointing to Romania's piecemeal economic reform program as an example of the path North Korea was likely to follow in the absence of broad systemic reform.¹⁰ Kongdan Oh and Ralph Hassig offered a similar assessment, stating that North Korea was likely to persist for a considerable time, even in the face of deteriorating social and economic conditions. Oh and Hassig identified band-aid measures such as the solicitation of foreign aid, concessions obtained from the international community using the nuclear program as a bargaining chip, and minimal adjustments made to the domestic economy as specific components of the muddle through policy.¹¹ Events since the late-1990s have borne out the wisdom of this position.

The attraction of the *muddle through* theory was its utility as a default explanation for the regime's persistence when all reasoned analysis seemingly pointed toward collapse. Noland's article was less clear on how the regime would achieve this miraculous feat. In his more recent work, Noland has documented substantial grassroots transformation in the North Korean economy. According to Noland, the inability of the regime to fulfil its obligations to the public under pre-existing institutional relationships during the famine—the failure of food distribution mechanisms—necessitated the development of unmanaged market-based coping responses by local-level Party bureaucrats and military units, as well as state-owned enterprises and individual households.¹² These coping measures relieved some of the pressure on the regime and allowed it to devote resources to the one institution that could ensure its survival: the military.

¹⁰ NOLAND, M. 1997. Why North Korea Will Muddle Through. *Foreign Affairs*, 76, pp. 115-17.

¹¹ OH, K. & HASSIG, R. 1999. North Korea between Collapse and Reform. *Asian Survey*, 39, pp. 308-09.

¹² NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007]. See also: HAGGARD, S. & NOLAND, M. 2007c. *What Are N. Koreans Up To?*. Seoul: The Korea Times, http://www.koreatimes.co.kr/www/news/nation/nation_view.asp?newsIdx=10661&categoryCode=116 [Accessed 9 October 2007].

As these private coping strategies gained momentum, numerous enterprises were removed from the state planning mechanism and many farms decollectivised, while private markets emerged selling consumer goods. This process is visibly changing how the country looks and the manner in which its people think about economy and politics. This has caught the regime in a bind: it no longer believes central planning is the best way to run the economy but neither does it believe it can exist without it.¹³ The regime thus faces a potentially paralyzing choice: to embrace the changes already taking place on the ground, or to roll back private coping strategies in order to fortify the old system. Ignoring reform is likely to worsen economic instability and leave the state reliant on handouts from international donors. However, as the Soviet experience shows, the reform path entails risks of the kind of run-away change that *perestroika* and *glasnost* wrought in the Soviet Union. On the other hand, rolling back grass roots coping strategies risks weakening the country and miring it in continual economic crisis. Further, to maintain centralized controls requires resource inputs that the country does not have. To pursue this course of action the regime must source the inputs it needs from the international community, and the only way it can do this without economic liberalisation is by obtaining foreign aid. This brings us to the fundamental issue of the regime longevity problem: the imbalance between the systemic maintenance costs and the resource endowment of the North Korean state.

Escaping One-Dimensional Analysis of Regime Longevity

North Korea's resource limitations contributed to intermediate and long-term degenerative trends that weakened the state, as well as the immediate systemic shocks that rocked the

¹³ BECK, P. & READER, N. 2005. Facilitating Reform in North Korea: The Role of Regional Actors and NGOs. *Asian Perspective*, 29, p. 47.

country after 1991. According to David Carment, the processes of state decay can be identified according to long, medium and short time horizons. At the *macro* level are the long-term processes of systemic transformation that lead to the emergence of state weakness. At the *intermediate level* are mechanisms associated with the viability of state institutions. Finally, at the *micro level*, Carment points to short-term selection processes and mechanisms—trigger events—that lead to rapid institutional degeneration and/or escalations of violence.¹⁴ The decay trends identified at each level result directly from resource stock limitations, obstacles to which domestic institutions, government policies and capital investment are directed to overcome. It is this overarching framework within which the concepts of ecology and organisational complexity can be used to comprehend state decay in North Korea.

Macro Level: Carrying Capacity and the Physical Base of the State

Resource stocks such as land, energy and water are integral to a state's ability to execute its institutional and ideological functions. Barry Buzan divided the state conceptually into three primary interlinked components: the physical base, the idea of the state, and its institutions.¹⁵ A state's physical base includes the population and resources within its defined territory. The idea of the state is the distinctive idea—the legitimising paradigm—that lies at the heart of the regime's political identity. The institutions of the state comprise the machinery of government, including the executive, legislative, administrative and judicial bodies. State institutions maintain dominion over its population and territory, a control materially subsidised by the physical base and legitimised by an overarching ideational framework.¹⁶

¹⁴ CARMENT, D. 2003. Assessing state failure: implications for theory and policy. *Third World Quarterly*, 24, p. 410.

¹⁵ BUZAN, B. 1991. *People, States and Fear: An Agenda For International Security Studies in the Post-Cold War Era*, Boulder, Lynne Rienner Publishers. p. 70.

¹⁶ *Ibid.* pp. 82-83. See also: HOLSTI, K. 1996. *The state, war, and the state of war*, Cambridge, Cambridge University Press. p. 84.

Much of the North Korea regime longevity literature assumes economic weakness and political fragility as the causes of regime collapse, with good reason. A weakness of these studies, however, is that they often fail to examine why, beyond the common criticisms of the command economy and rigid political controls, weaknesses in the political economy of the Kim regime are drivers of collapse in the North Korean context. While not strictly about regime collapse *per se*, scholarly literature does exist exploring the ecological and climatological causes of the great famine that sheds some light on this discrepancy. In her ground-breaking article focusing on the supply-side dimension of the North Korean famine, Meredith Woo-Cumings has noted that the famine occurred during a period of “remarkable climatic aberration” caused by a strong *El niño* event.¹⁷ For Woo-Cumings, the distribution choices of the regime and the totalitarian system itself were not the critical factors driving the famine, as other scholars have argued, but rather were subordinate to food supply disruption caused consecutive years of flooding and then drought from 1995-98. What this supply-side analysis inevitably highlights is the importance of the environment as the foundation upon which all political and economic systems are built.

The North Korean case demonstrates that disruptions to the physical base of the state—as the foundation of political and economic activity—can have profound impacts on its institutional and ideological bases. The challenge, therefore, is to demonstrate how the physical, institutional and ideational bases of the state interact. The concept of *carrying capacity* is a useful place to start. In his seminal book *Overshoot: The Ecological Basis of Revolutionary Change*, William Catton defined carrying capacity as the maximum persistently feasible human population load which a given environment can support indefinitely.¹⁸ The ceiling for

¹⁷ WOO-CUMINGS, M. 2002. *The Political Ecology of Famine: The North Korean Catastrophe and Its Lessons*. Tokyo: Asian Development Bank Institute, <http://www.adbi.org/files/2002.01.rp31.ecology.famine.northkorea.pdf>. p . 2. Climatic change in North Korea will be explored further in chapter nine.

¹⁸ CATTON, W. 1982. *Overshoot: The Ecological Basis of Revolutionary Change*, Chicago, University of Illinois Press. pp. 4-5.

carrying capacity is set by the stock per capita of the least abundantly available indispensable resource, such as water, food or energy. When the population load is less than the carrying capacity of a particular environment, there is room for population expansion. If the population load exceeds the carrying capacity, overuse of resources and excessive waste products create damage that unleashes forces, such as violent competition or disease, which reduce the population load to a sustainable level to match the decreased carrying capacity of that system.

Underpinning the idea of carrying capacity is the observation that the Earth is a finite biophysical system. Any micro-system (ecosystem, region, state) within the wider biosphere will be bounded in some way by limits to resource stocks and pollution sinks. This idea was the central theme of the famous *Limits to Growth* study written by Donella Meadows *et al*, which found that there are limits to the rate at which human societies can extract resources and emit wastes without exceeding the productive and absorptive capacities of the environmental systems that support them.¹⁹ Carrying capacity is therefore the point immediately prior to the level at which throughputs of extraction and emission exceed these limits.

Catton contends that human communities can get around the limitations of carrying capacity by establishing trade relationships with other communities. People living in an environment where carrying capacity is limited by a shortage of one essential resource—such as food or oil—can develop exchange relationships with people living in other areas possessing a surplus of that resource, which can be bought or bartered for in exchange for some other resource that the trading partner lacks. The outcome of this exchange is that the composite

¹⁹ MEADOWS, D., MEADOWS, D. & RANDERS, J. 1972. *The Limits to growth: A report for the Club of Rome's project on the predicament of mankind* London, Potomac Associates. See also: MEADOWS, D., RANDERS, J. & MEADOWS, D. 2004. *Limits to Growth: The 30-Year Update*, White River Junction, Chelsea Green Publishing Company. pp. 8-9;

carrying capacity of these two regions becomes greater than the sum of their separate carrying capacities, leading local populations to grow beyond what their local environments can support, unencumbered by local scarcities. However, if these exchange relationships break down, both dependent regions are left with populations larger than what they can support, leading to a population crash.²⁰ Echoing Catton, Jared Diamond contends that if a society's key trade partner is weakened for any reason and can no longer supply an essential import product, the dependent society is also likely to be destabilized as a result.²¹

North Korea's food crisis is linked directly to resource constraints, due to limitations on its land base and energy supply. The North has an extremely limited stock of arable land and a harsh climate, unfavourable to high agricultural output.²² North Korea also lacks indigenous petroleum reserves and is reliant on imports to service its transportation fleet, industrial facilities and mechanised agricultural system. As suggested by Catton above, North Korea attempted to circumvent its resource limitations through linkages with other countries. The country's integration into the greater Soviet economic system, which included heavily subsidised access to the oil upon which *mechanised* agricultural system and heavy industry-based economy were so reliant, permitted growth of the population far beyond what the land could support. Energy is the lifeblood of industrial civilisation and its relative availability is an important determinant of the success of a given industrialised society. Energy shortages have long plagued the DPRK, which has a miniscule endowment of liquid fossil fuels. Restrictions on oil supply have seen the country become increasingly dependent on foreign sources, leaving it vulnerable to supply disruptions. On top of that, the North is constrained

²⁰ CATTON, W. 1982. *Overshoot: The Ecological Basis of Revolutionary Change*, Chicago, University of Illinois Press. pp. 96, 158-59.

²¹ DIAMOND, J. 2005. *Collapse: How Societies Choose to Fail or Survive*, Melbourne, Penguin. p. 14.

²² About 80 percent of North Korea's land is mountainous. Of the remaining 20 percent, approximately 1-8 percent is under permanent cropping. See: 2007a. *Country Profile: North Korea*. Washington DC: US Library of Congress, http://lcweb2.loc.gov/frd/cs/profiles/North_Korea.pdf

by limited oil refining facilities that are aged and in need of repair.²³ When this symbiotic economic arrangement collapsed, the flow of imported oil and components for farm machinery and irrigation systems ceased abruptly. North Korea could not produce enough food to feed its over-sized population and lacked the means and the will to obtain food on the international market, leading to a population crash as mortality rates spiked and large numbers of people fled the country as refugees.²⁴

Many scholars find fault with this hypothesis on the grounds that it is excessively Malthusian and does not account for the salience of class divisions and political decisions about food procurement and distribution, which can be decisive in limiting or perpetuating mass starvation. In his seminal study of famines in Bengal, Ethiopia and Bangladesh, Armatya Sen observed that populations rarely experience shortages evenly, because access to food during a food shock is a function of “entitlement,” meaning the ability of famine-affected people to procure food through avenues such as production, trade and state distribution.²⁵ Stephen Haggard and Marcus Noland believed that Sen’s thesis applied during the North Korean famine, showing that government decisions not to purchase food on the international market contributed to the severity of the famine. For Haggard and Noland, large segments of the North Korean population were placed at-risk because of the regime’s persistent and misguided pursuit of agricultural self-sufficiency.²⁶ Yet the solution proposed by Haggard and Noland, among others, involves sourcing food and energy from the international community, through economic reform and integration into the global economy. They stress

²³ LEE, J. J.-A. 2009. To Fuel or Not to Fuel: China’s Energy Assistance to North Korea. *Asian Security*, 5, 45-72. pp. 47-48.

²⁴ NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. pp. 12-14.

²⁵ SEN, A. 1981. *Poverty and Famine: An essay on entitlement and deprivation*, Oxford, Clarendon Press.

²⁶ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 9.

the centrality of solving North Korea's balance of payments problem as the key to solving the food crisis via access to the international market.²⁷

Whatever political decisions the Kim regime arrives at for sourcing food and energy from abroad, the fact remains that a supply-side deficit still exists within North Korea. Resource shortages are North Korea's structural reality, which political decisions about allocation can worsen or improve, but not alleviate. The ability to choose the right response depends on the economic resources at hand, access to appropriate technologies, existence of key infrastructure, and strong institutions capable of maintaining social stability.²⁸ These attributes are fluid and can change over time; however when all are strongly negative they tend to mutually reinforce each other and dramatically narrow the crisis response options of leaders.²⁹ It is now necessary to figure out how North Korea's economic and institutional capacities have changed over time so that the interaction between resource constraints and political variables can be made clearer.

Intermediate Level: Organisational Complexity

To ascertain how degradation of the physical base impacts on the ideational and institutional dimensions of the state—the intermediate level trends—we turn to organisational complexity. The maintenance of societal complexity is reliant on the constant input of energy. As a system gets larger and more complex, increasing inputs of energy are required for its continued operation. State collapse transpires when the resource, energy and manpower

²⁷ Ibid. p. 9; BENNETT, J. 1999. *North Korea: The Politics of Food Aid*. London: Relief and Rehabilitation Network, http://se1.isn.ch/serviceengine/Files/ISN/96816/ipublicationdocument_singledocument/47C10A60-7F01-4206-BE46-D3C93D88DB6B/en/networkpaper028.pdf. p. 8.

²⁸ DIAMOND, J. 2005. *Collapse: How Societies Choose to Fail or Survive*, Melbourne, Penguin. pp. 11-14.

²⁹ MUNASINGHE, M. & SWART, R. 2005. *Primer on Climate Change and Sustainable Development: Facts, Policy Analysis, and Applications*, Cambridge, Cambridge University Press. p. 187.

requirements of governing institutions fall below what is necessary for their continued operation.³⁰ Institutions evolve specific capacities to fulfil certain needs, and each operational program requires nodes of institutional organisation for its execution and maintenance. These complex webs cannot function without steady inputs of energy and provision of resources. Institutions must be staffed with trained and salaried recruits, the military must be provisioned, rules must be policed and information recorded. Consequently, increased socio-political complexity requires greater inputs of energy and resources, thus incurring growing maintenance costs.³¹ To maintain a complex socio-political system, its leadership must have access to an adequate energy, resource and manpower base. Institutional breakdown is likely where the resource base falls below the level required for systemic maintenance across the spectrum of government institutions. Consequently, systemic collapse becomes more likely when the system cannot be maintained at the desired level of complexity.

For Joseph Tainter, societal deterioration occurs because of *declining marginal returns on capital, institutional and political investments*. A society experiencing declining marginal returns invests increasingly heavily in strategies that produce a progressively lower output. Institutions are problem-solving organisms that address new challenges by adding further nodes of organisational complexity in a process of continual accretion. According to Tainter, in the problem-solving process, the easiest and highest-return solutions are exhausted first until only the more difficult and costly strategies remain to be adopted. Over time, as the costs of solutions grow, further investment in complexity fails to yield a proportionate

³⁰ HOMER-DIXON, T. 2006. *The Upside of Down: Catastrophe, Creativity, and the Renewal of Civilization*, Washington DC, Island Press. p. 41.

³¹ *Ibid.* p. 41.

return.³² This diminishing return to complexity is akin to a car burning up fuel at an accelerating rate to continue travelling at the same speed.

The North Korean economy prior to 1991 was characterised by long-term degenerative trends, driven by declining marginal returns on investment in the economic system. The regime responded by attempting to boost production by priming the system with ever more inputs of resources and labour. The decade following the Korean War was one of rapid growth and development. The colonial feudalism of the Japanese occupation was replaced by nationalised industrial production and the command economy, which were successful in rebuilding a North Korea devastated by the Korean War. Kim Il-sung's government promoted heavy industry, which saw the combined output of mining and manufacturing increase threefold between 1954 and 1958.³³

The Command Economy: Central Planning & the Long-term Decay Trend

As in other socialist command economies, North Korea's state bureaucracy directed the national economy. In practice, the North Korean state, via the Korean Workers' Party, owned all of the means of production, incorporating all natural resources, industrial facilities, infrastructure and agriculture.³⁴ This system was introduced piecemeal in North Korea from 1946 and implemented in full during the 1950s, at a time when the wider global debate among economists about the efficiency of centralised resource allocation was unresolved. During this period, the Soviet Union was registering impressive economic growth rates that seemingly validated the command economy as a system of efficient economic organisation on par with market capitalism, because the technology of the time was

³² TAINTER, J. 2000. Problem Solving: Complexity, History, Sustainability. *Population and Environment*, 22, pp. 9-10; TAINTER, J. 1988. *The Collapse of Complex Societies*, Cambridge, Cambridge University Press. pp. 205-09.

³³ MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin's Press. p. 96.

³⁴ YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. p. 228.

suited to heavy industries and large production units.³⁵

In communist countries, central planning is a monumental process of bureaucratic coordination aimed at reconciling the vast and complicated processes of the national economy. In a command economy the central bureaucracy in theory knows, or can discover, the necessary requirements for efficient economic production, for the overall health of the economy and benefit of the society. The centre arrives at an approach for achieving these ends through the process of planning, culminating in a series of single, three, five, or seven-year plans.³⁶ Thousands of Party officials, state administrators, enterprise managers and mass organisations go through a complex process of calculation and bargaining to arrive at a plan containing millions of individual planning commands, including what is to be produced, the quantity, and the price.³⁷ In North Korea, economic decision-making occurred under the rubric of the State Planning Commission, which fell under the political control of the KWP's Central Committee.³⁸

Each plan is a series of orders to subordinate units, which then create their own set of orders in a process of disaggregation. It would be far too complex for the central bureaucracy to micro-manage the entire economy, so the minute details of plan orders were divided into smaller sub-plans. This disaggregation of the planning process took place on the same number of levels as exist in the hierarchy of national economic control. For example, if the economic hierarchy consists of four levels, first the planning office breaks down the national economic plan for the ministries. Each ministry breaks it down for its own directorates,

³⁵ FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. p. 76. See also: MAIER, C. 1997. *Dissolution: The Crisis of Communism and the End of East Germany*, Princeton, Princeton University Press. p. 97.

³⁶ NOVE, A. 1979. *Political Economy and Soviet Socialism*, London, George Allen & Unwin. p. 155.

³⁷ KORNAL, J. 1992. *The Socialist System: The Political Economy of Communism*, Oxford, Clarendon Press. p. 114.

³⁸ SELIGER, B. 2004. *The North Korean Economy: Nuclear Crisis and Decline, or Peace and Reform in the Last Asian Dynastic Regime? Korea's Economy*, p. 79.

which each control several firms in the same sector or sub-sector. Finally, the directorate disaggregates its own plan for the individual state-owned enterprises under its jurisdiction, resulting in a compulsory annual plan for each firm that contains several thousand figures.³⁹ Each level of planning adds another layer of complexity to the plan calculations, and with increased complexity come greater opportunity for distortion and error in the final calculations.

The inefficiency of the command economy was rooted in the state's ownership of the means of production.⁴⁰ In a socialist command economy the central bureaucracy pools the total residual income from all state-owned enterprise, be it profit or loss, into the state budget. The central bureaucracy decides upon the selling prices and wages for each individual state-owned enterprise, as well as the prices of the materials the firm uses and the proportion of gross returns each firm had to deliver to the state budget.⁴¹ The expenditure returned to each state-owned enterprise was not dependent on the amount of residual income that each firm contributed into the central budget, as budget allocations were a function of the accounting cost of central planning, not of the profitability and efficiency of individual productive enterprises.⁴² Therefore, the motivation for individual firms to increase efficiency was disconnected from the profit motive and instead was based on ideological and other artificial incentives.

³⁹ KANG, S.-R. 1987. North Korea's Pragmatism: A Turning Point? *Asian Survey*, 27, p. 894.

⁴⁰ The property owner has an inherent right to residual income generated by that property, along with the right to dispose of that income in any way seen fit. Thus the figure remaining after the costs associated with utilising that property have been paid—i.e. profit or loss—belongs to or is the responsibility of the owner. See: KORNAL, J. 1992. *The Socialist System: The Political Economy of Communism*, Oxford, Clarendon Press. p. 64.

⁴¹ *Ibid.* p. 73.

⁴² BAZHANOVA, N. 2000a. Economic Factors and the Stability of the North Korean Regime. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 65; YOON, S. B. 1986. Macroeconomic Interaction between Domestic and Foreign Sectors in the North Korean Economy: A Schematic Interpretation. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 56.

The central planning mechanism proved to be inherently dysfunctional. According to Stathis Kalyvas, one-Party communist-style systems generally experienced a long period of economic degradation due massive and intractable inefficiencies in the central planning matrix.⁴³ A stratified hierarchy of control was thus erected to ensure that employees carried out their assigned functions and to provide a career ladder as an incentive for compliance, with success based primarily on the ability of functionaries to carry out plan orders.⁴⁴ This system was inefficient because every employee is involved in the management of productive enterprises, yet no one exercised final responsibility for them or received any tangible material benefit from their success.

During the planning process, each directorate acquired information from the productive enterprises under its jurisdiction in order to calculate its plan for production and allocation of labour and materials, including the production capacity and the relations between inputs and outputs at each firm. In a perfect environment, each enterprise would pass on accurate information to the directorate, on the basis of which realistic production targets would be set that minimised waste of labour and resources. In reality, the bargaining process operated much differently, because information was distorted all the way up the planning chain. Fearing punishment for not fulfilling their allotted targets, firm managers would falsely report production statistics to maximise their resource allocation and minimise their production quota to reduce the chances of falling short of plan targets.⁴⁵

Planning bureaucrats understood this game and built corrections into their plan commands

⁴³ KALYVAS, S. 1999. The Decay and Breakdown of Communist One-Party Systems. *Annual Reviews in Political Science*, 2, p. 329.

⁴⁴ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 29. See also: KORNAI, J. 1992. *The Socialist System: The Political Economy of Communism*, Oxford, Clarendon Press. p. 66; NOVE, A. 1979. *Political Economy and Soviet Socialism*, London, George Allen & Unwin. p. 155.

⁴⁵ HOLMES, L. 1993. *The End of Communist Power: Anti-Corruption Campaigns and Legitimation Crisis*, Melbourne, Melbourne University Press. p. 165.

through the “ratchet effect.” For example, should an enterprise raise its production from 50 to 60 units during the previous year, the new production target will be set with 60 units as its minimum benchmark. In the North Korean context, plan commands tended only to increase, placing greater stress on each state-owned firm to meet production targets and giving managers a powerful incentive to produce well below capacity.⁴⁶ Some state-owned enterprises would end up hoarding resource stockpiles well beyond their production requirements while others experienced shortages. Distortions arose in the agricultural sector too, where the amount of food planned for distribution always exceeded the amount of food actually produced.⁴⁷ Because planning commands often were unrealistic, or unfulfillable in light of supply bottlenecks throughout the system, lower-level functionaries tended to favour low output or expropriation of state goods when this outweighed the rewards on offer for compliance.⁴⁸

Over time, North Korean workers and low-level functionaries saw their material benefits erode: rations were short, shops were empty and prices for staple goods rose. The incentive for increasing output, or even participating in the system at all, was increasingly devalued relative to the demands of the command system.⁴⁹ Labour tended to migrate toward unofficial informal economic activities, including black market entrepreneurialism, expropriation of state goods, rent-seeking activities, or private agriculture. As the informal

⁴⁶ SELIGER, B. 2004. *The North Korean Economy: Nuclear Crisis and Decline, or Peace and Reform in the Last Asian Dynastic Regime? Korea's Economy*, p. 80. See also: FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. pp. 83-84.

⁴⁷ NAM, S.-W. 2007. Chronic Food Shortages and the Collective Farm System in North Korea. *Journal of East Asian Studies*, 7, p. 102; KIMURA, M. 1999. From Fascism to Communism: Continuity and Development of Collectivist Economic Policy in North Korea. *The Economic History Review*, 52, p. 74.

⁴⁸ HARRISON, M. 2002a. Coercion, Compliance, and the Collapse of the Soviet Command Economy. *The Economic History Review*, 55, pp. 403-24.

⁴⁹ FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. p. 92.

sector began to proliferate, the central planning mechanism was further distorted by the diversion to the informal sector of resources allocated for the command system.⁵⁰

Quantifying Declining Marginal Returns

The decade following the Korean War was one of rapid growth and development. The colonial feudalism of the Japanese occupation was replaced by nationalised industrial production and the command economy, which were successful in rebuilding a North Korea devastated by the Korean War. Kim Il-sung's government promoted heavy industry, which saw the combined output of mining and manufacturing increase threefold between 1954 and 1958.⁵¹ This increase was due partially to the *Chollima* movement, launched in 1957 during the 1957-61 Five-year Plan, which was the first of many mass mobilisation campaigns designed to achieve high production targets. *Chollima* was an intense ideological propaganda campaign that created an atmosphere of battlefield fervour in the workplace to motivate employees to toil more industriously.⁵² It initially succeeded during the post-Korea War reconstruction period, when the economy was rebuilt from a low base. Per capita income increased 13.1 percent annually between 1947 and 1967, attributable to the relative ease of rehabilitation as opposed to 'normal' economic development. North Korea's gross industrial production grew at an average annual rate of 41.8 % during the 1954-56 three-year plan and by 36.6 % during the 1957-61 five-year plan, which was fulfilled a full year ahead of schedule. These figures are undoubtedly exaggerated, but they do reflect the easy productivity gains made through easy-to-achieve post-war rehabilitation.⁵³ Central planning was highly suitable for this kind of economic development, yet as industrialisation matured

⁵⁰ KIM, B.-Y. & SONG, D.-H. 2008. The Participation of North Korean Households in the Informal Economy: Size, Determinants, and Effect. *Seoul Journal of Economics*, 21, pp. 365-66.

⁵¹ MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin's Press. p. 96.

⁵² LANKOV, A. 2002. Kim takes control: The "great purge" in North Korea, 1956-1960. *Korean Studies*, 26, p. 104.

⁵³ LEE, H.-S. 1988. North Korea's Closed Economy: The Hidden Opening. *Asian Survey*, 28, pp. 1265-266; ARMSTRONG, C. 2007. *The Koreas*, New York, Routledge. p. 67.

and the complexity of the economy grew, the ideology and basic industrial techniques of a command system began to realise diminishing returns.⁵⁴

Growth estimates for the North Korean economy from 1954 to 1989 bear testament to the inefficiency of the system. Annual growth rates consistently declined after the post-Korean War reconstruction period.⁵⁵ North Korea's economic development was largely *extensive*, where production increases were achieved through the addition of further capital and labour inputs, rather than *intensive*, where production increases were achieved through rising efficiency.⁵⁶ Indeed the only way to boost productivity in the command economy was to pump more resources and labour through the system. Yet because of bottlenecks and systemic waste, the extensive development pathway grew increasingly ineffective over time, exhibiting the classic indicators of declining marginal returns. Lee Hy-sang points out that that in the years leading up to 1984, North Korea's productivity growth actually averaged - 1.7 percent annually when labour productivity is taken into account, well below the GNP figure.⁵⁷

The command system also discouraged technological innovation. With an incentive structure heavily biased against efficiency gains, the economic logic to boost productivity through technological innovation simply did not exist, resulting in stagnation in technological

⁵⁴ CHUNG, J. S.-H. 1974. *The North Korean Economy: Structure and Development*, Stanford, The Hoover Institution. p. 99.

⁵⁵ Kim Byung-yeon *et al* have calculated the average annual growth rate of North Korea's GNP over this period at 4.4 percent and per capita GNP at 1.9 percent. However, the 4.4 percent annual growth figure during the period 1954-89 is misleading because of its reliance on addition of labour inputs. See KIM, B.-Y. & SONG, D.-H. 2008. The Participation of North Korean Households in the Informal Economy: Size, Determinants, and Effect. *Seoul Journal of Economics*, 21, pp. 365-79.

⁵⁶ ROY, D. 1998. *China's Foreign Relations*, Lanham, Rowman and Littlefield. p. 86.

⁵⁷ During 1981-84 when annual growth rates averaged 4.3 percent, the North experienced an average growth in the labour force of only 3 percent. Subtracting 3 percent extensive growth caused by the increase in labour input from the GNP figure of 4.3 percent, leaves only 1.3 percent of GNP, which is accounted for by new capital formation—another extensive growth factor—and organizational and technical changes. See: LEE, H.-S. 1988. North Korea's Closed Economy: The Hidden Opening. *Asian Survey*, 28, p. 1267.

development that contributed to the ceiling in productivity growth.⁵⁸ Evidence for the widening technology gap is plain in the North's frantic importation of new industrial capital during the 1971-76 six-year plan. New industrial capital was acquired to replace existing industrial facilities, which could not be upgraded indigenously.⁵⁹ Misuse of these new acquisitions through technological naivety and ideology-driven mismanagement prevented the North from obtaining a return on its investment, leading directly to a debt crisis.⁶⁰ With a technologically obsolete industrial infrastructure, resource bottlenecks, and major disincentives limiting labour productivity, by 1991 North Korea's economy had little scope for reversing its long trend of declining output.

Collectivisation of Agriculture

Geography and climate have always hampered food production in North Korea. Only a few regions are suitable for large-scale agriculture due to mountainous topography and the large temperature variation between winter and summer, which limits the length of the growing season.⁶¹ In 2004, the proportion of cultivated land in North Korea was estimated at 17-18 percent of the total land area, much of which was poorly productive due to inferior soil fertility.⁶² For these reasons, periodic famine has been a feature of life on the Korean peninsula for many centuries.⁶³ During the Japanese colonial period, northern Korea had

⁵⁸ SELIGER, B. 2004. The North Korean Economy: Nuclear Crisis and Decline, or Peace and Reform in the Last Asian Dynastic Regime? *Korea's Economy*, p. 80.

⁵⁹ YOON, S. B. 1986. Macroeconomic Interaction between Domestic and Foreign Sectors in the North Korean Economy: A Schematic Interpretation. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 74.

⁶⁰ An example of the misuse of imported production facilities is the case of a US\$19 million pulp mill delivered from Finland at which production never came online. See: KOH, B. 1978. North Korea in 1977: Year of 'Readjustment'. *Asian Survey*, 18, pp. 38-39.

⁶¹ 2007a. *Country Profile: North Korea*. Washington DC: US Library of Congress, http://lcweb2.loc.gov/frd/cs/profiles/North_Korea.pdf. pp. 5-6; WALTERS, K. & TRAXLER, K. 1994. *North Korea—A Climatological Study*. USAF Environmental Technical Applications Center, <http://stinet.dtic.mil/cgi-bin/GetTRDoc?AD=ADA283779&Location=U2&doc=GetTRDoc.pdf>

⁶² Soil analyses conducted by the Food and Agriculture Organisation (FAO) discovered that soil pH in the North's cultivated regions are highly acidic. Acidic soils adversely impact on soil properties such as movement of air and water through the soil, plant nutrient uptake, microbial activity, and breakdown of soil contaminants, thus producing lower crop yields. See: 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf>. pp. 13-15.

⁶³ PINKSTON, D. & SAUNDERS, P. 2003. Seeing North Korea Clearly. *Survival*, 45, pp. 84-85.

become a base for mining and industry, depending for its food on agricultural regions in the south, which has traditionally been the food bowl of the peninsula. The country's rapid industrialisation through the 1960s and 1970s exacerbated this problem, facilitating a population increase to levels well beyond what the land base could support.⁶⁴

During this same period, Kim Il-sung launched a program of agricultural collectivisation. Collectivisation transformed privately owned farms into a version of the state-owned factory, where farmers who previously produced food for themselves and a surplus for sale were turned into employees producing food for distribution by the state.⁶⁵ Collectivisation was the second phase of wider agricultural reforms began in 1946, which redistributed land to peasant farmers, eliminated the landlords as a political class and rallied the peasantry to Kim Il-sung's banner.⁶⁶ Collectivisation itself began in 1954 when Kim's political position was more secure, with the forcible transfer of farmland from individuals to local cooperatives. Three primary reasons undergirded the push for collectivisation: (1) to increase productivity according to the principle of economies of scale, as part of the effort to reconstruct rural villages decimated by the Korean War; (2) to bolster the bureaucratic power of the state; and (3) to eliminate private property for ideological purposes.⁶⁷ The communist regime needed to drastically increase food production as part of the post-Korean War reconstruction effort and it was believed that output would be greater from large collective farms than from assortments of small family plots.

In terms of ideology, peasant farming based on private property was incompatible with totalitarian control because it represented an independent social, political, and economic

⁶⁴ NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. p. 12.

⁶⁵ CHUNG, J. S.-H. 1974. *The North Korean Economy: Structure and Development*, Stanford, The Hoover Institution. p. 22.

⁶⁶ *Ibid.* p. 9.

⁶⁷ *Ibid.* pp 10-6; KORNAI, J. 1992. *The Socialist System: The Political Economy of Communism*, Oxford, Clarendon Press. pp. 81-82.

force. Kim Jong-il feared the infection of individual peasant farmers with “petty bourgeois” self-interest, thus the elimination of private agricultural land holdings had intrinsic ideological value to the fledgling regime as a means of neutering the opposition of the colonial landholder class and turning the peasantry into good proletarians.⁶⁸ Large-scale cooperative management incorporated into the central bureaucracy more neatly complemented the totalitarian power structure and brought the peasantry into line with other sections of the population in their dependence on the state.⁶⁹

Despite the incorporation of 95.6 percent of peasants into agricultural cooperatives by 1957, collectivisation did not solve North Korea’s food security dilemma. Kim conceded that each family could cultivate a small kitchen plot to produce food for their own consumption, to supplement the output of the agricultural collectives.⁷⁰ In 1958, as a component of *Chollima*, Kim decided to amalgamate these cooperatives into larger units similar to the Soviet Union’s massive collective farms.

Furthermore, Kim Il-sung attempted to address the arable land problem through an enormous land reclamation campaign to increase the stock of land under cultivation and bring the country into agricultural self-sufficiency.⁷¹ Mountainsides were terraced, land reclaimed from the sea, and over forty thousand kilometres of irrigation canals were cut to increase the stock of arable land for farming. These grand agricultural schemes came at a cost that would

⁶⁸ NAM, S.-W. 2007. Chronic Food Shortages and the Collective Farm System in North Korea. *Journal of East Asian Studies*, 7, p. 98; MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin’s Press. p. 102.

⁶⁹ KORNAL, J. 1992. *The Socialist System: The Political Economy of Communism*, Oxford, Clarendon Press. p. 82.

⁷⁰ MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin’s Press. p. 103.

⁷¹ Kim Il-sung often emphasised the primacy of man over his environment: “The basis of the *Juche* idea is that man is the master of all things and the decisive factor in everything. Remaking nature and society is also for people and it is work done by them. Man is the most precious treasure in the world and he is also the most powerful.” See: KIM, I.-S. 1973. On Some Problems of Our Party’s *Juche* Idea and the Government of the Republic’s Internal and External Policies: Answers to the Questions Raised by Journalists of the Japanese Newspaper Mainichi Shimbun. September 17, 1972. *For the Independent, Peaceful Reunification of the Country*. Pyongyang: Foreign Languages Publishing House. p. 216. See also: MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin’s Press. p. 161.

come back to haunt the regime. Mountains were terraced too steeply, which along with deforestation has contributed to soil erosion of the denuded hills (see figure 3). This has severely reduced their water catchment capacity and led to increased intensity of flooding events in the land below. Land reclaimed from the sea suffered from high salinity and would not support food crops, despite the massive use of chemical fertilisers.⁷² Kim's industrial agriculture project was no match for the limitations imposed by the natural environment.



Figure 3: Looking across the DMZ at the denuded landscape surrounding the Kijong-dong peace village in North Korea, as seen from the Dorasan Observatory, July 2008 (taken by the author).

Chongsan-ri

In February 1964, Kim Il-sung announced a new framework for industrialised agricultural development—the *Chongsan-ri* farming method—based on mechanisation, chemicals, and grand irrigation projects.⁷³ It was so named after a small collective west of Pyongyang where Kim spent two weeks talking with farmers and making ideological Marxist-inspired corrections to the farmers' cultivation methods.⁷⁴ On the back of massive fossil fuel inputs, this initiative initially produced steady growth in production on the agricultural collectives of

⁷² 2006o. *Protracted Relief and Recovery Operation—Democratic People's Republic of Korea*. Rome: World Food Program, http://www.wfp.org/operations/current_operations/project_docs/104880.pdf. p. 5. See also: NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. p. 12; NOLAND, M. 1997. Why North Korea Will Muddle Through. *Foreign Affairs*, 76, pp. 108-09.

⁷³ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 26.

⁷⁴ NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. pp. 13-14.

2.8 percent annually from 1961 to 1988, however in the subsequent decade from 1988 grain yields dropped precipitously at -5.6 percent per year.⁷⁵ Building on prior agricultural reforms, Kim institutionalised mechanised agricultural practices to turn the country's farms into factories, staffed by a salaried proletariat with no property ties to the land and thus no bourgeois sympathies. During the period from 1946 to 1973, agricultural output grew by over 100 times, underpinned by an eight-fold growth in consumption of chemical fertilisers, a five-times increase in mechanically-irrigated land, and a hundred-fold increase in the number of tractors utilised on collective farms.⁷⁶

The period from 1970-73 saw widespread food shortages as agricultural production declined. In response, the Kim regime intensified the centralisation of agricultural planning, featuring the same input-output controls to which the rest of the economy was subject. Concurrently, it launched the *Three Revolutionary Teams* movement, in which young Party members were dispatched to rural areas to teach farmers the latest *Juche*-inspired cultivation methods through ideologically based cultural and technical education programs. Rather than increase output, this mobilisation program led to the imposition of an extremely rigid agricultural model and the further erosion of traditional farming techniques.⁷⁷ Working groups on the collective farms became inflexible and did not have the ability to respond to changing conditions by trying new methods, such as, for example, introducing new plant varieties or changing the mix of crops under cultivation. Without the capacity for autonomous action, the output of individual working groups declined because they were unable to respond decisively

⁷⁵ SMITH, H. & HUANG, Y. 2000. Achieving Food Security in North Korea. *Promoting International Scientific, Technological and Economic Cooperation in the Korean Peninsula: Enhancing Stability and International Dialogue*. Rome, Italy: Istituto Diplomatico Mario Toscano and the Italian Ministry of Foreign Affairs. p. 204.

⁷⁶ LEE, S. 2003. *Food Shortages and Economic Institutions in the Democratic People's Republic of Korea*. Coventry: University of Warwick—Department of Economics, http://wrap.warwick.ac.uk/2505/1/WRAP_THESIS_LeeS_2003.pdf. p. 158.

⁷⁷ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 26; KOH, B. 1978. North Korea in 1977: Year of 'Readjustment'. *Asian Survey*, 18, p. 37.

to shock events or growing trends in inefficiency.⁷⁸ Over time the industrial scale mechanisation and use of chemicals succumbed to declining returns, as soils became exhausted and agricultural machinery fell into decrepitude, decreasing crop yields. Being extraordinarily input-intensive, the farming system was vulnerable to fluctuations in input availability; declining energy supplies often resulted in power cuts that prevented the pumping of water for irrigation and curtailed the production of fertilisers, pesticides and herbicides, all of which are derived from fossil fuels.⁷⁹

The grain procurement practices of the command system also bred inefficiency in food production and distribution. The agricultural system rested on an unwritten principle of exchange between the government and farmers. The farmers would produce crops and surrender them to the government at prices well below what they could command in the underground market, in exchange for an allotment of food, consumer goods and agricultural inputs such as fertilisers. However, as the supply of agricultural inputs evaporated after the collapse of their external suppliers in the USSR, the government became increasingly unable to fulfil their promised allotments to farmers. The terms of the exchange became increasingly unfavourable to cultivators, degenerating into a form of confiscatory tax. Farmers thus had a strong incentive to protect themselves, utilising measures such as the pre-harvesting of grain so that the crop would not be subject to government procurement at harvest time.⁸⁰

⁷⁸ NAM, S.-W. 2007. Chronic Food Shortages and the Collective Farm System in North Korea. *Journal of East Asian Studies*, 7, p. 102.

⁷⁹ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 26; NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. p. 14.

⁸⁰ Other measures undertaken by farmers included the hiding and hoarding of already harvested crops, diversion of effort away from the state farms and into private plots, the appropriation and sale of crops in private markets, and the remittance of food to family members living in the food-starved cities. See: HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 57.

Micro Level: The Soviet Collapse & Aberrant Natural Disasters

The Kim regime has made minor economic adjustments since the establishment of the command economy after the Korean War. Often the default strategy for boosting production within the prevailing ideological framework was to organise the workforce in a similar manner to the armed forces, of which the *Chollima* movement was a classic illustration. By the late-1960s, the North had reached the limits of an economic growth paradigm based exclusively on heavy industry. This was a phenomenon experienced worldwide at this time. Rising energy prices, stagflation pressures, and technological advances driving a global shift toward light manufacturing as the new growth area all spelt doom for economies structured around heavy industry.⁸¹ North Korea responded by importing production facilities from abroad to drive further growth in its stagnating industrial sector and reinvigorate its centralised economy. The failure of this initiative pushed the DPRK into a debt crisis that curtailed its ability to trade with and access technology from the West, railroading it into dependence on the Communist bloc for external economic exchange.⁸² As most Communist bloc countries struggled with similar problems, they became trapped within an outdated economic paradigm from which they could not escape without risking the implosion of the communist systems themselves.

Through the 1980s, North Korea had become dangerously reliant on imports, subsidies and direct aid from the Soviet Union. Subsidised trade involved an exchange in which the Soviet Union would provide manufactured goods, fuel and transportation equipment in exchange for rolled ferrous metals and sub-standard North Korean value-added products. The USSR also supplied North Korea with most of its refined oil and one-third of its steel. In total, two-way

⁸¹ MAIER, C. 1991. The Collapse of Communism: Approaches for a Future History. *History Workshop Journal*, 31, p. 43.

⁸² Charles Armstrong estimates that by 1989, North Korea had defaulted on approximately US\$35 billion in foreign debts. See: ARMSTRONG, C. 1998. 'A Socialism of Our Style': North Korean Ideology in a Post-Communist Era. In: KIM, S. (ed.) *North Korean Foreign Relations in the Post-Cold War Era*. Oxford: Oxford University Press. p. 39.

trade with the Soviet Union accounted for between 50 to 60 percent of North Korea's total trade volume.⁸³ Much of this occurred on a concessional basis through Moscow's willingness to finance North Korea's ballooning trade deficit, which reached an estimated cumulative figure of US\$4 billion in the period 1985-90 alone. Pyongyang enjoyed further concessions through subsidised commodity prices, well below international market norms, which saved North Korea approximately US\$400 million on oil and coal purchases between 1980 and 1990.⁸⁴

The increase in inputs from the Soviet Union in the late-1980s could not disguise the growing food crisis enveloping the country. Agricultural and industrial output declined from 1987 as subsidised Soviet imports of key mineral and fuel inputs dropped away.⁸⁵ Initially the regime adapted to the loss of output by bartering rice in exchange for cheaper Soviet grain, while drawing heavily on the national food stockpile and advising the public to consume only 'two meals a day' in a concerted propaganda campaign. In 1990, as its own internal crisis took hold, Moscow rejected the barter system and requested that North Korea pay for goods in hard currency at international market prices. The regime's responses remained trapped within the ideological confines of the command economy, as illustrated by regime propaganda urging North Korean citizens to eat only two meals a day.⁸⁶ By 1991, two-way trade had collapsed; Soviet exports to North Korea had fallen by over seventy percent from

⁸³ Total imports over the period 1987-90 increased from US\$83.8 million in 1987 to US\$113 million in 1990, driven by increased purchases of machinery, transport equipment and military-related miscellaneous goods. See: 2005a. *A Country Study: Soviet Union (Former)*. Washington DC: United States Library of Congress, <http://rs6.loc.gov/frd/cs/sutoc.html> [Accessed 18 February 2009]; NOLAND, M. 2003. *Famine and Reform in North Korea*. Washington DC: Institute for International Economics, <http://www.iie.com/publications/wp/2003/03-5.pdf>, pp. 4-5; EBERSTADT, N., RUBIN, M. & TRETYAKOVA, A. 1995. The Collapse of Soviet and Russian Trade with North Korea, 1989-1993: Impact and Implications. *The Korean Journal of National Unification*, 4, p. 98.

⁸⁴ EBERSTADT, N., RUBIN, M. & TRETYAKOVA, A. 1995. The Collapse of Soviet and Russian Trade with North Korea, 1989-1993: Impact and Implications. *The Korean Journal of National Unification*, 4, p. 91. Statistics reported by Eberstadt *et al* are reported in 1990 US dollars.

⁸⁵ By 1990, the import category containing fuel, fertilizers and lubricants had fallen to US\$68.2 million, down from US\$141.4 million in 1987. See: *Ibid.* p. 98.

⁸⁶ SMITH, H. & HUANG, Y. 2000. Achieving Food Security in North Korea. *Promoting International Scientific, Technological and Economic Cooperation in the Korean Peninsula: Enhancing Stability and International Dialogue*. Rome, Italy: Istituto Diplomatico Mario Toscano and the Italian Ministry of Foreign Affairs. p. 202.

the previous year and by 1993 had collapsed to a tenth of the average import total between 1987-90.⁸⁷

The declining North Korean economy, reliant on imported energy supplies, agricultural inputs and manufactured goods from the communist bloc, was extremely vulnerable to disruptions to its input flow. The rapid drop in energy availability in 1991 was the trigger event that crippled an already weak system. The economy could no longer operate at its former level of complexity without the enormous throughput of resources. At this point of the decay process, Tainter predicts that productive units across the economic spectrum will increase their resistance to the demands of the hierarchy or overtly attempt to break away.⁸⁸ This resistance has occurred in North Korea, visible in the growth of entrepreneurialism and corruption. The marketised military economy has arrested the trend to some degree, institutionalising a new organisational paradigm in which the North Korean economy has splintered into several parallel economies. What remained of the command economy, the heavy industrial sector, was a hollowed-out shell, as network of factories brought offline or in severely curtailed production, its formerly privileged workers facing starvation as their incomes dried up. Agricultural production, long based on mechanised farming and vast utilisation of chemical fertilisers, also deteriorated.

The North lacked the foreign exchange needed to purchase imports at market prices because of its minimal export income, resulting in the steep decline of total Soviet-DPRK trade volume from US\$3.2 billion in 1990 to US\$360 million in 1991.⁸⁹ Imports of Soviet crude

⁸⁷ NOLAND, M. 2003. *Famine and Reform in North Korea*. Washington DC: Institute for International Economics, <http://www.iie.com/publications/wp/2003/03-5.pdf>. pp. 4-5; EBERSTADT, N., RUBIN, M. & TRETYAKOVA, A. 1995. The Collapse of Soviet and Russian Trade with North Korea, 1989-1993: Impact and Implications. *The Korean Journal of National Unification*, 4, p. 97.

⁸⁸ TAINTER, J. 1988. *The Collapse of Complex Societies*, Cambridge, Cambridge University Press. p. 121.

⁸⁹ SMITH, H. & HUANG, Y. 2000. Achieving Food Security in North Korea. *Promoting International Scientific, Technological and Economic Cooperation in the Korean Peninsula: Enhancing Stability and International Dialogue*. Rome, Italy: Istituto Diplomatico Mario Toscano and the Italian Ministry of Foreign Affairs. p. 205.

oil declined precipitously from 440,000 tons in 1990 to only 40,000 tons in 1991, which crippled the North's industrial sector.⁹⁰ The cessation of machinery imports created a shortage in spare parts, while the fuel scarcity stalled production, incapacitating the decaying industrial infrastructure and thus limiting its ability to produce export goods, the income from which would help to pay for the required inputs on the international market.⁹¹ Consequently, the effect of the import halt on North Korea's industrial sector was proportionally far higher than just the value of the missing inputs themselves.

The collapse of the Soviet Union in 1991 was a hammer blow, bringing the country to its knees as aid and subsidised inputs that had long propped up the economy began to dry up. To compound the catastrophe, floods and then drought wreaked havoc on agricultural production and decimated the state's centralised food distribution apparatus. Without a substantial export sector, the North could not trade for food on the international market, nor was the regime willing to undertake the economic reforms that would allow it to participate in international trade.⁹² By 1993, mortality rates began to climb, a sign that the growing food crisis had evolved into a fully fledged famine. The floods that hit during the summer monsoon were the *coup de grace*, a trigger that accelerated the famine event already underway in which, according to the most authoritative estimates produced by Daniel Goodkind and Lorraine West, approximately 600,000 to one million people perished between 1995 and 2000.⁹³

⁹⁰ KIM, S.-W. 1993. Recent Economic Policies of North Korea: Analysis and Recommendations. *Asian Survey*, 33, p. 867.

⁹¹ EBERSTADT, N., RUBIN, M. & TRETAKOVA, A. 1995. The Collapse of Soviet and Russian Trade with North Korea, 1989-1993: Impact and Implications. *The Korean Journal of National Unification*, 4, pp. 100-02.

⁹² HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 9.

⁹³ GOODKIND, D. & WEST, L. 2001. The North Korean Famine and its Demographic Impacts. *Population and Development Review*, 27, p. 220; See also: HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. Ch. 2.

By 1995, the famine forced the regime to acknowledge that it required international assistance and by the opening months of that year had successfully negotiated aid agreements with South Korean and Japan. However, as aid began to diffuse through the country it became clear that the regime was using it as a balance of payments support and not as a mechanism to increase the overall food supply. Stephen Haggard and Marcus Noland have argued that the food crisis could have been and still can be alleviated if the regime were willing to access commercial imports of grain, as do other countries with a comparative disadvantage in agriculture.⁹⁴ The coping measures developed outside of government control were described above. The government response, on the other hand, was far more measured. Not willing to make major systemic changes to address the food shortfall, the regime instead tinkered with small, *ad hoc* technical changes in a vain effort to boost food production.

The Famine and the Collapse of the PDS

The establishment of the Public Distribution System (PDS) in 1957 centralised the distribution of cereals through a rationing system, which later came to encompass a much wider variety of foods and consumables.⁹⁵ This was necessary because the fixed prices of goods in North Korea distorted the balance of supply and demand, forcing the government to decide how to distribute scarce commodities. A representative of each family unit would present identification and rationing coupons on the fifteenth day of each month to receive the family rations, which consisted of rice and a number of different grains.⁹⁶ The PDS was also useful for increasing regime control, as the population became dependent on the state for

⁹⁴ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 50.

⁹⁵ BENNETT, J. 1999. *North Korea: The Politics of Food Aid*. London: Relief and Rehabilitation Network, http://se1.isn.ch/serviceengine/Files/ISN/96816/ipublicationdocument_singledocument/47C10A60-7F01-4206-BE46-D3C93D88DB6B/en/networkpaper028.pdf. p . 9.

⁹⁶ LANKOV, A. 2005a. *North Korea's antique food rationing* . Asia Times Online, <http://www.atimes.com/atimes/Korea/GA15Dg01.html> [Accessed 25/04/2007].

nearly all daily necessities.⁹⁷ Yet according to Yang Sung-chul, the regime managed to re-badge state rations as a gift from the Great Leader, as opposed to an entitlement.⁹⁸ People tend to feel lucky if they receive a gift, no matter how small, whereas they are more likely to see an entitlement as inadequate. Branding the PDS ration in this way was therefore a propaganda masterstroke.

The PDS worked reasonably well during times of stability, but proved ineffectual in distributing food during the famine. As the PDS fell apart, a series of underground private markets sprang up around the country when it became clear the distribution mechanism was dysfunctional. What little food was available was distributed preferentially to elite members of the Party and military while some regions and social groups were excluded altogether. Even the elite were exposed to food shortages to some extent during the famine; only those officials and their families in the leadership core would have been completely protected from hunger.⁹⁹

The collapse of the PDS was the direct consequence of a combination of inter-related problems: poor harvests due to floods and drought, the energy shortages, crumbling infrastructure, and the variety of systemic bottlenecks caused by central planning.¹⁰⁰ This ensured that what little food was available for distribution was unable to reach outlying areas, leaving citizens in these regions to develop their own survival strategies. Out of necessity, many North Koreans abandoned their assigned jobs to forage elsewhere for food, while those

⁹⁷ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>, pp. 34-35; HWANG, J. 1997. *Hwang Jangyop Holds Press Conference To Explain Why He Defected from North Korea*. Federation of American Scientists, <http://www.fas.org/news/dprk/1997/bg152.html> [Accessed 15 May 2007].

⁹⁸ YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. p. 251.

⁹⁹ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 56.

¹⁰⁰ WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 55.

people who could grow their own food sold surpluses in the illegal markets.¹⁰¹ Farmers often chose to hoard available food stocks rather than ship it to the larger urban centres and spent more time away from the collectivised farms working on their own private plots.¹⁰² Small private gardens proved to be the difference between sustenance and starvation for many North Koreans and have since become an important component of the food system.¹⁰³

The desperate food situation led the regime to loosen controls on private markets and the movement of people between districts. Small farmers' markets were initially established in the early 1980s as an outlet for the sale of surplus produce from the collectivised farms that was not requisitioned by the PDS.¹⁰⁴ They have since mushroomed into busy bazaars where all manner of goods, legal and illegal, are bought, sold and bartered.¹⁰⁵ Marketisation allowed those with access to foreign currency to adapt to the food emergency, as they were in the enviable position of being able to purchase what they needed on the black market. Those who cannot access the market are most at-risk, including urban industrial workers who formerly enjoyed a privileged status prior to the famine.¹⁰⁶ The people who perished or

¹⁰¹ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>. p. 35; SNYDER, S. 2000. North Korea's Challenge of Regime Survival: Internal Problems and Implications for the Future. *Pacific Review*, 73, p. 520.

¹⁰² WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 54.

¹⁰³ In a July 2008 visit to Kaesong, the author noted the peculiar sight of apartment buildings surrounded by gardens of corn and other vegetables. Each household on the collective farms, of which there were about 1.67 million, is allowed a private garden of approximately 100 square metres. Urban households were also entitled to garden plots, though these are much smaller. Private gardens typically produce an early crop of potatoes and maize, followed by vegetables such as cabbage, radish, peppers and garlic. As private plots are usually well cared for, crop yields have tended to be higher than on the collective farms. See: 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf> [Accessed]. p. 25.

¹⁰⁴ Even Kim Il-sung himself made statements giving limited endorsement of "peasant" markets as a mechanism to cover the gaps in the PDS: "We are not yet in a position to supply everything necessary for the people's life in sufficient quantities, through state channels, especially miscellaneous goods for daily use like brooms and calabash-ladles, and subsidiary provisions like meat, eggs, sesame, both wild and cultivated. Under the circumstances, what is wrong with individuals producing these things on the side and selling them in the market? Even though it is a backward way, it should still be made use of when the advanced ways are not sufficient to cover everything." See: MACKERRAS, C. 1985. The Juche Idea and the Thought of Kim Il Sung. In: MACKERRAS, C. & KNIGHT, N. (eds.) *Marxism in Asia*. London: Croom Helm. pp. 162-63.

¹⁰⁵ OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 67.

¹⁰⁶ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea. Park In-ho is a journalist for the Seoul-based online news website *Daily NK* covering stories related to North Korea. According to its website, *Daily NK* is "the world's first dedicated North Korean online news site," and "reports in real time on changes happening in North Korean society and the situation for North Korean refugees through its exclusive overseas network." *Daily NK* has a human rights emphasis in its mission statement and reporting. See: *Daily NK*, <http://www.dailynk.com/english/index.php>.

suffered most during this period were likely to have been those who were unable to grow their own food, produce some other goods, or perform a service to barter for food.¹⁰⁷

The regime revived the PDS in many areas during October 2005, offering a daily ration of 500 grams of cereal. Distribution delays due to transportation deficiencies and administrative inertia have prevented PDS rations from becoming available in all counties. The revived PDS led to brief short-term improvements before the initiative was again withdrawn, with rations reverting to pre-revival levels. Those living in or near the larger cities on the west coast have the greatest chance of accessing the PDS ration, while those in other areas continue to rely on adaptive strategies developed during the famine.¹⁰⁸

Conclusion

The regime's persistence through the famine discredited proponents of rapid regime collapse, whose predictions were grounded in an economic reductionism which assumed that the failure of the North's command economy would inevitably lead to the rapid collapse of the DPRK state. The relentless march of declining marginal returns on investment ensures that all political entities will eventually slide into decline. What matters in North Korea's case is the timeframe, dictated by the severity of problems it confronts. Many observers believe that collapse is inevitable in the long-term regardless of what course of action the regime chooses to take.

¹⁰⁷ NATSIOS, A. 1999. *The Politics of Famine in North Korea*. Washington DC: United States Institute of Peace, <http://www.usip.org/pubs/specialreports/sr990802.pdf>. p 1.

¹⁰⁸ 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf>. p. 22.

In the North Korean case, the cessation of subsidised Soviet oil drastically undercut the amount of energy available to service the North's complex industrial society. The command economy ground to a halt because lack of oil created bottlenecks in transportation, heavy industry and mechanised agriculture. The problems were numerous: shipping of components to and from factories became prohibitively difficult; huge collective farms could not be fully sown and harvested in the absence of functional farm machinery; the North's exhausted soils produced lower crop yields without fossil fuel-based fertiliser inputs; and harvested crops could not be distributed as transportation was shut down. Energy shortages affected the military as well, despite its priority access to oil, which has decreased the training and combat readiness of the air force and mechanised infantry.¹⁰⁹ In short, the sectors of the DPRK state that failed during the famine were the ones most exposed to energy shortages.

This chapter finds that state decay in North Korea emanates from the fundamental inadequacy of its physical base to support the ideational and institutional bases of the Kim regime. This situation arises because North Korea is a small country with a limited agricultural land area, no indigenous oil reserves and thus a constrained capacity for self sufficiency in either food production or industrial activity. These are the conditions upon which the North Korean state, including its economy, institutions, political system and ideology are built. The theory of organisational complexity indicates that declining marginal returns on investment are inevitable in complex social systems. In the North Korean case, we see that returns on investment have tended to decrease rapidly, for two reasons: first, because of the unique geography of the country, which cannot support its population base; and two, because of the selection of poor strategies to maintain societal complexity in the face of these challenges of geography.

¹⁰⁹ KANG, D. 2003. International Relations Theory and the Second Korean War. *International Studies Quarterly*, 47, pp. 306-07.

While it is generally true that weak states are capable of rebounding from episodes of institutional failure, in this particular case, North Korea's recovery has been partial and constitutes a stay of execution for the regime in its current form. Theories suggesting that a weakened Kim regime will muddle through by making limited adjustments to specific crises, to preserve the quasi-totalitarian system and avoid reform, were an outgrowth of the discredited rapid collapse hypothesis. However, it is not clear how long the regime can muddle through before the state fully recovers or change becomes unavoidable. It is possible that North Korea's crisis and subsequent rebound are part of a step-wise long-term descent toward collapse, characterised by episodes of retrenchment and partial recovery, followed by further decay and another partial recovery, and so on. If this is so, North Korea's rebound from the famine has resulted from a combination of the subsidy of systemic maintenance costs with international largesse, and the regime's efforts to lower these systemic maintenance costs by triaging segments of the population from the state's distributive functions. As the following chapters will show in detail, the nuclear program has been integral to this effort. North Korea's nuclear program is integral to the regime's efforts to postpone the onset of declining marginal returns, in order to preserve the status quo for as long as possible. Given that the foundational elements of North Korea's state decay are not political but rather ecological, geographical and geological, it would be prudent to assume that state decay in the DPRK has yet to run its course.

4. The Post-famine North Korean Economies

In the preceding chapter it was established that North Korea's rapid economic collapse during the mid-1990s is best conceptualised as the result of trigger events touching off crises in a system weakened by long-term degenerative trends within the political economy of the state. The famine period initiated a reconfiguration of the DPRK state to a lower level of organisational complexity, compatible with a diminished resource base. This process is incomplete because the state has yet to reach organisational equilibrium. External inputs support its institutions, which maintain this institutional structure at a higher level of complexity beyond what its resource base would otherwise allow. One of the primary purposes of the nuclear program over this period has been to leverage largesse from the international community to cover the difference between systemic maintenance costs of the monolithic command economy, and a more simple political and institutional architecture commensurate with the available resource base. Necessarily, the elements of the post-famine system that remain under regime control must be smaller and less complex than the command system that preceded it.

At a theoretical level, this claim makes a great deal of sense. This chapter verifies this hypothesis by examining how the North Korean economy has evolved after the famine, by establishing: one, that a trend of long-term systemic degradation did indeed take place, leaving the state vulnerable to external shocks; two, that the North Korean economy is reconfiguring to a less complex level of organisation; and three, that this process of reconfiguration has yet to run its course. The chapter describes how the command economy splintered into a number of parallel economies that operate largely on proto-market

principles. The post-famine economic order in the DPRK is much different to the one that existed in the DPRK prior to 1991. The pre-famine command economy has shattered into a series of separate but inter-related parallel economies, which has reduced the complexity of the economic system in response to resource constraints. This new system remains bounded by energy constraints and isolation from Western economies by economic sanctions, although interaction with other Asian economies via China and Russia is growing. The chapter will then examine the prospects for economic reform in the context of parallel economies. Finally, it describes the importance of foreign aid and concessions to propping up the new economic system. In so doing, it will point out how the nuclear program enables the regime to slow down this process in order to revitalise the remnants of the old economic system. The nuclear program has become an important foundation beneath this post-famine economic system, giving the regime some breathing space to slow down the degeneration process and attempt to reconstitute some of the features of the pre-famine command economy.

Reduced Organisational Complexity: Parallel Economies

The multi-dimensional crisis set off a fundamental metamorphosis of the North Korean economy, a transformation that is still underway. The idea of *parallel economies* is a useful metaphor for conceptualizing the disaggregation of the old command economy. These parallel economies operate at arm's-length or completely independently from direct government control. Parallel economies develop when the official economy becomes too rigid and dysfunctional. In the North Korean case, the official command economy laboured under its own inefficiencies, exacerbated by the regime's ideological commitment to a system clearly in decline. Furthermore, the regime's exclusion from the international economy drove the evolution of parallel economies that would service the hard currency needs of the regime

and provide a vehicle for regime perpetuation through the reorganisation of the domestic economy under the control of the military.

There is considerable overlap between the North's parallel economies, yet each is distinct from the others and more importantly from the monolithic command economy that preceded them. The first parallel economy exists amongst the remains of the official economy. The second is the enormous military economy, which incorporates entire production and supply chains to provision the military and generate income through weapons exports and rent-seeking activities. The third is the illicit economy, featuring a basket of criminal activities through which the regime generates a large portion of its foreign currency earnings. The fourth is the court economy, which the leadership uses to provision the wider regime elite with luxury items not available to the wider public. Finally, the fifth parallel economy comprises the entrepreneurial black market in which budding cohorts of people from the lower levels of North Korean society do business outside of official channels. Participants include those with access to foreign currency who trade in imported goods not available through the official economy, or farmers selling homegrown produce or goods appropriated from the state.

The Official Economy

In a system characterised by parallel economies, the official economy is that portion of the total economy that is planned and controlled by the state, which owns or regulates most of the means of production.¹ In North Korea, the official economy is overseen by the People's Assembly and controlled by the State Planning Commission and consists of the remnants of

¹ HOLMES, L. 1993. *The End of Communist Power: Anti-Corruption Campaigns and Legitimation Crisis*, Melbourne, Melbourne University Press. p. 75.

the pre-1991 command economy. The contraction of the command system may have been so severe that it now may only account for five percent of total economic output. This includes the dilapidated heavy industrial sector, which was the mainstay of the old command economy. State controls have relaxed somewhat over state-owned enterprises, with production quotas and procurement rules having been eased to accommodate material shortages through the system.² Approximately 20-30 percent of the population relies on incomes from the planned economy, through salaries from official companies and the PDS ration.³

Kim Il-sung originally based the North's economic development on heavy industry. This approach was initially successful, but fell away from the late-1960s as the growth curve for heavy industry plateaued and global demand for high-tech light manufactures began to outpace that for heavy industrial products. As late as 1990, industry—mining, manufacturing and construction—accounted for 49 percent of the North Korean economy. By 1997 however the industrial sector had dropped to 32 percent of the overall economy, clearly affected by the resource shock that accompanied the cessation of imports from the Soviet bloc. In 2003, the industrial sector had recovered somewhat to 36 percent of the economy, growing again to 40 percent by 2007.⁴ By 2004, the manufacturing sector accounted for only 18.5 percent of GNP, compared with 28.7 percent in South Korea.⁵ A 2005 report commission by the International Crisis Group notes that a key factor keeping factories offline

² SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, p. 46.

³ PARK, I.-H. *Interview with the author*. 28 July 2008. Seoul, South Korea.

⁴ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf> . p. 13.

⁵ 2005b. *Gross Domestic Product of North Korea in 2004*. Seoul: Bank of Korea, http://www.bok.or.kr/contents_admin/info_admin/eng/home/press/pressre/info/NKGDGP20042.docp. 3.

was that a large portion of the productive infrastructure was stripped and sold during the famine.⁶

The Military Economy

The military economy is by far the most important parallel economy, accounting for up to seventy percent of North Korea's domestic economic output and encompassing all economic activities related to the production, distribution and consumption of materials within the military sphere.⁷ The National Defence Commission (NDC) controls all activity within the military economy, beyond the reach of the People's Assembly, which controls the official economy. The NDC is responsible for planning, financing, production and distribution of military-related equipment and technologies, as well as a large portion of foreign sales of military hardware.⁸ The relationship between Kim Jong-il, the government bureaucracy and the military is still highly symbiotic, with institutional economic relationships mirroring the political co-dependence between regime, Party and military.

The vehicle for the growth of the military sector has been Kim Jong-il's doctrine of *Songun* (military-first) politics, first proclaimed in 1998. The ultimate goal of *Songun* politics is to create a self-sustaining defence sector in which military activities generate more resources and economic goods than they consume.⁹ Estimates of annual military expenditure range from US\$1.7 billion to US\$5 billion, or between 15.7 and 27.2 percent of North Korea's

⁶ 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p. 14.

⁷ PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 9.

⁸ BERMUDEZ, J. 2001. *The Armed Forces of North Korea*, London, I.B. Taurus. pp. 45-47.

⁹ Nicholas Eberstadt quotes an official statement from *Nodong Sinmun* in April 2003 that describes the role of the military in leading North Korea's economic reinvigoration: "Once we lay the foundations for a powerful self-sustaining national defence industry, we will be able to rejuvenate all economic fields, to include light industry and agriculture and enhance the quality of people's lives." See: EBERSTADT, N. 2006. Why Hasn't North Korea Collapsed? Understanding the Recent Past, Thinking About the Future. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. pp. 288-89.

GNP.¹⁰ Yet these figures alone understate the size of the wider military economy, which commands preferential allocation of the country's materials, resources and labour force.¹¹ Estimates pin the size of the military economy at approximately 70-75 percent of the total North Korean economy, though this figure may be imprecise due to the dearth of statistics on the military economy.¹² Not only does it subsume the tasks of provisioning supplies and armaments for the KPA, it incorporates many other aspects of the civilian economy, making it dissimilar from the military-industrial complexes of other countries.

The military has come to control a number of powerful trading enterprises that control the internal distribution of food, uniforms and weapons throughout the military.¹³ These large military firms are also able to provide a labour force for many important infrastructure projects, such as land reclamation, road building, agriculture, housing construction, and mining.¹⁴ By providing manpower for important social functions such as these, the military is adding value to the economy beyond its security role and thus places less of a burden on the wider society than is presumed by foreign observers. On top of providing labour for various non-military activities, the KPA oversees productive operations incorporating total production and supply chains: it operates railways, the best mines, farms, fisheries, and textile factories. It sells surplus materials on the black market for profit.¹⁵ Alexander Vorontsov has suggested that these powerful military-run firms may be developing into enterprises similar to the *chaebol* in South Korea in that they are involved in many different

¹⁰ 2007a. *Country Profile: North Korea*. Washington DC: US Library of Congress, http://lcweb2.loc.gov/frd/cs/profiles/North_Korea.pdf

¹¹ MOON, C.-I. & TAKESADA, H. 2001. North Korea: Institutionalized Military Intervention. In: ALAGAPPA, M. (ed.) *Coercion and Governance*. Stanford: Stanford University Press. p. 377.

¹² PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea; PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 9.

¹³ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 54; CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe. p. 190.

¹⁴ POLLACK, J. 2005. The Strategic Futures and Military Capabilities of the Two Koreas. In: TELLIS, A. & WILLS, M. (eds.) *Strategic Asia 2005-06: Military Modernization in an Era of Uncertainty*. Seattle & Washington DC: National Bureau of Asian Research. p. 144.

¹⁵ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

industries and maintain close ties with the bureaucracy, but enjoy a degree of independence from complete government intervention.¹⁶

Arms exports have become an important sector of the military economy, with military-run enterprises producing products including small arms, artillery, and light tanks for export. The regime has sold ballistic missile systems to Iran, Pakistan and Syria, along with alleged sales to Iraq (prior to 2003), Nigeria, Libya and Egypt.¹⁷ Earnings from weapons exports reportedly net North Korea up to US\$1 billion annually, approximately half of which came from the sale of missile systems. In 2001, Pyongyang received approximately US\$580 million in payments for missiles, which almost equals the North's civilian export income of US\$650 million for the same year.¹⁸ Sheena Chestnut believes the regime has used front companies to aid its missile proliferation efforts. According to Chestnut, two particular front companies—the Korea Mining Development Trading Corporation, and the Korea Ryongbong General Corporation—have facilitated the export of missile technology to Iran and Pakistan.¹⁹ However, some defectors—including Cho Myung-Chul, a former professor at Kim Il-sung University—have testified that revenue from weapons sales and crime is channelled directly to the military, bypassing the government.²⁰ Exactly who Cho is referring to as “the government” in this instance, be it the KWP or the regime leadership, is not clear. As chapter five will show, the military and the government have become synonymous under

¹⁶ VORONTSOV, A. 2006. *North Korea's Military-First Policy: A Curse or a Blessing?* Washington DC: The Brookings Institution, <http://www.brookings.edu/views/op-ed/fellows/vorontsov20060526.htm> [Accessed 13/04/2007]. The South Korean *chaebol* are large corporate conglomerates, which, through their intimate relationship with the government, helped to develop the South Korean economy, in the process growing into massive corporate entities. See: LEE, P.-S. 2000. Economic Crisis and Chaebol Reform in Korea. APEC Study Centre, <http://www.columbia.edu/cu/business/apec/publications/PSLee.Pdf>. p. 2.

¹⁷ NOLAND, M. 2002. North Korea's External Economic Relations: Globalization in 'Our Own Style'. In: KIM, S. & LEE, T. (eds.) *North Korea and Northeast Asia*. Lanham: Rowman and Littlefield Publishers. p. 173; CUMINGS, B. 1997. *Korea's Place in the Sun: A Modern History*, New York, WW Norton & Co. p. 462.

¹⁸ PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 5; MOON, C.-I. & TAKESADA, H. 2001. North Korea: Institutionalized Military Intervention. In: ALAGAPPA, M. (ed.) *Coercion and Governance*. Stanford: Stanford University Press. p. 378.

¹⁹ CHESTNUT, S. 2007. Illicit Activity and Proliferation: North Korean Smuggling Networks. *International Security*, 32, p. 98.

²⁰ Cho Myung-chul, quoted in 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p. 8.

Songun politics.

Since the advent of *Songun* politics, it has become a difficult task to delineate the official economy from economic activities controlled by the military. The military economy has become so pervasive, and the official economy so small, that the military economy has come to dominate most sectors of economic activity.²¹ However, no official statistics exist to quantify its exact size. Nonetheless, the regime has consistently leveraged the nuclear program in denuclearisation negotiations to obtain key inputs for the military economy that are not available indigenously and, as illustrated in chapter five, is employed regularly as a tool to legitimise the transfer of economic power to the KPA.

The Illicit Economy

North Korea has exhibited a consistent pattern of state involvement in criminal activities over a long period. Sheena Chestnut argues that drug production, drug trafficking and counterfeiting activities operate within sensitive, closely-monitored areas of the government and exist on a scale large enough to require cross-institutional coordination and support.²² Any factory can run a drug production operation alongside its ordinary productive functions, which for some factories may be the only function keeping them open.²³ Activities of this kind could not have been possible without direct oversight from the highest echelons of the regime leadership via the penetration of all work teams by KWP cadres.

²¹ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

²² CHESTNUT, S. 2005. *The "Sopranos State?" North Korean Involvement in Criminal Activity and Implications for International Security*. Stanford University: Center for International Security and Cooperation, <http://www.nautilus.org/napsnet/sr/2006/0605Chestnut.pdf> [Accessed], pp. 103-04.

²³ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

Contributions from state-sanctioned criminal enterprises represent another income source. The fall of the Soviet Union and the end of subsidised imports badly exposed North Korea's lack of foreign currency income. As Russia and China began to demand payment for goods in hard currency, illegal activities became one of the few realistic sources of income for the North.²⁴ The first documented case of official North Korean involvement in criminal activity dates back to the 1970s, when DPRK embassy officials in Norway, Sweden, Finland and Denmark were found to be using their diplomatic tax exemption to buy bulk quantities of alcohol and cigarettes for resale on the black market, while allegations surfaced of embassy involvement in drug smuggling.²⁵

It is possible these activities were fundraisers to help the North pay off its debts to Western creditors, who had lent the North money to purchase agricultural and industrial technologies.²⁶ In the present day, a number of international investigations have implicated the regime in a number of illicit activities, including the production and distribution of narcotics, counterfeiting, smuggling, and money laundering. Illicit exports may account for 35-40 percent of the North's total exports, contributing to an even larger slice of total earnings. Profit margins on illegal activities are often as high as five hundred percent, far beyond those earned by conventional trade, which is one of the reasons why criminal activity is so lucrative.²⁷

The Kim regime is widely accused of involvement in the production and distribution of

²⁴ FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. p. 99.

²⁵ NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007]; MARTIN, B. 2004. *Under the Loving Care of the Fatherly Leader: North Korea and Kim Dynasty*, New York, St. Martin's Press. p. 155; KOH, B. 1977. North Korea 1976: Under Stress. *Asian Survey*, 17, p. 61.

²⁶ KOH, B. 1977. North Korea 1976: Under Stress. *Asian Survey*, 17, 61-62.

²⁷ ASHER, D. 2005. *The North Korean Criminal State, Its Ties to Organized Crime, and the Possibility of WMD Proliferation*. The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/fora/security/0592Asher.html> [Accessed 25/08/2006].

drugs, including heroin and methamphetamine. The Korean peninsula has a long history of opium production, dating back centuries. Cultivation increased during the Japanese colonial era and has continued to the present day, with current estimates for the land area under opium cultivation ranging from 3,000 to 4,000 hectares.²⁸ The Kim regime began industrial-scale production in earnest after establishing an experimental opium farm in Hamkyung Province in 1988, after which farmers in many regions were directed to plant an opium poppy crop, the harvest of which was turned over to special trading companies for production and export.²⁹ This also exacerbates food insecurity, because land under poppy cultivation is land that might otherwise be devoted to food production.

There are several documented cases of North Korean involvement in the drug trade, including a well-documented incident in April 2003 when Australian law enforcement officials boarded a North Korean registered ship—the *Pong Su*—off Australia’s east coast, producing a seizure of 125 kg of heroin worth US\$150 million. A Korean Workers’ Party secretary was reportedly found on board.³⁰ Konstantin Asmolov has suggested that the *Pong Su* incident was not the clear-cut evidence of North Korean drug production that it initially appeared. According to Asmolov, several anomalies cast doubt on the North Korean connection: first, the *Pong Su* was purchased in Taiwan and was sailing from Burma to Malaysia, far away from North Korea but well within the traffic channels exporting drugs out of the Golden Triangle. Second, the ship’s crew spoke Korean, but they were impoverished Korean refugees living in China, desperate enough to take a low-paying ship hand job. Third, the Party card with the name of a member of North Korea’s Political Bureau the commandos

²⁸ LINTNER, B. 2007a. *North Korea's burden of crime and terror* . Asia Times Online, <http://www.atimes.com/atimes/Korea/ID20Dg02.html> [Accessed 24 April 2007].

²⁹ CHESTNUT, S. 2007. Illicit Activity and Proliferation: North Korean Smuggling Networks. *International Security*, 32, p. 89.

³⁰ LINTNER, B. 2007a. *North Korea's burden of crime and terror* . Asia Times Online, <http://www.atimes.com/atimes/Korea/ID20Dg02.html> [Accessed 24 April 2007]; ASHER, D. 2005. *The North Korean Criminal State, Its Ties to Organized Crime, and the Possibility of WMD Proliferation* . The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/fora/security/0592Asher.html> [Accessed 25 August 2006].

found on board was a planted fake, because North Korean sailors leave their personal papers at port before sailing out to sea.³¹ The Pong Su incident may point to the regime's involvement in couriering drugs for others, generating income through their trafficking services.³² The heroin seized from the Pong Su was of the "Double UO Globe" brand, usually produced in Myanmar by a government-sponsored militia group called the United Wa State Army, which corroborates Asmolov's assertion that in this instance North Korean connections were involved only as couriers.³³ This, however, does not discount the existence of the North's indigenous drug production enterprises.

Several other prominent cases have been documented. In February 1995 Russian authorities detained two North Korean nationals in Vladivostok, seizing eight kilograms of heroin, which Russian police claim was a sample batch for a much larger shipment. Between 1998 and 2002, Japanese police intercepted nearly 1500 kg worth of methamphetamine, which was found to originate in the DPRK, with a wholesale value of over US\$75 million. In July 2002 police in Taiwan seized 79 kilograms of heroin from a Taiwanese ship. Investigations showed that a North Korean fishing boat had docked with the ship at sea to transfer the illicit cargo.³⁴ According to the US State Department, methamphetamine is still traded across the China-DPRK border, although there have been no recorded instances of narco-trafficking linked back to the DPRK regime since 2003.³⁵

³¹ ASMOLOV, K. 2005. North Korea: Stalinism, Stagnation, or Creeping Reform? *Far Eastern Affairs*, 33, p. 39.

³² CHESTNUT, S. 2007. Illicit Activity and Proliferation: North Korean Smuggling Networks. *International Security*, 32, p. 88; NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007].

³³ LINTNER, B. 2007a. *North Korea's burden of crime and terror*. Asia Times Online, <http://www.atimes.com/atimes/Korea/ID20Dg02.html> [Accessed 24 April 2007].

³⁴ Ibid. [Accessed]; ASHER, D. 2005. *The North Korean Criminal State, Its Ties to Organized Crime, and the Possibility of WMD Proliferation*. The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/fora/security/0592Asher.html> [Accessed 25/08/2006].

³⁵ 2010. *International Narcotics Control Strategy Report: Volume 1: Drug and Chemical Control*. Washington DC: United States Department of State—Bureau for International Narcotics and Law Enforcement Affairs, <http://www.state.gov/documents/organization/137411.pdf>. pp. 480-81.

Other lucrative criminal activities carry the Kim regime's fingerprints, including counterfeiting, money laundering and smuggling. Elements of the Kim regime allegedly have cultivated links with organised crime groups throughout Asia, including Chinese triads, Japanese Yakuza and drug cartels in Southeast Asia.³⁶ The United States Department of Justice learnt from indicted Irish republican paramilitary Sean Garland that North Korea was the source of so-called "super-notes"—high quality counterfeit US\$100 bills—which have been circulating globally since 1989. North Korean officials were reportedly involved in a worldwide distribution chain at both wholesale and retail levels.³⁷ The counterfeit production of cigarettes has become a lucrative earner: a container-full of cigarettes may cost US\$70,000 to produce, but can retail on the street for between three and four million dollars. Shipments of counterfeit cigarettes are regularly shipped from the North's seaports at Rajin and Nampo to China, South Korea and further afield.³⁸ It is likely that North Korea's annual income from counterfeit cigarettes is as high as US\$80 to US\$160 million.³⁹ North Korea has also been involved in smuggling items such as conflict diamonds, ivory, rhinoceros horn, and other exotic animal species, often under the cover of diplomatic protection. For example, 689 kg of ivory seizures linked to North Korean officials were documented in Kenya and 537 kg in Moscow during 1999, while 576 kg were confiscated in France during 1998.⁴⁰

³⁶ BENG, P. K. 2003. *Shady business: N Korea and crime*. Asia Times Online, <http://www.atimes.com/atimes/Korea/EE31Dg01.html> [Accessed 20/04/2007].

³⁷ ASHER, D. 2005. *The North Korean Criminal State, Its Ties to Organized Crime, and the Possibility of WMD Proliferation*. The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/fora/security/0592Asher.html> [Accessed 25 August 2006].

³⁸ In 1995, Taiwanese police uncovered twenty containers carrying counterfeit cigarette packaging bound for North Korea. Taiwanese authorities estimated that the seized goods could have been used to produce cigarettes with a retail value of approximately US\$1 billion. See: BENG, P. K. 2003. *Shady business: N Korea and crime*. Asia Times Online, <http://www.atimes.com/atimes/Korea/EE31Dg01.html> [Accessed 20 April 2007]. According to the US State Department, "Press, industry, and law enforcement reports of DPRK links to large-scale counterfeit cigarette trafficking in the North Korean Export Processing Zone at Rajiin (or Najin) continue. It is unclear the extent to which DPRK authorities are complicit in this illegal activity, although it is likely that they are aware of it, given the relatively high-profile media reports." See: 2010. *International Narcotics Control Strategy Report: Volume 1: Drug and Chemical Control*. Washington DC: United States Department of State—Bureau for International Narcotics and Law Enforcement Affairs, <http://www.state.gov/documents/organization/137411.pdf>. p. 480.

³⁹ CHESTNUT, S. 2005. *The "Sopranos State?" North Korean Involvement in Criminal Activity and Implications for International Security*. Stanford University: Center for International Security and Cooperation, <http://www.nautilus.org/napsnet/sr/2006/0605Chestnut.pdf>, p. 92.

⁴⁰ ASHER, D. 2005. *The North Korean Criminal State, Its Ties to Organized Crime, and the Possibility of WMD Proliferation*. The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/fora/security/0592Asher.html> [Accessed 25 August 2006]; BENG, P. K. 2003. *Shady business: N Korea and crime*. Asia Times Online, <http://www.atimes.com/atimes/Korea/EE31Dg01.html> [Accessed 20 April 2007].

The DPRK has used banking partners around the world to launder money, a fact brought to prominence by the Macau-based bank Banco Delta Asia, which was used as a conduit for funds laundered between criminal groups and North Korean front companies. Sanctions placed on Banco Delta Asia by the United States government forced the bank to sever its relationships with forty North Korean businesses and individuals thought to be laundering money for such groups, and replace several staff involved with these operations.⁴¹ This has had the effect of tightening the regime's revenue stream which some have argued was the catalyst for bringing North Korea back to the negotiating table in early 2007.⁴²

All these cases demonstrate that regime criminal activity is systematic and likely to be an important source of hard currency, with speculative estimates of illicit income ranging from US\$500 million to US\$1 billion annually.⁴³ It is likely that these lucrative criminal activities have become entrenched and even diffused beyond the control of the upper echelon of regime leadership. In the long run, it may be impossible for the regime to move beyond illicit revenue streams as a source of income.

The Court Economy

It is typical of communist states to develop a "court" economy in which senior and middle-ranking officials can exclusively access goods and services not legitimately available to other

⁴¹ ASHER, D. 2005. *The North Korean Criminal State, Its Ties to Organized Crime, and the Possibility of WMD Proliferation*. The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/fora/security/0592Asher.html> [Accessed 25 August 2006]. *See also:* NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18 March 2007].

⁴² PERL, R. & NANTO, D. 2007. *North Korean Crime-for-Profit Activities*. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/81342.pdf>. p . 3.

⁴³ *Ibid.* p. 2.

citizens.⁴⁴ North Korea is no exception in this regard, with the overwhelming majority of aid granted as cash funnelled directly into the court economy, allowing Kim Jong-il to lavish the regime's upper echelon with material largesse.⁴⁵ The black market and the court economy are both outgrowths of shortage and inefficiency in the command economy. The North Korean elite enjoy their own cloistered court economy, within which foreign market transactions secure imported goods such as cars and liquor via unaccountable financial, industrial and trading companies that exist outside the oversight of the financial bureaucracy. These companies satisfy the needs of exclusive groups—the army, special services or Kim Jong-il's immediate leadership core—rather than contributing to the government budget. Party bodies often set up economic departments in key institutions as a cover for these clandestine enterprises.⁴⁶ The court economy constitutes approximately twenty percent of total economic activity in North Korea.⁴⁷

The Entrepreneurial Economy

A further parallel economy exists beyond the penetration and involvement of the state. It is not uncommon in communist states for an entrepreneurial economy, the colloquial “black market,” to exist within which individuals and independent traders sell all manner of consumer goods.⁴⁸ In North Korea, it is estimated that more than forty percent of the population derive their income purely from private black market business activities as traders,

⁴⁴ HOLMES, L. 1993. *The End of Communist Power: Anti-Corruption Campaigns and Legitimation Crisis*, Melbourne, Melbourne University Press. p. 76. This system was also described by a Soviet embassy official named Vasily Mikheev, who was posted in Pyongyang during the late 1980s. See: OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 66.

⁴⁵ During an interview with the author, Park In-ho did not reveal the source of his statistical information. As such, these figures should be treated tentatively in the absence of further corroborating data. See: PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea; OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 66.

⁴⁶ ASMOLOV, K. 2005. North Korea: Stalinism, Stagnation, or Creeping Reform? *Far Eastern Affairs*, 33, p. 39.

⁴⁷ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

⁴⁸ According to Leslie Holmes, such black market or “second” economies are anomalous within the structure of communist states because they are not planned or controlled in any meaningful way by the central authorities, and the means of production are owned wholly or largely by individuals or small groups. See: HOLMES, L. 1993. *The End of Communist Power: Anti-Corruption Campaigns and Legitimation Crisis*, Melbourne, Melbourne University Press. p. 75.

smugglers or shopkeepers. A further ten to twenty percent of the population supplement their income in the official economy with revenue from private business activities.⁴⁹

Most noticeable of these in the North Korean context are the farmers' markets that became ubiquitous during the famine, where individuals could sell crops siphoned from collective farms, as well as surplus from kitchen gardens and expropriated food aid in informal private farmers markets.⁵⁰ There is also evidence of an extensive black market in military surplus goods, operated for and among lower level military personnel.⁵¹ The marketisation of the lower levels of North Korean society has also seen an explosion in small-scale organised business activities such as restaurants, small shops, beauty parlours and other commercial activities.⁵² The "semi-illegal marketeers" that operate these new businesses have been able to advance up the social ladder as those formerly privileged industrial proletarians have seen their fortunes deteriorate.⁵³ Often these new entrepreneurs are former members of the hostile class, who through their links to relatives abroad have access to foreign currency. This places them in a highly advantageous position to capitalise on opportunities available within the entrepreneurial economy.

⁴⁹ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

⁵⁰ 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf>. pp. 23-26.

⁵¹ KANG, C.-H. & RIGOULOT, P. 2001. *The Aquariums of Pyongyang: Ten Years in a North Korean Gulag*, New York, Basic Books.

⁵² HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 214.

⁵³ ASMOLOV, K. 2005. North Korea: Stalinism, Stagnation, or Creeping Reform? *Far Eastern Affairs*, 33, p. 45.

Making Sense of the Post-Famine Economies

Energy Dependence

The end of fuel subsidies after the Soviet collapse created an energy shortfall in North Korea that undermined its command economy and contributed substantially to the economic collapse of the mid-1990s. North Korea continues to depend on foreign oil for its economic survival, which it obtains from China as direct aid and at subsidised trade prices due to Beijing's strategic interest in preventing regime collapse in the North, as well as *ad hoc* shipments from other regional states as part of denuclearisation agreements. Chinese oil is particularly sensitive to supply fluctuations due to the energy-intensive nature of its heavy industries and agriculture.⁵⁴ The Chinese oil is piped across the Yalu River to a Chinese-built refinery in Sinuiju, from which petroleum is distributed to the rest of the country.⁵⁵ North Korea does possess potential reserves of oil and natural gas in the Yellow Sea, adjacent to China's Bohai Gulf oil fields that are already in production. However, the continuing political instability caused by the North's nuclear standoff with the United States is likely to discourage further exploration.⁵⁶

The DPRK has a substantial endowment of coal, mined principally at four major mines, and numerous smaller operations around the country. The North has anthracite and bituminous

⁵⁴ North Korea continues to be a net energy importer; in 2005 it consumed 25,000 barrels of oil per day while producing a paltry 138 barrels per day. See: 2007a. *Country Profile: North Korea*. Washington DC: US Library of Congress, http://lcweb2.loc.gov/frd/cs/profiles/North_Korea.pdf. p. 10.

⁵⁵ BROWN, W. 2006. Changes in the North Korean Economy and Implications for the Energy Sector: Is North Korea Really Short of Energy? *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/DPRKEnergyMeeting/papers/Brown.html>; LI, D. 2006. *DPRK's Reform and Sino-DPRK Economic Cooperation*. The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0670Li.html> [Accessed 02/11/2006].

⁵⁶ The North has invited foreign firms to explore these reserves in the past—Australian company Beach Petroleum in 1990, Swedish firm Taurus in 1992, and British company SOCO International in 1998—in ventures that were aborted due to the antiquated Soviet-era drilling equipment that the companies were forced to work with and the restricted access to important seismic data kept secret by the state-owned North Korea Oil Exploration Company. In December 2005 the North Korean Vice-Premier Ro Tu-chul reportedly signed a joint investment agreement with the China National Offshore Oil Corporation (CNOOC) to develop these oil provinces. See: LEE, J. J.-A. 2009. To Fuel or Not to Fuel: China's Energy Assistance to North Korea. *Asian Security*, 5, p. 57; BROWN, W. 2006. Changes in the North Korean Economy and Implications for the Energy Sector: Is North Korea Really Short of Energy? *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/DPRKEnergyMeeting/papers/Brown.html>; FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books.p. 102.

coal, the two highest grades of coal, which is used for metallurgical applications and power generation when converted into coke.⁵⁷ The coking process requires feedstocks of materials imported from China, creating a further obstacle for heavy industrial sector. Coal production has increased again after a steep decline during the famine years, when here it fell from 43 to 32.2 million tons between 1989 and 1995.⁵⁸ Annual production now ranges between the ROK Ministry of Unification's figure of 22.8 million tons to the US Energy Information Agency's estimate of 33.1 million tons.⁵⁹ However, mines have encountered problems in extracting increasingly inaccessible and low-quality domestic reserves, due to damage to some mines originating with flooding episodes in the late-1990s, along with the likely passing of the production peak of the North's endowment of coal.⁶⁰

Similar problems have beset North Korea's electricity grid. Prior to 1991, increasing national electricity demand placed the grid under stress, with overloading of the power network leading to breakdowns that brought the grid offline at regular intervals.⁶¹ By 1999, after the collapse of the North's industrial capacity, electricity generation fell to 40 percent of its 1990 capacity due to the absence of backup energy systems, as well as its lack of indigenous petroleum reserves alternative energy sources.⁶² The regime has been promoting *Juche*-inspired small-scale local hydroelectric power stations as a way to alleviate local power

⁵⁷ ADEN, N. 2006. North Korean Trade with China as Reported in Chinese Customs Statistics: Recent Energy Trends and Implications. *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0679Aden.pdf>. p. 10; 2006a. *About Coal*. Elk Valley Coal, http://www.elkvalleycoal.ca/cache/page_1262-1283.html# [Accessed 25/04/2007].

⁵⁸ ANDRIANOV, V. 2000. Economic Aspects of the North Korean Nuclear Program. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 46.

⁵⁹ 2006b. *Country Analysis Brief: North Korea*. Washington DC: US Energy Information Agency, http://www.eia.doe.gov/emeu/cabs/North_Korea/pdf.pdf. p. 4; 2006s. Statistics on North Korea in General (as of 2004). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp> See also: LI, D. 2006. *DPRK's Reform and Sino-DPRK Economic Cooperation*. The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0670Li.html> [Accessed 02/11/2006].

⁶⁰ NOLAND, M. 2002. North Korea's External Economic Relations: Globalization in 'Our Own Style'. In: KIM, S. & LEE, T. (eds.) *North Korea and Northeast Asia*. Lanham: Rowman and Littlefield Publishers. p. 183.

⁶¹ MOISEYEV, V. 2000. The North Korean Energy Sector. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 57.

⁶² FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. pp. 100-01.

shortages, which has contributed to a claimed fifty percent increase in electricity output since 2002.⁶³ Theoretically these should circumvent some of the supply bottlenecks that have left the large power plants idle, even though small-scale local plants are not as efficient. North Korea does not lack electricity-generating capacity, but is short of generating fuels and reliable delivery systems to supply these fuels to power plants.⁶⁴ Every energy bottleneck creates a ripple effect of lost output further down the chain of production. For example, irrigation of rice paddies is driven by thousands of electric water pumps, which run at full capacity in May as the rice is planted, placing a major strain on the power grid.⁶⁵ If electricity shortages cause blackouts, the pumps fail and crop-sowing delays, reduced harvests are inevitable due to the narrow time window available for planting during the short growing season.

Isolation from the International Economy

The international community has attempted to coerce North Korea into making concessions on its nuclear program through the application of economic sanctions. Sanctions are restrictions maintained by a government or multilateral institution with respect to economic activity with foreign countries, particularly for foreign policy reasons.⁶⁶ They can take the form of asset freezes, in which a bank account is blocked or ordinary property rights suspended, or refusal-to-deal, whereby financial or commercial dealings of any kind are

⁶³ BROWN, W. 2006. Changes in the North Korean Economy and Implications for the Energy Sector: Is North Korea Really Short of Energy? *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/DPRKEnergyMeeting/papers/Brown.html>; LI, D. 2006. *DPRK's Reform and Sino-DPRK Economic Cooperation*. The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0670Li.html> [Accessed 02/11/2006].

⁶⁴ BROWN, W. 2006. Changes in the North Korean Economy and Implications for the Energy Sector: Is North Korea Really Short of Energy? *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/DPRKEnergyMeeting/papers/Brown.html>; FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. p. 101.

⁶⁵ 2004d. *Starved of Rights: Human Rights and the Food Crisis in the Democratic People's Republic of Korea (North Korea)*. London: Amnesty International, [http://web.amnesty.org/library/pdf/ASA240032004ENGLISH/\\$File/ASA2400304.pdf](http://web.amnesty.org/library/pdf/ASA240032004ENGLISH/$File/ASA2400304.pdf). p. 6.

⁶⁶ FRANK, R. 2006. Political Economy of Sanctions Against North Korea. *Asian Perspective*, 30, p. 7.

prohibited with designated individuals or entities.⁶⁷ These measures may work by inflicting hardship on the civilians of the target society, hoping that their pain will generate popular resistance against the leadership of that country, who are the intended targets.⁶⁸ Alternatively, sanctions should be strong enough to inflict direct economic pain on the leadership of the target country, such that it must make concessions or face the collapse of its rule.⁶⁹

The US sanctions regime denies the DPRK access to international financial institutions and subjects it to severe restrictions on importation of dual use technologies, aid donations, banking restrictions, as well as denial of beneficial trade designations.⁷⁰ Further sanctions codified by the United Nations Security Council in UNSC Resolution 1718 in the wake of the North's October 2006 nuclear test, imposed an asset freeze on all persons linked with the nuclear program and called for increased naval interdiction to prevent a range of goods from leaving or entering the DPRK.⁷¹ The Japanese government has unilaterally placed restrictions on North Korean ships entering Japanese ports and halted ferry services to North Korea, limited remittances sent to the North from Korean émigrés in Japan, over and above the measures adopted in UNSC Resolution 1718.⁷² After the May 2009 nuclear test, the UN Security Council adopted a new resolution—UNSC 1874—which further strengthened financial sanctions and naval interdiction powers for states tracking suspect North Korean

⁶⁷ PORTEOUS, S. 2000. Targeted Financial Sanctions. In: BERDAL, M. & MALONE, D. (eds.) *Greed and Grievance: Economic Agendas in Civil Wars*. Boulder: Lynne Rienner Publishers. pp. 174-75.

⁶⁸ MARINOV, N. 2005. Do Economic Sanctions Destabilise Country Leaders? *American Journal of Political Science*, 49, p. 564.

⁶⁹ FRANK, R. 2006. Political Economy of Sanctions Against North Korea. *Asian Perspective*, 30, p. 19.

⁷⁰ The United States bases its sanctions regime against the DPRK on the following factors: (1) the threat posed by North Korea to American national security, as determined annually by the US President; (2) North Korea's designation by the US Secretary of State as a state sponsor or supporter of international terrorism; (3) its designation as a Marxist-Leninist state, with a Communist government; and (4) its engagement in proliferation of weapons of mass destruction—though to date only missile proliferation—as ascertained by the State Department. See: RENNACK, D. 2003. North Korea: Economic Sanctions. Congressional Research Service, <http://www.nautilus.org/DPRKBriefingBook/uspolicy/NorthKorea-EconomicSanctions.pdf>. pp. 1-7.

⁷¹ 2006r. *Security Council Condemns Nuclear Test by Democratic People's Republic of Korea, Unanimously Adopting Resolution 1718 (2006)*. United Nations Security Council, <http://www.un.org/News/Press/docs/2006/sc8853.doc.htm> [Accessed 02 December 2006].

⁷² FRANK, R. 2006. Political Economy of Sanctions Against North Korea. *Asian Perspective*, 30, p. 26.

ships.⁷³ One theory suggests that measures imposed in late 2006—the asset freeze in particular—have begun to bite into the regime’s capacity to generate hard currency, which forced the North to return to denuclearisation negotiations in February 2007.⁷⁴ If this theory is accurate, the sanctions regime is making a noticeable dent into either the country’s GNP or the revenue raising capacity of key players in the regime.

Marcus Noland has refuted this claim, however, arguing that sanctions imposed under UNSC 1718 had no noticeable impact on North Korea’s trade volumes with South Korea and China.⁷⁵ If China and South Korea are not serious about enforcement, as appears the case, then the punitive effect of sanctions and interdiction on the North Korean economy is significantly weaker.⁷⁶ The cause is likewise futile if the Kim regime values the benefits of nuclear deterrence over the increased suffering of vulnerable groups in the wider society. The longer sanctions remain in place without securing compliance from the North, the more likely it is that the regime will develop alternative coping strategies and revenue sources to countermand the restrictions in place.⁷⁷ One of the regime’s primary coping strategies for international isolation is its nuclear weapons program. Leveraging the program for international aid allows the regime not only to circumvent economic sanctions through blackmail (that this results in strengthened sanctions is not a problem, as chapter seven will illustrate), but also avoid potentially destabilising systemic reforms that would smooth its integration into the global economy.

⁷³ 2009n. *Resolution 1874 (2009)*. In: COUNCIL, U. N. S. (ed.). New York, <http://daccessdds.un.org/doc/UNDOC/GEN/N09/368/49/PDF/N0936849.pdf>

⁷⁴ PERL, R. & NANTO, D. 2007. *North Korean Crime-for-Profit Activities*. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/81342.pdf>. p . 3.

⁷⁵ NOLAND, M. 2008. *The (Non) Impact of UN Sanctions on North Korea*. Washington DC: Peterson Institute for International Economics, <http://www.iie.com/publications/wp/wp08-12.pdf>. p . 5.

⁷⁶ LANKOV, A. 2006. *Why N Korea's neighbors soft-pedal sanctions* . Asia Times Online, <http://www.atimes.com/atimes/Korea/HK30Dg01.html> [Accessed 30 November 2006]; TSAI, T.-I. 2006. *Business as usual across the Yalu* . Asia Times Online, http://www.atimes.com/atimes/China_Business/HJ17Cb03.html [Accessed 17 October 2006].

⁷⁷ FRANK, R. 2006. Political Economy of Sanctions Against North Korea. *Asian Perspective*, 30, p. 30.

Foreign Trade

Throughout its history, North Korea has used imports to fill voids in domestic supply and thus ensure the consistency of the central planning matrix.⁷⁸ Since the famine North Korea's foreign trade grew in volume to US\$3 billion by 2005, its highest value since 1991, though still at a deficit ratio of 2 to 1.⁷⁹ Yet despite modest GDP growth from 1999 to 2005, GDP has declined by 1.1 percent in 2006 and further by 2.3 percent in 2007, which is partially explainable as the result of the dramatic reduction in two-way trade with Japan.⁸⁰ North Korea is not completely isolated from the global economy, owing to its established linkages to international commerce through its trade relationship with China. China-DPRK trade volume reached a historic high in 2008 of US\$2.78 billion, up from a total bilateral trade volume of US\$1.58 billion in 2005 and the 1999 low of only US\$370 million.⁸¹ Chinese state-owned companies have begun investing in the commanding heights of the North Korean

⁷⁸ YOON, S. B. 1986. Macroeconomic Interaction between Domestic and Foreign Sectors in the North Korean Economy: A Schematic Interpretation. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 75; CHUNG, J. S.-H. 1974. *The North Korean Economy: Structure and Development*, Stanford, The Hoover Institution. p. 143. Article 36 of the 1998 Revised Constitution seems to implicitly condone trade managed by the state: "In the DPRK, the State and social cooperative organizations shall conduct foreign trade activities. The State shall develop foreign trade on the principles of complete equality and mutual benefit." See: 1998. DPRK's Socialist Constitution. The People's Korea, http://www.korea-np.co.jp/pk/061st_issue/98091708.htm

⁷⁹ 2006f. The Estimate of North Korea's Foreign Trade in 2005 (May 15, 2006). In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp>; LI, D. 2006. *DPRK's Reform and Sino-DPRK Economic Cooperation*. The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0670Li.html> [Accessed 02/11/2006]; LINTNER, B. 2007b. *North Korea's golden path to security*. Asia Times Online, <http://www.atimes.com/atimes/Korea/IA18Dg01.html> [Accessed 25/01/2007].

⁸⁰ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sfp/crs/row/RL32493.pdf> p. 9.

⁸¹ North Korea imports mineral fuels, oil, meat, electrical machinery, man-made filament, vehicles, plastics, iron and steel from China, and exports mineral ores, coal, seafood, textiles and wood in return. See: 2009f. *N. Korea's 2008 trade hits record US\$3.8 bln: report*. Seoul: Yonhap News Agency, <http://english.yonhapnews.co.kr/northkorea/2009/05/18/69/0401000000AEN20090518001300320F.HTML> [Accessed 20 May 2009]; 2006f. The Estimate of North Korea's Foreign Trade in 2005 (May 15, 2006). In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp>; 2006m. North Korea's Trade with China and Japan over the Past Five years. In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp>; TSAI, T.-I. 2006. *Business as usual across the Yalu*. Asia Times Online, http://www.atimes.com/atimes/China_Business/HJ17Cb03.html [Accessed 17/10/2006]; ADEN, N. 2006. North Korean Trade with China as Reported in Chinese Customs Statistics: Recent Energy Trends and Implications. *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0679Aden.pdf> p. 2;

economy, in industries such as heavy manufacturing, energy, mineral resources, and transportation.⁸²

South Korea is the DPRK's second largest trading partner, though economic interaction has long been politicised on both sides of the DMZ. North-South trade is dominated by transfers of resources to the North through investment in economic zones and tourism, complimented by substantial aid packages of rice, fertilisers and fuel.⁸³ The ROK Ministry of Unification has calculated total trade between North and South at US\$1.56 billion in 2005, up from US\$425.15 million in 2000.⁸⁴ However, the chilling of North-South relations in 2008-09 is depressing two-way trade across the DMZ due to border closures and production stoppages in the Kaesong facility. Japan was formerly the North's third-largest trade partner until 2004, when it was overtaken by Thailand. Total trade between North Korea and Japan in 2005 declined to US\$194 million, down from US\$1.3 billion in 2000, then down to almost zero in 2007 because of economic measures enacted in retaliation for the October 2006 nuclear test.⁸⁵ Trade was conducted primarily through a string of North Korean-controlled front companies managed by the *Chosen Soren*—the Pyongyang General Association of Korean Residents in Japan—whose activities have been curtailed since 2006 by the Japanese government's strict

⁸² NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf> pp. 19, 46; LI, D. 2006. *DPRK's Reform and Sino-DPRK Economic Cooperation*. The Nautilus Institute for Security and Sustainable Developmen, <http://www.nautilus.org/fora/security/0670Li.html> [Accessed 02 November 2006].

⁸³ WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 51. South Korea often classifies the activities of its companies operating in the North's special economic zones as "internal," thus avoiding World Trade Organisation (WTO) rules and duties. See: FOSTER-CARTER, A. 2003. *Pyongyang Watch: Seoul's Secret Success*. Asia Times Online, <http://www.atimes.com/atimes/Korea/EK19Dg01.html> [Accessed 25 March 2007].

⁸⁴ 2006g. *Inter-Korean Trade Volume from 2000 to 2005*. In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp>

⁸⁵ 2006f. *The Estimate of North Korea's Foreign Trade in 2005* (May 15, 2006). In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp>; 2006m. North Korea's Trade with China and Japan over the Past Five years. In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp> In 2007, Japan had no imports from North Korea and reported exports of only US\$3 million in bicycles, US\$2 million in trucks, and US\$0.3 million in public transport vehicles. See: NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p. 48.

sanctions regimen imposed in the wake of the 2006 nuclear test.⁸⁶ North Korea's next largest trading partners are Thailand and India. Between January and November 2006, total trade between North Korea and Thailand reached US\$345 million, of which North Korean exports accounted for US\$145 million, besting the 2005 figure of US\$329 million. In 2007, this figure declined to US\$218 million.⁸⁷ Trade with India exploded in 2006, reaching a total volume in 2007 of US\$701 million, a huge increase from the previous high of US\$187 million in 2002.⁸⁸

The global financial crisis has caused trade between North Korea and its key trading partners to decelerate. The North's exposure to the crisis flows from its economic interactions with China and South Korea. Resources from the mining sector dominate the export sector, with commodities sent principally to China. The financial crisis has dramatically slashed economic growth in China and consequently decreased demand for natural resources from supplier countries like North Korea, resulting in falling prices for primary products. It has been reported that the prices North Korea has fetched for its mineral exports have been almost halved, causing the North's trade deficit with China to further increase.⁸⁹

Special Economic Zones

North Korea has attempted three times to establish special economic zones, where foreign companies can establish production facilities and enjoy special benefits and concessions, in order to attract foreign investment and kick-start its flagging manufacturing sector. These

⁸⁶ YUN, D.-M. 2005. *Japan's Dual-Approach Policy toward North Korea: Past, Present, and Future*. Social Science Research Council, <http://northkorea.ssrc.org/Yun/> [Accessed 17 May 2006].

⁸⁷ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p. 48; "The Estimate of North Korea's Foreign Trade in 2005 (May 15, 2006)."

⁸⁸ Ibid. pp. 25-26.

⁸⁹ MOON, S.-H. 2008. *North Korea Also Hit by Financial Crisis*. Seoul: Daily NK, <http://www.dailynk.com/english/read.php?cataId=nk01500&num=4216> [Accessed 11 February 2009].

were inspired by the success of China's special administrative regions and similar economic zones operating all over Asia. The first of these zones was the Rajin-Sonbong Trade and Economic Zone, established December 1991 in the northeast corner of the country. This zone was earmarked to become a major container port, featuring export-oriented production facilities, an oil terminal at Sonbong and timber port at Unggi, with land linkages to China, Mongolia and the trans-Russian railway network with Europe.⁹⁰ The site was chosen for its remoteness, as a precaution against the permeation of foreign ideas. After a decade of operation, however, it has proven to be impractical as an export hub, because of its isolation from large population centres in the DPRK, China, South Korea and Russia, as well as border crossing difficulties and excessive red tape from Pyongyang.⁹¹

The North's second attempt to establish a special economic zone was located at Sinuiju, a border town on the Yalu River frontier with China. This is an obvious location for such a zone as Sinuiju lies on the Pyongyang to Beijing railway line, the main conduit of trade between North Korea and China, and is not far from the mouth of the Yalu River and access to the Yellow Sea. The Sinuiju zone was envisaged as a regional hub for finance, trade and commerce, entertainment and tourism, as well as scientific research and development. The Sinuiju zone fell into limbo when its administrator, Dutch-Chinese entrepreneur Yang Bin, was arrested in China in 2004 on corruption charges.⁹² During my own ten week stay in Dandong during mid-2004 I saw no signs of productive activity—by way of active smoke stacks, construction activity or night lighting—to suggest that a large industrial park was operating across the Yalu River in Sinuiju. In comparison with the bustling border city of

⁹⁰ COTTON, J. 1998. The Rajin-Sonbong Free Trade Zone Experiment: North Korea in Pursuit of New International Linkages. In: KIM, S. (ed.) *North Korean Foreign Relations in the Post-Cold War Era*. Oxford: Oxford University Press. p. 216. See also: KIM, S. 2002b. North Korea and Northeast Asia in World Politics. In: KIM, S. & LEE, T. (eds.) *North Korea and Northeast Asia*. Lanham: Rowman and Littlefield Publishers. p. 15.

⁹¹ 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p. 10.

⁹² *Ibid.* p. 11.

Dandong, Sinuiju appeared to be a ghost town.

More successful has been the special economic zone established near the old Koryo dynasty capital of Kaesong, just north of the DMZ. The Kaesong industrial park is a 2,650 hectare compound housing factories producing goods for over 41 South Korean companies.⁹³

Kaesong has been more successful than its predecessors for a number of reasons. First, there was bipartisan support in South Korea to underwrite the project, along with a willingness by many South Korean companies to invest. Second, a prime attraction for South Korean investors is cheap labour, with the employees in Kaesong earning about one-twentieth the wages of South Korean workers performing the same jobs.⁹⁴ South Korean companies usually sub-contract their operations to North Korean factory managers, thus avoiding some of the managerial complications and added costs—power blackouts, transportation bottlenecks and worker productivity issues—of full operational control.⁹⁵

⁹³ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p . 20-21; 2006t. The Statistics on the Gaeseong Industrial Complex. In: UNIFICATION, R. M. O. (ed.). ROK Ministry of Unification, <http://www.unikorea.go.kr/en/index.jsp>; WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 52.

⁹⁴ WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 52.

⁹⁵ HARRISON, S. 2001. Time to Leave Korea? *Foreign Affairs*, 80, p. 71-72. Between January 2005 and September 2007, total production in Kaesong amounted to US\$213.8 million, including US\$92.3 million in textiles, US\$54 million in metals and machinery, US\$41 million in electronic manufactured goods, and US\$26.6 million in chemical products. See: NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p . 21.



Figure 4: Construction of an extension to the Kaesong industrial zone, July 2008 (taken by the author).

The Kim regime accumulated approximately US\$20 million in revenue from several sources in the Kaesong special economic zone, including leasing fees and taxes on the salaries of North Korean workers.⁹⁶ Southern firms do not hire North Korean workers directly, but are recruited through a North Korean government agency that retains almost half of the workers' monthly pay of US\$57.50 to cover social security, transportation and other costs. South Korean companies pay wages to the North Korean recruitment agency in hard currency, which the agency then converts into North Korean won at the greatly over-valued official exchange rate, leaving workers with a take-home pay of around US\$2.00 a month.⁹⁷

Uncertainty now mires the continued operation of the Kaesong venture. On 15 May 2009,

⁹⁶ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p . 22.

⁹⁷ NOLAND, M. 2006b. *How North Korea Funds Its Regime* . Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007]; 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p . 11.

the regime announced that it had voided all contracts with South Korean companies operating in the Kaesong complex in favour of amended rules relating to rent, salaries and taxes. It ordered the ROK government to evict South Korean companies from the industrial estate unless they honoured the amended regulations, at a time when these same companies are under stress from the global financial crisis.⁹⁸ The contracting South Korean economy has dented consumer demand for manufactures produced at Kaesong and endangered the continued operation of these companies at the Kaesong site.⁹⁹ North-South joint venture tourism projects have also run into trouble. Prior to mid-2008, the tourism sector was growing into an important revenue source. The Mount Kumgang tourist complex became the flagship of North Korean tourism, but was closed down in July 2008 when North Korean soldiers shot a 53-year-old female South Korean tourist. Since this incident, the tourist facility has been closed to visitors indefinitely as relations between the Kim regime and South Korea's Lee Myung-bak administration continue to sour.¹⁰⁰

These developments are symptomatic of the poisonous relationship between the Kim regime and the ROK administration of Lee Myung-bak. The posturing over Kaesong may represent a new phase of North Korean coercive bargaining, in which the industrial precinct becomes a hostage project for Pyongyang's calculated escalations.¹⁰¹ If this proves to be true, it would give the regime greater leverage over South Korea in bilateral negotiations; Seoul will be compelled to offer compensation for the re-opening of the facility. Conversely, the North may have chosen to wind down the project as its trade with China expands, thus lessening the

⁹⁸ KIM, S.-Y. 2009c. *N. Korea Scraps Gaeseong Contracts* . Seoul: The Korea Times, http://www.koreatimes.co.kr/www/news/nation/2009/05/120_44975.html [Accessed 18 May 2009].

⁹⁹ KIM, K.-S. 2009a. *Economic Crisis & Inter-Korean Relations: Positive & Negative Impacts*. Seoul: Institute for Far Eastern Studies, http://ifes.kyungnam.ac.kr/admin/upload_file/ifes_forum/090402_KimKS__%EA%B9%80%EA%B7%BC%EC%8B%9D_Econ_Crisis_and_Int_Kor_Relations__1.pdf. p . 2.

¹⁰⁰ Author. 2008b. Tourist Shot Dead at Mt. Geumgang: South Urges North to Cooperate in Investigation of Killing at Resort. *The Korea Times*, 12-13 July 2008, p.1; AHN, M.-Y. 2009. *North Korea warned of missile fall-out* . Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/KC03Dg01.html> [Accessed 19 March 2009].

¹⁰¹ Lankov, A, quoted in KIM, S.-Y. 2009c. *N. Korea Scraps Gaeseong Contracts* . Seoul: The Korea Times, http://www.koreatimes.co.kr/www/news/nation/2009/05/120_44975.html [Accessed 18 May 2009].

need for cooperation with South Korea.

Agriculture

Since the famine, North Korea has experienced an annual food deficit. Meredith Woo-Cumings has estimated the minimum amount of grain needed for subsistence at between five and six million tons per annum, an amount that has not been reached by domestic production since the 1980s.¹⁰² According to the Food and Agriculture Organisation, an annual cereal deficit of 836,000 tonnes (as of 2008-2009) has left 32 percent of North Koreans remain undernourished.¹⁰³ The famine forced North Korea to re-evaluate some of its agricultural practices and even implement some new strategies to increase production. State-run farms now run a rotation of winter, spring and summer crops. Cereal production for the period November 2005 to October 2006 was estimated at 4.5 million tons, which remains well below the demand figure of 5.3 million tons.¹⁰⁴ The double cropping program puts considerable strain on farm labourers and mechanised farming hardware, because of the short time interval between the winter crop harvest and planting of the summer crop. Due to energy shortages, farm machinery and electric-powered irrigation systems are used sparingly.¹⁰⁵ Farm production continues to depend on human and animal labour to compensate for aging and dilapidated mechanised farm equipment, which lies idle due to

¹⁰² WOO-CUMINGS, M. 2002. *The Political Ecology of Famine: The North Korean Catastrophe and Its Lessons*. Tokyo: Asian Development Bank Institute, <http://www.adbi.org/files/2002.01.rp31.ecology.famine.northkorea.pdf>. p. 23.

¹⁰³ 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf>. p. 21

¹⁰⁴ Wheat is the main cereal crop cultivated during the winter, along with a small proportion of winter barley, which are sown from late-September to mid-October. Barley is the primary spring cereal crop, with some spring wheat, which is sown in March and harvested in June along with the winter wheat crop. A double-crop of potato is also grown in the spring and again in the summer. The primary summer cereal crops under cultivation are rice and maize. Maize cultivation has decreased in recent years in favour of less moisture-demanding cereal crops. Other crops produced during the summer include sorghum, millet, soybean, buckwheat, vegetables such as cabbage, spinach, radish, cucumber, eggplant, tomato, and fruits such as pears, peaches, apricots and apples. See: 2006o. *Protracted Relief and Recovery Operation—Democratic People's Republic of Korea*. Rome: World Food Program, http://www.wfp.org/operations/current_operations/project_docs/104880.pdf. pp. 5-6; 2000. *Second Thematic Roundtable on Agricultural Recovery & Environmental Protection – DPRK*. New York: United Nations Development Program, http://www.nautilus.org/DPRKBriefingBook/agriculture/DPRK_UNDP.pdf. pp. 7-13.

¹⁰⁵ There are projects underway to reduce reliance on electrified systems by realigning irrigation canals to harness gravity to pump water. See: 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf>. p. 15.

economic sanctions and the inability of the regime to import new equipment and spare parts. Energy shortages compound the problem; even if the country's farm machinery was in optimal condition, insufficient fuel is available to power its tractor fleet, limiting the rate at which harvested land can be freshly cultivated.¹⁰⁶ Heavy and continuous crop rotation also increases the risk of crop losses from pests and diseases.

After 1991, the cessation of imports of fossil fuel feedstock for fertiliser production decimated the DPRK's large indigenous fertiliser industry, in turn reducing crop yields. By growing crops with significantly less fertiliser inputs, North Korea's farms have effectively been mining nutrients from the soil, continually decreasing the fertility of those soils.¹⁰⁷ Because of these factors, it is likely that double cropping in North Korea has reached its efficiency peak and cannot be expanded further. The North's transportation infrastructure is heavily dependent on intermittent fuel supplies, caused by shortages of fuel acquired from China. This presents a critical problem for the distribution of food, because even in a year of good harvests, food may not reach certain parts of the country because of difficulties with transportation.

These problems have left the agricultural system on a precipice, vulnerable to external shocks. Agricultural systems are particularly at risk to extreme weather events during certain stages of the crop cycle.¹⁰⁸ North Korea is susceptible to torrential rain and flooding, typhoons, drought, and acute cold weather. Since 1991, large-scale flooding events have occurred in 1995, 1996, 2001-02, and 2004-07, punctuated by drought years in 1997 and

¹⁰⁶ GUNJAL, K., GOODBODY, S., OSHIDARI, K. & FLEUREN, J. 2004. *FAO/WFP Crop and Food Supply Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food and Agriculture Organization of the United Nations. <ftp://ftp.fao.org/docrep/fao/007/j2972e/j2972e00.pdf>. p . 11.

¹⁰⁷ 2003a. *Fertilizer use by crop in the Democratic People's Republic of Korea*. Rome: Food and Agriculture Organisation of the United Nations. <ftp://ftp.fao.org/agl/agll/docs/fertuseprkorea.pdf>. pp. 2, 5-7.

¹⁰⁸ WARREN, R., ARNELL, N., NICHOLLS, R., LEVY, P. & PRICE, J. 2006. *Understanding the regional impacts of climate change*. Norwich: Tyndall Centre for Climate Change Research, http://www.tyndall.ac.uk/publications/working_papers/twp90.pdf. p p. 35-36.

2000. The winter of 2007-08 was abnormally dry and cold, which dramatically affected the growth of the wheat and barley crop.¹⁰⁹ Although the North has increased its resilience against extreme weather events, repeated and sustained natural disasters have the potential to decrease agricultural yield and thus worsen food insecurity within the country.

Reform, Aid and Future Economic Stability

Economic Reforms

Foreign observers often state that North Korea needs to reform its economy to ensure its long-term survival, which implies that the North Korean economy should be fully marketised and integrated into the global economy. This would require a change in ideological discourse leading to changes in economic policies to restructure the labour system, an overhaul wage incentives for worker, and the prioritisation of profit seeking amongst productive entities.¹¹⁰ What has occurred instead has been limited reform within the command system, involving procedural tinkering to increase efficiency within the existing ideological and economic framework. The nuclear program has been instrumental here as a lightning rod for crisis escalation by the Kim leadership. The aid, concessions and development assistance bargained from regional states in return for de-escalation has been critical in plugging holes in the system and allowing the regime to avoid substantive economic reforms.

The first signs of embryonic systemic reform in the DPRK came in 1984 with the enactment of the *Joint Venture Law*, which called for improved economic ties with foreign countries leading to technical cooperation and joint venture development projects within the DPRK.¹¹¹

¹⁰⁹ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p . 7.

¹¹⁰ CHUNG, Y.-C. 2004. North Korean Reform and Opening: Dual Strategy and 'Silli (Practical) Socialism'. *Pacific Affairs*, 77, p. 286.

¹¹¹ KIHIL, Y.-W. 1985. North Korea in 1984: "The Hermit Kingdom" Turns Outward! *Asian Survey*, 25, pp. 69-70.

By 1991, 85 joint venture projects had been proposed and 39 actually implemented, though most of those projects turned out to be loss making.¹¹² These were not impressive numbers; given the choice of investing in North Korea, with its small domestic markets, political rigidity, economic stagnation and history of debt default, or the newly opened and more investor-friendly China, it rapidly became clear which country was the preferred destination for foreign capital.¹¹³

In August 1984, Kim Il-sung unveiled a program aimed at producing and selling small consumer items outside of the central planning system. Kim's plan called for small home-based work teams to manufacture necessity goods and sell them directly to consumers at unregulated prices, in officially sanctioned market places in every district of North Korea's major cities. By 1986, the number of officially sanctioned markets had reached over 200, while the number of work teams had topped 14,400.¹¹⁴ However, this program was less a reform measure and more a reflection of the regime's unwillingness at the time to reallocate resources away from the heavy industrial sector, an attempt to plug a hole in the planning matrix using local materials and mobilising untapped labour reserves. Marketisation of these transactions was incidental to the overarching goal.¹¹⁵

In 1996, the regime introduced the work squad system as a response to the famine. Under this initiative, if a work squad on the state-run farms produced a harvest in excess of its production quota, the government would reward it with a matching sum and allow it to sell the surplus at farmers markets, where prices were 65 to 350 times higher than for the same

¹¹² BECK, P. & READER, N. 2005. Facilitating Reform in North Korea: The Role of Regional Actors and NGOs. *Asian Perspective*, 29, p. 9.

¹¹³ LEE, H.-S. 1988. North Korea's Closed Economy: The Hidden Opening. *Asian Survey*, 28, p. 1273.

¹¹⁴ Kim Il-sung reiterated the plan in his 1985 New Year's address: North Korea would "set up a large number of daily necessities workshops and work teams in factories and enterprises, and also widely organize home work teams and sideline work teams in towns, workers' districts and cooperative farms so as to increase the output of daily necessities including miscellaneous goods and foodstuffs." See: *Ibid.* p. 1268.

¹¹⁵ *Ibid.* p. 1269.

goods in state-owned stores. Theoretically, this should have provided a huge incentive for farmers to increase production, but because of severe food shortages in the military the government began seizing surpluses from farmers for distribution within the KPA.¹¹⁶ As a result, farmers again began to protect themselves from confiscation through the measures described above.

A series of reforms were launched in 2002, which, though falling well short of the systemic transformation hoped for by foreign observers, were unprecedented in the history of the Kim dynasty. The first measure adopted was a two-tiered price reform where state-owned enterprises began paying market prices for resource inputs, while the price of merchandise in state-owned stores was adjusted to reflect the price of goods in the farmers markets.¹¹⁷ Market pricing led to a hyperinflation, which saw the cost of consumables and other goods rise dramatically. The regime attempted to accommodate inflation with across the board wage increases, which rose by an average of 1,818 percent.¹¹⁸ Inflation was evidently the trade-off for official toleration of the private markets and with the PDS still largely dysfunctional, the regime had little choice but to allow market trading in consumables and food. The regime also allowed farmers to increase the size of their private plots and set up a leased private cultivation system on state-owned land, from which farmers could sell any surplus, which is estimated doubled grain production from the previous year.¹¹⁹ A new class of wholesalers, vendors and intermediaries emerged as the informal private markets became

¹¹⁶ NAM, S.-W. 2007. Chronic Food Shortages and the Collective Farm System in North Korea. *Journal of East Asian Studies*, 7, pp. 108-10.

¹¹⁷ LI, D. 2006. *DPRK's Reform and Sino-DPRK Economic Cooperation*. The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0670Li.html> [Accessed 02/11/2006]; WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 54.

¹¹⁸ The price of rice rose by 55,000 percent, that of corn by 5,000 percent, electricity by 143 percent, and public transport by 2,000 percent. See: FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. p. 140.

¹¹⁹ KIM, I.-P. 2006a. Kim Jong Il's Military-First Politics. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. p. 68; CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe. p. 183.

the primary mechanism through which North Koreans sourced their food.¹²⁰

There is reason to believe that the regime induced inflation to undercut the black market and reincorporate the sale of consumables into the formal economy. The price gap between the black market and the state-run distribution network was leading to a spillage of goods from the state sector into the black market, draining away the wealth of the state. The inflation thus had the effect of reducing the purchasing power of those who had accumulated wealth by selling government produce on the black market, forcing them to transfer their resources back to the state.¹²¹ The toll on ordinary citizens was telling, as most families had to spend up to 80 percent of their income on food alone, while for others sustenance was beyond their means.¹²²

One should interpret the 2002 reforms as an attempt by the regime to regain control in the midst of challenging economic conditions. Many of the concessions made in 2002 merely ratified changes in the economy that had already taken place.¹²³ Since this time, the regime has issued several edicts rolling back concessions in an attempt to restore economic centralisation and consolidate the position of the regime by forcing minor market operators out of business.¹²⁴ Many elements of the command economy cannot be fixed and require

¹²⁰ NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007].

¹²¹ WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 54.

¹²² BECK, P. & READER, N. 2005. Facilitating Reform in North Korea: The Role of Regional Actors and NGOs. *Asian Perspective*, 29, p. 6.

¹²³ BECK, P. *Interview with the author*. 22 July 2008; NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007].

¹²⁴ For example, in August 2007 Kim Jong-il announced tough new regulations for market trading on the grounds that markets had become too liberal, like “anti-socialist, Western-style markets.” Women under 40 years of age have been prevented from selling goods in Pyongyang markets, while women under 49 years of age are barred from running a business of any kind. Since males are officially required to be at their assigned workplaces, women generally run the businesses. Therefore, placing an age barrier on market traders places a severe restriction on the number of women able to trade. See: LANKOV, A. 2008. *North Korea dragged back to the past*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/JA24Dg01.html> [Accessed 24 January 2008]; NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf> p. 17; LANKOV, A. 2005b. *North Korea hungry for control*. Asia Times Online, <http://www.atimes.com/atimes/Korea/GI10Dg01.html> [Accessed 25/04/2007]; CHUNG, Y.-C. 2004. North Korean Reform and Opening: Dual Strategy and 'Silli (Practical) Socialism'. *Pacific Affairs*, 77, p. 283.

complete removal, while other sectors of economic activity have completely cleaved away from state oversight. In this context, drastic reforms could fundamentally change the North Korean economic and political order and even lead to Soviet-style systemic collapse.¹²⁵

Impediments to Reform

Successful reform programs require a committed leadership, but as the Soviet case illustrates, systemic transformation will not succeed by mere dictate from the top. Timothy Colton has identified several requirements for successful economic reform: a strongly pro-reform leader; a core elite united around the reform program; a bureaucracy receptive to the reform program and willing to execute it; intelligent advice and practical reform suggestions coming from advisors; and a population broadly supportive of such measures.¹²⁶

Kim Jong-il is caught in a no-man's land where further reforms will necessitate measures that will undermine the political and economic basis of his rule. The notion that reform is necessary implies that the system is broken and that a better mode of social organisation exists, shattering the myth of infallibility in which the regime has cocooned itself in. Therefore, a radical break with the past would be extremely difficult to justify ideologically in official propaganda.¹²⁷ Bruce Cumings has suggested however, that ideological commitment is not the impediment to change that it initially appears because ideology is open to reinterpretation.¹²⁸ The *Songun* politics model already represents a remarkably different system of economic and political organisation to that which existed under Kim Il-sung.

¹²⁵ OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 70.

¹²⁶ COLTON, T. 1987. Approaches to the Politics of Systemic Economic Reform in the Soviet Union. *Soviet Economy*, 3, p. 149.

¹²⁷ BRADNER, S. 2001. North Korea's Strategy. In: SOKOLSKI, H. (ed.) *Planning for a Peaceful Korea*. Carlisle, PA: US Army War College, Strategic Studies Institute. p. 17; ARMSTRONG, C. 1998. 'A Socialism of Our Style': North Korean Ideology in a Post-Communist Era. In: KIM, S. (ed.) *North Korean Foreign Relations in the Post-Cold War Era*. Oxford: Oxford University Press. p. 38.

¹²⁸ Cumings, B, from an International Crisis Group interview, Bruce Cumings, University of Chicago, 11 November 2004, in 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p. 4.

Regime elites may fear losing their privileged positions if reforms bring about wide systemic change. Of most importance to Kim Jong-il's leadership is the maintenance of the privileged position of the military within the *Songun* system. The true test will come if changes begin to impact on the entrenched privileges of regime elites. Dominique Dwor-Frécaut believes that the elites can be coopted into supporting reform through the promotion of limited rent-seeking activities.¹²⁹ This process has already begun, though it has led to increasing official corruption as officials have used rank and social position to derive privileged personal benefit from emerging market mechanisms and illicit activities.¹³⁰

The position of the regime bureaucracy may be more complicated. Mid-level functionaries are probably well aware of the problems with the system, but not ready and willing to execute a reform agenda. Bureaucrats may hesitate to undertake adventurous tasks because of the limited window of independent action within which they could operate while maintaining their loyalty and fidelity to the existing system.¹³¹ As such, they may feel politically safe in shunning innovative ideas for the well-worn path of the *Juche* line, regardless of their personal commitment to the existing system. *Juche* has guided the personal and professional lives of Party cadres for over forty years, a conformist pressure that has not equipped officials with the intellectual knowledge or practical experience necessary to direct a wider reform program.¹³² To renounce a worldview to which they have become so acculturated would be personally traumatic.

¹²⁹ DWOR-FRÉCAUT, D. 2004. *Korea: Long-term Decline in the North Korea Premium*. Singapore: Barclays Capital Research, <http://www.nautilus.org/DPRKBriefingBook/transition/NorthKoreaDDF27Feb04.pdf>. p . 8.

¹³⁰ 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p . 16.

¹³¹ KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press. pp. 24, 80; 2005e. *North Korea: Can the Iron Fist Accept the Invisible Hand?* Brussels: International Crisis Group, http://www.crisisgroup.org/library/documents/asia/north_korea/096_north_korea_can_the_iron_fist_accept_the_invisible.pdf. p . 13.

¹³² CUMINGS, B. 2004b. *North Korea: Another Country*, Melbourne, Scribe. p. 189; BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 245

The scale of systemic reform is likely to be staggering. It will require land redistribution and decollectivisation, marketisation, industrial restructuring and legal reform, while millions of workers may be forced to change employment or become unemployed.¹³³ The general population would experience the process as one of great social upheaval, a development that would have great political implications. Social controls, including the rationing system, information controls, travel restrictions, and work groups, would have to be loosened. Reform will open North Korea to foreign information and ideas, which could further undermine the regime's political control. As an illustration, let us consider former political prisoner and defector Kang Chol-Hwan's description of the explosion of consciousness that came from listening to illegal South Korean radio broadcasts:

Listening to the radio gave us the words we needed to express our dissatisfaction. Every program, each new discovery, helped us tear a little freer from the enveloping world of deception. Knowledge that there was a counterpoint to official reality was already a kind of escape, one that could exhilarate as well as confuse. It is difficult to explain, for example, the emotions we felt on hearing it demonstrated, proof positive, that the North had actually started the Korean War, not the American imperialists, as we had always been told.¹³⁴

As social controls give way in the manner described by Kang, the opportunity for alternative political mobilisation could open up, creating challenges to regime control linked to popular discontent at the pace and scope of change.

Even if the regime was willing to implement change, there is no example of reform suitable for North Korea. Observers often offer the Vietnamese and Chinese experiences as relevant examples of successful reform. However, the Vietnamese and Chinese models may not work because gradual reform of a command economy enjoyed favourable conditions that

¹³³ NOLAND, M. 2002. North Korea's External Economic Relations: Globalization in 'Our Own Style'. In: KIM, S. & LEE, T. (eds.) *North Korea and Northeast Asia*. Lanham: Rowman and Littlefield Publishers. p. 182.

¹³⁴ KANG, C.-H. & RIGOULOT, P. 2001. *The Aquariums of Pyongyang: Ten Years in a North Korean Gulag*, New York, Basic Books. p. 186. See also: SNYDER, S. 2000. North Korea's Challenge of Regime Survival: Internal Problems and Implications for the Future. *Pacific Review*, 73, p. 519.

cushioned restructuring in the heavy industrial sector, including a relatively large rural agrarian population and a small heavy industrial sector, which allowed both countries to initiate reforms in the agricultural sector. Price liberalization spurred rapid gains in efficiency, freeing up poorly productive surplus agricultural labour for absorption by the emerging non-state and semi-private light manufacturing and service sectors.¹³⁵ North Korea, with its largely urban proletarian population, could suffer far more wrenching social instability during the reform process, creating greater political risk for the Kim regime.

The collapse of the Soviet Union serves as a warning to the North Korean leadership about the dangers of reform. The Soviet communist system proved to be inelastic and incapable of change, so when Mikhail Gorbachev attempted political and economic reform the system could not accommodate evolution and rapidly imploded.¹³⁶ Because the functionality of state institutions was so dependent upon established routines, the inertia and transaction costs of change were so high that rapid transformation became impossible when new circumstances arose that required a new *modus operandi*.¹³⁷ Once marketisation penetrated the operations of state institutions, the incentives for state officials to pursue opportunist ventures outside of the formal system increased at the same time as political reforms weakened the monitoring and enforcement capacity of the Party, resulting in a massive exodus of officials from the

¹³⁵ FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. p. 85; NOLAND, M. 1997. Why North Korea Will Muddle Through. *Foreign Affairs*, 76, p. 111.

¹³⁶ KOTKIN, S. 2001. *Armageddon Averted: The Soviet Collapse, 1970-2000*, New York, Oxford University Press. p. 2.

¹³⁷ Pei Minxin believes that Gorbachev's reform program sapped state institutions of their vitality by reducing their power and corrupting their *raison d'être*. See: PEI, M. 1994. *From Reform to Revolution: The Demise of Communism in China and the Soviet Union*, Cambridge MA, Harvard University Press. p. 205; Bartolomeij Kaminski added that closed systems such as the Soviet regime are incapable of adaptation and self-transformation, ultimately leading to the exhaustion of resources and the reinforcement of blockages through the system which sped up its degeneration. See: KAMINSKI, B. 1991. *The Collapse of State Socialism: The Case of Poland*, Princeton NJ, Princeton University Press. See also: ALLISON, G. & ZELIKOW, P. 1999. *Essence of Decision: Explaining the Cuban Missile Crisis*, New York, Longman. pp. 144-48;

Party.¹³⁸ The Kim regime undoubtedly fears that reform of this nature could lead to a similar regime-ending collapse in North Korea.

Foreign Aid: Propping Up the System

North Korea has received large amounts of foreign aid because of the regime's bargaining success in denuclearisation negotiations, and because of the potential risk that regional states associate with the North's collapse. Massive injections of foreign aid during the late-1990s were significant in heading off the total failure of state institutions and maintaining the system to the present day. International largesse comes in a variety of forms: food aid, energy supplies, fertilisers, development assistance and direct cash payments. For example, South Korea contributed US\$794.9 million worth of food aid to North Korea in the period 1995-2004, with the United States contributing US\$1.1 billion over the same period. The United States has been the largest contributor to the World Food Program's operations in North Korea, contributing over half of the 4.2 million metric tons of food the WFP had delivered to DPRK up to 2005. China is likely to continue its annual cereal concession of 250,000 metric tons. This is supplemented by contributions of fertilisers to help boost farm productivity. South Korea sent US\$387.9 million in fertiliser shipments to North Korea between 1995 and 2004. Between October 2007 and September 2008, 657 tons of fertiliser was delivered as aid to North Korea.¹³⁹

¹³⁸ KALYVAS, S. 1999. The Decay and Breakdown of Communist One-Party Systems. *Annual Reviews in Political Science*, 2, pp. 338-39; TEAGUE, E. & TOLZ, V. 1995. The Collapse of the CPSU. In: TOLZ, V. & ELLIOT, I. (eds.) *The Demise of the USSR: From Communism to Independence*. London: McMillan Press. p. 21.

¹³⁹ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p. 33; MANYIN, M. & NIKITIN, M. B. 2008. *Assistance to North Korea*. Washington DC: US Congressional Research Service, <http://www.nkeconwatch.com/nk-uploads/usassistance08.pdf>. p. 10; 2008b. *FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food & Agriculture Organisation / World Food Program. Available: <ftp://ftp.fao.org/docrep/fao/011/ai475e/ai475e00.pdf>. p. 14; POLLACK, J. 2005. The Strategic Futures and Military Capabilities of the Two Koreas. In: TELLIS, A. & WILLS, M. (eds.) *Strategic Asia 2005-06: Military Modernization in an Era of Uncertainty*. Seattle & Washington DC: National Bureau of Asian Research. pp. 147-48.

The *Songun* system diverts foreign inputs wholesale for military use, strengthening the position of the KPA as the vanguard institution of the state. During the famine period, the regime managed food aid distribution through the Flood Damage Rehabilitation Committee (FDRC), an organ within the Ministry of Foreign Affairs. The FDRC distributes aid shipments according to detailed distribution plans drawn up with aid donor organisations, which detail the dispersal of shipments down to the *ri* (county) level.¹⁴⁰ However, other North Korea watchers believe that the distribution process is less transparent. For example, Park In-ho, from the Seoul-based Daily NK news portal, suggests that the KPA subtracts a portion for its own provisions then on-sells the remainder for profit through the entrepreneurial economy.¹⁴¹ According to Park, when a shipment arrives, representatives from the official, military and court economies are on hand to receive their portion. The military gets the first and largest slice of the shipment, the court economy gets the next portion, and the official economy is given the remainder. Because food aid is a fungible commodity, even if the military is not siphoning off aid shipments, money that otherwise might be spent on food procurement can be directed toward other spending priorities.¹⁴²

Energy aid has been a feature of international assistance to North Korea since the Agreed Framework in 1994. Under the Agreed Framework, the United States pledged to deliver 500,000 tons of heavy fuel oil annually until the two light-water reactors to be built by KEDO came online.¹⁴³ As these deliveries went unfulfilled through the late-1990s, Chinese oil grants partially filled the void; between 1998 and 2003, China delivered 129,000 tons of

¹⁴⁰ BENNETT, J. 1999. *North Korea: The Politics of Food Aid*. London: Relief and Rehabilitation Network, http://se1.isn.ch/serviceengine/Files/ISN/96816/publicationdocument_singledocument/47C10A60-7F01-4206-BE46-D3C93D88DB6B/en/networkpaper028.pdf. pp. 11-12.

¹⁴¹ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

¹⁴² MANYIN, M. 2005. *Foreign Assistance to North Korea*. Washington DC: Congressional Research Service, <http://digital.library.unt.edu/govdocs/crs/permalink/meta-crs-7156:1> p. 10.

¹⁴³ 1994. Agreed Framework Between the United States of America and the Democratic People's Republic of Korea. Korean Peninsula Energy Development Organization, <http://www.kedo.org/pdfs/AgreedFramework.pdf> Article 1.3.

crude and diesel oil to the DPRK, along with 492,000 tons of coking coal.¹⁴⁴ As part of the 2007 nuclear freeze agreement negotiated in the Six Party talks, regional states committed to ship 1 million tons of heavy fuel oil to the DPRK, of which half was delivered by December 2008.¹⁴⁵

South Korean cash payments and development assistance have been extensive. Kim Kyung-Won has argued that cash payments made by the Hyundai group to the regime during 1999-2000 amounted to approximately twenty percent of its total foreign exchange earnings, a timely injection of funds as the regime struggled to overcome the famine period.¹⁴⁶ South Korea under Lee Myung-bak has ceased to provide the North with cash handouts, which now come for the most part from the Chinese government. During the period 1995-2004, the South Korean government provided Pyongyang with US\$435.1 million in development assistance, including US\$90.6 million for development of the Mount Kumgang tourist resort, US\$21.8 million for the Kaesong industrial complex, and US\$322.7 million to building road and rail links across the DMZ.¹⁴⁷ From 1995 to 2004, net total development assistance from OECD countries for North Korea came to \$US 1,529.6 million, including \$US 1.151.1 million receipt from France, \$US 142.3 million from the United Kingdom, and \$US 56.5 million from the United States. In 2005, however, this figure dropped to \$US 148.7 million as the nuclear dispute escalated, falling further to \$US 59.6 million in 2006 as North Korea

¹⁴⁴ LEE, J. J.-A. 2009. To Fuel or Not to Fuel: China's Energy Assistance to North Korea. *Asian Security*, 5, p. 54.

¹⁴⁵ According to Mark Manyin and Mary Beth Nikitin, "the United States has contributed its promised share of 200,000 MT of heavy fuel oil. Russia shipped its third shipment in mid-December 2008, and has provided a total of 150,000 MT of HFO to date. A fourth shipment to fulfill its commitment was to follow 'in a few months' according to the Russian Six-Party negotiator. China and South Korea have each contributed 50,000 MT of heavy fuel oil. The remainder of China and South Korea's contribution is to be fuel oil equivalent." "China announced it would deliver 99,000 tons of HFO equivalent by the end of January 2009 to complete its promised share of assistance." See: MANYIN, M. & NIKITIN, M. B. 2008. *Assistance to North Korea*. Washington DC: US Congressional Research Service, <http://www.nkeconwatch.com/nk-uploads/usassistance08.pdf>. p p. 5-6.

¹⁴⁶ Hyundai-Asan is estimated to have made direct payments to the DPRK government of up to US\$800 million between 2000 and 2005. See: HAGGARD, S. & NOLAND, M. 2007b. *North Korea's External Economic Relations*. Washington DC: Peterson Institute for International Economics, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1008902 p. 14; KIM, K.-W. 2005. Downfall Delayed: Endgames for the North Korean Regime. *Harvard International Review*, 27, p. 58; NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peter G. Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007].

¹⁴⁷ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p . 33.

made significant repayments of previously received grants.¹⁴⁸ The OECD figures however do not include assistance provided by South Korea or China.

China is North Korea's most important source of foreign assistance. Chinese support to North Korea comes via three forms—grant-type aid, trade, and investment—which are sometimes difficult to delineate and often overlap. For example, the petroleum component of Chinese energy assistance is delivered as (a) direct aid grants, (b) sold at “friendship prices” below the international market price, and (c) in barter exchange for North Korean mineral resources, which Chinese firms help to extract. Between 1996 and 2001, direct aid grants averaged 9.4 percent per annum of total Chinese exports to North Korea, however from 2002 to 2006 the aid component had dropped to only 3.38 percent of total exports.¹⁴⁹ The drop in aid is attributable to the expansion of barter exchanges of oil for mineral ores with the expansion of Chinese investment in North Korea's energy sector.¹⁵⁰

The regime views aid from Western donors as a poisoned chalice. Frequent interaction with foreign aid agencies increases the chance of ideological pollution and the spread of dangerous information from the outside world. According to this theory, social discord could result if the North Korean public are able to make a comparison of their everyday lives with the economic and political realities of the outside world.¹⁵¹ Andrew Natsios documented several outcomes of Western aid to North Korea during the late 1990s that would confirm the regime's wariness: first, food aid helped to stimulate the private farmers markets as people became less dependent on the PDS for their food, undermining government control over the

¹⁴⁸ Ibid. p. 31.

¹⁴⁹ LEE, J. J.-A. 2009. To Fuel or Not to Fuel: China's Energy Assistance to North Korea. *Asian Security*, 5, pp. 51-53.

¹⁵⁰ Dick Nanto and Emma Chanlett-Avery describe a number of examples of Chinese firms investing in the development of mineral extraction and refining projects in North Korea. See: NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. pp. 22-23.

¹⁵¹ NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. p. 218.

key function of food provision. Second, the diversion of food into the private markets helped to stabilise food prices, allowing more people to obtain food than otherwise would have. Third, anti-US and anti-ROK propaganda was undermined because aid recipients understood who the donor countries were. Fourth, public support for the regime was dented by the activities of Party cadres who would steal food aid and sell it in private markets, while the intended recipients starved. Fifth, in a limited way, donor agencies brought a small slice of the outside world into North Korea and by their very presence undermined the *Juche* ideology of self-reliance.¹⁵² However, Peter Beck believes that foreign agencies are only a vehicle for the penetration of ideas to a very small extent. The officials who liaise with foreign aid agencies on the ground, as the only conduit between foreign agencies and the North Korean people, are specially selected from the regime elite, having previously been vetted for their political loyalty and interest in maintaining the status quo.¹⁵³ Either way, ordinary North Koreans are unlikely to have failed to connect the dots between the obvious food shortage, government corruption, and the arrival of mysterious grain supplies on the black market, no matter how well hidden the exact source of that grain is kept. The political consequences of this realisation, however, are not so certain and will be considered more rigorously in the next chapter.

Utility of Foreign Aid to the Kim Regime

International aid has clearly been an important component of North Korea's splintered post-famine economic system, yet the role that it plays in maintaining this system is complex.

¹⁵² Ibid. p. 222-24; ARMSTRONG, C. 1998. 'A Socialism of Our Style': North Korean Ideology in a Post-Communist Era. In: KIM, S. (ed.) *North Korean Foreign Relations in the Post-Cold War Era*. Oxford: Oxford University Press. pp. 33-34.

¹⁵³ BECK, P. Interview with the author. 22 July 2008. Seoul, South Korea. Peter Beck teaches at Yonsei University and is an Adjunct Professor at the Kogod School of Business at American University in Washington, D.C. Previously, he was the executive director of the U.S. Committee for Human Rights in North Korea and directed the International Crisis Group's Northeast Asia Project in Seoul. He was also the director of research and academic affairs at the Korea Economic Institute in Washington.

Food aid strengthens the military economy because the KPA has priority access to incoming shipments and can sell the remainder for profit on the open market. This is cold comfort for citizens outside of the military; food aid tends to reach them via the market, favouring those who have secondary income sources beyond the official economy. For the KPA, its priority access to foreign food aid is a source of tremendous power within North Korean society.¹⁵⁴ The court economy subsumes the overwhelming majority of aid granted as cash, allowing Kim Jong-il to provide the regime's upper echelon with material largesse, which is an important component of the leadership's ability to maintain the loyalty of important members of the elite.¹⁵⁵ While North Korean elites live a Spartan lifestyle in comparison to those in other authoritarian regimes around the world, there is no doubt that they subsist at a far more comfortable level than other North Koreans. International aid is therefore vital to the continued functioning of *Songun* politics as the mechanism and legitimising paradigm of the Kim regime. North Korea's ability to influence the aid donation decisions of foreign governments though coercive diplomacy is likely to bear direct relevance on its ability to prolong the avoidance of systemic economic reform.

Coercive Bargaining

It is in this context that North Korea's nuclear program yields greatest value. Nuclear weapon states may deploy or threaten to deploy their nuclear capability in order to extract concessions to prevent deployment.¹⁵⁶ North Korea has used this "coercive bargaining" tactic consistently in denuclearisation talks since the negotiation of the Agreed Framework in 1994, in which deliberate, directed provocations put pressure on the US and regional states to

¹⁵⁴ Ibid. 22 July 2008.

¹⁵⁵ Ibid. 22 July 2008.

¹⁵⁶ BECKMAN, P., CRUMLISH, P., DOBKOWSKI, M. & LEE, S. 2000. *The Nuclear Predicament: Nuclear Weapons in the Twenty-First Century*, New Jersey, Prentice Hall. p. 188.

provide material inducements to persuade the regime to pull back from the brink.¹⁵⁷ These “deliberate pinpricks” fall short of war but are serious enough to raise concerns about possible escalation.¹⁵⁸ Immediately following a provocation, Pyongyang then issues new demands or restates previous claims as conditions for a return to negotiations. One demand often recycled by Pyongyang is the insistence on the completion of the light-water reactors promised in the Agreed Framework, a condition that seems to surface at the beginning of each new round of the Six Party talks in order to test the flexibility of the American negotiating position. Light water reactors were, after all, the basis upon which the US and DPRK were able to reach accord on the Agreed Framework in 1994. From the US perspective, the consistency with which Pyongyang has employed this coercive bargaining strategy is a good indication of the lack of leverage available to influence North Korea’s behaviour.

It is the contention of this thesis that of all the reasons for North Korea to maintain a nuclear capability, its utility as a bargaining chip for international largesse has been by far the most important in terms of the regime’s survival. This has been both the impetus for the North’s nuclear development and one of the key reasons why Pyongyang cannot accede to denuclearisation. The DPRK had become dependent on Soviet food subsidies for some time prior to 1991, unable to feed its population due to declining returns on agricultural production caused by grinding inefficiencies and technological decrepitude throughout the economy.¹⁵⁹ The end of Soviet food subsidies created a large dent in the North’s food procurement capacity, into which flooding and drought during 1995-97 tore into a gaping hole. Coercive

¹⁵⁷ LIM, W.-H. 2006. *North Korea's Missile Tests: Malign Neglect Meets Brinkmanship*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0653Lim.html> [Accessed 12 July 2006].

¹⁵⁸ CHA, V. 2003b. Why We Must Pursue 'Hawk' Engagement. In: CHA, V. & KANG, D. (eds.) *North Korea: A Debate on Engagement Strategies*. New York: Columbia University Press. p. 72.

¹⁵⁹ LANKOV, A. 2005b. *North Korea hungry for control*. Asia Times Online, <http://www.atimes.com/atimes/Korea/GI10Dg01.html> [Accessed 25 April 2007].

bargaining has been utilised to acquire aid as a replacement for the subsidies previously inbound from the Soviet Union, which are used to plug holes in the central planning matrix and eliminate some of the bottlenecks of their economy.¹⁶⁰ Stephen Haggard and Marcus Noland estimate that North Korea derives approximately one-third of its revenues from international aid.¹⁶¹ However, rather than using humanitarian assistance as an addition to supply, the regime used it as balance-of-payments support, offsetting aid by cutting commercial food imports and allocating savings to other priorities. In addition, because aid shipments are distributed by the military, they become a rent-seeking commodity when diverted from formal distribution channels to be sold for huge profit by the military on the private market.¹⁶²

North Korea's coercive bargaining tactics have been successful in part because the ambiguity of its nuclear capability allowed Pyongyang to engineer artificial crises. During the development phase, Pyongyang could threaten to take the next step in technological development then pull back in exchange for concessions. As chapter six will show, the North's leverage came from the belief in regional states that Pyongyang could still be coaxed into denuclearisation, a belief that has since evaporated now that the nuclear development phase is complete and the North has demonstrated its nuclear capability, in effect removing the key lever of Pyongyang's bargaining position. To continue with the tactic of coercive bargaining, the North must find new sources of advantage to extract concessions, or come up with a new strategy for plugging holes in its economy. This is a potential source of danger for regional stability, as the type of provocations now available to Pyongyang tend to be more

¹⁶⁰ BROWN, W. 2006. Changes in the North Korean Economy and Implications for the Energy Sector: Is North Korea Really Short of Energy? *DPRK Energy Experts Working Group Meeting*. San Francisco: The Nautilus Institute for Security and Sustainable Development, <http://nautilus.org/DPRKEnergyMeeting/papers/Brown.html>

¹⁶¹ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. pp. 5-13.

¹⁶² *Ibid.* pp. 5-13.

aggressive, such as further nuclear and missile tests, and carry a higher risk of escalation than the type of provocations it engaged in while its nuclear program was still in development.

Conclusion: Stability of Parallel Economies

The command economy splintered into a number of parallel economies through the 1990s, as an unregulated coping response to maintain the command economy following the Soviet collapse and three consecutive years of natural disasters. What remained of the command economy, the heavy industrial sector, was a hollowed-out shell, as network of factories brought offline or in severely curtailed production, its formerly privileged workers facing starvation as their incomes dried up. Agricultural production, long based on mechanised farming and vast utilisation of chemical fertilisers, also deteriorated. Pyongyang did not look to procure food on the international market, due to its commitment to maintaining the crumbling command system and its lack of hard currency. The regime's devotion to central planning in the face of these developments led to the gutting of the industrial sector and the onset of famine. The splintering of the North Korean economy into a number of parallel economies was a systemic readjustment to a new equilibrium based on curtailed resource inputs. The official economy contracted to a small fraction of its former size. As the military and court economies expanded, so too did a new entrepreneurial economy on the margins, operating as a completely unregulated market system through which those with the means were able to survive the famine period.

Kim Jong-il realigned his power base to incorporate the KPA through the *Songun* politics doctrine. By giving the military priority access to the state's resource base, Kim ensured that the key institutions of the state would be maintained. Kim has also provided high officials with access to luxury goods through the court economy, a further measure to buy the loyalty

of the regime elite and ensure their commitment to maintaining the system. The explosion of an illicit economy generated a new income stream for the regime, further strengthening key institutions and individuals within the military and court economies. The nuclear weapons program has been vital to this strategy, opening up alternative revenue and input streams that would not otherwise be available.

The strengthening of the military and court economies had allowed Kim Jong-il to preserve the foundations of the totalitarian political system. Still, the revenue stream was inadequate to maintain the remnants of the totalitarian political architecture. Foreign aid is the final piece in this puzzle. Food aid is funnelled to mid and upper-ranking figures of the KPA, allowing this group to avoid the food shortages that plague the rest of the population. Similarly, foreign energy supplies contribute to powering the country's industrial complex, even as enterprises within the official economy continue to decay. Cash transfers are channelled directly into the court economy to fund the expenditures that ensure the ideological commitment of the elite. International largesse is thus vital to the continued operation of the *Songun* system as the functional mechanism and legitimising paradigm of the Kim regime.

This system is inherently unstable. North Korea's multi-headed economies would function more efficiently and could be reintegrated into a whole national economy if the regime undertook system-wide economic reforms. However, such reforms are likely to unleash a political transformation that could ultimately bring down the regime. Its ability to extract aid from the international community is therefore the key to regime longevity. If the aid flow slows or dries up, the political system will come under severe strain and may even lead to the full breakdown of the remaining totalitarian architecture.

5. North Korea Pre-Famine: A Totalitarian System

The fortunes of political institutions in any state tend to reflect the health of the economy underlying those institutions. In this respect North Korea holds true to the norm. The rapid economic transformation in North Korea since 1991 has driven substantial political changes to the country, accelerating pre-existing long-term trends of gradual decay. The economic crisis triggered by the collapse of the Soviet Union was an acceleration of systemic decay underway since the late-1960s, eroding with it the other dimensions of the political order. This chapter describes North Korea's political system before the famine, when it harboured the characteristics of a totalitarian state.

First, this chapter will explore the theory of totalitarianism, in which it will consider the strengths and criticisms of the model in relation to the North Korean case. Second, it will explain the historical context in which the North's totalitarian system evolved, from the Japanese occupation to the formative stages of the North Korean state. Finally, it will describe the features of North Korea's pre-famine totalitarian system, utilising Carl Friedrich and Zbigniew Brzezinski's definition of the characteristics of a totalitarian regime—absolute dictator and mass Party, transformational ideology, all-pervasive system of terror, and Party monopoly on communications technologies—as a frame of reference.¹

¹ FRIEDRICH, C. & BRZEZINSKI, Z. 1966. *Totalitarian Dictatorship & Autocracy*, New York, Frederick A. Praeger Publishers.

The Totalitarian Model: A Definition

Totalitarianism is a system of dictatorial rule in which the dictator pursues total control of his polity with the aid of modern technology.² Such total control was only made possible during the twentieth century due to technological advancements in communications, transportation and weaponry, which provided the conditions for pervasive physical terror, mass indoctrination and dissemination of the ideology of the totalitarian movement. In their classic typology of totalitarian regimes, Carl Friedrich and Zbigniew Brzezinski identified a group of mutually reinforcing characteristics that define totalitarian states: first, totalitarian states are led by an absolute dictator, with the backing of a mass party. Second, a utopian transformational ideology legitimises the rule of the dictator and the mass party, which is usually based on a rejection of previous legitimating frameworks. Third, the dictator and ruling oligarchy maintain absolute control through all-pervasive terror, using mechanisms such as secret police organisations, penetration of secret operatives into all institutions, and extreme social pressure. Fourth, the party exerts monopoly control over media technology, which it uses for mass communication of the party's ideology and the insinuation of psychological terror. Fifth, the dictator and ruling oligarchy similarly maintain complete control over the coercive institutions and armed forces. Finally, the dictator and party maintain a centrally planned economy, maintaining tight control over all facets of economic activity.³

Totalitarian states are characterised by a single mass party consisting of a small percentage of

² FRIEDRICH, C. 1969. The Evolving Theory and Practice of Totalitarian Regimes. In: FRIEDRICH, C., CURTIS, M. & BARBER, B. (eds.) *Totalitarianism in Perspective: Three Views*. London: Pall Mall Press. p. 136.

³ FRIEDRICH, C. & BRZEZINSKI, Z. 1966. *Totalitarian Dictatorship & Autocracy*, New York, Frederick A. Praeger Publishers. p. 22. See also: FRIEDRICH, C. 1969. The Evolving Theory and Practice of Totalitarian Regimes. In: FRIEDRICH, C., CURTIS, M. & BARBER, B. (eds.) *Totalitarianism in Perspective: Three Views*. London: Pall Mall Press. p. 126; SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf> p. 3. By contrast, authoritarian leaders are constrained by ill-defined but predictable norms, limited pluralism, lack of popular mobilisation, and distinctive mentalities that lack the coherence of a full-blown ideology. See: THOMPSON, M. 2002. Totalitarian and Post-Totalitarian Regimes in Transitions and Non-Transitions from Communism. *Totalitarian Movements and Political Religions*, 3, p. 81.

the overall population who are passionately committed to the ideology of the movement and are prepared to assist in its general propagation. The party is led by a single male figure, a charismatic leader, a dictator, who enjoys total personalised command over the party.⁴ The totalitarian leader is more than just a charismatic individual; he is indispensable as the functional core of the totalitarian system. The purpose of the party, and by extension the entire political hierarchy, is to swiftly communicate and execute the will of the leader. Without the leader to issue commands, the whole system would lose its *raison d'être*.⁵ This differs markedly from the conception of political parties in democratic countries. A political party requires at least one competitor to be a 'real' party in the Western democratic sense, as political parties presuppose active participation in the political process, where conscious engagement and contests with competing groups give parties meaning.⁶ In the totalitarian context, the party is the epitome of the mass movement, the vehicle through which the entire population is mobilised behind the will of the leader.

Totalitarian regimes rely on creating a system of terror to preserve the loyalty of their citizens. Organised supervision and violence takes place, not only against the public but also against members of the bureaucracy and even the elite. This is necessary because the world portrayed by official propaganda is a fictitious one, a reality from which the citizens need protection. Hannah Arendt argued that physical terror is most efficient when citizens begin to fear the consequences of leaving the movement altogether, feeling more secure as members of the movement than they would as outsiders, even if they are complicit in reprehensible crimes.⁷ Being an insider in the movement is advantageous for good reason. A

⁴ FRIEDRICH, C. & BRZEZINSKI, Z. 1966. *Totalitarian Dictatorship & Autocracy*, New York, Frederick A. Praeger Publishers. p. 22; NEUMANN, S. 1965. *Permanent Revolution: Totalitarianism in the Age of International Civil War*, London, Pall Mall Press. p. 43.

⁵ ARENDT, H. 1958. *The Origins of Totalitarianism*, London, George Allen and Unwin. p. 374.

⁶ NEUMANN, S. 1965. *Permanent Revolution: Totalitarianism in the Age of International Civil War*, London, Pall Mall Press. p. 118.

⁷ ARENDT, H. 1958. *The Origins of Totalitarianism*, London, George Allen and Unwin. p. 373.

totalitarian regime is more a movement under constant mobilisation rather than a government, requiring a constant stream of enemies against which to mobilise. The range of official enemies can stretch from genuine political agitators to arbitrarily selected segments of the population.⁸ Therefore, personal safety and security depends on loyalty to the regime in a system of all-pervasive terror, because no one wants to find themselves on the list of official enemies.

The purpose of the regime's communications monopoly and official propaganda is to drive to the ideological fervour necessary for the continued mobilisation required to maintain the revolutionary movement. Official propaganda should paint a positive picture of the ruling regime, silence doubts and generate public loyalty. It should illustrate accepted behaviour and the benefits of conformism, outlining the path to advancement and privileges within the system. Concurrently, it should generate fear and demonstrate the helplessness of resistance, making clear that safety lies in conforming to accepted norms. This message must be delivered in a vacuum, within which no outside information can penetrate that would generate doubts and expose the frailties of the revolutionary movement.⁹ This is why totalitarian regimes strive to maintain a monopoly of communications and information technologies in order to erect an information blockade, within which the polity is hermetically sealed.

The totalitarian model is useful for analysing North Korea's political system because it allows the analyst to conceptualise the extreme level of institutionalised coercion for which

⁸ FRIEDRICH, C. & BRZEZINSKI, Z. 1966. *Totalitarian Dictatorship & Autocracy*, New York, Frederick A. Praeger Publishers. p. 22. See also: FRIEDRICH, C. 1969. The Evolving Theory and Practice of Totalitarian Regimes. In: FRIEDRICH, C., CURTIS, M. & BARBER, B. (eds.) *Totalitarianism in Perspective: Three Views*. London: Pall Mall Press. p. 102.

⁹ One of the chief characteristics of a controlled information flow is that every part of it is designed to enhance respect for the totalitarian regime, generate approval and silence doubts as to the power, benevolence, wisdom, and cohesion of the leader and his ruling clique. See: KECSKEMETI, P. 1950. Totalitarian Communications as a Means of Control: A Note on the Sociology of Propaganda. *The Public Opinion Quarterly*, 14, p. 226.

the Kim Il-sung regime was known, along with other unique features of the state including its ideology and command economy. For Yang Sung-chul, North Korea was inherently totalitarian, due to the KWP's almost complete penetration of the various organs of the North Korean state.¹⁰ It is the simplest and most comprehensive conceptual framework for understanding the politics of the North Korean state and is an appropriate reference point for analysing the weakening of the regime's institutional strength since the famine. Indeed, the totalitarian architecture has been subject to the same degenerative trends, driven by declining marginal returns that have plagued the economy.

Addressing Criticisms of the Totalitarian Model

Some analysts object to the description of North Korea as a totalitarian system. Bruce Cumings argues that nationalism and the Confucian hierarchy have enmeshed with Marxist-Leninism as the foundation of the dominant ideology. This progressive perversion of Marxist-Leninism led to the organisation of the state as a corporatist entity under the guise of socialism.¹¹ In a corporatist system, the state recognises only one organisation as the sole representative of all the individuals and interest groups in each sector which form that organisation's assigned constituency. Many such organisations exist in a corporatist state, which the state uses to top-down control and mediate the competing interests within each sector.¹² If the body politic is conceived as the body of an organism, the leader represents the organism's head.¹³

¹⁰ YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. p. 225.

¹¹ CUMINGS, B. 1993. The Corporate State in North Korea. In: KOO, H. (ed.) *State and Society in Contemporary Korea*. Ithaca: Cornell University Press. pp. 201-04.

¹² UNGER, J. & CHAN, A. 1995. China, Corporatism, and the East Asian Model. *The Australian Journal of Chinese Affairs*, 33, pp. 30-31.

¹³ CUMINGS, B. 1993. The Corporate State in North Korea. In: KOO, H. (ed.) *State and Society in Contemporary Korea*. Ithaca: Cornell University Press. p. 199.

This model, however, does not fully encapsulate the importance of the Korean Workers' Party and the Korean People's Army as the two organisations that penetrated and subsumed all other government organs. Crosscutting institutional linkages and the highly personalised command structure ensured that every unit, from the local work unit, up through its parent organisations to the highest echelon of power, were mobilised as an expression of Kim Il-sung's will. There were no competing interests to mediate because the sole interest of all levels of the chain was to carry out directives issued from above. Unlike in the corporatist model where the leader constitutes the head on the body of the political system, in totalitarian North Korea, the leader 'is' the political system.

Charles Armstrong also disagrees with the totalitarian label for North Korea, suggesting a number of criticisms: first, totalitarian theory overstates the degree of power actually wielded by the regime and does not account for the gap between the rhetoric of total control and the reality in which citizens avoid and manipulate control mechanisms.¹⁴ To counter, North Korea's confined geography and limited population allowed a degree of sustained control not sustainable in Nazi Germany or in the Stalinist USSR, where systemic maintenance costs for preserving total control were far higher as a consequence of geographic scale. This led to an unprecedented degree of penetration by the Party into the public and private lives of individual citizens. Equally important was the role of *Juche* as the regime's ideology, which combined communism with the pre-existing political culture of neo-Confucianism to produce a uniquely effective coercive paradigm.

Second, Armstrong argues that the theory ignores the possibility of genuine popular

¹⁴ ARMSTRONG, C. 2001. The Nature, Origins, and Development of the North Korean State. In: KIM, S. (ed.) *The North Korean System in the Post Cold War Era*. New York: Palgrave. pp. 42-43.

resistance that may effect the development of the regime.¹⁵ For Armstrong, the level of actual support for the regime, as well as political pressure from below, has exerted pressure on the decision-making of the Kim regime. This criticism belies the observation that a genuine popular resistance has been conspicuously absent from North Korean politics since the Korean War. Kim Il-sung's great purge of factional rivals during the 1950s removed all viable candidates within the government that could have formed an alternative leadership from within. Smaller periodic purges since that time cleaned out potentially disloyal elements from the bureaucracy, while the fear of retribution has undoubtedly driven Party officials to extreme self-censorship. Among the public, extensive social control mechanisms made it virtually impossible for an organised resistance movement to take root. What remained was a regime stuck in a time warp, wedded to the leadership and its ideology through intellectual rigidity and political atomisation.

Third, Armstrong contends that totalitarian theory over-emphasises pervasive terror as the regime's primary social control mechanism.¹⁶ To retort, while terror is clearly the most important social control mechanism, it is no the only one described in the totalitarian model, nor was it the sole means of control evident in Kim Il-sung's North Korea. The role of positive motivators such as ideology and materialism should not be underestimated. In any society, the path to material well-being and a comfortable life lie in career advancement. The Party and military bureaucracies offered that prospect to their members; the benefits available to loyal and competent functionaries exist as a positive social control mechanism, wedding them to the status quo through inducements as well as threats.

These criticisms are a short summary of the wider critique of the totalitarian model.

¹⁵ Ibid. pp. 42-43.

¹⁶ Ibid. pp. 42-43.

However, as this section has noted, the totalitarian model is nevertheless an appropriate application for assessing North Korea's political system. In particular, it serves as an illustrative yardstick for evaluating the North Korean political system before and after the famine. The usefulness of the totalitarian model both as an accurate descriptor of the North Korean system, and as a comparative benchmark, outweigh the drawbacks of the model identified by its critics.

Development of Totalitarianism in North Korea

Friedrich and Brzezinski suggest that as a general rule, totalitarian states tend to form from the rubble of great crises, when the groundswell for radical change in a society is at its peak.¹⁷ The long Japanese occupation of Korea provided an environment of social ferment, which transformed into a radical movement for social change at the conclusion of the occupation. Japanese penetration into Korea began in 1876 with the *Treaty of Kangwha* and climaxed with Japan's formal annexation of the peninsula in 1910, lasting until the Japanese surrender in 1945.¹⁸ Korea was the first big prize of Japanese expansionism and as such suffered a long period of exploitation humiliation, providing the cauldron in which modern Korean nationalism fomented.

The Japanese occupation greatly intensified the traditional characteristics of the Korean national spirit such as insularity and suspicion of foreign powers. During the late nineteenth century, Korea under the crumbling Yi dynasty became the object of intense competition between its weak traditional suzerain China, an expansionist Russia engaged in territorial enlargement in the Far East, and a militarist Japan, growing in strength and power after the

¹⁷ FRIEDRICH, C. & BRZEZINSKI, Z. 1966. *Totalitarian Dictatorship & Autocracy*, New York, Frederick A. Praeger Publishers. p. 17.

¹⁸ For a thorough discussion of the period leading up to the annexation of Korea by the Japanese and the occupation itself, see: HAN, W.-K. 1970. *The History of Korea*, Seoul, Eul-Yoo Publishing Company. pp. 361-510.

rapid modernisation program of the Meiji Restoration. Japan won this contest by prosecuting victorious wars against China in 1895 and Russia a decade later in 1905, which facilitated its expansion into Korea.¹⁹ The United States loomed as the only obstacle to Japan's expansionist agenda. However, during secret deliberations at the conclusion of the Russo-Japanese War in July 1905, Washington gave Japan a green light to expand into the Korean peninsula, which led directly to Japan's occupation of Korea in 1905 and formal annexation in 1910.²⁰ What followed was a period of national shame under the repressive yoke of the Japanese colonial regime, characterised in Yang Sung-chul's opinion by a "high degree of negativism: anti-foreign, anti-Western, anti-Japanese, anti-Christian and anti-colonial."²¹ This negativism remains evident in North Korean nationalist propaganda today, particularly with regard to the United States.

The Anti-Japanese Guerrilla Movement

Kim Il-sung led a band of guerrillas fighting the Japanese in Manchuria during the 1930s, a struggle that profoundly influenced Kim Il-sung's political thought and the later development of North Korean state ideology. This group would go on to become the core of the DPRK ruling oligarchy after the Korean War. The insecurity and privations of the guerrilla lifestyle instilled in Kim a deep suspicion of 'outsiders,' manifested in a preference for secrecy and a tendency toward xenophobia.²² These qualities persist because the Korean peninsula, and the North in particular, has been mobilised on a war footing for over a century and has not enjoyed a period of calm from wars, both hot and cold.²³ What has resulted in North Korea is an element of "triumphant survivalism," a belief that North Korean communism has

¹⁹ Ibid. pp. 414, 445-48.

²⁰ Annexation was made official when the *Korean-Japanese Annexation Draft* was signed on August 22, 1910. See: Ibid. pp. 447, 464-65.

²¹ YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. p. 130.

²² BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 10.

²³ Ibid. p. 4.

overcome almost impossible odds to make it through the Japanese occupation, the Korean War and a hostile standoff with the US and ROK, along with an extended period of economic hardship.²⁴ Self-reliance and military power are the backbone of the survivalist impulse, self-proclaimed keys to the regime's continued existence.

The violent brutality of guerrilla struggle may also have desensitised Kim to violence and led him to recognise its utility as a political tool. Kim understood that the weakness of the Yi dynasty (1392-1910) during the nineteenth century had left the Choson state vulnerable to Japanese expansionism. Leadership paralysis and lack of military preparation made the invasion and occupation of Korea much easier for the Japanese to undertake.²⁵ For Kim, the utility of violence was starkly clear: while he and his men unsuccessfully fought the Japanese for fifteen years, the United States, was able to force Japan's rapid capitulation with the atom bomb.²⁶ Kim saw utility in violence as an organising principle at the most basic level. His revolutionary movement became organised as a disciplined political combat team, moulded by the clandestine nature of their activities under Japanese repression, the exclusive and revelatory ideology they espoused, and the elitism that characterised the leadership core of the movement. Consequently, the mythology of the movement came to emphasise desirable qualities for its followers such as militancy, courage, loyalty, and self-sacrifice.²⁷ To operate in the underground resistance was to be in constant danger. Exposure would compromise the resistance struggle and meant certain death for any captured guerrillas. Violence was the language of survival in this environment, firmly imprinting on Kim Il-sung its utility as a political instrument as he emerged as Moscow's favoured candidate to lead North Korea.

²⁴ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>. p p. 26-27.

²⁵ For a detailed description of Yi Dynasty weakness during this period, see: HAN, W.-K. 1970. *The History of Korea*, Seoul, Eul-Yoo Publishing Company. pp. 361-402.

²⁶ MANSOUROV, A. 1995. The Origins, Evolution, & Current Politics of the North Korean Nuclear Program. *The Nonproliferation Review*, 2, p. 28.

²⁷ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 234.

The Pre-Famine Totalitarian System

The Absolute Dictator and the Mass Party

The Korean Workers' Party (KWP) was established under close Soviet guidance in 1945 to provide a working bureaucracy for the fledgling Korean communists to consolidate power. This organisational network, inspired by Soviet institutional models, led to the formation of a small oligarchy that directed political, social and economic change in the North during the liberation period.²⁸ The KWP emerged at the pinnacle of this organisational network and over time has taken on a variety of functions, growing into its role today as a "pocket cabinet" which works to align the interests of elite factions and manage the operations of specialist and mass organisations. These activities encompassed the government, the military, and subgroups such as the technocracy, the intelligentsia, trade unions, youth, and women's organisations.²⁹

Operationally, the Party penetrated the various social subgroups via guidance committees at all levels of society, which always featured a local cadre as a key member.³⁰ The Party representative, referred to as the secretary, was responsible for transmitting policy directives from the Party, evaluating the job performance of bureaucrats, and reporting back to the Party. As an ideologue thoroughly educated in the official ideas of *Juche*, the Party representative was also in charge of the political education of the members of his or her unit.³¹ Through their efforts, Party cadres would educate and lead Party members and non-Party citizens to ensure the proper execution of regime policies. The committees functioned

²⁸ Ibid. p. 28.

²⁹ ASMOLOV, K. 2005. North Korea: Stalinism, Stagnation, or Creeping Reform? *Far Eastern Affairs*, 33, p. 33. See also: BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 29.

³⁰ 1993. *Country Study - North Korea*. Washington DC: US Library of Congress, <http://lcweb2.loc.gov/frd/cs/kptoc.html> [Accessed 3 April 2006].

³¹ PARK, H. S. 2002. *North Korea: The Politics of Unconventional Wisdom*, Boulder, Lynne Rienner. pp. 88-90; YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. pp. 720-21.

as an arm of bureaucratic action and as a mechanism of surveillance, ensuring that there was no organised collective unit or activity beyond the power of the KWP.

Utopian Transformational Ideology: *Juche* and Kimism

Broadly defined, ideology is “the symbolic tool of political power,” which ruling elites use to maintain and strengthen their authority.³² In the North Korean case, ideology has served a number of purposes, articulating North Korea’s national objectives, informing specific programs, and acting as a vehicle for the indoctrination of the people. Through indoctrination, ideology legitimised the political control of the Kim regime and generated a national pride that formed the official justification for the rigours and austerity of everyday life for rank and file North Koreans.³³ This was achieved through the conglomeration of two specific strands of thought to form North Korea’s utopian transformational ideology: the philosophy of *Juche*, and the personality cult surrounding Kim Il-sung.

Kim Il-sung Personality Cult

Kim Il-sung was unknown to most within the Korean communist movement prior to 1945, but a number of factors paved the way for him to become first choice for leadership of Soviet-controlled *North Korean Interim People’s Committee* in February 1946. For one, he had a verifiable record of anti-Japanese agitation. Second, he was free of the tarnish of alleged collaboration with the Japanese, having never been captured and interrogated into giving up the names of comrades. Of course, it did not help that Kim and his guerrilla band were forced to retreat from Manchuria into the Russian Far East between 1941 and 1945, as a result of a concerted Japanese counter-insurgency campaign. During this time, Kim and his

³² YANG, S.-C. 1994. *The North and South Korean Political Systems: A Comparative Analysis*, Boulder, Westview Press. pp. 166-67.

³³ KOH, B. 1970. Ideology and Political Control in North Korea. *The Journal of Politics*, 32, p. 656.

group received military training and political instruction from the Soviet army near Khabarovsk, before returning to liberated Korea in 1945.³⁴ Upon his return, Kim had a sizeable armed force under his direct control, greater in number than those of other Korean communist factions.³⁵ Once in power, Kim's leadership quickly took on the characteristics of totalitarian Stalinism. The intense atmosphere of political and economic mobilisation present during the turbulent birth of the regime brought to the fore Kim's qualities of personal leadership and triggered the metamorphosis of Kim Il-sung into the persona of the Great Leader. Once in power, Kim to began to exercise his command on a personalistic basis was able to position himself as the centrepiece of the ideology of the state. Kim evolved from the leader of the revolutionary clique into the hero-leader of the nation, transforming himself from Kim Il-sung the man, into Kim Il-sung the legend, the Great Leader.³⁶

As Kim Il-sung consolidated his power, a personality cult—Kimism—grew around his image as the hero-leader of communist North Korea. Kimism built on Kim Il-sung's exploits as a guerrilla fighter, which served to legitimise his position as the hero-leader or even a Confucian philosopher-king. His choice of name is an interesting case in point: in 1945, the name Kim Il-sung was widely associated with a legendary and possibly mythical guerrilla warrior who reputedly performed heroic exploits during an earlier period of the anti-Japanese resistance. The latter Kim Il-sung gained notoriety in the popular mind by identifying himself with the older cult figure.³⁷ Kim's image as an anti-Japanese guerrilla fighter was central to the personality cult. The firm belief was cultivated that the guerrillas triumphed over the Japanese against all odds, permeating official propaganda through the message that

³⁴ CUMINGS, B. 1981. *The Origins of the Korean War: Liberation and the Emergence of Separate Regimes 1945-1947*, Princeton, Princeton University Press, pp. 397-401.

³⁵ *Ibid.* pp. 397-401.

³⁶ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin, pp. 234-35.

³⁷ *Ibid.* p. 20.

no hardship is too great for the North Korean state to overcome, be it Japanese occupiers, the American military or economic deprivation. As the leader of the Manchurian guerrilla clique, Kim Il-sung was the embodiment of this “triumphal survivalism.”³⁸

Kimism also makes clever use of the Confucian ideas of ancestor worship and filial piety to position Kim Il-sung as the patriarch and dynasty founder of the DPRK. Confucianism became ingrained in Korean culture during the Yi dynasty, which differentiated itself from the previous Buddhist-leaning Koryo monarchy through its support for scholars of the neo-Confucian school.³⁹ In both North and South Korea today, Confucian values shape social interaction through strict rules centred on the five relationships: ruler-subject, husband-wife, parent-child, elder-youngster, and friend-friend. The father-child and ruler-subject relationships are of particular relevance in the context of *Juche*. The male patriarch of the family is analogous to a priest whose duty it is to cultivate reverence toward ancestors, while the officials of the state gained their high posts as leading students of Confucianism. The family patriarch is due filial reverence from his family, while the state’s due is political allegiance from the polity. The king, in this cosmology, is both father and statesman, owed loyalty both through filial piety and political allegiance.⁴⁰ These Confucian ideas—political centralisation and obedience to authority—date back over six centuries in Korea and are firmly entrenched in Korean culture.⁴¹

Kimism represents a natural conglomeration of the traditional Confucian philosopher-king image with that of the totalitarian hero-leader, the central figure around which the state is

³⁸ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdf/PUB644.pdf>, p. 26-27.

³⁹ HAN, W.-K. 1970. *The History of Korea*, Seoul, Eul-Yoo Publishing Company, pp. 177-91.

⁴⁰ HAHM, C. 2004. The Ironies of Confucianism. *Journal of Democracy*, 15, pp. 93-107. p. 98. See also: SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdf/PUB644.pdf>, p. 27.

⁴¹ HARRISON, S. 2001. Time to Leave Korea? *Foreign Affairs*, 80, pp. 70-71.

organised. Adrian Buzo argues that both Confucianism and Stalinism substituted family and kinship loyalties for political and state-centric allegiance in the positioning of the leader as the national father-figure, featuring kinship images of the leader as the wise, benevolent parent caring for his family (the state). Family is the recurring metaphor, particularly the parent-child relationship: Kim Il-sung as the father, the KWP as the mother, and the people as the children.⁴² Therefore, in North Korean propaganda, the society was presented as an indivisible and harmonious unit, built around Kim Il-sung.

As well as carrying the mantle as the nation's father, Kimism presented Kim Il-sung as the paragon of genius and the creator of a new way of being from the chaos of the past.⁴³ Bruce Cumings contends that because of their Confucian culture, Koreans generally implicitly accept that the king or leader is a fount of wisdom, an exceptional person of genius who is able to tutor those below him.⁴⁴ Thus, the strength of the Kim Il-sung leadership cult is that it incorporated political values which sat comfortably with Korean neo-Confucianism, allowing the creation of a powerful image that had some basis in Korea's cultural heritage. Its strength as a legitimising foundation of the North Korean state is that Kimism grew into a separate entity from the ideological core of communism, which may partially explain why the regime was able to ride out the Soviet collapse and the glaring inefficiencies of the command economy.

Juche

An insular Korean nationalism developed during the Japanese occupation, one born of

⁴² OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 4; ARMSTRONG, C. 1998. 'A Socialism of Our Style': North Korean Ideology in a Post-Communist Era. In: KIM, S. (ed.) *North Korean Foreign Relations in the Post-Cold War Era*. Oxford: Oxford University Press. p. 44.

⁴³ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 48. See also: HAHM, C. 2004. The Ironies of Confucianism. *Journal of Democracy*, 15, p. 101.

⁴⁴ CUMINGS, B. 1997. *Korea's Place in the Sun: A Modern History*, New York, WW Norton & Co. p. 408.

victimisation and lacking in self-confidence.⁴⁵ Andrew Scobell describes this collective victim complex as “wounded ultra-nationalism,” which often finds expression both in xenophobia and in a corresponding strand of deep-seated and dignified pride.⁴⁶ The nationalism espoused by Kim Il-sung took advantage of these feelings by harnessing historic xenophobia to create a pervasive fear of the outside world amongst the North Korean population, stressing the purity of Korean culture as opposed to the contamination of foreign ideas.⁴⁷ These impulses have found expression in *Juche*, the state ideology of the DPRK.

The term *Juche* was first used in North Korean politics in 1955, when Kim Il-sung was facing down factional rivals and attempting to manoeuvre through the tumult of the emerging Sino-Soviet schism.⁴⁸ Kim Il-sung used the term in a speech entitled *On Eliminating Dogmatism and Formalism and Establishing Juche in Ideological Work*, in which he criticised the Soviet Union in a broadside against the Soviet faction of the KWP.⁴⁹ *Juche* translates literally into English as “main body,” but also means “subject” or “subjectivity,” and “master” as opposed to “slave.” In the context of North Korean politics, it can mean “independence” or “self-reliance.”⁵⁰ Kim Il-sung saw *Juche* as the independent creative adaptation of Marxism-Leninism to the unique realities of Korea. Kim warned against the wholesale adoption of the experiences of foreign movements without regard for the history, traditions and politics of Korea, as well as the dogmatic adherence to Marxism-Leninism as the only true path for the

⁴⁵ Adrian Buza describes as a “resentful nationalism which characteristically evinced a profound sense of injustice, impotence and inequality and which had little faith that the world could ever be anything but a threatening place.” See: BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 5.

⁴⁶ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>. pp. 28-29.

⁴⁷ HODGE, H. 2003. North Korea’s Military Strategy. *Parameters*, Spring 2003, p. 72.

⁴⁸ PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, pp. 1-15. p. 3; SUH, D.-S. 1988. *Kim Il Sung: The North Korean Leader*, New York, Columbia University Press. pp. 212-13.

⁴⁹ OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 17.

⁵⁰ KIM, Y.-G. 2001. *Ideological Changes in North Korea since the 1990s*. In: Second Biennial Conference of Korean Studies Association of Australasia, 24-25 September 2001 Melbourne, Australia. Monash University, pp. 384-85.

revolutionary movement.⁵¹

Kongdan Oh and Ralph Hassig contend that *Juche* has incorporated layers of meaning to adapt it to the changing needs of the ruling elite and thus is not a particularly profound or cohesive set of ideas.⁵² Instead, the core of *Juche* is better understood as national pride, which Bruce Cumings suggests is more of a Korea-centric “state of mind,” of putting Korea first in everything.⁵³ This is especially appropriate for Koreans, who have always lived in a land surrounded by greater powers. It is understandable that a powerful ethnocentrism developed in Korea after four decades of Japanese occupation. *Juche* is thus characterised as a mixture of wounded ethnocentrism resulting from oppression under the Japanese imperial machine, and a post-colonial lust for independence that called for the development of a self-managed national economy in a secure environment, guarded by indigenous self-defence forces.⁵⁴ This kind of thinking is evident in an elucidation of *Juche* by Kim Il-sung in 1982, where he made it clear that North Korea should not become “a play thing of great powers.” This has manifested not only anti-imperialism, through phobia of the United States and South Korea, but also through repugnance of Soviet and Chinese intervention into North Korean affairs.⁵⁵

One of the other pitfalls of adhering to the literal translation of *Juche* as “self-reliance” is that

⁵¹ KOH, B. 1986. Ideology and North Korean Foreign Policy. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 22.

⁵² OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 16.

⁵³ CUMINGS, B. 1993. The Corporate State in North Korea. In: KOO, H. (ed.) *State and Society in Contemporary Korea*. Ithaca: Cornell University Press. pp. 213-14.

⁵⁴ For Kim Il-sung, economic and political independence were inter-related: “In strengthening the independence of the country, it is essential to strengthen self-reliance in the economy along with political independence. Without self-reliance in the economy, it is impossible to meet the people’s growing material demands and materially guarantee them a real role as master of the state and society. Economic dependence on others cannot guarantee political independence and without independent economic power, it is impossible to carry through the line of self-defence in national defence.” Kim, “On Some Problems of Our Party’s *Juche* Idea and the Government of the Republic’s Internal and External Policies.” See also: FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. pp. 30-31.

⁵⁵ Quoted in: CUMINGS, B. 1997. *Korea’s Place in the Sun: A Modern History*, New York, WW Norton & Co. p. 404. See also: KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press. p. 105.

it traps one into thinking that *Juche* champions complete isolation. For Kim Il-sung, the quest for self-sufficiency did not preclude international trade or the acceptance of aid: “If you provide economic aid, we will accept it, but if you don’t, we’ll be OK nevertheless. This is the principle of self-sufficiency.”⁵⁶ Kim Yeon-gak believes “self-standing” is a more appropriate than “self-reliance” as a translation of *Juche* in the economic realm, an interpretation that implies the regime can self-manage the economy regardless of whether outside assistance is available.⁵⁷ As was shown in the previous chapter, North Korea had long-established trade and aid relationships with the Soviet Union and other communist bloc countries, as well as Western-aligned European countries and Japan. Such activities were acceptable under *Juche* if they helped to plug holes in the planning matrix and consolidated the overall economy.

Maintaining All-Pervasive Terror: Social Control and Coercion

Consolidating Power

This section will demonstrate that both active and passive mechanisms combined to create North Korea’s system of all-pervasive terror prior to the famine. A striking feature of the liberation period was the coalescence of all the disparate resistance groups returning from exile. The resistance evolved in a number of different countries with each group developing unique characteristics, with their own regional affiliations and connections to external organisations.⁵⁸ Four distinct groupings were identifiable in the Korean communist oligarchy: (1) the domestic communists consisted of members who lived within Korea during the time of the occupation, whose activities were confined to underground agitation.

⁵⁶ Quoted in: KIM, Y.-G. 2001. *Ideological Changes in North Korea since the 1990s*. In: Second Biennial Conference of Korean Studies Association of Australasia, 24-25 September 2001. Melbourne, Australia. Monash University, p. 386.

⁵⁷ Ibid. p. 385.

⁵⁸ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdf/PUB644.pdf>. p. 6.

After liberation, they were vulnerable to criticism by hardliners who labelled them as collaborators. (2) The Manchurian faction, including Kim Il-sung's group, fought a protracted guerrilla campaign against the Japanese military in Manchuria alongside Chinese communist forces. (3) Another faction of Korean resistance soldiers, the Yan'an group, fought as a part of the Chinese communist army against the Japanese in China proper. (4) Finally, the Soviet-Korean faction consisted of émigrés affiliated with the Soviet army emanating out of Siberia.⁵⁹

Each faction tried to undermine the others and jockey for power during the Korean War. Kim Il-sung continued to rely on his own Manchurian faction for political support, while slowly beginning the process of weeding out dissenters from the other factions.⁶⁰ As a rule, the formative phase of totalitarian regimes usually culminates with a great purge in which the leader eliminates all other potential challengers to his power. Nothing less than a monopoly of power is sufficient, requiring the liquidation of all rivals.⁶¹ Kim first weakened the Soviet-Korean faction by expelling its leader, Ho Kai, in November 1951. Kim later blamed the domestic faction for military failures and accused Ho of plotting a coup against him during the war, which led to the execution of ten members of the domestic clique. By 1958, Kim had purged the leadership core of the Yan'an and Soviet groups as well after key factional figures attempted to replace him as leader during a KWP Central Committee Plenum in 1956. The rebels and their associates were promptly expelled from the Party and most were arrested. Between October 1958 and May 1959, the regime purged approximately one

⁵⁹ Ibid.2006. p. 13.

⁶⁰ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>. p. 19.

⁶¹ FRIEDRICH, C. 1969. The Evolving Theory and Practice of Totalitarian Regimes. In: FRIEDRICH, C., CURTIS, M. & BARBER, B. (eds.) *Totalitarianism in Perspective: Three Views*. London: Pall Mall Press. p. 72; SKILLING, H. G. 1966. *The Governments of Communist East Europe*, New York, Thomas Y Crowell Company. p. 97.

hundred thousand people on political grounds.⁶² By the Korean Workers Party's Fourth Congress in September 1961, Kim had solidified his position as absolute ruler of North Korea.

Kim Il-sung's purges of the KWP during the 1950s had several important consequences that continue to plague North Korea today. The purges ushered in an era of harsher repression of perceived dissidents and even tighter government control of social, political and economic spheres. This degraded the KWP to a deadening level of uniformity. Members who survived the cull usually originated from the north of the country or Manchuria, were of peasant class and had little formal education. They had very limited, if any, contact with the outside world, bounding their intellectual framework within a perception of socialist states constantly under duress from the capitalist world. *Juche* was the ideological formula derived from this worldview, which was then applied to a broad range of practical problems for which specialist knowledge would have been far more appropriate.⁶³

This trend toward anti-intellectualism grew in parallel with the importance of official ideology. The persecution of intellectuals in totalitarian regimes is the inevitable outgrowth of the quest for total domination; free initiative and thought in any field, or any activity that is not entirely predictable, is a threat to the exercise of total power. Freethinking does not conform with the total commitment to the official ideology necessary in such systems, of which North Korea was no exception.⁶⁴ Apart from enforcing values of cohesion and discipline, the anti-intellectual ideology contributed little to the country's rapid social and

⁶² LANKOV, A. 2002. Kim takes control: The "great purge" in North Korea, 1956-1960. *Korean Studies*, 26, p. 90.

⁶³ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 51.

⁶⁴ FRIEDRICH, C. 1969. The Evolving Theory and Practice of Totalitarian Regimes. In: FRIEDRICH, C., CURTIS, M. & BARBER, B. (eds.) *Totalitarianism in Perspective: Three Views*. London: Pall Mall Press. p. 71; ARENDT, H. 1958. *The Origins of Totalitarianism*, London, George Allen and Unwin. p. 339.

economic transformation. The reification of the Manchurian guerrilla clique may have buttressed Kim's authority, but the insistence that the guerrilla encampment represented the ideal model of social organisation for the entire population contributed enormously to the numbing uniformity and regimentation of North Korean life.⁶⁵ Intellectuals lost their high social status and became working class functionaries, as the lionisation of Kimism resulted in the devaluation of intellectual activity and stifled scientific advancement and technological innovation. Many were put to work on tasks related to ideological and political mobilisation rather than the practical tasks for which they were trained, which alienated them from the research output of foreign scholars and quarantined them from important scientific and technological advancements. They also found it impossible to conduct research or advance theories that contradicted *Juche*, for fear of punishment.⁶⁶ Ossification of the KWP was an inevitable result of these trends. The enforced uniformity and savaging of intellectual talent left Kim surrounded by devoted ideologues and compliant bureaucrats. The Party became highly resistant to new ideas, capable only of applying a rigid dogma to a raft of complex practical problems.

The Coercive Apparatus

The social control mechanisms associated with maintaining political security lay with the numerous national security service agencies. The Ministry of State Security, formerly known as the Ministry of State Political Security, was the leading coercive body of the DPRK state. According to Andrei Lankov, the Ministry of State Security, along with the Ministry of Defence and the Ministry of Public Security, were special organs of the government reporting directly to the leader.⁶⁷ This agency is notorious for the disappearance, torture and execution

⁶⁵ ARENDT, H. 1958. *The Origins of Totalitarianism*, London, George Allen and Unwin. p. 242.

⁶⁶ KIM, S.-C. 2002a. Dynamism of Politics and Status of Intellectuals in North Korea. *Development and Society*, 31, pp. 79-106.

⁶⁷ LANKOV, A. 1995. *Korea: vchera i segodnia (The Repressive System and Political Control in North Korea)*. Vostochnaia literature, http://www.fortunecity.com/meltingpot/champion/65/control_lankov.htm [Accessed 15/05/2007].

of political prisoners, as well as the use of collective punishment.⁶⁸

The entire family of individuals arrested for political crimes against the state were incarcerated in “re-education” camps to weed out ideological impurity and to deter others from engaging in anti-regime behaviour. Parents, siblings and other relatives were imprisoned for the crimes of an individual, even a long-dead ancestor.⁶⁹ This form of punishment had been employed in other countries as well. Hannah Arendt argued that in the Stalinist USSR, as soon as a person was accused of crimes against the state, his friends and family would transform immediately into bitter denounciators to save themselves; they would volunteer information to corroborate the official evidence against the accused, as a way to prove their trustworthiness and loyalty to the regime.⁷⁰ Therefore, for personal safety individuals would avoid intimate contacts to reduce the risk of denunciation. For Arendt, the process of collective punishment was integral to the atomisation of the individual through the destruction of all social bonds except those of the individual to the state. Without any other social connections, the individual would derive their place of being in the world from their belonging to the revolutionary movement.

An extensive gulag system was set up to house people who transgressed against the regime’s strict laws. Many prison camps are scattered through North Korea to this day, placed in locations chosen for their remoteness and difficult terrain. Pierre Rigoulot has identified five different types of prison complex within this system: (1) transit facilities called “help posts” house inmates awaiting trial for minor political and non-political crimes. (2) “Work

⁶⁸ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin, p. 29. See also: 2006l. *North Korea: Human Rights Concerns*. Amnesty International, <http://news.amnesty.org/index/ENGASA240022006> [Accessed 08/01/2007].

⁶⁹ 2002a. *The Invisible Exodus: North Koreans in the People’s Republic of China*. Washington DC: Human Rights Watch, <http://www.hrw.org/reports/2002/northkorea/norkor1102.pdf>, p. 19. For an eyewitness account of North Korea’s gulag system and collective punishment, see: KANG, C.-H. & RIGOULOT, P. 2001. *The Aquariums of Pyongyang: Ten Years in a North Korean Gulag*, New York, Basic Books.

⁷⁰ ARENDT, H. 1958. *The Origins of Totalitarianism*, London, George Allen and Unwin, pp. 323-24.

regeneration centres,” located in all major towns and cities, house people who labelled as ineffective, anti-social or lazy. These facilities generally house 100-200 people for stays of between one month to a year, often without trial or charge for any specific offence. (3) Approximately twelve “hard labour camps” are scattered through the country, holding 500 to 2,000 inmates, held on accusation of crimes such as theft, murder or rape, as well as the children of political prisoners, captured defectors, and minor political prisoners. (4) “Deportation zones” hold tens of thousands of people under house arrest in remote regions. Those held are “untrustworthy elements” including former landowners and people with relatives who have defected to South Korea. (5) “Special dictatorship zones” located in the inaccessible mountain regions in the north of the country are full-fledged concentration camps for political prisoners, of which a dozen are known to exist housing 150,000 to 200,000 people, or approximately one percent of the North Korean population. Prisoners perform extremely hard labour, working 12-18 hour days while subsisting on poor food. The mortality rate is high, while torture and sexual violence against inmates is common.⁷¹ The gulag system was one of the features of the totalitarian architecture to survive the famine period undiminished.

Social Controls

The Ministry of Public Security oversaw social controls, which fell under five mutually reinforcing categories: residence, travel, employment, food and clothing. It was the primary organ responsible for internal security and basic police functions, including the maintenance of law and order, common criminal investigation, prison management, civil registrations, background checking, travel control, protection of Party officials, safekeeping of classified

⁷¹ RIGOULOT, P. 1999. Crimes, Terror, and Secrecy in North Korea. In: COURTOIS, S., WERTH, N., PANNE, J., PACZKOWSKI, A., BARTOSEK, K. & MARGOLIN, J. (eds.) *The Black Book of Communism: Crimes, Terror, Repression*. London: Harvard University Press. pp. 554-55. Forced labour is used for various tasks of economic production. Andrei Lankov notes that in the Kaech'ôn camp for women, for instance, prisoners sewed military uniforms and made other military-related items, such as quilted jackets, map cases, soldiers shoes, and leather belts. Similarly, a knitting workshop was also opened in 1990, the production from which was exported to Japan. The working day in the camp lasted 18 hours. See: LANKOV, A. 1995. *Korea: vchera i segodnia (The Repressive System and Political Control in North Korea)*. Vostochnaia literature, http://www.fortunecity.com/meltingpot/champion/65/control_lankov.htm [Accessed 15/05/2007].

government documents, and government building security.⁷² The tentacles of official surveillance extended all the way down to the communal level to People's Neighbourhood Teams (PNT) or *inminban*. PNT's were the basic social cell of state control, linking families and households to the KWP's extensive bureaucratic network. The local PNT leader (*inminbanjang*, or "head of a people's group") would manage political control and ideological mobilisation within the local unit of 20-50 households, advising members about the ideological purity of their daily lives.⁷³ The local PNT leader had to monitor the activities of those under their responsibility as any misdemeanours meant dire consequences not only for the perpetrator, but for the PNT leader as well. The main purpose of this system was to suppress dissent at every level of society and thus eliminate opportunities for anti-regime agitation.⁷⁴

Employment was fully regulated by the KWP, making its decisions on the basis of the political reliability and the family background of the individuals concerned. A system of personal security ratings, codified during the 1950s, categorised the political reliability of individuals. The population was divided into 51 social groupings that not only influenced employment prospects but also access to higher education, health care, food supplies and Party membership. This cumbersome system was streamlined in the 1980s into three broad categories: the "core" or "central" class, consisting of the families of Party members, soldiers and industrial proletarians; the "wavering" or "undecided" class, incorporating the families of middle-ranking peasants, small business owners and traders; and the "hostile" class, including the families of well-to-do peasants, individuals with religious affiliations, the

⁷² 1993. *Country Study - North Korea*. Washington DC: US Library of Congress, <http://lcweb2.loc.gov/frd/cs/kptoc.html> [Accessed 03/04/2006].

⁷³ SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, p. 53.

⁷⁴ LANKOV, A. 1995. *Korea: vchera i segodnia (The Repressive System and Political Control in North Korea)*. Vostochnaia literature, http://www.fortunecity.com/meltingpot/champion/65/control_lankov.htm [Accessed 15/05/2007]; SUH, D.-S. 1988. *Kim Il Sung: The North Korean Leader*, New York, Columbia University Press. pp. 166-67.

intelligentsia, and returning Chinese and Japanese Koreans, which comprised approximately one quarter of the North Korean population.⁷⁵

The prospect of career advancement worked as both carrot and stick in acculturating Party members and prospective cadres into appropriate behaviour.⁷⁶ The execution of commands from above to the highest precision possible was good for career advancement, while excessive questioning and overt disloyalty were not. The rewards of advancement in the Party, combined with the consequences of dissent or even slight disagreement produced a stifling pressure toward self-censorship and depoliticisation amongst individual Party members. These entry barriers and conformist pressures decreased the likelihood of individuals opposed to the system rising to positions of influence and raised the costs of dissident collective action against the regime.⁷⁷

Another important component of control was to keep people rooted in one place, which the regime achieved through a number of restrictions. North Korean citizens generally lived in apartment complexes or residential compounds close to their places of employment.⁷⁸ Freedom of relocation was strictly limited, as people were prohibited from changing jobs or moving to new locations without official permission from the Party. PNT leaders would keep track of people movements within their jurisdiction and had the power to inspect any residence at any time to conduct a roll call. Any person staying at a dwelling other than their

⁷⁵ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 55; RIGOULOT, P. 1999. Crimes, Terror, and Secrecy in North Korea. In: COURTOIS, S., WERTH, N., PANNE, J., PACZKOWSKI, A., BARTOSEK, K. & MARGOLIN, J. (eds.) *The Black Book of Communism: Crimes, Terror, Repression*. London: Harvard University Press. p. 560; 1993. *Country Study - North Korea*. Washington DC: US Library of Congress, <http://lcweb2.loc.gov/frd/cs/kptoc.html> [Accessed 03/04/2006].

⁷⁶ 2002a. *The Invisible Exodus: North Koreans in the People's Republic of China*. Washington DC: Human Rights Watch, <http://www.hrw.org/reports/2002/northkorea/norkor1102.pdf>. pp. 19-20; BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 29.

⁷⁷ PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 4.

⁷⁸ SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, pp. 53-54.

home was required to register with the local PNT leader, present their identification papers, explain the reason for their visit and obtain written permission authorising the stay.⁷⁹ A travel pass granted by the Ministry of Public Security was needed to travel outside one's home district, which took a long time to obtain and could only be granted for official business or important family functions. To further impede travel, food distributed from the state rationing system was not available to people travelling outside their home district.⁸⁰

Ritualised self-criticism sessions were the basis of social control at the individual level. The general pattern of these rituals can be constructed from the testimony of former North Korean residents. Self-criticism sessions were usually conducted once a week in work groups or PNT's, with long and detailed written self-criticism documents submitted once per month. American defector Charles Jenkins, who crossed the DMZ into North Korea in 1965 to avoid deployment to Vietnam, recalled documenting his various transgressions through the week to recite during self-criticism sessions.⁸¹ During the meeting, a person would begin by standing to attention and reciting verbatim one of the teachings of Kim Il-sung, after which they would list their failings from the previous week. They would then express regret for their transgressions and list ways that their future conduct would better reflect *Juche* and the teachings of Kim Il-sung. At this point, the presiding Party official would decide if the self-criticism had been satisfactory; if it had been, the individual would then go on to criticize others in the group. If the self-criticism was deemed unsatisfactory, other group members

⁷⁹ LANKOV, A. 1995. *Koreia: vchera i segodnia (The Repressive System and Political Control in North Korea)*. Vostochnaia literature, http://www.fortunecity.com/meltingpot/champion/65/control_lankov.htm [Accessed 15/05/2007].

⁸⁰ 1993. *Country Study - North Korea*. Washington DC: US Library of Congress, <http://lcweb2.loc.gov/frd/cs/kptoc.html> [Accessed 03/04/2006].

⁸¹ JENKINS, C. 2008. *The Reluctant Communist: My Desertion, Court-Martial, and Forty-Year Imprisonment in North Korea*, Berkeley and Los Angeles, University of California Press. p. 36.

would be ordered to expand on the criticisms offered. If a specific criticism was deemed sufficiently serious, the Party cadre would call out the individual for a special session.⁸²

Self-criticism meetings generally would focus on minor and unimportant transgressions. However, their value as a method of social control lay in deterring individuals from engaging in risky behaviours for which they would be discovered and criticized. In these cases, criticisms would become more intense and punishments more severe. Any behaviour that was too perilous to confess was therefore too dangerous to risk. The result was a psychological climate which for the most part deterred people from engaging in subversive or anti-social behaviour.⁸³

Communications Monopoly and Official Propaganda

The regime maintained a tight monopoly on communications and the media in North Korea and used its monopoly to disseminate ideological messages, Party propaganda and psychological terror. The news agency most familiar to analysts in the West for its outrageous hyperbole and vainglorious descriptions of the regime was the *Korean Central News Agency* (KCNA), which was the primary conduit for official pronouncements to the outside world. Within the DPRK, it was the primary agency for gathering and disseminating news, and was responsible for publishing the daily paper *Korean Central News*, the *Photographic News* and the *Korean Central Yearbook*. Other organs of the state circulate their own print media as well: the KWP Central Committee publishes the newspapers *Nodong Sinmun* and *Minju Choson*, which were likely to be the only available sources of

⁸² Ibid. pp. 36-7; Kang and Rigoulot, *The Aquariums of Pyongyang: Ten Years in a North Korean Gulag*. p. 129.

⁸³ HUNTER, H.-L. 1999. *Kim Il-song's North Korea*, Santa Barbara, Greenwood Publishing Group. p. 64.

written information about the “world” of North Korean citizens.⁸⁴ North Koreans had access to specially calibrated televisions and radios that could only receive government channels. Typical programs usually centred on the themes of the greatness of Kim Il-sung, the KWP and the working class, and often included musical performances, films and documentaries, and interviews with Korean War veterans.⁸⁵

As a rule, the North Korean population became susceptible to suggestion and manipulation because of the media monopoly described above. In the absence of external information sources, ordinary North Koreans were unlikely to have imagined alternative lifestyles and political arrangements, let alone create new alternatives on their own initiative. This state of affairs was the product of prolonged isolation, of a social environment unchallenged by external ideas for an extended period. Most adult North Koreans have grown up under Kim regime rule since 1945 and have been educated in the same political and ideological system. Therefore, their belief systems have developed in step with the evolution of *Juche*; people seamlessly assimilated new components of *Juche*, leading to an intensification of their beliefs. From their perspective, *Juche*'s capacity to evolve overrode any doubts that may have arisen had the ideology maintained strict rigidity. Therefore, in the absence of pressures toward cognitive dissonance, their beliefs were reinforced.⁸⁶

Regime Propaganda

In general terms, propaganda should deliver an image of the ruling regime that silences doubts and generates public loyalty, by outlining accepted behaviour and the path to

⁸⁴ PARK, H. S. 2002. *North Korea: The Politics of Unconventional Wisdom*, Boulder, Lynne Rienner. pp. 54-55. KCNA publishes English language articles via its website: <http://www.kcna.co.jp/index-e.htm>; *Nodong Sinmun* articles can also be found via the KCNA site, although its articles are published in Korean only: <http://www.kcna.co.jp/today-rodong/rodong.htm>.

⁸⁵ Ibid. pp. 55-56.

⁸⁶ Ibid. pp. 62-63.

advancement and privileges within the system. Concurrently, it should generate fear and demonstrate the helplessness of resistance, making clear that safety lies in conforming to accepted norms. North Korean propaganda achieved this by emphasising themes related to the revolutionary program, enemies of the revolution, and the leader of the revolutionary movement. The leader of the revolution, Kim Il-sung, was positioned through a personality cult as the father of the nation, the philosopher-king, the fount of wisdom, the warrior-hero who made the revolution possible and led the movement to victory. The propaganda surrounding Kim Il-sung reached the levels of mythology, not only establishing his omnipotence and his will as that of both heaven and Earth, but also his tenderness and compassion for the North Korean people. For Brian Myers, the ability of North Korean propaganda to speak to the psyche through emotion made it far superior to the propaganda of the European communist regimes.⁸⁷

North Korean propaganda lionised *Juche* as the ideology through which the revolution was able to establish a paradise on Earth.⁸⁸ It achieved this by communicating two important aspects: on the one hand, it extolled the virtues of the ideology and on the other, it provided the template through which individuals could embody the ideology in practice. The anti-Japanese guerrillas led by Kim Il-sung became the role model for self-reliance and perseverance through adversity. When *Juche* was adapted to accommodate changes in management styles, including mobilisation drives such as the Chollima movement, the *Chongsan-ri* agricultural method, and the *Three Revolutions Teams* drive, propaganda was

⁸⁷ MYERS, B. 2006. *Concerted Front: Why Seoul is soft on North Korea*. New York: The Wall Street Journal, <http://www.opinionjournal.com/forms/printThis.html?id=110009427> [Accessed 14 May 2008]. ; RIGOULOT, P. 1999. Crimes, Terror, and Secrecy in North Korea. In: COURTOIS, S., WERTH, N., PANNE, J., PACZKOWSKI, A., BARTOSEK, K. & MARGOLIN, J. (eds.) *The Black Book of Communism: Crimes, Terror, Repression*. London: Harvard University Press. p. 559.

⁸⁸ The following passage from KCNA illustrates the sacred mission of *Juche* and socialism: "Only when they take the road of socialism where people are masters of everything and everything serves them, will it be possible for all of them to enjoy free, equal and dignified life to suit the independent nature of man and for all countries and nations to achieve independent development free from all forms of domination and subjugation. Socialism alone can ensure lasting peace and security of the world guaranteeing the existence and development of mankind." See: 2007g. *Socialism Hailed as Ideal of Mankind*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/item/2007/200712/news12/06.htm#9> [Accessed 05 January 2008].

marshalled as an instructional tool to inform the public of their obligations and duties within these new programs. Propaganda thus provided the template for the public to follow when changes were made to the accepted way of doing things.

The establishment of official enemies enhanced the urgency of the revolutionary program. North Korean propaganda has leant heavily on anti-imperialism as the theme through which it established fear of threats from both outside and within. The United States was identified as the mortal enemy, the antithesis of *Juche* and thus a threat to North Korea's paradise on Earth.⁸⁹ South Korea fit into this narrative as a puppet of the United States, the compliant tool of the imperialist enemy. Together, they constantly threatened the security of North Korea and the continuity of the revolution.⁹⁰ By extension, those within North Korean society who did not conform to the template of acceptable behaviour and loyalty were labelled as imperial sympathisers, for whom the most extreme punishments would apply. The implied threat of coercive terror is the narrative through which purges and incarceration of political prisoners should be understood.

Constant repetition drove home the message of North Korea propaganda. Successful repetition requires the presence of a set of necessary preconditions that mutually reinforce the desired attributes and dispositions within the target community. These include difficult existential circumstances (Japanese occupation and the Korean War), the presence of a cult personality (Kimism), an appealing doctrine that prescribes moral and ethical standards for human conduct (*Juche*), a sacred mission (reunification), as well as an external threat that

⁸⁹ KOH, B. 1986. Ideology and North Korean Foreign Policy. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 26.

⁹⁰ *Nodong Sinmun's* 2009 Joint New Year editorial makes reference to South Korea's Lee Myung-bak administration in this context: "All the Korean people should resolutely check and foil the manoeuvres of the anti-reunification forces running counter to the trend of the times towards independent reunification, steeped in pro-U.S. sycophancy and hostility towards the fellow countrymen." See: 2009c. *Joint New Year Editorial Issued*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/index-e.htm> [Accessed 20 January 2009].

leads to the internalisation of a siege mentality (US/ROK military threat).⁹¹ All of these criteria were satisfied in North Korea between 1945 and 1991. By controlling the flow of information and keeping the people enclosed in a vacuum, the regime was able to evoke a high degree of conformity in attitudes and beliefs. This is consistent with observations made in other totalitarian societies, where it was found that constant repetition of propaganda messages, without respite or infusion of competing ideas, created a sense of helplessness amongst the citizens in the face of irresistible power.⁹² Coercive terror enhanced this message, as conformity with accepted norms was the only way individuals could maximise their personal safety. In other words, the propaganda message compounds the coercive capacities of the state in maintaining the populace in a state of psychological terror.

Conclusion

North Korea's pre-famine totalitarian system grew from a tough and extreme form of nationalism that developed within the cauldron of the Japanese occupation and the chaotic atmosphere of the liberation period. These tumultuous events catalysed support among traumatised Koreans for a political figure like Kim Il-sung, promising a transformative vision to alleviate their suffering. The vision offered by Kim was based on the Stalinist model of communism, reflective of the North's status as a protectorate of the USSR following liberation, and Kim Il-sung's Soviet military and ideological training in the Russian Far East. This model centred on Kim Il-sung as an absolute dictator, with the Korean Workers' Party as the vehicle for his total personalised control over North Korean society. The personality cult surrounding Kim, as well as the transformational ideology of *Juche*, was the ideational foundation of the regime. All-pervasive terror based on violent coercion and the threat of

⁹¹ PARK, H. S. 2002. *North Korea: The Politics of Unconventional Wisdom*, Boulder, Lynne Rienner. pp. 41-42.

⁹² KECSKEMETI, P. 1950. Totalitarian Communications as a Means of Control: A Note on the Sociology of Propaganda. *The Public Opinion Quarterly*, 14, pp. 226-32.

severe punishment was the foundation of social control. Other positive inducements such as material well-being (in the uniquely North Korean sense of the term) and career advancement played a role, though these were located within the overall structure of terror. The regime maintained a communications blockade to restrict the flow of information in, out and around the country, which kept North Koreans trapped in a world strictly bounded by the limits of official ideology.

The systemic maintenance costs of such a comprehensive network of social controls were great and could not be maintained in the long term by a state with such an inefficient economy. Declining marginal returns on investment seen in the command economy leading up to 1991 were reflected in the political system and its institutions. The famine period crippled the regime's institutional structure and undermined the positive incentives for obedience, which filtered through to the coercive apparatus and made it less effective. The ground has now been prepared for a comparison of today's North Korea with the pre-famine regime of Kim Il-sung, which will expose the systemic weaknesses wrought by the famine. This in turn will provide an indication of the problems the nuclear program has been tasked to address and paint a clearer picture of the regime's motivations for nuclear proliferation.

6. North Korea Post-Famine: Decay of the Totalitarian System

North Korea's political system today is no longer that of a full-blown totalitarian regime, though the foundations of the totalitarian architecture remain in place. The economic transformation that has taken place has triggered a process of political change at the grass-roots level that is undercutting the institutions of the old order, a process that has not reached its conclusion. In this context, the nuclear program is not only utilised by the regime as a bargaining chip to acquire inputs for the economy, but also functions as a tool for regenerating the totalitarian order as a symbol of self-reliance in regime propaganda, and as a vehicle to advance bureaucratic interests within the military, the paramount institution in post-famine North Korea. These findings clearly demonstrate the importance of the nuclear program to the political economy of the North Korean state and the perpetuation of the Kim regime.

Yet while it is true that certain dimensions of the totalitarian order in the DPRK have been degraded, the architecture of the old order remains as an "eroded" totalitarian system. This chapter will document how the foundations of the totalitarian order have changed since the famine period. First, it will describe the concept of post-totalitarianism, suggesting that North Korea today is in the process of evolving into a post-totalitarian state. Second, the chapter will describe the new relationship between the leader, Party and military that has arisen within Kim Jong-il's leadership paradigm of *Songun* politics. Third, it will document the decline of pervasive terror and the weakening of social controls that has occurred since the famine. Fourth, it will analyse the decay of the communications monopoly and state

ideology over the same period, identifying anti-imperialism as the regime's most effective remaining legitimising paradigm. Finally, the chapter will investigate the capacity of the *Songun* system to regenerate itself. This system currently exists in a state of flux, captive to the economic changes that are transforming the political and social relationships of North Korean society. It is an inherently unstable system, unlikely to persist in its current form without substantial subsidisation of its systemic maintenance costs. The nuclear program is the tool that facilitates this aim by propping up the economy, ideology and institutions of the fading totalitarian system.

Post-Totalitarianism

Charles Armstrong argues that totalitarian theory fails to account for change that occurs as the state evolves.¹ Armstrong argues that North Korea has changed significantly over time; the state as it exists today is not the same as that which predominated in the aftermath of the Korean War. To a degree this is true, as the shape of institutional power structures and influence of individual actors within the system has metamorphosed markedly, especially since the famine and the assumption of power by Kim Jong-il. As shown in chapter three, these institutional changes resulted from declining marginal returns on investment. In spite of declining marginal returns, the five characteristics of totalitarianism defined by Friedrich and Bzrzenski remain in place despite their erosion under duress.

Yet there are processes in train precipitating changes in the political economy of the North Korean state that are permanently altering the totalitarian architecture. The long-term process of degeneration and accelerated systemic transformation has transitioned North Korea toward

¹ ARMSTRONG, C. 2001. The Nature, Origins, and Development of the North Korean State. In: KIM, S. (ed.) *The North Korean System in the Post Cold War Era*. New York: Palgrave. pp. 42-43.

a post-totalitarian order. A post-totalitarian regime is one in which the centralised power of the dictator has weakened in conjunction with the declining pervasiveness of the coercive apparatus. Often the transition to post-totalitarianism occurs when a dictator dies and no one figure has amassed a bureaucratic power base sufficient to wield total control. In the absence of a charismatic dictator at the apex of the power structure, what emerges is usually some form of collective bureaucratic leadership.²

A collective leadership is likely to prevent wholesale purges of the elite, though it may continue to sacrifice individuals from time to time.³ For Carl Friedrich, the transformation of a totalitarian system into other forms of authoritarianism resulted when the ideology and organisation of the ruling regime became ossified and weak, isolating the ruling clique and creating a power vacuum at the top. A bureaucratic faction could fill the gap, in partnership with a corruptible coercive apparatus more concerned with politics and power, as opposed to upholding the old order.⁴ The frenzy of public mobilisation behind the revolutionary movement also subsides in a post-totalitarian system as the official ideology becomes discredited, the cult of personality surrounding the dictator wanes, the communication monopoly breaks down and open repression is scaled back. This creates a space in which embryonic opposition movements can grow.⁵

According to the definition above, North Korea cannot yet be considered a post-totalitarian state, despite compelling evidence that it is no longer that of a full-blown totalitarian regime.

It is more accurate to describe the North as an eroding totalitarian regime in which significant

² THOMPSON, M. 2002. Totalitarian and Post-Totalitarian Regimes in Transitions and Non-Transitions from Communism. *Totalitarian Movements and Political Religions*, 3, pp. 83-84.

³ Ibid. pp. 83-4.

⁴ FRIEDRICH, C. 1969. The Evolving Theory and Practice of Totalitarian Regimes. In: FRIEDRICH, C., CURTIS, M. & BARBER, B. (eds.) *Totalitarianism in Perspective: Three Views*. London: Pall Mall Press. p. 78.

⁵ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdf/PUB644.pdf>. p. 3.

changes have occurred, but which has not yet changed sufficiently to be considered post-totalitarian.⁶ Peter Beck offers a similar assertion, suggesting that the political system today is a cross between totalitarianism and neo-traditionalism, where the totalitarian architecture remains in place but with significant cracks, which the regime attempts to cover through appeals to Confucian tradition and dynastic rule.⁷ This thesis goes further, arguing that the regime is attempting to forestall state decay and cover up these weaknesses by utilising the nuclear weapons program to plug holes in the political economy of the North Korean state.

Dictator, Party and Military: A New Relationship

In the midst of unfolding catastrophe in 1994, a significant change occurred at the summit of the regime, when Kim Jong-il succeeded his deceased father Kim Il-sung. Kim Jong-il's rise to the pinnacle of the North Korean regime was a long one, beginning in September 1973 with his promotion to Secretary of the KWP. In this position, Kim held dual positions as head of organisational affairs, as well as propaganda and agitation, where he became the authoritative interpreter of the ideas developed by Kim Il-sung. He also created an enhanced role for Party cadres in local administrative units through the *Three Revolutions Teams* movement and strengthened self-criticism practices in workplace units. Clearly, Kim Jong-il had inserted himself at the crucial node of power at the beginning of the era of power transition, from where he was able to build an institutional power base that would eventually allow him to assume power in a manner previously unheard of in communist dictatorships.⁸ The younger Kim's penchant for promoting young technocrats to senior positions ahead of traditional ideologues demonstrated his ability to be a more

⁶ Ibid. p. 4; SCOBELL, A. 2005. Making Sense of North Korea: Pyongyang and Comparative Communism. *Asian Security*, 1, p. 249.

⁷ BECK, P. *Interview with the author*. 22 July 2008. Seoul, South Korea.

⁸ KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press. pp. 54-57.

pragmatic political operator, setting the stage, as Patrick McEachern has suggested, for him to assume a different leadership style from that of his father.⁹

During the four-year power transition period after Kim Il-sung's death, the younger Kim assumed leadership of the KWP Central Committee and thus the Politburo and the Secretariat, the three key organisations within the Party. However, with the Party under sustained assault from the difficulties of economic crisis, famine, and ideological delegitimation, Kim Jong-il may have come to the realisation that if his leadership was to survive, he would need the support of the KPA, the strongest institution in an otherwise crumbling state. In this context, the younger Kim's pragmatic political skills came to the fore.

Songun Politics

To understand how the KPA became the foundation of Kim Jong-il's leadership, one must hark back to the early-1960s and Kim Il-sung's decision to turn North Korea into a veritable fortress. North Korea is a militarised state—a garrison state—in which the military has become the backbone, ideologically and organisationally, of the society.¹⁰ During the early 1960s, international events such as the Cuban missile crisis and the Sino-Soviet split led Kim Il-sung to place a renewed emphasis on national security. The KWP issued a statement at its Central Committee plenary session on December 10-14, 1962, emphasising the strengthening of national self-defence. This doctrine—the *Equal Emphasis* policy—called for the fortification of the country, arming of the entire nation, and modernisation of the KPA into an

⁹ McEACHERN, P. (2009). *Inside the Red Box: North Korea's Post-Totalitarian Politics*. PhD dissertation submitted to the Department of Political Science, Louisiana State University and Agricultural and Mechanical College, http://etd.lsu.edu/docs/available/etd-04142009-234949/unrestricted/McEachern_diss.pdf [Accessed 21 December 2010].

¹⁰ CHOI, K. 1999. Korea: A Tradition of Peace – the Danger of War. In: BOOTH, K. & TROOD, R. (eds.) *Strategic Cultures in the Asia-Pacific Region*. New York: St. Martin's Press. p. 106.

elite fighting force, even at the expense of the nation's economic progress.¹¹ The reasons for the rapid militarisation stem from the regime's feeling of insecurity from external threats, linked with events abroad.¹²

The threat posed by the United States forced North Korea to make one of two choices: either accept an external security guarantee from a foreign power, or turn the DPRK into a fortress state. Kim Il-sung viewed Nikita Krushchev's back down in the Cuban missile crisis as a sign that the Soviet security guarantee could not be counted on in a crisis, occurring as it did in the context of post-Stalin revisionism in the USSR and the eroding solidarity of the communist bloc created by the Sino-Soviet rivalry.¹³ From this period onward, North Korea became the heavily militarised country in which military production increasingly became an important part of the national economy. The militarisation of the economy from 1962 precipitated a long movement, a shift in political importance away from the KWP toward the KPA as the KPA began to become more involved in the commanding heights of the North Korean economy.¹⁴

Returning now to the fledgling leadership of Kim Jong-il, one can see how the military became integral to the new leader and the survival of the state. In December 1998 Kim Jong-il *consolidated* his grip on power through the introduction of a new state ideology—*Songun* or “military-first” politics—which was based on *kangsong daeguk*, the idea of North Korea as

¹¹ BUZO, A. 1999. *The Guerrilla Dynasty: Politics and Leadership in North Korea*, Sydney, Allen & Unwin. p. 240. See also: MOON, C.-I. & TAKESADA, H. 2001. North Korea: Institutionalized Military Intervention. In: ALAGAPPA, M. (ed.) *Coercion and Governance*. Stanford: Stanford University Press. p. 364.

¹² MOON, C.-I. & TAKESADA, H. 2001. North Korea: Institutionalized Military Intervention. In: ALAGAPPA, M. (ed.) *Coercion and Governance*. Stanford: Stanford University Press. p. 379.

¹³ Ibid. p. 364.

¹⁴ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdf/PUB644.pdf>. p. 5.

a “strong and powerful country.”¹⁵ The building of *kangson daeguk* required North Korea to become strong in political ideology, economic capacity and military capabilities, goals toward which the nuclear program appears to have been directed. Given the relative decline in the North’s conventional military capability, the nuclear program thus became a symbol of the military component of the new legitimising paradigm. According to Daniel Pinkston, *Songun* politics was formulated to demonstrate Kim Jong-il’s dedication to providing national security against external threats and to reassure the military that Kim and the Party would provide the military with priority access to the state’s scarce resources.¹⁶

Not surprisingly, the role of the KPA in everyday affairs in North Korea has increased since the implementation of *Songun* politics. The military has been mobilised to undertake a number of public tasks from infrastructure development to food procurement, while the KPA hierarchy has played an increasing role in social and economic decision-making processes.¹⁷ The ultimate goal is a self-sustaining defence sector in which military activities generate more resources and economic goods than they consume, thus leading the country to economic recovery.¹⁸ In short, under *Songun* politics the military became the spearhead of economic re-invigoration.

The ascendancy and entrenchment of the military-industrial complex in North Korea has

¹⁵ PINKSTON, D. 2003. Domestic Politics and Stakeholders in the North Korean Missile Development Program. *The Nonproliferation Review*, 10, p. 10.

¹⁶ PINKSTON, D. 2006. North Korea’s Foreign Policy Towards the United States. *Strategic Insights*, V, p. 3.

¹⁷ VORONTSOV, A. 2006. *North Korea’s Military-First Policy: A Curse or a Blessing?*. Washington DC: The Brookings Institution, <http://www.brookings.edu/views/op-ed/fellows/vorontsov20060526.htm> [Accessed 13/04/2007].

¹⁸ Nicholas Eberstadt quotes an official statement from *Nodong Sinmun* in April 2003 that describes the role of the military in leading North Korea’s economic reinvigoration: “Once we lay the foundations for a powerful self-sustaining national defence industry, we will be able to rejuvenate all economic fields, to include light industry and agriculture and enhance the quality of people’s lives.” See: EBERSTADT, N. 2006. Why Hasn’t North Korea Collapsed? Understanding the Recent Past, Thinking About the Future. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. pp. 288-89.

elevated the KPA as the most important political institution within the regime.¹⁹ This institutional shift has taken place at the expense of the KWP, which is no longer the driving force of society.²⁰ The KPA's expanded power derives from the incorporation of large swathes of the North Korean economy under military control, outside of the official command system. This shift was necessary because during the famine, the Party bureaucracy became overly inefficient in the area of economic allocation, to the point of breakdown, and ceased to serve as an effective means to transmit the policy directives of the leadership.²¹ *Songun* politics was thus Kim Jong-il's conscious attempt to rescue the North Korean economy from the wreckage of the broken central planning mechanism.

This is not to say, however, that the military replaced the KWP entirely as a key organ of power. The KPA does not dominate the internal machinations of the Party, nor has it replaced the Party's extensive role of internal surveillance through institutional penetration to the lower levels of North Korean society.²² The Party continues to maintain its surveillance capability, which now represents its most important function, though for the most part it no longer maintains oversight over economic activity. As the economic centre of gravity has moved, so too has the political chain of command. Traditionally, the Secretariat of the KWP coordinated policy implementation in the affairs of the KPA in military strategy, the defence industries, and resource mobilisation, through institutionalised lines of communication established through its penetration of the military. Every level of the military command was infiltrated by Party appointees, who monitored the activities of their appointed unit and reported directly back to the KWP Central Committee. Through these channels, Party cadres

¹⁹ KIM, T. 2006f. *Pathology of North Korea's Military-First Politics*. Korea Focus Commentary, http://www.koreafocus.or.kr/main_view.asp?volume_id=51&cate_code=A&g_cate_code=AB&g_code=101246 [Accessed 10/10/2006].

²⁰ VORONTSOV, A. 2006. *North Korea's Military-First Policy: A Curse or a Blessing?*. Washington DC: The Brookings Institution, <http://www.brookings.edu/views/op-ed/fellows/vorontsov20060526.htm> [Accessed 13/04/2007].

²¹ KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press, p. 95.

²² *Ibid.* pp. 81-82; SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, p. 52.

transmitted the policy line from Party headquarters and supervised policy implementation within army units. Military commanders had little room for independent action and could not undertake exercises or operations without prior approval from the Party apparatus.²³

This arrangement is no longer operational; the network of Party organisations cutting across the KPA now report directly to Kim Jong-il via the National Defence Commission, bypassing the KWP. The National Defence Commission was an organ of the KWP prior to constitutional revision in 1998, however, the newly-revised constitution eliminated two previously existing organisations—the state president and the Central People’s Committee—to make the NDC the regime’s peak bureaucratic body, at the top of which stood Kim Jong-il.²⁴ By re-arranging his command and control structure, Kim Jong-il was able to ensure that no senior Party figure could use the military to challenge his leadership, while simultaneously keeping the military itself divided by playing off high ranking generals against each other.²⁵ In sum, Kim’s aim was to keep the KWP at arms length from the military while quarantining the KPA from pretensions of an overthrow using divide-and-conquer tactics. Thus while the KWP continues to exercise an important role in the government structure, it has been alienated from the decision-making chain of command.

Yet while the pendulum of institutional power has swung toward the military under Kim Jong-il, it has been suggested that the pendulum is beginning to swing back toward a regenerating Korea Workers’ Party. Ruediger Frank postulates that since 2008, the KWP has

²³ MOON, C.-I. & TAKESADA, H. 2001. North Korea: Institutionalized Military Intervention. In: ALAGAPPA, M. (ed.) *Coercion and Governance*. Stanford: Stanford University Press. p. 366; JEON, J.-G. 2000. North Korean leadership: Kim Jong Il’s balancing act in the ruling circle. *Third World Quarterly*, 21, p. 769.

²⁴ KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press. pp. 96-99. See also: SCOBELL, A. & SANFORD, J. 2007. *North Korea’s Military Threat: Pyongyang’s Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles*. Carlisle: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/Pubs/Display.Cfm?pubID=771>. p. 11.

²⁵ MANSOUROV, A. 2000. The Natural Disasters of the Mid-1990s and Their Impact on the Implementation of the Agreed Framework. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 87.

entered a phase of regeneration ahead of the upcoming leadership transition.²⁶ The September 2010 Korean Workers' Party Congress, an event not held since 1980, the KWP's formal institutional organs were restored to accommodate the promotion of heir apparent Kim Jong-un. If Frank is correct, it illustrates the political management acumen of Kim Jong-il in attempting to mould institutional arrangements that will best protect the ruling regime under the tutelage of a new leader, much as his *Songun* arrangements cemented his position up to the present day.

Kim Jong-il's Command and Control over the Military

Kim Jong-il maintains control over the military through a series of overlapping institutionalised structures and by fostering competition between military organs and leaders. The National Defence Commission (NDC), of which Kim Jong-il is Chairman, sits at the pinnacle of the military bureaucratic structure. Other key branches of power within the military are subordinate to the NDC, including the Ministry of People's Security, the Security Service, the Ministry of People's Armed Forces, the State Security Department, and most importantly, the KPA.²⁷ Kim reduces the risk of a united military challenge to his leadership by encouraging competition between the state's many military sub-organs through compartmentalisation. Each sub-organ has responsibility for a small aspect of the overall military mobilization which encourages them to compete with each other for the political influence, resources and prestige needed to effectively execute their own activities.²⁸

²⁶ FRANK, R. (2010). *A Puzzle in Pyongyang: Kim Jong Un's ascension in North Korea poses as many questions as it answers*. Foreign Policy. 8 October 2010, http://www.foreignpolicy.com/articles/2010/10/08/a_puzzle_in_pyongyang?page=full [Accessed 21 December 2010]; FRANK, R. (2008) *Has the Next Great Leader of North Korea Been Announced? Why it makes sense to read North Korean media*. Japan Focus. 22 October 2008, <http://www.japanfocus.org/-Ruediger-Frank/2930> [Accessed 21 December 2010].

²⁷ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>. p . 5.

²⁸ JEON, J.-G. 2000. North Korean leadership: Kim Jong Il's balancing act in the ruling circle. *Third World Quarterly*, 21, pp. 771-72.

Competition between military leaders is fostered as a complement to institutional control mechanisms. Kim Jong-il practices a divide-and-rule strategy amongst senior military officials through material inducements via the court economy to secure loyalty and foster competition for his favour between high-ranking officials.²⁹ Kim Jong-il promoted 524 second-generation military leaders, out of a total of 664 generals who were promoted immediately after his inauguration as supreme commander of the KPA. These men owed their rapid career advancement to Kim Jong-il and thus became the vanguard of his power base within the military.³⁰ Konstantin Asmolov suggests that reforms within the military, such as manpower reductions and shorter length of service for non-commissioned personnel, are signs of the ascendancy of Kim Jong-il's appointees.³¹

Decline of Pervasive Terror: Weakening Social Controls

Government coercion remains in place in the DPRK, though it has become gradually less pervasive since the famine. The regime continues to execute political prisoners, including many repatriated defectors, as well as those accused of such vague transgressions as “collusion with the imperialists,” “ideological divergence,” “counter-revolutionary crimes,” and “opposing socialism.”³² The authorities continue to curtail freedom of expression, with any unauthorised assembly regarded as a “collective disturbance.”³³ As was the case prior to the famine, the maintenance of coercive terror requires mobilisation of the internal security

²⁹ BECK, P. *Interview with the author*. 22 July 2008. Seoul, South Korea.

³⁰ MOON, C.-I. & TAKESADA, H. 2001. North Korea: Institutionalized Military Intervention. In: ALAGAPPA, M. (ed.) *Coercion and Governance*. Stanford: Stanford University Press. p. 367.

³¹ ASMOLOV, K. 2005. North Korea: Stalinism, Stagnation, or Creeping Reform? *Far Eastern Affairs*, 33, p. 48.

³² 2007a. *Country Profile: North Korea*. Washington DC: US Library of Congress, http://lcweb2.loc.gov/frd/cs/profiles/North_Korea.pdf. p. 15; 2004d. *Starved of Rights: Human Rights and the Food Crisis in the Democratic People's Republic of Korea (North Korea)*. London: Amnesty International, [http://web.amnesty.org/library/pdf/ASA240032004ENGLISH/\\$File/ASA2400304.pdf](http://web.amnesty.org/library/pdf/ASA240032004ENGLISH/$File/ASA2400304.pdf). p. 23.

³³ 2006l. *North Korea: Human Rights Concerns*. Amnesty International, <http://news.amnesty.org/index/ENGASA240022006> [Accessed 08/01/2007].

apparatus against individuals or groups that perform the role of scapegoat for the country's problems. North Korean nationals caught leaving the country without official permission face punishment of two to three years in a labour training camp or detention centre. Itinerant workers and illegal traders crossing the border temporarily into China fall into this category, though more serious consequences await repatriated defectors who face a minimum of five years incarceration in a political labour camp or re-education facility. Those accused of making contact with churches, foreign journalists or South Korean citizens are considered to have made the ultimate political betrayal and face indefinite detention, or in many cases execution.³⁴ However, the fact that so many North Koreans are willing to risk such punishments to escape the DPRK, and have succeeded in doing so, suggests that living conditions have deteriorated to such a degree that fleeing the country is worth the risk, and that avenues for circumventing official travel restrictions and border controls exist to facilitate the movement of outbound refugees.

The crumbling of the state-run official economy has largely eliminated the regime's capacity to on the one hand offer inducements for politically-correct conduct and on the other, sanction those less diligent about participating in the old totalitarian rituals. Prior to the famine, individuals were required to participate in many hours of ideological indoctrination and self-criticism meetings every week, yet today, the regime is finding it increasingly difficult to make people attend these sessions. As Andrei Lankov points out, a worker in a long-defunct factory now understands that the state bureaucracy does not possess the means to reward his good conduct through promotion or material rewards, or the resources to detect and punish their absence from official functions by demotion or ration reduction.³⁵ Higher-

³⁴ DESPOUY, L. 2006. *Report of the Special Rapporteur on the independence of judges and lawyers: Civil and Political Rights, Including the Questions of Independence of the Judiciary, Administration of Justice, Impunity*. United Nations Economic and Social Council, <http://daccessdds.un.org/doc/UNDOC/GEN/G06/121/27/PDF/G0612127.pdf?OpenElement> p. 31.

³⁵ LANKOV, A. 2007. *North of the DMZ: Essays on Daily Life in North Korea*, Jefferson, NC, McFarland & Company. pp. 313-14.

level officials still must observe the rituals as they have careers to protect, but rank-and-file North Koreans for the most part have ceased to care. Similarly, the PNT system is in decline because local PNT leaders no longer receive any material benefits for strictly enforcing travel and residency regulations. Incentives in the form of bribes now motivate PNT leaders to allow residents under their charge to flout official regulations.³⁶ The forty percent of the population who derive their income from entrepreneurial activities are completely independent from the official economy and therefore immune to the carrots and sticks that ensured daily compliance of workers in the command economy for decades.³⁷ The collapse of the PDS forced many North Koreans to find alternative means to survive, driving many toward entrepreneurialism. The result, while far from an engaged civil society, is a citizenry becoming increasingly independent of the regime, harbouring a new feeling of individual self-reliance.³⁸

This highlights another consequence of the grassroots economic transformation: the inversion of the old class hierarchy as grassroots marketisation has begun to supersede the command system. The old social classifications remain relevant in the allocation of rations, housing, and jobs within the official economy, however the market-driven forces of socio-economic transformation have created a *de facto* class hierarchy that governs the activities of those citizens who exist outside of the official economy.³⁹ At the highest level sit the regime elite, including high-ranking military leaders and Party cadres, who enjoy privileges from the court economy unavailable to members of the lower social strata. This group, encompassing as

³⁶ SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, pp. 54-55.

³⁷ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

³⁸ SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, p. 56.

³⁹ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p . 10.

much as a quarter of the population, has seen no degradation of their social position despite the visitation of some limited privations during the famine.⁴⁰

At the second tier sit previously persecuted members of the “hostile” class with family ties outside of North Korea who are now advantageously positioned to succeed in the new entrepreneurial economy because they have access to foreign currency.⁴¹ From this group have emerged a growing number of prosperous merchants and traders. Their access to foreign currency has allowed them to set up their own business ventures or participate in black market activities, a choice unavailable to the industrial proletarians who have been priced out of the marketplace. The last five years have witnessed an explosion of small-scale business ventures including restaurants, shops, beauty parlours and other activities.⁴² Below those with access to foreign currency lie those who make a living trading in food and materiel appropriated from state-owned enterprises. Low-ranking soldiers, farm labourers and industrial workers often supplement their state-derived incomes by participating in this black market trade. The lowest rung of market traders are the farmers who grow food in private plots, selling the surplus to supplement their income.⁴³

The industrial proletariat, formerly part of the privileged “core” class prior to the famine, have seen their social position deteriorate as the heavy industrial sector collapsed. This group, concentrated among the urban non-elite who are dependent on government rations for

⁴⁰ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 55.

⁴¹ NOLAND, M. 2006c. Transition from the Bottom-Up: Institutional Change in North Korea. *Comparative Economic Studies*, 48, p. 203.

⁴² NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p. 10; HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 214.

⁴³ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p. 10; GUNJAL, K., GOODBODY, S., OSHIDARI, K. & FLEUREN, J. 2004. *FAO/WFP Crop and Food Supply Assessment Mission to the Democratic People's Republic of Korea*. Rome: Food and Agriculture Organization of the United Nations. <ftp://ftp.fao.org/docrep/fao/007/j2972e/j2972e00.pdf>. p. 21.

survival, is now the most disadvantaged social strata in North Korean society.⁴⁴ They had been economically significant in the old economy, providing the workforce for the steel, chemical and fertiliser industries that sustained North Korea's mechanised agro-industrial development. Yet during the famine, it was this group who was most exposed to starvation when the PDS collapsed, dependent as they were on non-existent PDS rations, isolated from the expropriated and home-grown farm produce that sustained rural residents, and lacking the means to buy food on the black market. Those who survived the famine did so by harnessing one of a number of coping measures. Some fled the country to China as refugees, others were able to secure food from relatives in rural areas, and some became petty traders, selling or bartering whatever possessions they had.⁴⁵

Public Discontent, Corruption & Legitimacy

In the past it was unimaginable for North Koreans to publicly express dissent or revisionist views regarding the ideas of state. Apart from fear of the coercive institutions, the average worker or farmer was probably engaged in the often desperate struggle for subsistence, which, as North Korean defector and gulag survivor Kang Chol-hwan has attested, left them little energy for subversive activity.⁴⁶ Most citizens abandoned political thought altogether and acquiesced to the official dogma.⁴⁷ They may have had doubts about the system but no avenue through which to discuss their thoughts with others. Even the thought of raising questions in one's own mind would have been a cross too heavy to bear in such a repressive

⁴⁴ NANTO, D. & CHANLETT-AVERY, E. 2008. *The North Korean Economy: Leverage and Policy Analysis*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL32493.pdf>. p. 10; HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. pp. 70-71; NOLAND, M. 2006c. Transition from the Bottom-Up: Institutional Change in North Korea. *Comparative Economic Studies*, 48, p. 203.

⁴⁵ SMITH, H. 2005. Disintegration and reconstitution in the Democratic People's Republic of Korea. In: CHESTERMAN, S., IGNATIEFF, M. & THAKUR, R. (eds.) *Making States Work: State Failure and the Crisis of Governance*. New York: United Nations University Press. p. 175.

⁴⁶ SNYDER, S. 2000. North Korea's Challenge of Regime Survival: Internal Problems and Implications for the Future. *Pacific Review*, 73, p. 518; KANG, C.-H. & RIGOULOT, P. 2001. *The Aquariums of Pyongyang: Ten Years in a North Korean Gulag*, New York, Basic Books. p. 141.

⁴⁷ OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 37.

environment and as survival was the leading imperative, most North Koreans probably avoided the complication of pondering subversive questions.

North Korea's elites faced a similar dilemma to the rank and file in confronting the complications of internal doubts, especially given that they were generally better informed than the masses. The elite, comprising several thousand top Party and military officials, have access to restricted government publications featuring international and domestic news, while some of their number may even have traveled abroad for education or official business. Such officials probably understand the contradictions of official ideology and recognise the glaring practical problems facing the regime, but are unable to raise concerns out of fear of punishment. The testimony of North Korean defector Ji Hae-nam, who worked as a propaganda member in the government bureaucracy, is a case in point:

I went around explaining and promoting Party policy to everyone in several factories. I shouted out slogans such as "What the Party decides, we follow" encouraging all workers with my songs to complete their tasks within the set timeframe. In 1989 when the 13th Party Convention was held I began having skepticisms [sic] about the inappropriate actions of Party cadres. At that time anyone who raised an issue against the wrongdoings of the deified cadres was punished.⁴⁸

As company men and women, and staunch nationalists, such officials are wedded to the status quo.⁴⁹ This is common to most communist countries; low- and mid-level officials in over-sized state bureaucracies are dependent on a strong state sector for their livelihoods, no matter what their personal beliefs.⁵⁰ These people may have a more acute understanding of the country's problems and contradictions, but they have even less freedom to discuss such issues because they are subjected to even greater internal surveillance than the masses.⁵¹ Thus it is likely that regime elites, in the same vein as the general public, disengage themselves

⁴⁸ JI, H.-N. 2003. *Testimony of Mrs. Hae-Nam Ji, North Korean defector*. Washington DC: Senate Foreign Relations Committee Subcommittee on East Asian and Pacific Affairs, <http://www.senate.gov/~foreign/testimony/2003/NamJiTestimony030605.pdf>. p. 1.

⁴⁹ Ibid; OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 38.

⁵⁰ CURRY, J. 1995. The Sociological Legacies of Communism. In: BARANY, Z. & VOLDYES, I. (eds.) *The Legacies of Communism in Eastern Europe*. London: Johns Hopkins University Press. pp. 62-63.

⁵¹ OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. pp. 38-39.

from subversive political thought to avoid the discomfort facing intractable contradictions over which they have negligible control.

It is intuitive that if doubters cannot discuss their doubts with others then no collective action or organised opposition can develop. Without organised opposition and debate there can be no reinterpretation of national myths and philosophies, which perpetuates the strong veneer of pro-regime mass consensus. This does not mean, however, that the national myths and philosophies enjoy true legitimacy among the population, as the reservoir of pent-up public frustration with the regime may indeed be vast. Reports do surface—through the anecdotal testimony of defectors and video footage smuggled out of the country—indicating the presence of underground dissent within North Korea.⁵² In numerous interviews with North Korean defectors, Suh Jae-jean learnt that ordinary North Koreans view members of the bureaucracy as “robbers and sycophants,” reflecting a deep bitterness toward the corruption of regime officials.⁵³ This information indicates that the biggest symptom of social decay since the famine is endemic corruption.

The vestiges of the regime’s enormous state bureaucracy remain in place, even though the economy has splintered into parallel systems. The market-based activities occurring within the non-official parallel economies have been able to proliferate courtesy of the corruption of officials at all levels of the bureaucracy, who have turned a blind eye to activities once considered illegal.⁵⁴ Authority over access to state benefits during a time of crisis provides

⁵² Journalist David Scofield has described video footage in which “the videographer entered a warehouse and filmed a sign taped to the wall that said “Overthrow (North Korean leader) Kim Jong-il. Comrades, let’s fight.” Later the camera moved to a picture of the Dear Leader himself, with the words “Kim Jong-il, we demand freedom and democracy.” written in red script across his beaming face.” See: SCOFIELD, D. 2005. *Kim Jong-il and the ‘A’ word*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/GA21Dg01.html> [Accessed 12 August 2007].

⁵³ According to Suh, one interviewee proclaimed that if war broke out the people would turn their guns at corrupt officials. Interestingly however, the target of discontent among the interviewees was corrupt officials and not Kim Jong-il. See: SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, pp. 64-65.

⁵⁴ Leslie Holmes defines corruption, in the context of communist and post-communist states, as: “Actions or non-actions—by any individual or small group of individuals occupying (an) official (Party and/or state and/or legal and/or military and/or socially responsible) elective or

Party officials with a unique opportunity to profit from their positions. In the harsh economic climate, rent-seeking through bribery is an obvious method of obtaining income for bureaucrats who no longer receive rewards from the state for fulfilling their duties. In the absence of institutional reforms to change the workings of the bureaucracy, commercial traders circumvent the rules by offering bribes to officials to overlook commercial regulations. Traders and officials maintain symbiotic relationships, with officials taking bribes in exchange for information on impending inspections or government crackdowns. All bureaucracies, including the military and the Party, protect black market operations.⁵⁵

Systematic corruption is extremely difficult for reformist leaders to dismantle once it becomes the norm. North Korean defectors have testified that the level of corruption in North Korea is rampant and reaches to the highest levels of power. Many were able to escape the country by bribing state officials, including border guards and travel inspectors, to reach and cross the Chinese border.⁵⁶ Corrupt officials also solicit payoffs via extortion. Hungry people violated travel restrictions in the search for food and there is even a growing suggestion that people can buy their way out of incarceration in the re-education camps.⁵⁷ Money and self-enrichment are replacing career advancement within the Party and fear of the coercive apparatus as behavioural motivators, illustrating the waning strength of the regime's system of coercion. The legitimacy of institutional structures suffers equally when the

appointed position(s)—that are perceived, by at least some criteria, to be improper and illegitimate in the particular sense of being seen as simultaneously against the collective (societal) interest and in the official's (officials') individual (self-regarding) interests." See: HOLMES, L. 1993. *The End of Communist Power: Anti-Corruption Campaigns and Legitimation Crisis*, Melbourne, Melbourne University Press. p. 77.

⁵⁵ SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, p. 63.

⁵⁶ North Korean defector Ji Hae-nam recounts her use of bribes to escape the country: "I brought 200 won worth of food on top of 200 won in cash to a guard from National Border Patrol in Musan telling him that I will give him more when I come back from China after selling my merchandise. He believed me and let me pass and I arrived in China after crossing the Tuman River at 3:30 p.m. Even the soldiers are starving in North Korea that they would do anything for money and their goal is to accrue 500,000 won by the time they are dismissed from the military service." See: JI, H.-N. 2003. *Testimony of Mrs. Hae-Nam Ji, North Korean defector*. Washington DC: Senate Foreign Relations Committee Subcommittee on East Asian and Pacific Affairs, <http://www.senate.gov/~foreign/testimony/2003/NamJiTestimony030605.pdf>

⁵⁷ 2006i. *A Matter of Survival: The North Korean Government's Control of Food and the Risk of Hunger*. *Human Rights Watch*, 18, p. 10; MANSOUROV, A. 2006. Emergence of the Second Republic: The Kim Regime Adapts to the Challenges of Modernity. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. p. 55.

citizenry can subvert the ruling structure through bribery and when ruling officials can prey upon the population through extortion.

Broken Communications Monopoly and Crumbling Ideology

The Korean Workers' Party continues to maintain information controls. The KWP publishes twelve principal newspapers and twenty major periodicals, as well as numerous radio stations and television stations. Locally manufactured radios and televisions are still calibrated to receive only domestic programming.⁵⁸ Clearly, the regime remains committed to insulating the North Korean population from information about the outside world. This April 2003 excerpt from *Nodong Sinmun* is worth quoting at length to illustrate the regime's concerns about the penetration of foreign ideas:

It is the imperialist's old trick to carry out ideological and cultural infiltration prior to their launching of an aggression openly. Their bourgeois ideology and culture are reactionary toxins to paralyse people's ideological consciousness. Through such infiltration, they try to paralyse the independent consciousness of other nations and make them spineless. At the same time, they work to create illusions about capitalism and promote lifestyles among them based on the law of the jungle, in an attempt to induce the collapse of socialist and progressive nations. The ideological and cultural infiltration is their silent, crafty and villainous method of aggression, intervention and domination.⁵⁹

Exposure to foreign ideas is likely to broaden the people's awareness of their objective reality, providing a basis of comparison with which to judge their own society. This is liable to bring on a feeling of cognitive dissonance among individual citizens as they weigh up the incongruity between official propaganda, stories about life outside North Korea and their day-to-day reality. Cognitive dissonance tends to occur when where a person encounters new information about a given topic that cannot be rationalised away by currently held belief and ideas, causing psychological discomfort, which leads the person to seek or develop new

⁵⁸ 2007a. *Country Profile: North Korea*. Washington DC: US Library of Congress, http://lcweb2.loc.gov/frd/cs/profiles/North_Korea.pdf. pp. 13-16.

⁵⁹ Quoted in: EBERSTADT, N. 2006. Why Hasn't North Korea Collapsed? Understanding the Recent Past, Thinking About the Future. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. p. 286.

paradigms for interpreting that topic.⁶⁰ This process fosters dissatisfaction with the political status quo, first individually then collectively as people realise they are not alone in their thoughts, leading eventually to the formation of a true civil society and the emergence of opposition movements based on alternative visions of how North Korea should be governed.

The penetration of information technologies into North Korea has been increasing for some time. Modern information technology is capable of breaking down barriers of information control, which is a key reason why the regime is hesitant to open the economy further. Some citizens have access to radios that have been smuggled from China or recalibrated to pick up broadcasts from South Korea, which they tune into at risk of incarceration.⁶¹ Citizens living in regions along the northern frontier can also access Chinese mobile phone networks if they can afford a mobile phone.⁶²

The proliferation of videocassette recorders (VCRs) through North Korea has been an important factor in eroding the information blockade. Smugglers began buying obsolete VCRs in China from 2001 when many households in northern China began discarding their old VCRs when DVD players became popular.⁶³ It is estimated that as many as ten percent of households in North Korea now own a VCR, which is politically significant because the world's only mass-producer of Korean-language programs is South Korea. The image of South Korean life portrayed in South Korean television programs and movies diverges

⁶⁰ FESTINGER, L. 1962. *A Theory of Cognitive Dissonance*, Stanford, Tavistock Publications, p. 2. See also: SMITH, H. 2005. Disintegration and reconstitution in the Democratic People's Republic of Korea. In: CHESTERMAN, S., IGNATIEFF, M. & THAKUR, R. (eds.) *Making States Work: State Failure and the Crisis of Governance*. New York: United Nations University Press. p. 176; MOON, C.-I. & KIM, Y.-H. 2001. The Future of the North Korean System. In: KIM, S. (ed.) *The North Korean System in the Post Cold War Era*. New York: Palgrave. p. 237.

⁶¹ LANKOV, A. 2007. *North of the DMZ: Essays on Daily Life in North Korea*, Jefferson, NC, McFarland & Company. p. 313; KANG, C.-H. & RIGOULOT, P. 2001. *The Aquariums of Pyongyang: Ten Years in a North Korean Gulag*, New York, Basic Books. p. 186.

⁶² EBERSTADT, N. 2006. Why Hasn't North Korea Collapsed? Understanding the Recent Past, Thinking About the Future. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. p. 13.

⁶³ Smugglers would buy used VCRs in China for US\$10-20 and transport them back to North Korea, where they were sold for up to US\$60, a sum well within the budget of many North Korean households. See: LANKOV, A. 2007. *North of the DMZ: Essays on Daily Life in North Korea*, Jefferson, NC, McFarland & Company. pp. 311-13.

markedly from official propaganda and illustrates the stark material differences between the two societies.⁶⁴ For a decade since the famine, knowledge of the outside world has penetrated the country through repatriated defectors, short-term travellers to China, diplomats, and exchange students who have travelled abroad. Diplomats and travellers have given credibility to the seemingly fantastic depictions of life in South Korea featured on smuggled CD's, DVD's and short-wave radio transmissions.⁶⁵ North Koreans are aware that their country is lacking in the rule of law and free elections, and understand that South Koreans are more prosperous and enjoy a better standard of living. It seems highly likely that the information blockade, porous as it has been for some time, will continue to deteriorate.

As the information blockade continues to break down and alternative messages creep into the public psyche, the effect of repetitious propaganda will diminish in effectiveness, a prime example of declining returns on investment. To maintain high levels of belief in the revolutionary movement the regime must constantly invest resources to refresh the propaganda message in order to maintain public enthusiasm for constant social mobilisation. The effectiveness of official messages repeated *ad nauseum* tends to wear down with time, especially when they diverge from the lived reality of many citizens.⁶⁶

The collectivism propounded in official mobilisation efforts lies starkly at odds with the spirit of individualism necessary for survival in the marketised system of parallel economies.⁶⁷ The new individualism in post-famine North Korea is a radical interpretation of *Juche*, whose

⁶⁴ Ibid. pp. 311-13.

⁶⁵ Ibid. p. 311.

⁶⁶ KECSKEMETI, P. 1950. Totalitarian Communications as a Means of Control: A Note on the Sociology of Propaganda. *The Public Opinion Quarterly*, 14, p. 227.

⁶⁷ KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press. pp. 17-18.

core thesis states, “the masses are the masters of revolution and construction.”⁶⁸ In the new market-driven system, the master of one’s own destiny is increasingly oneself and not the leader, acting on behalf of the masses. The collectivist mentality of the revolutionary movement is giving way to the individualism of a society transforming from its grassroots. The more the regime attempts to propagate the virtues of its traditional ideational paradigms, the more ridiculous they are likely to appear to ordinary people in light of the facts on the ground.

The Kim Il-sung personality cult, from which Kim Jong-il derives his legitimacy to rule, is losing its appeal. In Confucianism, the father-king, according to cultural convention, is entitled to strict obedience and respect. However, the Confucian hierarchy works both ways: in exchange for loyalty and obedience, the father-king has a responsibility for the wellbeing of his family-nation and is obliged to ensure a basic standard of living for all members of the nation.⁶⁹ An argument can be made that the withering of the cult is a result of Kim Jong-il’s failure to fulfil his responsibilities to the people as the Confucian father-king. Defectors have testified that the public does not hold the younger Kim in the same high esteem as his father. For these reasons, Kim Jong-il has rolled back the personality cult of his father and removed some of the extremes of Kimism from public view. Portraits of the Great Leader are not as common and the characteristic Kim Il-sung stickpins are no longer a compulsory fashion accessory for all North Koreans.⁷⁰

⁶⁸ Suh Jae-jean reports that many defectors found the inspiration to flee North Korea from this interpretation of *Juche*. See: SUH, J.-J. 2006. Social Changes in North Korea after the Economic Crisis. *East Asian Review*, 18, pp. 58-59.

⁶⁹ FRENCH, P. 2005. *North Korea: The Paranoid Peninsula - A Modern History*, London, Zed Books. pp. 38-40.

⁷⁰ BECK, P. *Interview with the author*. 22 July 2008. Seoul, South Korea.

The Last Legitimising Paradigm: Anti-Imperialism

The regime is increasingly leaning on hyper-nationalism to legitimise itself as the other facets of its ideology slide into obsolescence. Bruce Cumings has argued that North Korean ideology has evolved from its Marxist-Leninist roots toward nationalism as the focus of the revolution. The key antagonism ceased to be the class struggle of the workers against the owners of capital, replaced instead by the struggle between the rich nations (United States) and the poor nations (North Korea).⁷¹ Brian Myers also picks up on this theme, arguing that the basis for North Korean nationalism is a race-based moralist worldview in which the Korean people view themselves to be inherently morally superior to all other peoples.⁷² This inherent goodness is one of the reasons that Korea has been the perennial victim of rapacious foreign powers, allowing the regime to ascribe evil actions to foreign powers alone. Unlike other facets of North Korean ideology, such as *Juche* and Kimism, which real-world events have undermined, North Korea's race-based nationalism is grounded upon an irrational myth that is much harder to disprove, making it extremely resilient in both good times and bad.

This race-based nationalism is based on a two-pronged anti-imperialist narrative. First, North Korean propaganda employs backward-looking themes attacking the Japanese for the crimes of their colonial occupation of Korea. Second, all of North Korea's contemporary problems are blamed on the United States. Indeed, Kim Il-sung regularly ascribed all of the miseries of North Korea, the developing countries and the entire world to US imperialism.⁷³ This is a narrative that has been refined and amplified under Kim Jong-il; as economic conditions

⁷¹ CUMINGS, B. 1993. The Corporate State in North Korea. In: KOO, H. (ed.) *State and Society in Contemporary Korea*. Ithaca: Cornell University Press. p. 201.

⁷² MYERS, B. *Interview with the author*. 27 July 2008. Seoul, South Korea; MYERS, B. 2006. *Concerted Front: Why Seoul is soft on North Korea*. New York: The Wall Street Journal, <http://www.opinionjournal.com/forms/printThis.html?id=110009427> [Accessed 14 May 2008]. This analysis comes with the caveat that such ethnocentrism is common world-wide. Most ethnic groups tend to see themselves in this way.

⁷³ KOH, B. 1986. Ideology and North Korean Foreign Policy. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 26.

deteriorated and the old ideological paradigms came into conflict with the realities of the famine, anti-imperialism emerged as the one reliable propaganda tool on which the regime could base its legitimacy. In this context, the nuclear weapons program is a distraction that heightens the people's fear of the external enemy—*why would we need the bomb unless the enemy was coming?*—and distracts them from their everyday miseries.⁷⁴

The regime needs the US as an enemy figure upon which to focus the people's attention while the country remains under extreme hardship.⁷⁵ North Korean propaganda positions the nuclear weapons program within this context. For example, the first six paragraphs of the regime's statement through KCNA announcing their October 2006 nuclear test were devoted to listing a series of American "provocations" as the justification for the North's nuclear deterrent.⁷⁶ The first paragraph of the statement reads:

The Foreign Ministry of the Democratic People's Republic of Korea issued the following statement Tuesday solemnly clarifying the DPRK stand on the new measure to be taken by it to bolster its war deterrent for self-defence: The U.S. daily increasing threat of a nuclear war and its vicious sanctions and pressure have caused a grave situation on the Korean Peninsula in which the supreme interests and security of our State are seriously infringed upon and the Korean nation stands at the crossroads of life and death.⁷⁷

It seems logical to suggest therefore that the loss of this imperial enemy would undermine the regime's justification for its nuclear deterrent. This may be so, but the loss of the external adversary would also undercut other facets of the organisation of the North's political system,

⁷⁴ BAZHANOVA, N. 2000b. North Korea's Decision to Develop an Independent Nuclear Program. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 136.

⁷⁵ MYERS, B. Interview with the author. 27 July 2008. Seoul, South Korea; MYERS, B. 2006. *Concerted Front: Why Seoul is soft on North Korea*. New York: The Wall Street Journal, <http://www.opinionjournal.com/forms/printThis.html?id=110009427> [Accessed 14 May 2008]. Russian Korea-watcher Roald Savel'yev claimed in 2000 that "a majority of the North Korean population greatly resents the United States. Many people believe that the United States is the greatest obstacle to Korean unification and a staunch ally of the 'puppet authorities of the South'. From this point of view, any cooperation with the United States will either be fruitless or insincere." See: SAVEL'YEV, R. V. 2000. Leadership Politics in North Korea and the Nuclear Program. In: MOLTZ, J. C. & MANSOUROV, A. (eds.) *The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 122.

⁷⁶ 2006c. *DPRK Foreign Ministry Clarifies Stand on New Measure to Bolster War Deterrent*. Korean Central News Agency, <http://www.kcna.co.jp/item/2006/200610/news10/04.htm#1> [Accessed 09/10/2006].

⁷⁷ Ibid.

including social mobilisation, economic austerity, internal repression, and *Songun* politics.⁷⁸ For these reasons, anti-imperialism embodied in hatred of the United States has been critical to the political economy of the North Korean state.

Songun politics and *Juche* have a symbiotic relationship, with each providing meaning for the other. John S Park and Lee Dong-sun suggest that *Songun* politics on its own would be unsustainable because of the excessive economic hardship that the military's priority resource allocation imposes on the people.⁷⁹ Similarly, the famine rendered *Juche* practically and philosophically bankrupt as a means of facilitating national self-reliance. However, together they provide the regime with a self-sustaining ideological and organisational structure that legitimises the channelling of vast resources into the military and by extension the indigenous nuclear program. The technological achievement embodied in the nuclear program boosts Kim Jong-il's nationalist credentials and brings prestige to his leadership, which in turn strengthens the relationship between Kim and the military. It provides the ideological pretext to divert the nation's resources to the military. In this way, it helps to legitimise the privations that ordinary citizens bear in order for the military to be the privileged recipient of state resources.

Nuclear weapons have become an integral legitimising tool for the Kim regime. For Brian Myers, North Korea's reliance on anti-American nationalism is not unproblematic. Myers believes the regime has painted itself into a corner through its rampant use of virulent anti-American, anti-imperialist propaganda.⁸⁰ The profligacy of the regime's anti-American

⁷⁸ ARMSTRONG, C. 2008. Necessary Enemies: Anti-Americanism, Juche Ideology, and the Torturous Path to Normalization. Washington DC: US-Korea Institute, <http://uskoreainstitute.org/pdf/WP-NK/USKI-WP08-3.pdf>. p . 18.

⁷⁹ PARK, J. S. & LEE, D.-S. 2008. North Korea: Existential Deterrence and Diplomatic Leverage. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia*. Stanford: Stanford University Press. pp. 275-76.

⁸⁰ MYERS, B. Interview with the author. 27 July 2008. Seoul, South Korea.

rhetoric is a function of the practical failure of *Juche* and the reality that anti-imperialism is the only credible legitimising idea the regime has left after the famine. This says a great deal about Pyongyang's recalcitrant position in the Six Party Talks; after all, if the US is integral to the Kim regime's ideological legitimisation, it is highly unlikely that Pyongyang will reach a rapprochement with Washington based on nuclear relinquishment, or any other issue for that matter.

Systemic Regeneration or Further Decay?

Chollima Revived and 2012

New evidence suggests that the regime is attempting to reverse the country's economic fortunes and reconsolidate the totalitarian system through a reintroduction of the *Chollima* movement. Their goal is to turn North Korea into a "strong and prosperous country" through a concerted nation-wide mobilisation campaign, in time for the centenary of Kim Il-sung's birth in 2012. The original *Chollima* movement was North Korea's golden age, when its economic growth and standard of living was the highest.⁸¹ The 2009 Joint New Year Editorial, published in KCNA, describes the new movement in the following terms:

An era of a new great revolutionary surge lies ahead of us. Kim Jong-il kindled the torch of a new revolutionary upsurge in Kangson, the birthplace of the Chollima Movement, on December 24 last year which will shine for ever in the history of Songun Korea. It is such a great event that has brought about a turning point in the development of our Party and revolution as that in December 1956 when Kim Il-sung set the great Chollima Movement in motion. Herein lies our Party's invariable will to build a powerful socialist country that ensures the eternal prosperity of the nation under the blue sky of our country highly dignified with Songun and hand it down to posterity by racing against the time in the spirit and the mettle of having overcome manifold difficulties and built on the war debris a strong country independent in politics, self-supporting in the economy and self-reliant in national defence through a great Chollima upsurge.⁸²

⁸¹ PERSON, J. 2009. Insights on the Chollima Movement from Archival Material. *The 2009 'New DPRK Revolutionary Upsurge'—A Blast from the Past or a New Path?* Washington DC: U.S. Institute of Peace & Woodrow Wilson International Center for Scholars' North Korea International Documentation Project, http://www.usip.org/events/2009/0210_dprk.html#audio

⁸² 2009c. *Joint New Year Editorial Issued*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/index-e.htm> [Accessed 20 January 2009].

Importantly the statement cites the original *Chollima* movement as a turning point in North Korean history and that the reinstatement of *Chollima* in December 2008 would similarly herald a new dawn for the DPRK. Also important is the reference to overcoming difficulties to build a “strong country of independent politics” through reconsolidation of totalitarian system, “a self-supporting economy” brought about by increasing productivity through labour mobilisation, and “self-reliant national defence,” within which one can locate the nuclear program. Unlike the piecemeal attempts at systemic regeneration attempted between 2002 and 2008, this new movement appears to be a concerted campaign to strengthen the ideological, institutional and economic bases of regime power simultaneously.

This new revolutionary upsurge features a general mobilisation of all sectors of the country in a manner similar to that pursued in the original *Chollima* campaign. Workers are being organised into “combat units” in line with the model of *Songun* politics, in an apparent attempt to prioritise the integration of the industrial proletariat into the *Songun* model of economic development.⁸³ The militaristic labour mobilisation seems tailored to incorporate industrial workers, who were hardest hit by the economic transformations that have taken place since the famine. It also looks like an attempt to revive the spirit of collectivism, which the individualist tendencies of *de facto* economic marketisation have severely eroded. The great success of *Chollima* circa 1958 was its ability to subordinate their thoughts and actions of individuals to the needs of the collective.⁸⁴ Whether *Chollima* circa 2009 can live up to

⁸³ CHUNG, Y.-C. 2009. Economic Upsurge in the 2009 New Year’s Joint Editorial. Seoul: Institute for Far Eastern Studies, http://ifes.kyungnam.ac.kr/admin/upload_file/ifes_forum/1-19-Chung.pdf, p. 2. The 2009 New Year Joint Editorial states that: “We should make it an iron rule to solve all problems on the strength of the collective and by enlisting the inexhaustible wisdom and creativity of the masses. All the posts, units and fields should help and lead one another to kindle the flame of collective innovation.” See: 2009c. *Joint New Year Editorial Issued*. Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/index-e.htm> [Accessed 20 January 2009]., KCNA. The theme of full public mobilisation runs deep in this revival of Chollima. Kim Myong-chol, known as the unofficial foreign spokesman of the North Korean regime, has quoted Kim Jong-il as stating “The entire Party, the entire armed force, the entire population should re-double their efforts to bring about a new revolutionary surge,” in order to “fling open the gate of a great prosperous powerful nation by 2012.” See: KIM, M.-C. 2009b. *Kim Jong-il shifts to plan B*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/KE21Dg02.html> [Accessed 22 May 2009].

⁸⁴ PERSON, J. 2009. Insights on the Chollima Movement from Archival Material. *The 2009 'New DPRK Revolutionary Upsurge'—A Blast from the Past or a New Path?* Washington DC: U.S. Institute of Peace & Woodrow Wilson International Center for Scholars' North Korea International Documentation Project, http://www.usip.org/events/2009/0210_dprk.html#audio

the hype and accomplish its stated goals remains to be seen. It promises more of the same institutional organisation and coercive controls that have characterised the *Songun* system up to this point, turbo-charged by greater labour inputs and more fervent public mobilisation. The nuclear program is likely to increase in importance as an economic, political and ideational pillar of the *Songun* system if the new *Chollima* campaign is to be successful. The long trend of economic, institutional and ideological degeneration in North Korea may have advanced far enough to be irreversible, which does not bode well for the success of the revolutionary upsurge.

Conclusion

Economic transformation in North Korea has been the driver of substantial political changes since the famine. As with the economy, the totalitarian system experienced declining marginal returns for some time leading up to the early-1990s. The economic crisis triggered by the collapse of the Soviet Union was an acceleration of systemic decay underway since the late-1960s, wearing away the other dimensions of the totalitarian political order. Since the famine, the old system has become an eroded totalitarianism, pushing the DRPK toward a post-totalitarian future. Social controls are weaker since the famine, despite efforts to reimpose strict restrictions on the behaviour, movement and thought of the citizenry. The communications blockade has become porous, largely due to the proliferation of South Korean content video cassettes smuggled from China, as well as the stories of travellers, captured defectors and students returning from abroad. The ideological pillars of the old order have ceased to purvey legitimacy in the eyes of the people. The economic transformation that has taken place has triggered a process of political change at the grass-roots level that is undercutting the institutions of the old order, a process that has not reached its conclusion.

This thesis argues that the nuclear program holds the remnants of the old order together. The nuclear program is about far more than weapons and national security. It provides the regime with a powerful tool for ideological legitimation through anti-imperialism and bureaucratic cohesion through *Songun* politics, as well as economic stability through the importation of goods to plug holes in the multi-headed economic system. Yet this arrangement is unstable and is not sustainable in the long term. North Korea's political system today is no longer that of a full-blown totalitarian regime, but one moving along the trajectory toward a post-totalitarian system. The changes that have taken place so far are not likely to be the last. The nuclear program is clearly important to the political economy of the DPRK state in terms of slowing the progression to post-totalitarianism and is likely to become even more indispensable to regime perpetuation as the state decays with the passing of time. The conclusion to derive is therefore obvious: North Korea will not willingly relinquish its nuclear program.

Part III: Northeast Asia— Cooperation, Competition & Conflict

7. Northeast Asian Security Environment

Having established that North Korea's voluntary relinquishment of its nuclear weapons program is highly unlikely, the thesis will now turn to the question of whether regional states can compel North Korea to do so. This is the external dimension of the North Korean nuclear question, where regional politics comes into play. Northeast Asia—comprising China, Japan, South Korea, North Korea, Russia, Taiwan and the United States as a vested external player—is a complex strategic environment characterised by ongoing rivalry and historic animosity. The Korean peninsula is the geographic junction linking each of the regional powers within the system and the venue for great power competition. Three countries from this group—the United States, China and Russia—are fully-fledged nuclear powers that also occupy permanent seats on the UN Security Council. China, Russia, North Korea and South Korea possess four of the world's six largest armed forces.¹ All of these states have fought wars with one or more of the others in recent memory, leaving a heritage of suspicion that continues to influence their relations today.² These differences extend to the question of North Korea. The strategic significance of the Korean peninsula varies for each of the regional players, creating a divergence in attitudes to North Korea's nuclearisation and important differences that are evident in the commitment of each country to nonproliferation initiatives. This lack of regional consensus gives Pyongyang a great deal of leverage in nuclear diplomacy.

Making sense of the complexity of the Northeast Asian security environment requires a high level of analytical sophistication. This chapter is structured around Muthiah Alagappa's

¹ DEVINO, M. C. 2004. *Should the US Continue to Maintain Forces in Korea?* Carlisle PA: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/KSIL/files/00081.doc>. p. 3.

² HUISKEN, R. 2006. Northeast Asian Security Challenges. In: AYSON, R., & BALL, DESMOND (ed.) *Strategy and Security in the Asia-Pacific*. Sydney: Allen & Unwin. p. 191.

characterisation of Northeast Asian politics as a combination of "cooperation, competition, and conflict."³ These three axes of regional interaction make for a strategic uncertainty that drives states to pursue parallel foreign policy strategies as a means of maximising their security and power, while minimising risk to vital national interests. It is not a theory in and of itself, but an organising principle to make sense of insights from competing international relations theories. This idea will form the explanatory framework here in Part II of the thesis and help to explain the incoherent collective response of regional states to North Korea's nuclear proliferation as well as the deficit of leverage regional states suffer in denuclearisation negotiations with Pyongyang.

International Relations Theory: An Overview

International relations theory has much to say about Northeast Asian politics. The three primary theories of the discipline—realism, liberalism and constructivism—provide important insights into regional dynamics and the prospects for peace and stability. However, each theory acts like a polarising lens, taking in certain information while filtering out that which does not conform to its assumptions, leaving a view that is informative, but not representative, of the whole picture. This section will investigate how the polarising lenses of international relations theory operate in the Northeast Asian context, then explore a more inclusive analytical framework—based on *cooperation, competition and conflict*—that will form the basis for this chapter's analysis of the Northeast Asian security environment.

³ ALAGAPPA, M. 2008. Asia's Security Environment: From Subordinate to Region Dominant System. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia* Stanford: Stanford University Press. pp. 38, 60-61.

Realism

Realism has been the dominant paradigm in the modern study of international relations, principally because its insights into the regularity of interstate conflict are difficult to refute when looking at the historical record. All strands of realism converge on a similar set of assumptions about how the international system works. Realists see states as the dominant actors in an anarchic international system, where there is no supreme authority to adjudicate the relations between states.⁴ In the absence of a supreme authority, it is material power and military strength that are decisive in shaping the pattern of interstate relations. As a result, insecurity pervades the system and breeds an ongoing struggle between states for power and survival.⁵

These features of the international system lead to the *security dilemma*, where mistrust between regional adversaries can lead to increased tension and insecurity spirals. In an anarchic system, mistrust between potential adversaries pushes each side to adopt defensively motivated security measures. Opposing states perceive these defence-oriented moves as offensive threats, which lead them to adopt countermeasures, creating a self-fulfilling prophesy about the danger of the security environment in which regional tensions are raised and each side becomes less secure.⁶ This drives a constant quest for power maximisation that creates a tendency for states to resist the hegemonic aspirations of rival countries. This is the *balance of power* thesis, which posits that when one country comes to predominate over others, less-powerful states tend to form loose coalitions to balance the power of the

⁴ MEARSHEIMER, J. 2001b. *The Tragedy of Great Power Politics*, New York, W.W. Norton and Company. p. 30.

⁵ FRANKEL, B. 1996. Restating the Realist Case: An Introduction. *Security Studies*, 5, pp. xiii-xv.

⁶ WALTZ, K. 1979. *Theory of International Politics*, Boston, McGraw Hill. pp. 186-87. See also: CHRISTENSEN, T. 2003. China, the US-Japan Alliance, and the Security Dilemma in East Asia. In: IKENBERRY, G. J. & MASTANDUNO, M. (eds.) *International Relations Theory and the Asia-Pacific*. New York: Columbia University Press. pp. 25-26.

hegemonic state.⁷ In a unipolar system, the hegemonic state will be unable to resist the temptation for unilateral action, which will inevitably provoke a balancing response from rival powers.⁸ In a bipolar or multipolar system, revisionist states or alliance blocks are likely to spur the formation of balancing enemy coalitions of countervailing alliances.⁹ As this chapter will later illustrate, Northeast Asian relations do include various degrees of balancing behaviour.

A corollary of the balance of power thesis is *hegemonic stability theory*. There are two dimensions to this theory: on the one hand, a reigning hegemonic state is likely to be a status quo power because it will have been influential in moulding the international order to its own benefit. Once ascendant, it will adopt policies to maintain the system as it is by deterring or preventing the rise of revisionist powers and by suppressing conflicts within its sphere of influence that disrupt the operation of the hegemonic system, either through direct intervention or by proxy through allies.¹⁰ Conversely, rising powers are likely to become frustrated by the incongruity between their growing economic might and their inferior status in the international system, leading to rivalry, balancing and ultimately military confrontation with the reigning hegemon.¹¹ In Northeast Asia, this dichotomy is evident in the rivalry between China and the United States.

Variants of Realism

The key principles of realism as an international relations theory originate from the writings of the Greek historian Thucydides, who in his fifth century BC treatise the *History of the*

⁷ MEARSHEIMER, J. 2001b. *The Tragedy of Great Power Politics*, New York, W.W. Norton and Company. p. 34.

⁸ JERVIS, R. 2009. Unipolarity: A Structural Perspective. *World Politics*, 61, p. 196.

⁹ SNYDER, G. 1997. *Alliance Politics*, Ithaca, Cornell University Press. p. 17.

¹⁰ RUSSETT, B. & ONEAL, J. 2001. *Triangulating Peace: Democracy, Interdependence, and International Organizations*, New York, WW Norton & Company. pp. 185-186.

¹¹ GOLDSTEIN, A. 1997/98. Great Expectations: Interpreting China's Arrival. *International Security*, 22, pp. 62-63.

Peloponnesian Wars argued that "the strong do what they have the power to do and the weak accept what they have to accept" in the quest for survival.¹² Florentine monk Niccolo Machiavelli developed these ideas further during the renaissance in his famous essay *The Prince*, as did enlightenment philosopher Thomas Hobbes in his seminal work *The Leviathan*.¹³ In the modern era, classical realism was initially developed by thinkers such as Hans Morgenthau, who emphasised the war-like nature of human beings as the key variable of interstate relations.¹⁴ Classical realism held sway from the 1940s until the mid-1970s, when a new generation of theorists emphasised structural factors as the driving force of international relations. Defensive (structural) realism assumes that the anarchic international system provides incentives for moderate behaviour on the part of states and thus has an inherently status quo bias. Defensive realism's most prominent adherent, Kenneth Waltz, argued that great powers will act to preserve rather than upset the balance of power in the international system, in order to maintain their great power status.¹⁵

In the Northeast Asian context, defensive realists would therefore predict a relatively stable system. The United States, despite being the dominant actor on the world stage and master of maritime East Asia, lacks the power to directly challenge China on the Asian mainland without incurring extraordinary costs. For similar reasons, China would be unwise to challenge US supremacy in the East Asian littoral in the short to medium term while its naval capabilities remain inferior to the American capability.¹⁶ The region's middle powers are

¹² THUCYDIDES 1972. *History of the Peloponnesian War*, London, Penguin Books. p. 402.

¹³ MACHIAVELLI, N. 1965. *The Prince*, New York, Airmont Publishing Company; HOBBS, T. 1962. *Leviathan: Or the Matter, Forme and Power of a Commonwealth Ecclesiastical and Civil*, New York, Collier Books.

¹⁴ MORGENTHAU, H. 1978. *Politics among nations: The struggle for power and peace*, New York, Knopf.

¹⁵ WALTZ, K. 1979. *Theory of International Politics*, Boston, McGraw Hill. p. 126. It is a matter of cause and effect: the actions of hegemonic powers generate balancing coalitions of other states; the expansion of spheres of influence experience declining returns over time as costs come to exceed benefits; aggressive states are met with resistance from other powers; and most importantly, defence usually enjoys a strategic advantage over offense in conflict scenarios. See: FRANKEL, B. 1996. Restating the Realist Case: An Introduction. *Security Studies*, 5, p. xvii.

¹⁶ GOLDSTEIN, A. 1997/98. Great Expectations: Interpreting China's Arrival. *International Security*, 22, p. 71.

likely to hedge and promote cooperative interaction between the two larger powers in order to forestall having to bandwagon completely with one or the other.¹⁷ The eventuating bipolar system would be characterised by cautious efforts at power accretion between the two poles and strategic hedging between the poles and the middle powers. What we see in actuality is widespread strategic hedging, arising in response to the bipolar power dynamic on the one hand and the network of economic interdependence linking regional powers on the other.

Offensive realists also regard anarchy as the structural driver of international relations, though, in contrast to defensive realists, they see systemic incentives for power maximisation rather than mere survival. Offensive realists emphasise the inherent uncertainty that exists in interstate relations, in which states can never be certain about the intentions of their rivals, all of whom possess some form of offensive military capability as a function of their national defensive posture. John Mearsheimer suggests that the combination of the anarchic system and the ambiguity of the intentions of states armed with offensive military capabilities leads to heightened suspicion and fear among the actors in the system, which in turn leads states to pursue offensive strategies in a never-ending bid for hegemonic power.¹⁸

A Northeast Asia predicted by offensive realism is likely to feature strong bipolar competition between the United States and China, in which both actively try to undermine the position of the other. This would lead to hard balancing between the US and its allies against China, Russia and North Korea on the Asian mainland, blocs that Scott Snyder refers to as competing "security triangles."¹⁹ This prediction arises from the balance of power thesis,

¹⁷ ALAGAPPA, M. 2008. Asia's Security Environment: From Subordinate to Region Dominant System. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia* Stanford: Stanford University Press. p. 38; KIM, S. S. (ed.) 1998. *North Korean Foreign Relations in the Post-Cold War Era*, Hong Kong: Oxford University Press. p. 58.

¹⁸ MEARSHEIMER, J. 2001b. *The Tragedy of Great Power Politics*, New York, W.W. Norton and Company. pp. 21, pp. 30-31; See also: FRIEDBERG, A. 2005. The Future of US-China Relations: Is Conflict Inevitable? *International Security*, 30, 7p. 26.

¹⁹ SNYDER, S. 2009. *China's Rise and the Two Korea's: Politics, Economics, Security*, Boulder, Lynne Rienner Publishers. p. 166.

which asserts that China's growing economic power and concurrent military strengthening will inevitably trigger a balancing reaction among other regional states.²⁰ John Mearsheimer suggests that it is not in the interest of the United States to allow China to challenge its hegemonic status, which will lead to increasing tensions at the region's two trouble spots—the Korean peninsula and the Taiwan Strait—where the two competing blocks come into direct military contact.²¹ Yet while it is true that these two locations remain Northeast Asia's most likely conflict zones, it is not the case that regional states are engaged in a hard-edged balance of power contest.²² This points to the existence of other factors which may mitigate the pernicious effects of the regional security dilemma and bipolar competition between the United States and China, factors which can be explained by the liberal theory of international relations.

Liberalism

Liberalism is the foremost competing theory to realism in international relations. The political theory of liberalism was pioneered by enlightenment figures such as John Locke and Immanuel Kant, who argued in favour of the rights of individuals in relation to the state during the period when absolutist monarchical power was giving way to proto-parliamentary forms of government in Western Europe.²³ As a modern international relations theory, liberalism gained popularity through American President Woodrow Wilson and his ill-fated "fourteen points," which he presented at the post-World War One treaty negotiations at Versailles in 1919. Wilson's vision expounded an international system based on global collective security and national self-determination, with the League of Nations as its

²⁰ GOLDSTEIN, A. 1997/98. Great Expectations: Interpreting China's Arrival. *International Security*, 22, p. 63.

²¹ MEARSHEIMER, J. 2001a. The Future of the American Pacifier. *Foreign Affairs*, 80, p. 58.

²² JOHNSTON, A. I. 2003. Is China a Status Quo Power? *International Security*, 27, p. 49.

²³ For a description of the development of liberal ideas during this period, see: GROTH, A. J. 1971. *Major Ideologies: An Interpretive Survey of Democracy, Socialism and Nationalism*, New York, John Wiley and Sons. chapter 3, pp. 37-60.

linchpin.²⁴ In the aftermath of World War Two, the United States became a hegemonic power and redesigned the international system around international institutional cooperation and the spread of liberal democracy around the globe. Central to this system were a new set of international institutions to regulate security and economic affairs: the United Nations, the World Bank (originally known as the International Bank for Reconstruction and Development), the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT).²⁵ This institutional framework has underpinned American hegemony since the conclusion of World War Two in 1945 and has been the foundation upon which present-day economic interdependencies are built.

In contrast to realists, liberals tend to see international relations in optimistic terms. Like realists, they see the international system as anarchic but believe it is possible for states to escape the security dilemma. They reject the realist assertion that warfare between states is inevitable and believe that humankind can transcend conflict through the pacifying influence of economic interdependence, international institutions and the spread of liberal democratic political systems. Bruce Russett and John Oneal argue that democracy, economic interdependence, and international organisations should act as a "virtuous circle," a self-reinforcing positive feedback that over time will make the international system more pacific and stable.²⁶ These systemic interventions can subdue or even eliminate the security dilemma, dramatically decreasing the threat of conflict between states.

²⁴ IKENBERRY, G. J. 2009. Liberal Internationalism 3.0: America and the Dilemmas of Liberal World Order. *Perspectives on Politics*, 7, p. 73.

²⁵ KEOHANE, R. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, Princeton University Press. p. 139. See also: IKENBERRY, G. J. 2009. Liberal Internationalism 3.0: America and the Dilemmas of Liberal World Order. *Perspectives on Politics*, 7, p. 76.

²⁶ RUSSETT, B. & ONEAL, J. 2001. *Triangulating Peace: Democracy, Interdependence, and International Organizations*, New York, WW Norton & Company. p. 35.

The *democratic peace* theory is a key component of the liberal vision. It has two components, one relating to the politically transformative power of economic development and the second the moderating effect of public accountability on foreign policy decision-making. First, economic development tends to stir the desire for political rights because trade and commerce operate most efficiently in societies that have stable, transparent governance and a strong legal system. Liberals argue that capitalism cannot function properly without a reliable rule of law featuring courts and enforceable contractual obligations. States that restrict political freedoms and attempt to control information are said to be disadvantaged within the global economic system, while those that facilitate the free flow of information and capital are rewarded with sustained economic growth. Second, liberals believe governments that are accountable to the public through regular elections are less likely to enter into expansionist military adventures or engage in wars of dubious strategic value. As a consequence of democratic accountability, it follows then that democracies rarely go to war with one another.²⁷ As the number of democracies in the world increases, as it has quite dramatically over the last two centuries, the likelihood of international conflict should theoretically diminish.²⁸

Liberal internationalists believe that the volume of commerce creates a momentum toward good relations between states, through their mutual self-interest in maintaining stability to facilitate economic exchange. This foundation of trade, investment and exchange forms the

²⁷ Ibid. p. 82.

²⁸ However, recent examples, including the Israeli attack on Lebanon in 2006 and Russia's attack on Georgia in 2008, suggest it is not strictly correct to claim that democracies do not fight each other. The American invasion of Iraq in 2003, backed primarily by Great Britain and Australia (all democracies) also invalidates the proposition that public accountability is an impediment to democratic states engaging in wars of dubious strategic significance. Even though Iraq was not a democratic country, the public accountability dimension of the democratic peace theory should still hold true. In contradiction of the proposition, however, not even the largest global anti-war demonstrations in living memory could dissuade these governments from embarking on a military campaign that has proven costly for the US economy and damaging to American hard and soft power.

basis for conflict resolution and pacific relations between interdependent states.²⁹ This proposition of the liberal paradigm is easier to demonstrate, particularly in the Northeast Asian context. Northeast Asia has become the locus of global economic production. The extraordinary growth of the capitalist economies of Washington's East Asian allies over the last thirty years has attracted a great deal of investment from the West, luring American companies to set up manufacturing plants and take advantage of the lower production costs on offer. In a similar vein, China began its steep growth trajectory in the mid-1990s and in turn lured investment from the newly-industrialised Asian capitalist states, as well as from companies in the US. What has evolved from this process is a complex web of economic interdependence spanning all of Northeast Asia's key players, bar North Korea, which has reduced the likelihood of conflict because of the minimal benefits and high costs of aggression in such an integrated economic milieu.³⁰

Economic interdependence requires international institutions to promote rules in order to make interstate relations more stable and predictable. International institutions are "stable sets of related constitutive, regulative and procedural norms and rules," often, though not always, made manifest in the form of an international organisation.³¹ These norms, rules and procedures prescribe certain behaviour and imply obligations for states choosing to be bound by their injunctions.³² These assist in mitigating conflict in two distinct ways by consolidating a congruence of interests between states and by reducing the inherent

²⁹ RUSSETT, B. & ONEAL, J. 2001. *Triangulating Peace: Democracy, Interdependence, and International Organizations*, New York, WW Norton & Company. p. 155. See also: FRIEDBERG, A. 2005. The Future of US-China Relations: Is Conflict Inevitable? *International Security*, 30, p. 12.

³⁰ ALAGAPPA, M. 2008. Asia's Security Environment: From Subordinate to Region Dominant System. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia* Stanford: Stanford University Press. p. 62.

³¹ Duffield, John, "What Are International Institutions?" *International Studies Review*, (2007), Vol. 9, pp. 7-8.

³² KEOHANE, R. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, Princeton University Press. p. 59.

uncertainty over intentions that plagues interstate relations as a result of anarchy.³³ This occurs because the norms and rules that constitute international institutions create a behavioural dynamic that is predictable and thus more stable than one characterised by uncertainty and suspicion.³⁴

In the security realm, Northeast Asia lacks the multilateral security architecture of the type that developed in Europe after 1945. Within the US-led North Atlantic Treaty Organisation (NATO), European countries such as France and Germany that had been strategic rivals for nearly a century were able to define mutual common interests upon which to base pacific relationships. This was not the case in East Asia, where Washington chose to pursue a series of bilateral security alliances rather than construct a multilateral security architecture.³⁵ The legacy of Japanese imperialism was an important factor in this choice, as it was unlikely that other regional states would enter into an alliance with a state under which they had so recently been subjugated. It remains today that the dominant strands of nationalism on the Korean peninsula and in China remain staunchly anti-Japanese. Consequently, the norms of behaviour that have developed between the regional powers are characterised more by competition than by cooperation, in spite of the growing economic interdependence in the region.

³³ KIM, S. 2002b. North Korea and Northeast Asia in World Politics. In: KIM, S. & LEE, T. (eds.) *North Korea and Northeast Asia*. Lanham: Rowman and Littlefield Publishers. p. 13.

³⁴ ALAGAPPA, M. 2008. Asia's Security Environment: From Subordinate to Region Dominant System. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia* Stanford: Stanford University Press. p. 62.

³⁵ For an extensive discussion of the US bilateral alliance system in East Asia and the lack of a multilateral security architecture, see: HEMMER, C. & KATZENSTEIN, P. J. 2002. Why is There No NATO in Asia? Collective Identity, Regionalism, and the Origins of Multilateralism. *International Organization*, 56, pp. 575–607.

Constructivism

The Northeast Asian case study provides excellent examples demonstrating the theoretical terrain of constructivism. Constructivism evolved as an international relations theory during the 1980s as an offshoot of a wider trend in the social sciences questioning the validity of positivism and empiricism as the appropriate epistemological framework for social research.³⁶ Constructivists argue that international interactions have less to do with the balance of material power than with the socially constructed ideas that deeply influence the decision-making and behaviour of states. Using this logic, Alexander Wendt, the most celebrated of the constructivist theorists, claimed that the realist concept of self-help was not an inherent feature of interstate relations but one of many possible identity roles in an anarchic security environment.³⁷ The identity of states shapes their foreign policy decision-making, because it moulds the worldviews and preferences of national leaders.³⁸ The identity roles of states arose out of their interaction with other countries; therefore, states are bound to feel insecure if self-help is the dominant paradigm, leading them to interpret other states as threatening and thus forcing them to "mirror" this behaviour.³⁹ This identity role choice, rather than the system itself, is what is driving the security dilemma and forcing states to adopt self-help strategies. If states were to alter the norms and values that underscore their identity roles by defining their interests in a different way, then, inevitably, the operation of the international system would change in the process.⁴⁰

³⁶ For a thorough description of the trend toward "post-positivism" in international relations research, see: LAPID, Y. 1989. The Third Debate: On the Prospects of International Theory in a Post-Positivist Era. *International Studies Quarterly*, 33, pp. 235-254.

³⁷ WENDT, A. 1992. Anarchy is what states make of it: the social construction of power politics. *International Organisation*, 46, pp. 395, 399.

³⁸ KIM, S. 2002b. North Korea and Northeast Asia in World Politics. In: KIM, S. & LEE, T. (eds.) *North Korea and Northeast Asia*. Lanham: Rowman and Littlefield Publishers. pp. 17-18.

³⁹ WENDT, A. 1992. Anarchy is what states make of it: the social construction of power politics. *International Organisation*, 46, p. 406.

⁴⁰ FRANKEL, B. 1996. Restating the Realist Case: An Introduction. *Security Studies*, 5, p. xxi.

The subjective identities that states adopt are a function of domestic factors, constituted by three broad components. First, *nationalism* defines the self-image of individuals within governments, including national leaders, which also informs their perceptions of other states and their leaders. A firmly established national ethos is extremely difficult to alter or remove, because its cultural transference from old to young becomes entrenched in a nation's social system.⁴¹ Second, a state's *strategic culture* informs its perceptions about the utility of coercion and cooperation in interstate relations, based on fundamental beliefs about the character of the international system. These beliefs are influenced by factors such as a state's history, domestic political culture, and geopolitical setting.⁴² Finally, *norms* relate to accepted practice in relations between states and beliefs about appropriate and legitimate behaviour in international politics. Together, these three concepts coalesce to form a state's identity, shaping its behaviour and the decision-making choices of its leaders.⁴³ Nationalism provides the narrative informing the strategic culture of states, which in turn provide the basis for the norms of behaviour that pervade the international system.

National identity in Northeast Asia is a combustible mixture of ethnocentrism and xenophobia, heavily influenced by the legacy of Japanese and Western imperialism. For example, the Chinese national psyche has evolved from several millennia of continuous civilisation, during which time the Chinese considered their nation to be the "middle kingdom," the centre of the universe. However, Chinese history from the beginning of the First Opium War in 1836 until the renaissance of the late-Deng Xiaoping era is generally considered to be a period of national shame, during which time foreign powers were thought

⁴¹ BUZAN, B. 1991. *People, States and Fear: An Agenda For International Security Studies in the Post-Cold War Era*, Boulder, Lynne Rienner Publishers. p. 78.

⁴² MACMILLAN, A., BOOTH, K. & TROOD, R. 1999. Strategic Culture. In: BOOTH, K. & TROOD, R. (eds.) *Strategic Cultures in the Asia-Pacific Region*. New York: St. Martin's Press. p. 8.

⁴³ FRIEDBERG, A. 2005. The Future of US-China Relations: Is Conflict Inevitable? *International Security*, 30, p. 34.

to be instrumental in dislodging the Chinese nation from its rightful position at the centre of the world.⁴⁴ An outgrowth of this shame is a virulent anti-Japanese nationalism, stemming from the brutal Japanese occupation between 1937 and 1945. This anti-Japanese sentiment is also shared on the Korean peninsula, which lay under Japanese occupation for much longer than any other mainland Asian country (1910-1945). Korean nationalism is also ethnocentric, but is split along sectarian lines between the totalitarian North and newly-democratic South, both vying to be the legitimate face of the entire Korean nation. In contrast, Japanese nationalism since World War Two has been characterised by anti-militarism and collective pride as an economically successful trading state.⁴⁵ This belies an inability, officially at least, of the country to come to terms with the regional fallout of its imperial heritage. Into this mix one must also add the United States, with its long-held national belief in "manifest destiny" and the zeal of its quest to spread liberal democracy throughout the world. These ideas do not always find a receptive audience in Northeast Asia, particularly during periods when Washington has been perceived to be acting unilaterally in international affairs. This brief synopsis of regional nationalisms demonstrates one of the key reasons why liberal internationalism has not taken root in Northeast Asia, why constructivist notions of national identity are geared toward competition over cooperation, and why defensive realist assumptions continue to hold salience in regional interactions.

From Theory to Practice: Cooperation, Competition and Conflict

This section has shown that each of the major international relations theories has important insights to offer in describing the nature of the Northeast Asian security environment.

⁴⁴ According to Derek McDougall, the sense of injustice many Chinese feel about the country's treatment by the Western imperial powers and Japan during this period is a powerful driver of modern Chinese nationalism. See: MCDUGALL, D. 2007. *Asia Pacific in World Politics*, Boulder, Lynne Rienner. p. 56.

⁴⁵ MIHASHITA, A. 2007. Where do norms come from? Foundations of Japan's postwar pacifism. *International Relations of the Asia-Pacific*, 7, p. 107.

However, no one theory can lay claim to completely and accurately describing the full picture. Several analysts have attempted to draw inferences about the system as a whole by comparing the insights of the three main international relations theories. It follows, therefore, that an explanatory framework is needed that can incorporate the insights of the three major international relations theories to produce a coherent picture of the complexities and contradictions of the Northeast Asian security environment.

Foreign policy problems can rarely be compartmentalised within one theoretical framework and the Korean nuclear crisis is no exception. In the practice of foreign policy worldwide, a government will seldom practice paradigmatic fidelity and apply rigid, theory-based solutions to policy issues.⁴⁶ Not surprisingly, Northeast Asian regional politics escapes ready explanation according to any single international relations theory because, as Samuel Kim has pointed out, none of the dominant international relations theories "provides a completely satisfactory explanation of the geopolitical dynamics of Northeast Asia as a whole."⁴⁷ Perhaps the best work illustrating this point is that of Aaron Friedberg who provides an outstanding overview of the East Asian security environment from the realist, liberal and constructivist perspectives. Friedberg divides each theory into optimistic and pessimistic camps, demonstrating the heterogeneity of positions within each theory on the likelihood of regional conflict.⁴⁸ In deference to this heterogeneity, Martin Wight encouraged international relations scholars to "move round the circle" of international relations theory and "enter into a position without settling anywhere," as an explicit rejection of extreme paradigmatic fidelity.⁴⁹ This theme was picked up by Peter Katzenstein and Nobuo Okawara, who argued

⁴⁶ LEE, C.-J. 2006. *A Troubled Peace: US Policy and the Two Koreas*, Baltimore, The Johns Hopkins University Press. p. 278.

⁴⁷ KIM, S. S. 2006e. Inter-Korean Relations in Northeast Asian Geopolitics. In: ARMSTRONG, C., ROZMAN, G., KIM, S. & KOTKIN, S. (eds.) *Korea at the Center: Dynamics of Regionalism in Northeast Asia*. Armonk: ME Sharpe. p. 181.

⁴⁸ FRIEDBERG, A. 2005. The Future of US-China Relations: Is Conflict Inevitable? *International Security*, 30, pp. 7-45.

⁴⁹ WIGHT, M. 1991. *International Theory: The Three Traditions*, Leicester, Leicester University Press. p. 268.

for "analytical eclecticism," a utilisation of insights from multiple theoretical traditions and consideration of causal mechanisms at multiple levels of analysis.⁵⁰ In the absence of a strong *a priori* commitment to any one analytical perspective, the researcher has the capacity to address complicated foreign policy problems free from the confines of a single paradigm.

However, there still needs to be some organising principle underpinning foreign policy analysis; paradigmatic infidelity should not imply the acceptance of a conceptual void. Aaron Friedberg sees the theoretical debate dividing into two camps: cooperation and competition. Those favouring cooperation include defensive realists, with their emphasis on systemic incentives for moderate behaviour, liberals who stress the pacifying effect of economic interdependence, and optimistic constructivists who point out the socialising effect of economic interdependence on behavioural norms. Those favouring competition and conflict include offensive realists, who see a systemic bias toward aggressive behaviour in the international system, pessimistic liberals who decry the absence of regional multilateral security mechanisms, and pessimistic constructivists who stress the divisive influence of competing antagonistic nationalisms amongst regional states.⁵¹ In conclusion, Friedberg points to a regional system characterised by "bounded competition," featuring cooperation in the economic sphere in tandem with mistrust, diplomatic intrigue and military competition.⁵² While a regional focus is clearly not Friedberg's intent, the drawback of Friedberg's analysis, for the purpose of this thesis, is its heavy emphasis on the US-China relationship to the exclusion of the other players. To properly conceptualise the North Korean nuclear question in a regional context, it is necessary to consider the position of Japan, South Korea and Russia in addition to that of the US and China.

⁵⁰ KATZENSTEIN, P. & OKAWARA, N. 2001/02. Japan, Asian-Pacific Security, and the Case for Analytical Eclecticism. *International Security*, 26, pp. 167.

⁵¹ FRIEDBERG, A. 2005. The Future of US-China Relations: Is Conflict Inevitable? *Ibid.* 30, p. 40.

⁵² *Ibid.* p. 44.

For Robert Jervis, the common ground between optimistic and pessimistic factions of each theory, as described by Friedberg, highlight the need to take a "systems" view of the situation that emphasises feedback loops. For example, China's rising economic and military power are likely to trigger balancing behaviour on the part of regional states, not only because of strategic uncertainty, but also because China's increasing power triggers a nationalist nerve among the leadership and general public of these states. In turn, the Chinese leadership is likely to interpret this development through its own nationalist, as well as strategic lens, further justifying an enhanced military modernisation. What Jervis stresses here is a positive feedback loop created by the combination of both systemic imperatives and the socially constructed ideas prevalent in neighbouring states.⁵³ Jervis' systems approach is useful for studying individual relationships within the regional matrix, but may be less suited to a comparative study of the strategic imperatives affecting each of the six regional powers.

The preferred explanatory framework here is one adapted from the *cooperation, competition and conflict* rubric offered by Muthiah Alagappa. This framework captures the essence of the theoretical convergence suggested by Friedberg, in a format that allows comparative study of the strategic orientations of each regional state. Cooperation manifests itself in the bilateral or multilateral congressing of states in pursuit of mutual self-interest. It can take a number of forms, growing through bilateral commercial and aid relationships, or through regional economic cooperation and institution-building, creating rules for mutually beneficial commercial interaction. It may also spring from bilateral efforts to build security-based confidence-building measures to ameliorate the security dilemma, in both bilateral and multilateral forums.

⁵³ JERVIS, R. 2006. Correspondence: Thinking Systemically About China. Ibid.31, pp. 206-207.

Conflict in the region is recognisable at four distinct levels. First, constructivists would identify conflict occurring at the level of rhetoric, manifesting as competing projections of soft power (for instance, the American liberal-democratic project versus the Chinese Confucianism-based order), and as exclusivist, ethno-centric nationalism (for example, the periodic crises in Sino-Japanese relations that are enflamed by conflicting nationalisms, each positioning itself as superior over the other). Second, conflict occurs at the level of alliance formation. Security alliances are inevitably the product of conflict because the primary purpose of an alliance is protection against an enemy external to the alliance. They are not generally geared to achieving some mutual interest through cooperative relations within the alliance membership, but rather for protecting the alliance membership from and external threat by pooling the aggregate military strength. Thus, realist-inspired security alliances differ from classic formulations of liberal internationalist cooperation in that their orientation is external, against an enemy, rather than within, for mutual advantage (though this may be a by-product of security cooperation).⁵⁴ Third, regional conflict occurs in the form of "cold war" (as distinct from *the* Cold War), an environment of mutual hostility in the absence of actual military engagement, resulting from the regional security dilemma.⁵⁵ This condition does occur in the Northeast Asian system, particularly on the Korean peninsula. Finally, conflict may occur in the form of hot war, or actual military engagement between conflicting states.⁵⁶

⁵⁴ SNYDER, G. 1997. *Alliance Politics*, Ithaca, Cornell University Press. p. 4.

⁵⁵ Sandy Leo and Ray Perkins have defined "cold war" as: "This condition is characterized by propaganda, war preparations, and arms races--always at the expense of human needs. During a cold war, nationalism prevails, and the object is to have a stalemate where neither side will initiate aggression--nuclear or conventional--because of the overwhelming destructive capability of the retaliatory response." They contrast *cold war* with *cold peace* (no mutual hostility, but an absence of mutually beneficial interactions), *hot peace* (collaboration on confidence- and peace-building measures), and *hot war* (mutual hostility and actual military engagement). See: SANDY, L. & PERKINS, R. 2002. The Nature of Peace and Its Implications for Peace Education. *The Online Journal of Peace and Conflict Resolution*, 4, p. 3.

⁵⁶ *Ibid.* p. 3.

Strategic competition is the foreign policy orientation of states caught between cooperation and conflict. Competition arises when states have to navigate between antagonism and interdependence. States caught in this dilemma often choose policies of strategic hedging in order to accommodate these competing pressures, in their relationships with their allies as well as in those with their enemies. For realists, this occurs because states always act in their own self-interest and no two states' self-interests are the same. Therefore, in relationships of interdependence, be they between allies or enemies, it is prudent for states to hedge their bets so as not to leave themselves exposed should the bonds of interdependence break down. As noted above, in an environment where antagonism comes to outweigh interdependence, particularly where one state pursues its own self-interest too vigorously in a bid for hegemony, competing states may choose to balance—to form a coalition against the would-be hegemon.

Cooperation		Competition	Conflict	
Economic Interdependence	<i>Bilateral Commerce & Aid</i>	Hedging	Rhetoric	<i>Soft Power</i>
	<i>Multilateral Institutions</i>			<i>Nationalism</i>
Security	<i>Bilateral Confidence-building Measures</i>	Balancing	Alliances	
	<i>Multilateral Confidence-building Measures</i>		Cold War	
	<i>Multilateral Institutions</i>		Hot War	

Figure 5: Cooperation, Competition & Conflict explanatory framework, adapted and expanded from that offered by Muthiah Alagappa.

The Northeast Asian security environment, as a bipolar system, is divisible into two competing strategic triangles: the US bloc (United States, Japan, South Korea) and the China block (China, Russia, North Korea). The country-by-country analysis within the two competing strategic triangles—the US block and the China bloc—will show that strategic hedging is the dominant foreign policy position of states in the region, because of the coexistence of economic interdependence and the security dilemma. Again, this emphasises

that realist theory provides the structural foundation of the region, constructivism the narrative, and liberalism the policy options for ameliorating the negative influences of both.

Bipolar System: The US Alliance Network

The United States

The United States, as the world's pre-eminent power, has been a pivotal actor in Northeast Asian politics since 1945. This section provides a synopsis of the voluminous literature on the foreign policy of the United States in Northeast Asia and the themes which shape its relations with regional states. The US alliance network in the region is a legacy of the Cold War. During this period, Washington positioned its forces to defend the East Asian littoral from Soviet expansion through a series of bilateral alliances—the “hub-and-spokes” system—with South Korea, Japan and Taiwan, as well as other Pacific allies such as Thailand, the Philippines, Australia and New Zealand.⁵⁷ Today, the hub-and-spokes system and the presence of the United States military has been a major factor in ameliorating the East Asian security dilemma. As an outside arbiter, an "offshore balancer" in the estimation of John Mearsheimer, the US is able to prevent spirals of instability by reducing the perceived need of regional states to engage in military competition and arms racing.⁵⁸

The US can only maintain this role while it remains the most powerful state in the region. Thus, a key goal of US strategy is to prevent the emergence of a regional peer competitor that could destabilise the hub-and-spokes system and challenge American dominance of the East

⁵⁷ HUISKEN, R. 2006. Northeast Asian Security Challenges. In: AYSON, R., & BALL, DESMOND (ed.) *Strategy and Security in the Asia-Pacific*. Sydney: Allen & Unwin. p. 192.

⁵⁸ MEARSHEIMER, J. 2001a. The Future of the American Pacifier. *Foreign Affairs*, 80, p. 46; CHRISTENSEN, T. 2003. China, the US-Japan Alliance, and the Security Dilemma in East Asia. In: IKENBERRY, G. J. & MASTANDUNO, M. (eds.) *International Relations Theory and the Asia-Pacific*. New York: Columbia University Press. p. 26.

Asian littoral.⁵⁹ Because China is the only regional power with anything approaching the capacity to disrupt the American regional order, preventing the emergence of a regional challenger has come to imply controlling the rise of China. Here we find the outlines of a belief that US economic power and military dominance provides Washington with the capacity to impose its hegemony in any theatre.⁶⁰ In general this rings true because it has accurately reflected the existing distribution of power, which, as constructivists argue, is a product of a discourse that socialises Americans and their leaders as well as Washington's soft power targets.⁶¹

The US brand of national exceptionalism is rooted in a historical experience of territorial expansion. US overseas expansion traditionally revolved around securing new markets and access to raw materials for its manufacturing base. This crusade to batter down the doors of other countries was clothed in a sense of mission and inevitability, of “manifest destiny.”⁶² Today, this missionary zeal finds expression as *Pax Americana*, the vision of a global community of free market democracies.⁶³ In terms of security, this begets a doctrine of global military supremacy involving a US monopoly of power in the western hemisphere and balance of power relations in other key regions such as Europe, Northeast Asia and the Middle East, where Washington will work to prevent the emergence of great power rivals.⁶⁴

⁵⁹ OTT, M. 2001. East Asia: Security and Complexity. *Current History*, 645, p. 152

⁶⁰ COGHLIN, D. 2008. *Prospects from Korean Reunification*. Carlisle, PA: Strategic Studies Institute – US Army War College, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB859.pdf>. p. 30.

⁶¹ According to Robert Jervis, “Constructivists (and some modern liberals) would go further and expect the unipole to come to believe its own arguments about acting impartially. It should become socialized as much as it socializes others, its form of discourse should develop a life of its own and shape much of the way the superpower thinks and acts.” See: JERVIS, R. 2009. Unipolarity: A Structural Perspective. *World Politics*, 61, p. 196.

⁶² WHITE, D. 1996. *The American Century: The Rise & Decline of the United States as a World Power*, New Haven & London, Yale University Press. p. 2.

⁶³ RHEE, S.-W. 1999. Russia and a new balance of power in East Asia: implications for stability on the Korean Peninsula. In: CHUFRIN, G. (ed.) *Russia and Asia: The Emerging Security Agenda*. New York: Oxford University Press. p. 404-05.

⁶⁴ MEAD, W. R. 2005. American Grand Strategy in a World at Risk. *Orbis*, 49, p. 590.

Cooperation: Setting the Agenda

The flowering of economic cooperation through Northeast Asia has been made possible by American hegemony. US hard power dominance over the capitalist world since 1945 and more broadly since the fall of the Soviet Union allowed the development of a US-managed liberal order—what John Ikenberry has labelled “Liberalism 2.0”—based on Cold War multilateral alliances such as the North Atlantic Treaty Organization (NATO), international institutions including the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO—formerly the General Agreement on Tariffs and Trade, GATT), and the US dollar as the global reserve currency.⁶⁵ The economic dimension of US primacy has allowed economic cooperation in Northeast Asia to bloom over the past two decades, which, combined with advances in rapid long-haul transportation and communication technologies have facilitated an explosion of commerce between the region’s key players. The attraction of American soft power was a key to the success of this system. For Joseph Nye, the key to US success since 1945 has been its ability to coopt other states into its hegemonic framework through attraction and persuasion rather than by force of arms alone.⁶⁶ Washington’s promotion of peace through liberal democracy and free markets has been a tremendously powerful vision, one that competing powers have failed to match.⁶⁷

It is not merely the American liberal democratic free market system that is attractive to other states. The global economic order allows countries to enrich themselves by participating in

⁶⁵ IKENBERRY, G. J. 2009. Liberal Internationalism 3.0: America and the Dilemmas of Liberal World Order. *Perspectives on Politics*, 7, p. 76-78.

⁶⁶ NYE, J. 2002. *The Paradox of American Power: Why the World’s Only Superpower Can’t Go It Alone*, New York, Oxford University Press. p. 8-9.

⁶⁷ China has attempted to present an alternative vision based on economic the gravity of its economic power. China’s economic success has made this vision is more powerful than the ideology-heavy but materially austere vision of traditional communism. The important variable here is the authoritarian politics inherent to Beijing’s soft power mantra. Where Beijing has engaged with other countries that exclusively on an economic level, it has met with success, particularly in relation to its resource partnerships with states in Africa. When it has dabbled in the political sphere, as it has with Australia over issues such as iron ore pricing, the Olympic Games torch relay, and visiting Uighur activists, the limitations of its authoritarian politics become apparent. This may say as much about China’s engagement partners as it does about China’s engagement strategy, which has less appeal for established liberal democracies than it does for other regimes. For a comprehensive analysis of China’s soft power strategy, see: HUANG, Y. & DING, S. 2006. Dragon’s Underbelly: An Analysis of China’s Soft Power. *East Asia*, 23, pp. 22-44.

the system, pacifying Washington's potential enemies. Once captured, dependency on US export markets and US-controlled foreign energy resources, along with the possibility of losing access to the benefits of the system, acts as a deterrent to revisionist foreign policy behaviour by other states.⁶⁸ Germany and Japan were quickly transformed from mortal enemies during World War II into key allies and trading partners through their incorporation into the American hegemonic system. Even China's rise has been accommodationist, for the most part, due to its vested stake in the current global economic order. In the security realm, the US role as regional balancer in Northeast Asia has muted tensions between regional states that would otherwise preclude such close economic cooperation. The US security guarantee has been a key factor in delaying Japanese remilitarisation and preventing Japan from acquiring nuclear weapons.⁶⁹ Bitter historic experience has left China and the two Koreas extremely sensitive to any moves by Tokyo to expand Japan's military capacity to reflect its economic power. Regional apprehension is minimised while the United States is responsible for Japan's security, yet without this restraining element, Japanese remilitarisation would dramatically increase the intensity of the Sino-Japanese rivalry.

Competition: Imperial Temptation & Rivalry with China

It is the very success of the hub-and-spokes system, however, that has inhibited the evolution of a cooperative multilateral security framework in Northeast Asia similar to that which has been so successful in Europe. Bilateral alliances with Japan and South Korea exist to restrain their freedom of action as much as contain the Soviet threat or today, the rise of China. During the Cold War, this restraining function helped to prevent the junior partners from

⁶⁸ MEAD, W. R. 2005. American Grand Strategy in a World at Risk. *Orbis*, 49, p. 590-591.

⁶⁹ ART, R. 2008. The United States and the Rise of China: Implications for the Long Haul. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 278; DEVINO, M. C. 2004. *Should the US Continue to Maintain Forces in Korea?* Carlisle PA: Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/KSIL/files/00081.doc> p. 4. Some Japanese scholars argue that Japan's "pacifist identity" has been an important obstacle blocking the efforts of Japanese hardliners who advocate adopting a nuclear weapons capability. See: MIHASHITA, A. 2007. Where do norms come from? Foundations of Japan's postwar pacifism. *International Relations of the Asia-Pacific*, 7, p. 107.

entangling the United States in an unnecessary conflict with its rival powers on the Asian mainland.⁷⁰ In the post-Cold War environment, these relationships have been mobilised in pursuit of a number of key geopolitical objectives. These include the preservation of US-China deterrence relationship, continuation of the US-Japan alliance and maintenance of Japan's non-nuclear status, the peaceful resolution of the Taiwan issue, denuclearisation of the Korean peninsula, freedom of navigation through important sea lines of communication (SLOCs), and the preservation of economic openness in East Asia.⁷¹

According to the realist interpretation, the retreat or retrenchment of the US presence could remove restraints on Japan, China and others that restrict the intensity of their regional competition. The liberal counter-argument maintains that US withdrawal would not automatically lead to exacerbation of the regional security dilemma, because the growing economic interdependencies between China and Japan place a premium on cooperation over competition. In addition, Japan's dependence on foreign resources, its proximity to China, and its strategic vulnerability are likely to encourage the Japanese to bandwagon with Chinese power in the event of US retreat.⁷² The extent to which this may occur would depend largely on Chinese receptivity to strategic cooperation with Japan which, if the liberal arguments of economic inter-dependency are correct, may be more likely than not. The North Korean nuclear threat undermines the liberal interpretation by inflaming Japanese nationalism and enhancing the position of the far-right in Japanese domestic politics, pushing the Sino-Japanese relationship back in the direction of increasing strategic competition.

⁷⁰ CHA, V. 2009/10. Powerplay: Origins of the U.S. Alliance System in Asia. *International Security*, 34, p. 158-159; RUSSETT, B. & ONEAL, J. 2001. *Triangulating Peace: Democracy, Interdependence, and International Organizations*, New York, WW Norton & Company. p. 89.

⁷¹ ART, R. 2008. The United States and the Rise of China: Implications for the Long Haul. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. pp. 273-74.

⁷² ROSS, R. 1999. The Geography of the Peace: East Asia in the Twenty-first Century. *International Security*, 23, p. 115.

The Sino-American relationship adds further complexity to the regional dynamic. Policy debate in Washington is split between those who view China as a threat and recommend balancing as a prudent strategy, and those who see economic interdependence as a driver of cooperation and believe China can be socialised into adhering to international norms.⁷³ For the latter, US efforts to engage China have been largely successful, resulting in deeper economic cooperation and more substantive multilateral diplomacy, developments that have helped to lower regional security concerns by muting the suspicions that fuel the regional security dilemma. Advocates of the former, however, view Sino-American relations as a zero-sum game in which US economic engagement has facilitated China's increasing regional power at the Washington's expense, which has been a disaster for American power in East Asia.⁷⁴ It comes as little surprise then that Washington's policies on China tend toward the contradictory, resulting from the competing interests of actors including factions of Congress, lobby groups of all kinds, influential ideologues, and public opinion.⁷⁵

Conflict: China & the Korean Peninsula

Robert Ross characterises the region as a bipolar system dominated by the United States and China, where China has achieved control of the continental mainland while the maritime environment has been the exclusive domain of the US.⁷⁶ Ross does not define the system as multipolar because Russia and Japan lack the geopolitical prerequisites to be poles in their own right and instead tend to bandwagon with China and the US respectively. Why is Northeast Asia bipolar when the United States has been acknowledged for some time as the most powerful state on the planet? For John Mearsheimer, the difficulty for any state in

⁷³ KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. p. 189.

⁷⁴ CHRISTENSEN, T. 2006. Fostering Stability or Creating a Monster? The Rise of China and US Policy toward East Asia. *International Security*, 31, p. 82.

⁷⁵ DENG, Y. 2001. Hegemon on the offensive: Chinese perspectives on U.S. Global Strategy. *Political Science Quarterly*, 116, 343. p. 352.

⁷⁶ ROSS, R. 1999. The Geography of the Peace: East Asia in the Twenty-first Century. *International Security*, 23, pp. 82-85.

achieving total hegemony is the impediment of projecting military power from a distance onto the territory of a rival great power.⁷⁷ While the United States is more than capable of bombing China from air and sea, it does not possess the land forces to capture Chinese territory on the Asian mainland, while China's defensive posture is more than adequate to repel any such land-based attack. Therefore, in Northeast Asia, the United States and China exist in approximate strategic parity. In addition, the bipolar balance is fluid, owing to China's ascendant trajectory and the relative decline of US power⁷⁸. This trend has begun to accelerate in the wake of the global financial crisis, which has weakened the economic foundation of US military power and added an air of urgency to what was already a potentially combustible regional mix.

The Taiwan issue has traditionally been the central problem in the Sino-American relationship. The United States has established very clearly that Taiwan's status should be resolved peacefully between the Chinese and Taiwanese governments. The US has stated it will not allow China to reincorporate Taiwan by force, as demonstrated in 1996 when President Clinton sent two carrier battle groups to the Taiwan Strait in response to aggressive Chinese military exercises.⁷⁹ Nor does Washington desire a unilateral independence declaration from the Taiwanese leadership that would corner China into a forceful response. Such a declaration looked increasingly likely under the Taiwanese leadership of Chen Shui-bian, though independence talk has become more muted with the ascension of the more China-friendly Ma Ying-jeou as president of Taiwan.⁸⁰

⁷⁷ MEARSHEIMER, J. 2001b. *The Tragedy of Great Power Politics*, New York, W.W. Norton and Company. p. 41.

⁷⁸ SHAPLEN, J. & LANEY, J. 2007. Washington's Eastern Sunset: The Decline of U.S. Power in Northeast Asia. *Foreign Affairs*, 86, p. 38.

⁷⁹ HUISKEN, R. 2006. Northeast Asian Security Challenges. In: AYSON, R., & BALL, DESMOND (ed.) *Strategy and Security in the Asia-Pacific*. Sydney: Allen & Unwin. pp. 199-201.

⁸⁰ For a discussion of the decline of the independence movement in Taiwan, see: ROSS, R. 2006. Taiwan's Fading Independence Movement. *Foreign Affairs*, 85, pp. 141-148.

US strategy *vis-à-vis* the Korean peninsula is inevitably nested in these wider issues. The North Korean nuclear capability increases the risk premium for South Korea's defence because the South is indefensible from missile attack, in spite of limited missile defence systems. The missile threat undermines the US-Japan alliance because it enhances the argument of those within Japan who favour remilitarisation. It constrains US freedom of action by tying up forces in Korea while simultaneously freeing the Chinese military from the northeast for deployment along the Taiwan Strait. The North Korea threat complicates the situation, as it demands a considerable American deterrent posture in South Korea that diverts forces from focussing on the Taiwan Strait.⁸¹

North Korea's nuclear capability has damaged American interests beyond Northeast Asia, particularly with respect to the global nonproliferation regime, embodied in the Nuclear Non Proliferation Treaty. The NPT represents a bargain between the existing nuclear powers and non-nuclear states in which the non-nuclear countries pledged not to develop nuclear weapons in exchange for assistance with peaceful nuclear energy programs and the capping and reduction of the arsenals of the nuclear powers. The NPT for the most part has been a success: only four additional states have acquired nuclear weapons since 1970, while US and Soviet/Russian nuclear arsenals have shrunk significantly since their Cold War peak, while all other states bar the *de facto* nuclear powers have ratified the treaty.⁸² North Korea's successful nuclear weapons development weakens this system in two ways: first, it serves as an example to other would-be proliferators that they can develop nuclear weapons without any meaningful consequences beyond economic sanctions.⁸³ It demonstrates that a state can obtain nuclear weapons while still a member of the NPT, thereby casting doubt on the treaty's

⁸¹ SHEN, D. 2006. North Korea's Strategic Significance to China. *China Security*, Autumn 2006, p. 20.

⁸² HUNTLEY, W. 2006. Rebels without a cause: North Korea, Iran and the NPT. *International Affairs*, 82, p. 738.

⁸³ REISS, M. 2006-07. A Nuclear-armed North Korea: Accepting the 'Unacceptable'? *Survival*, 48, p. 105-06; HUNTLEY, W. 2006. Rebels without a cause: North Korea, Iran and the NPT. *International Affairs*, 82, p. 724.

effectiveness. If this is the case, the international community can do little to limit horizontal nuclear proliferation. Second, the North Korean regime may seek to generate hard currency income by selling fissile materials to terrorist groups that wish to blackmail or attack American targets abroad or the continental United States itself.⁸⁴ There is some suggestion that the North has sold nuclear technology to Syria and Myanmar and while these exchanges are unlikely to have included fissile material, the widening of the arc of nuclear proliferation that these sales represent is certainly troubling.⁸⁵

Synthesis: Preserving Pax Americana

The global goal of the United States is the preservation of *Pax Americana*, the hegemonic order through which it has become the world's preeminent power. Cooperation occurs within this framework globally, as in Northeast Asia, through the integration of states into the global capitalist economy, which is regulated by international organisations to benefit the economic interests of the United States. Clearly this system needs to provide mutual benefits in order to attract the compliance of other countries; Japan, South Korea, Taiwan and now China have all benefited from integration into this system. However, the economic interdependence thus sown occurs within the context of adversarial security relations. Washington is hedging between the economic benefits of China's incorporation into the global economy and the perceived security risk posed by China's rise as a peer competitor. The goal of the United States in Northeast Asia is to preserve maintain the regional balance of power such that the simmering Sino-Japanese rivalry is contained and to prevent China from contending for regional hegemony. Two potential flashpoints exist where conflict remains a possibility: the Taiwan Strait and the Korean peninsula. While Washington and Beijing appear to have

⁸⁴ ART, R. 2008. The United States and the Rise of China: Implications for the Long Haul. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 275.

⁸⁵ HECKER, S. 2009. *The risks of North Korea's nuclear restart*. Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/features/the-risks-of-north-koreas-nuclear-restart> [Accessed 20 May 2009]; MCCARTAN, B. 2009. *China's rogue regimes play up*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/China/KG03Ad02.html> [Accessed 03 July 2009].

reached a *modus vivendi* regarding Taiwan, in Korea, the US has been active in attempting to alter the balance of power by disarming North Korea of its nuclear capability and transforming or replacing its ruling regime. It is this activism in pursuing North Korea's denuclearisation, without success, that is exposing a growing trend of US strategic paralysis in the region that belies its apparent strength.

Japan

Japan could be considered the linchpin of the Northeast Asian security dilemma because the threat perceptions of the other regional states are acutely sensitive to Japan's defence posture, owing to its military modernisation by stealth, and its unwillingness or inability to come to common agreement with its neighbours on a mutually acceptable historical narrative of its colonial past. Therefore, any alterations of its security posture in the direction of greater autonomy are likely to encourage balancing behaviour among its neighbours.⁸⁶ This constraint is problematic for Tokyo. Japan is a geographically small but densely populated island-chain state that is dependent on imports for almost all of its energy and just under half of its food supply. These imports, as well as Japanese exports, come and go via vulnerable sea lines of communication (SLOCs) that stretch thousands of miles from the East China Sea to the Middle East.⁸⁷ One would expect any other state in this predicament to have some level of power projection capability to protect vital SLOCs and territorial waters, yet Article 9 of Japan's "Peace Constitution" restrains Japan's ability to do this. SLOC policing and the national coast guard have been one avenue through which conservatives in Tokyo have expanded Japan's security role within the constitution.⁸⁸

⁸⁶ SAMUELS, R. 2006. Japan's Goldilocks Strategy. *The Washington Quarterly*, 29, pp. 120-21.

⁸⁷ KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press. p. 158.

⁸⁸ GRAHAM, E. 2006. *Japan's Sea Lane Security 1940-2004: A Matter of Life and Death?*, London, Routledge.

Cooperation: The Yoshida Doctrine and Regional Engagement

The United States has been Japan's security guarantor since the conclusion of World War Two, fulfilling the dual roles of providing for the defence of Japan as well as functioning as a regional balancer, reassuring regional states that Japan was not a security threat. During the Cold War Japan adhered to a strategy known as the *Yoshida Doctrine*—named after post-WWII Prime Minister Yoshida Shigeru—that placed economic development as the highest national priority while leaving the nation's military defence to the United States. The Yoshida Government effectively decoupled economics and trade from national security to minimise Japan's strategic risk, ensure an uninterrupted supply of energy and food to ease the chronic resource deficiencies of the home islands, and to reassure Japan's neighbours that the era of Japanese imperialism had ended.⁸⁹ Over time, this strategy allowed Japan to grow into East Asia's pre-eminent economic power by the 1980s.

Japanese investment played a significant role in the Chinese economic miracle. By 2004, Japanese companies had invested US\$56 billion in nearly development projects within China, leading to bilateral trade nearing US\$200 billion per year. Together, the two countries' economic output constitutes approximately 80 percent of East Asia's GDP.⁹⁰ Clearly, China and Japan are the region's two most important economic powers. These economic linkages have been strengthened by growing institutional frameworks. Both countries, along with South Korea, have engaged in annual trilateral economic summits since 2000, and both are involved in the region's key multilateral institutions: APEC and ASEAN+3, along with the ASEAN Defence Ministers Meeting (ADMM) launched in 2010.⁹¹ However, Japan has

⁸⁹ DUPONT, A. 2004. *Unsheathing the Samurai sword: Japan's changing security policy*. Lowy Institute Paper 03 ed. Sydney: Lowy Institute, <http://www.lowyinstitute.org/Publication.asp?pid=180>. pp. 1-2.

⁹⁰ DENT, C. 2009. Japan, China and East Asian regionalism: implications for the European Union. *Asia Europe Journal*, 7, pp. 170-171.

⁹¹ *Ibid.* p. 171.

advocated multilateral frameworks that incorporate the entire Asia-Pacific region, thereby including allies such as the United States and Australia. In contrast, China has espoused institutional arrangements that are strictly limited to East Asian states, rightly recognising Tokyo's efforts to dilute Beijing's influence in these multilateral fora.⁹² The trend of events has flowed in China's favour, with Japan's preferred Asia-Pacific bodies such as APEC losing influence in favour of other East Asia-centric institutional arrangements.

In the context of regional security, and particularly with regard to the Korean peninsula, Japan has engaged in both bilateral and multilateral diplomatic processes over the past decade. Prime Minister Koizumi Junichi made substantial progress in negotiating the normalisation of relations between Japan and the DPRK during the early-2000s, culminating in his one-day summit with Kim Jong-il in Pyongyang on 17 September 2002. However, the momentum generated by the summit evaporated in response to North Korea's October 2002 HEU disclosure and Kim Jong-il's admission that North Korea had kidnapped thirteen Japanese youths during the 1970s and 1980s, which provoked a heated public backlash within Japan and made Koizumi's engagement strategy untenable. Since this time, Japan's engagement in the Six Party Talks process has been contingent on the adequate resolution of the abductee issue, which has resulted in Tokyo assuming a back-seat role in the multilateral process.

Competition: Hedging Between the US and China

Like any junior partner in an alliance relationship, Japan's perception of its relationship with the US has fluctuated periodically between apprehension over abandonment by its alliance partner and anxieties about entrapment in American military adventurism foreign policy

⁹² BEESON, M. & YOSHIMATSU, H. 2007. Asia's odd men out: Australia, Japan, and the politics of regionalism. *International Relations of the Asia-Pacific*, 7, p. 228.

crises beyond the theatre of Northeast Asia and thus not directly relevant to Japan. Dependence on the US security guarantee has generated a fear of abandonment among Japanese policy makers, which arises from the realisation that in an anarchic security environment, alliance commitment are ultimately unenforceable because there is no higher authority to enforce treaty obligations.⁹³ Through the 1970s, events such as the US defeat in Afghanistan, the oil shocks, and the Soviet invasion of Afghanistan played on Japan's fear of abandonment and began to erode Tokyo's faith in the US security guarantee.⁹⁴ Consequently, Tokyo has bandwagoned with Washington's wider global strategy and support American ventures beyond the defence of Japan.⁹⁵ This, in turn, leads to the fear that over-accommodation with American global interests could lead to Japan's entrapment in US military ventures not directly involving Japan that exact costs and consequences that are not in the Japanese national interest. For example, the eruption of conflict between the United States and China over Taiwan would force Japan to choose sides between its long-time security guarantor and the region's rising economic power, with which Japan shares both extensive economic linkages and a growing strategic rivalry. As home to the bulk of American forces in the region, the US would expect Japan to provide rear support for naval and air power dispatched to defend Taiwan, thereby exposing itself to Chinese retaliation and the risk of being drawn into direct combat.⁹⁶ Article 9 helped Japan to avoid such entanglement in the past; however, the danger of entrapment may increase as the peace clause of the constitution is diluted and reinterpreted.

⁹³ SNYDER, G. 1997. *Alliance Politics*, Ithaca, Cornell University Press. pp. 17-18.

⁹⁴ DUPONT, A. 2004. *Unsheathing the Samurai sword: Japan's changing security policy*. Lowy Institute Paper 03 ed. Sydney: Lowy Institute, <http://www.lowyinstitute.org/Publication.asp?pid=180>. p. 2.

⁹⁵ SAMUELS, R. 2007. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, Ithaca, Cornell University Press. p. 199.

⁹⁶ KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. pp. 166-67; DUPONT, A. 2004. *Unsheathing the Samurai sword: Japan's changing security policy*. Lowy Institute Paper 03 ed. Sydney: Lowy Institute, <http://www.lowyinstitute.org/Publication.asp?pid=180>. p. 42-43.

Although the alliance remains close, despite a current dispute over basing rights in Okinawa, the restraints on Japanese remilitarisation are slowly being removed. The consensus underlying the Yoshida Doctrine has begun unravelling for some time, domestically behind calls for Japan to assume a security posture commensurate with its economic power, and externally from the United States, which has prodded Japan to assume more responsibility for its self-defence.⁹⁷ Evolving defence policy has embodied modernisation of land, sea and air defence forces and more active forward projection of forces beyond the Japanese archipelago, including non-combat deployments to Afghanistan and Iraq.⁹⁸ Politicians in Tokyo have begun to advocate modification of Article 9 at a time when the Japanese Self Defence Force (SDF) is bankrolled by the fifth largest defence budget in the world at US\$41 billion per annum.⁹⁹ Marcus Noland notes that firms involved in Japan's military-industrial complex have benefited through budget increases and procurement orders designed specifically to counter the North Korean threat, creating an economic and political momentum that could lead inexorably to Japan's political normalisation and the abandonment of Article 9.¹⁰⁰

Conflict: North Korean Threat Complicating the Hedging Strategy

Japan's military modernisation is primarily a product of the perceived threat posed by China's resurgence. Tokyo aspires to the great power status that any other state with such economic and technological prowess would expect. The primary obstacle to achieving this goal is China, whose rapid economic growth, diplomatic influence and military projection

⁹⁷ KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. pp. 153, 167.

⁹⁸ PATTERSON, D. 2007. Japan's Response to Asia's Security Problems. In: HOROWITZ, S., HEO, U. & TAN, A. (eds.) *Identity and Change in East Asian Conflicts: The Cases of China, Taiwan, and the Koreas*. New York: Palgrave-McMillan. p. 185; WU, X. 2005. The End of the Silver Lining: A Chinese View of the US-Japanese Alliance. *The Washington Quarterly*, 29, p. 119.

⁹⁹ TAKAHARA, A. 2008. A Japanese Perspective on China's Rise and the East Asian Order. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 227; SAMUELS, R. 2006. Japan's Goldilocks Strategy. *The Washington Quarterly*, 29, p. 113.

¹⁰⁰ NOLAND, M. 2006a. The Economic Implications of a North Korean Nuclear Test. *Asia Policy*, July, pp. 34-35.

capabilities produce fears that Beijing is seeking to dominate the region, including Japan.¹⁰¹ China's growing naval capability may come to threaten the SLOCs through which pass the imported goods and energy supplies upon which Japan relies. To illustrate, should China reclaim Taiwan, the Chinese navy would have access to deep waters beyond the mainland continental shelf in which its submarines could operate at greater depths, safer from detection by US and Japanese sea- and airborne reconnaissance than they would be in the shallow waters within the Chinese littoral.¹⁰² Incidents such as the 10 November 2004 incursion of a Chinese submarine into Japanese waters off Okinawa do not help to assuage such concerns in Tokyo.¹⁰³

Domestic politics has a significant bearing on Tokyo's responses to North Korea, which in turn affects the success of its wider hedging strategy. The issue of the status of Japanese abductees kidnapped by North Korean agents arouses emotional and widespread anger in Japan, a sentiment that obliges politicians of all stripes to take a hard line on this issue and by extension the broader relationship with the DPRK.¹⁰⁴ As the only nation to have suffered a nuclear attack, Japan is extremely sensitive to North Korea's missile and nuclear capability. The missile threat came to prominent attention in August 1998 and again in April 2009 when the North launched long-range rockets over Japan. Of particular concern to Japanese officials is the North's stockpile of medium-range Nodong missiles, which with a range of about 1,000 kilometres, are capable of threatening the entire Japanese archipelago. Tokyo worries that an outbreak of conflict on the Korean peninsula could lead North Korea to launch ballistic

¹⁰¹ ALAGAPPA, M. 2008. Asia's Security Environment: From Subordinate to Region Dominant System. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia* Stanford: Stanford University Press. p. 58.

¹⁰² TANIGUCHI, T. 2005. A Cold Peace: The Changing Security Equation in Northeast Asia. *Orbis*, 49, p. 456.

¹⁰³ On 17 November 2004, a Chinese submarine entered Japan's territorial waters in the southwestern sector of Okinawa prefecture, about 400 kilometers southwest of Okinawa Island. See: CURTIN, J. S. 2004. *Submarine puts Japan-China ties into a dive*. Asia Times Online, <http://www.atimes.com/atimes/Japan/FK17Dh01.html> [Accessed].

¹⁰⁴ YUN, D.-M. 2005. *Japan's Dual-Approach Policy toward North Korea: Past, Present, and Future*. Social Science Research Council, <http://northkorea.ssrc.org/Yun/> [Accessed 17 May 2006].

missiles at targets in Japan. North Korea's admission in October 2002 that it had maintained a highly-enriched uranium program was a further jolt to Japanese sensitivities, pushing Tokyo into active participation in the US ballistic missile defence program.¹⁰⁵ If operational, the US missile defence system would eliminate the missile threat to Japan from North Korea. However, there is a perception in China that US missile defence programs in East Asia are intended for the containment of China. Japan's participation may be a sign of Tokyo's weariness of China's growing military power.¹⁰⁶ In responding to the North Korean threat, Japan has triggered Chinese sensitivities about the dangers of its remilitarisation.

North Korea's nuclear and missile capabilities have also provided ammunition for right-wing nationalists in Japan to argue for the acceleration of Japan's normalisation and military modernisation. On 10 July 2006, Chief Cabinet Secretary Abe Shinzo advocated pre-emptive strikes against North Korean missile installations on the grounds that they were justified under Japan's constitutional right to self-defence.¹⁰⁷ On 4 August 2006, the Subcommittee on Defense Policies in the Liberal Democratic Party's National Defense Division began a debate on whether Tokyo should acquire the capability to attack "a foreign enemy base."¹⁰⁸ Daniel Pinkston and Kazutaka Sakurai argue that domestic constituents were the intended target audience for these threats, in order to shore up political support.¹⁰⁹ Nonetheless, such messages play badly in a region harbouring deep mistrust of Japan's intentions.

¹⁰⁵ KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press. p. 197.

¹⁰⁶ TANIGUCHI, T. 2005. A Cold Peace: The Changing Security Equation in Northeast Asia. *Orbis*, 49, p. 454; DUPONT, A. 2004. *Unsheathing the Samurai sword: Japan's changing security policy*. Lowy Institute Paper 03 ed. Sydney: Lowy Institute, <http://www.lowyinstitute.org/Publication.asp?pid=180>. p. 11.

¹⁰⁷ KIRK, D. 2006. *Pyongyang's missiles right on target*. Asia Times Online, <http://www.atimes.com/atimes/Korea/HG11Dg01.html> [Accessed 11/07/2006].

¹⁰⁸ PINKSTON, D. 2006. North Korea's Foreign Policy Towards the United States. *Strategic Insights*, V, p. 100.

¹⁰⁹ *Ibid.* p. 98.

Synthesis: Hedging as Japan's Preferred Strategy

Japan's preferred foreign policy embodies a hedge between economic engagement with China and the ongoing security commitment to the United States, with an eye on the growing threat posed by China's resurgence as a great power. With this in mind, Tokyo is pursuing incremental strategic normalisation through piecemeal increases in militarisation, in tandem with continued economic interaction with China, in order to become the great power it desires without exacerbating the regional security dilemma. Richard Samuels has labelled Japan's efforts at strategic hedging the "Goldilocks consensus" in which Tokyo positions itself not too close and not too far from its American protector during its simultaneous efforts to engage with China.¹¹⁰

On the one hand, Japan has continued to indulge the United States by band-wagging with American operations in Afghanistan and Iraq and acceding to requests from Washington to assume more responsibility for its self-defence, all the while leaning on the its alliance partner as the best bet for countering a resurgent China.¹¹¹ On the other hand, Japan has built substantial economic linkages with China, with the intention of assuaging concerns about any possible Japanese military threat, leading to an acceleration of regional economic interdependence, as demonstrated by flows of investment and trade.¹¹² The Achilles heel of this strategy, as mentioned above, is that the regional threat perception is likely to linger until the Japanese government acknowledges its wartime past. As Yang Jian notes, for China, Japan's deployment of troops abroad is a very sensitive issue.¹¹³ North Korean bellicosity

¹¹⁰ SAMUELS, R. 2006. Japan's Goldilocks Strategy. *The Washington Quarterly*, 29, pp. 121-22.

¹¹¹ KIM, B.-K. 2008a. Between China, America, and North Korea: South Korea's Hedging. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 192; PATTERSON, D. 2007. Japan's Response to Asia's Security Problems. In: HOROWITZ, S., HEO, U. & TAN, A. (eds.) *Identity and Change in East Asian Conflicts: The Cases of China, Taiwan, and the Koreas*. New York: Palgrave-McMillan. pp. 185-90.

¹¹² MANSOUROV, A. 2005. Northeast Asian Vortex: Regional Change, Global Implications. *Korea Observer*, 36, p. 523.

¹¹³ YANG, J. 2006. China's Security Strategy and Policies. In: HOADLEY, S. & RÜLAND, J. (eds.) *Asian Security Reassessed*. Singapore: Institute of Southeast Asian Studies. p. 99.

creates added momentum in Japanese domestic politics in favour of strategic normalisation, which in turn amplifies the concerns about Japan's intentions that are harboured by neighbouring countries. In short, Japan's policy of strategic hedging is slowly evolving as a losing gambit, due mainly to the inability of Japan and China to reconcile their competing strategic and economic priorities and the tension within the Japan-US alliance. North Korea's nuclear proliferation further complicates what is already a problematic strategic position.

South Korea

It has been the fate of Korea over many centuries to be geographically sandwiched between its more powerful neighbours. Today, South Korea is caught in a balancing act between its Cold War ally and security guarantor, the United States, and its largest trading partner in China. Seoul does not want to be forced to choose between Washington and Beijing, yet its major security problems inevitably incur the risk of alienating one or the other.¹¹⁴ Seoul has to consider two major factors in its tense balancing act between the United States and China: first, the changing dynamics of the US-ROK alliance, and second, its uncomfortable political accommodation with North Korea.¹¹⁵ North Korea's nuclear proliferation is the wildcard that complicates South Korea's position, because it often forces Seoul to diverge from the American position in favour of the position taken by China.

Competition: Drifting Between Two Poles

The US-ROK alliance was the foundation of efforts to deter Soviet expansion during the Cold War, and by extension prevent further North Korean aggression against the South. In the post-Cold War era, the alliance has lost much of its *raison d'être*; the Soviet Union has

¹¹⁴ KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. p. 120.

¹¹⁵ POLLACK, J. 2005. The Strategic Futures and Military Capabilities of the Two Koreas. In: TELLIS, A. & WILLS, M. (eds.) *Strategic Asia 2005-06: Military Modernization in an Era of Uncertainty*. Seattle & Washington DC: National Bureau of Asian Research. p. 138.

collapsed, South Korea has won the ideological war against the North and the Kim regime teeters on the edge of major systemic transformation. For South Koreans, especially younger generations born after the Korean War, the military threat posed by the DPRK is assumed to be less palpable, which has led many South Koreans to express a desire for increased autonomy within the alliance. As the junior alliance partner, Seoul is entrapped by its partner's requirement for strategic flexibility in its use of its troops stationed in the ROK.¹¹⁶

Issues of sovereignty are at the heart of South Korean objections to the footprint of the US military in Korea. The US military maintains almost complete command and control over American and ROK forces in South Korea, while the *Status of Forces Agreement* (SOFA) signed between the two countries exempts American military personnel from local legal jurisdiction.¹¹⁷ The Yongsan military base in central Seoul, near the north bank of the Han River, was a source of local resentment for some time. Indeed, the Yongsan base has been a symbol of a wider resentment with the American military presence stemming from numerous instances of unsavoury incidents between US military personnel and local people. For Lee Chae-jin, the South Korean government must perform a delicate juggling act between accommodation of rising anti-American sentiment within the democratic process, and the requirements of its military alliance with the United States.¹¹⁸ With this in mind, the Yongsan military base has been relocated south of Seoul to Osan, at cost to the South Korean

¹¹⁶ 2004e. *Strengthening US Global Defense Posture*. Washington DC: United States Department of Defense, http://www.defensecommunities.org/ResourceCenter/Global_Posture.pdf

¹¹⁷ At a February 2007 ministerial level meeting between the ROK Minister of Defence and the US Secretary of Defence, it was agreed that operational command of ROK forces would be transferred to ROK control in April 2012. See: POLLACK, J. 2005. The Strategic Futures and Military Capabilities of the Two Koreas. In: TELLIS, A. & WILLS, M. (eds.) *Strategic Asia 2005-06: Military Modernization in an Era of Uncertainty*. Seattle & Washington DC: National Bureau of Asian Research. p. 147. *Status-of-forces agreements* define the legal status of U.S. personnel and property in the territory of another nation. Their purpose is to set forth rights and responsibilities between the United States and the host government on such matters as criminal and civil jurisdiction, the wearing of the uniform, carrying of arms, tax and customs relief, entry and exit of personnel and property, and resolution of damage claims. See: PIKE, J. 2005. *Status-of-Forces Agreement [SOFA]*. Washington DC: Global Security.org, <http://www.globalsecurity.org/military/facility/sofa.htm> [Accessed].

¹¹⁸ LEE, C.-J. 2006. *A Troubled Peace: US Policy and the Two Koreas*, Baltimore, The Johns Hopkins University Press. p. 281.

government. This represents a phase of a wider US plan to drawdown forces from Korea and move American military installations to locations south of the Han River.¹¹⁹

South Korean officials are anxious that Washington's insistence on "strategic flexibility" and consolidation of its forces toward the south of the Han River and away from the DMZ may provide the United States with the necessary insurance against attack by North Korea. Traditionally, these forward deployments were thought of as a "tripwire," which if attacked would guarantee an expanded military commitment from Washington in the event of a conflict.¹²⁰ In the absence of the tripwire, the US security guarantee may not hold in the event of conflict. Seoul fears that such a move may embolden Washington to use military force with disastrous consequences for South Korean military forces and civilians.¹²¹ This illustrates the complexity of South Korea's attempts to simultaneously maintain its alliance with the US while pursuing greater autonomy within that structure, a difficult path that has created a great deal of friction between Seoul and Washington.¹²²

Cooperation: A Greater Stake in Engagement

The greatest source of friction between Seoul and Washington has arisen over South Korea's engagement policy toward North Korea. As David Kang has observed, the United States has consistently made the elimination of North Korea's nuclear program and missile capability its primary goal in Korea, whereas many South Koreans see the ROK's primary objective as the

¹¹⁹ 2008. Washington Urges Seoul to Pay More for Troops. *The Korea Times*, 23 July 2008, p.4.

¹²⁰ HARRISON, S. 2002c. *Korean Endgame: A Strategy for Reunification and US Disengagement*, Princeton, Princeton University Press. p. 133. American troop redeployments have to be understood as a component of Washington's wider global commitments; a full battalion—approximately 4,000 personnel—of frontline troops have been removed from Korea and relocated to serve in Iraq. See: 2004f. *US to move Korea troops to Iraq*. London: BBC, <http://news.bbc.co.uk/2/hi/asia-pacific/3720029.stm> [Accessed 12 February 2009].

¹²¹ HUGHES, C. 2007. North Korea's Nuclear Weapons: Implications for the Nuclear Ambitions of Japan, South Korea, and Taiwan. *Asia Policy*, 3, p. 96.

¹²² KIM, B.-K. 2008a. Between China, America, and North Korea: South Korea's Hedging. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 193.

unification of the peninsula, regardless of whether the North denuclearises.¹²³ Implicit here is a common assumption that the North would not subject their Korean brethren in the South to a WMD attack, a product of a strong sense of Korean nationalism on both sides of the DMZ.¹²⁴ South Korea has come to view North Korea primarily as an issue of national unification as opposed to one of direct military threat, and until recently has de-emphasised direct military and ideological competition in favour of economic and cultural engagement. The engagement strategy evolved from the early-1990s, when it became clear that the South had won the ideological and economic competition between the two Koreas. Many South Koreans believed the North was too weak and demoralised to present a serious security threat. The goal of engagement was to promote evolutionary change and reform within North Korea through increased economic and cultural ties, a regime transformation by stealth.¹²⁵

Engagement took place under the rubric of the *Sunshine Policy* during the presidencies of Kim Dae-jung and Roh Moo-hyun, which emphasised that the South should persevere with unilateral and unconditional concessions to calm the North's threat perception and facilitate reciprocated goodwill in denuclearisation negotiations. Nonetheless, North Korean reciprocity has not been forthcoming. The DPRK regime pocketed the aid and profited from joint development projects, but has shown little inclination toward economic reforms or meaningful concessions in the Six Party talks. Consequently, the current administration in Seoul under President Lee Myung-bak has tapered engagement efforts and made further assistance conditional on reciprocal North Korean actions. Since North Korea has continued to escalate tensions since 2008, Seoul's aid to the North has all but dried up. Lee has also re-

¹²³ KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. p. 105.

¹²⁴ KIM, B.-K. 2008a. Between China, America, and North Korea: South Korea's Hedging. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 214; MYERS, B. 2006. *Concerted Front: Why Seoul is soft on North Korea*. New York: The Wall Street Journal, <http://www.opinionjournal.com/forms/printThis.html?id=110009427> [Accessed 14 May 2008].

¹²⁵ KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. p. 110.

emphasised the importance of the US-ROK alliance as a hedge against the total breakdown of the Six Party talks, which seems prudent in light of Pyongyang's withdrawal from the Six Party Talks process.¹²⁶

A security threat would arise, however, if the Kim regime were to suddenly collapse. Rapid reunification would force South Korea to accommodate a massive out-migration of North Korean refugees, establish security and order north of the DMZ, cater to enormous demands for economic assistance, and sort through the momentous legal and administrative problems with the absorption of an economically backward and psychologically scarred North Korean population.¹²⁷ South Korean engagement efforts could decrease the likelihood of this scenario by encouraging economic development in North Korea to lessen the enormity of the task and the cost to Seoul of reincorporation, in the event that reunification occurs. This policy moved South Korea closer to the Chinese position of support for the Kim regime, a convergence of strategic perspectives that has been one of the primary irritants giving rise to the perceived drift in the US-ROK relationship.¹²⁸

Conflict: The Past and the Present

The most obvious ongoing conflict in Northeast Asia is the cold war between North and South Korea. The DMZ remains the most heavily fortified frontier on the planet with tens of thousands of military personnel arrayed against each other across the four kilometre-wide demarcation corridor between North and South. Periodic small-scale provocations by the North Koreans add to the tense atmosphere along this frontier. For Seoul, the strategic

¹²⁶ KIM, B.-K. 2008a. Between China, America, and North Korea: South Korea's Hedging. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. pp. 211-13.

¹²⁷ STARES, P. & WIT, J. 2009. *Preparing for Sudden Change in North Korea*. Washington DC: Council on Foreign Relations, http://www.cfr.org/content/publications/attachments/North_Korea_CSR42.pdf. p . 19.

¹²⁸ POLLACK, J. 2005. The Strategic Futures and Military Capabilities of the Two Koreas. In: TELLIS, A. & WILLS, M. (eds.) *Strategic Asia 2005-06: Military Modernization in an Era of Uncertainty*. Seattle & Washington DC: National Bureau of Asian Research. p. 145.

priorities here are first to deter another North Korean assault on the south with a strong military posture. Second, Seoul has concentrated on engaging constructively with Pyongyang to reduce the likelihood of conflict, whether planned or miscalculated.¹²⁹ Third, it seeks to preserve the vibrancy of the South Korean economy in spite of the North Korean threat. Finally, South Korean planners must prepare for the eventual reunification of the peninsula.

South Korea and Japan share many similarities, such as their well-developed capitalist economies and incorporation under the US security umbrella. On the surface, one would expect their commonalities to give rise to a close international relationship, yet the reality is far more complex. Many South Koreans harbour a deep-seated grudge against the Japanese, stemming from the latter's colonisation of the Korean peninsula in the early-20th century when Japan attempted to "obliterate Korean culture."¹³⁰ The Dokdo/Takeshima territorial dispute, the visits to the Yasukuni shrine by successive Japanese prime ministers, and the controversy over revisionist history textbooks suggest to many South Koreans that Japan's view of the world has not fundamentally changed from that of its imperial heyday, and that a remilitarised Japan would be far more dangerous than any other regional player.¹³¹ The Seoul-Beijing strategic convergence is a corollary of their lingering mutual fear of Japan; South Koreans generally worry more about Japanese militarisation than they do about Chinese regional hegemonism.¹³² This further complicates bilateral relations with the US, because many officials in Seoul are likely to interpret Washington's encouragement of Japan to assume more responsibility for its defence as a negative development.

¹²⁹ ROZMAN, G. 2006. Regionalism in Northeast Asia: Korea's Return to Center Stage. In: ARMSTRONG, C., ROZMAN, G., KIM, S. & KOTKIN, S. (eds.) *Korea at the Center: Dynamics of Regionalism in Northeast Asia*. Armonk: ME Sharpe. p. 153.

¹³⁰ Ibid. p. 157.

¹³¹ KIM, B.-K. 2008a. Between China, America, and North Korea: South Korea's Hedging. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. p. 172.

¹³² KANG, D. 2007. *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press. p. 104.

Synthesis: Playing the Delaying Game

South Korea, like its neighbour Japan, is pursuing a policy of strategic hedging to navigate between the United States, its security guarantor, and China, its economic lifeblood. For South Korea, hedging is prudent because it forestalls Seoul being caught in a compromising position between its security relationship with the US and its growing economic interdependence with China.¹³³ Normally states will select economic and security policies that are compatible and mutually reinforcing, however, in this period of power transition in Northeast Asia, that choice is not open to Seoul. In contrast to Japan, South Korea's strategic outlook continues to be shaped by its cold war with the DPRK. The two parties technically remain at war, since no official peace treaty was signed after the armistice agreement of 1953 to end the Korean War. As the country with the most to lose from war with North Korea, with fraternal ties across the DMZ, and as the state most likely to be responsible for reconstructing a North Korean failed state, it should come as no surprise that South Korea has been the regional state most committed to engaging with Pyongyang. Also, in contrast to Japan, South Korea is not engaged in vigorous strategic competition with China, which gives Seoul greater flexibility in its own hedging strategy, swinging between Beijing and Washington.

¹³³ CHUNG, J. H. 2006. Korea and China in Northeast Asia: From Stable Bifurcation to Complicated Interdependence. In: ARMSTRONG, C., ROZMAN, G., KIM, S. & KOTKIN, S. (eds.) *Korea at the Center: Dynamics of Regionalism in Northeast Asia*. Armonk: ME Sharpe. p. 212.

Bipolar System: The China Bloc

China

The Chinese proudly boast over 4,000 years of continuous civilisation, which has produced a rich political philosophy and remarkably consistent brand of strategic thinking that continues to influence Chinese policy makers today. The Confucian power hierarchy with China at its apex is central to Chinese strategic culture, as is an emphasis on domestic political unity, both of which derive from the continuing cycle of Chinese dynastic history featuring periods of strong centralised government (for example, the Han, Tang, Ming, and Qing dynasties) punctuated by intervals of political fracturing, instability and warlordism (such as the Warring States period, Five Dynasties and Ten Kingdoms period, and Republican period). Scholars including Alastair Iain Johnston and Andrew Scobell have argued that this pendular history of political centralisation and fragmentation has led to the development of a “Chinese cult of defense,” incorporating two key strands: (1) a Confucian legacy emphasising strategy and psychological manipulation over direct battlefield confrontation, a strategic outlook best known in the West through Sun Zi’s classic *The Art of War*; and (2) a streak of *Realpolitik* featuring a predisposition to employ force when confronting a crisis.¹³⁴

Historically, invasion threats against the Han Chinese heartland were most likely to arrive from the north through Mongolia, Manchuria or the Korean peninsula. The Himalayas and

¹³⁴ According to Alastair Johnston, the Confucian/Mencian strand of Chinese strategic culture “assumes essentially that conflict is aberrant or at least avoidable through the promotion of good government and the coopting or enculturation of external threats. When force is used, it should be applied defensively, minimally, only under unavoidable conditions, and then only in the name of the righteous restoration of a moral-political order. These assumptions translate into a grand strategic-preference ranking that places accommodationist strategies first, followed by defensive and then offensive strategies.” By contrast, the *Realpolitik* (parabellum) strand “assumes that conflict is a constant feature of human affairs, that it is due largely to the rapacious or threatening nature of the adversary, and that in this zero-sum context the application of violence is highly efficacious for dealing with the enemy. These assumptions generally translate into a preference for offensive strategies followed by progressively less coercive ones, where accommodation is ranked last.” See: JOHNSTON, A. I. 1995. *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, Princeton, Princeton University Press. p. 249; SCOBELL, A. 2002. *China and Strategic Culture*, Carlisle PA, Strategic Studies Institute. p. 4.

the Gobi desert provide ample protection along the southern and western frontiers.¹³⁵ When centralised government has been strong in China over the last 3,000 years, buffer regions have protected the Han Chinese heartland. The borders of contemporary China reflect this, incorporating traditional buffer regions along the northern steppe such as Inner Mongolia and the Manchurian provinces of Heilongjiang, Jilin and Liaoning, along with Xinjiang in the west and Tibet in the South West.¹³⁶ North Korea, as China's ally in the northeast, forms an extension of this buffer zone structure.¹³⁷ In the early-20th century, the Korean peninsula was the corridor through which imperial Japan expanded into China. Since the Korean War, the Chinese have supported North Korea as a bulwark against American encroachment in this area. However, a buffer zone becomes a strategic liability if it becomes politically unstable. The intention of Chinese support for the Kim regime is to prevent a flood of North Korea refugees crossing into north eastern China should the regime collapse. Some projections estimate scenarios in which up to one million displaced people flee the North, of which more than five hundred thousand are likely to end up in China, creating social and economic destabilisation in its north-eastern provinces due to the difficulties of attempting to accommodate such a massive refugee influx.¹³⁸ For this reason, China has ceased to grant asylum to North Korean refugees and those who are caught are repatriated back to the DPRK.¹³⁹

¹³⁵ The Han Chinese heartland incorporates an area from the east coast to Hebei province in the north, Sichuan province in the west, and Guangxi province in the south. See: FRIEDMAN, G. 2008. *The Geopolitics of China: A Great Power Enclosed*. Austin TX: Strategic Forecasting (Stratfor), http://www.stratfor.com/analysis/geopolitics_china [Accessed 28 December 2008].

¹³⁶ Owen Lattimore did some of the best early work on the history of conflict between the Chinese heartland and the nomadic societies of the steppe: "At any rate, the Chinese records are unmistakable on one point: once the northward spread of agriculture had reached the decisive point of diminishing economic returns on cultivated land-which corresponded geographically with the difference between the land of running water and the steppe land of few and poor streams-the "steppe problem" rose up and confronted the Chinese with dramatic suddenness. Those who had entered the steppe, whether they had entered it from China or crossed it from the northern forests or the western oases in Central Asia, found that their combination of mobile economy and mobile military man power made it easy and profitable for them to raid into China, while it was awkward and expensive for the Chinese to send punitive expeditions in to the wide steppe." See LATTIMORE, O. 1947. *Inner Asian Frontiers: Chinese and Russian Margins of Expansion*. *The Journal of Economic History*, 7, p. 36.

¹³⁷ SWAINE, M. & TELLIS, A. 2000. *Interpreting China's Grand Strategy: Past, Present, and Future*, RAND Corporation. p. 9.

¹³⁸ STARES, P. & WIT, J. 2009. *Preparing for Sudden Change in North Korea*. Washington DC: Council on Foreign Relations, http://www.cfr.org/content/publications/attachments/North_Korea_CSR42.pdf. p. 23.

¹³⁹ FUNABASHI, Y. 2005. *China's New Thinking on North Korea Policy?* Social Science Research Council, <http://northkorea.ssrc.org/Funabashi/> [Accessed 17 May 2006]; SCOBELL, A. & CHAMBERS, M. 2005. The Fallout of a Nuclear North Korea. *Current History*, 104, p. 292.

With its land borders protected by geographic barriers and strategic buffer zones, China's main geostrategic weak-point is its coastal regions, ringed by the Yellow Sea, the East China Sea, and the South China Sea. Such a long, open and exposed border has presented a major challenge to every Chinese government's efforts to maintain an adequate defence against external attack.¹⁴⁰ This is not to say that military invasion is the primary coastal threat: during the 19th and early-20th century, the encroachment of European commercial interests resulted in the enrichment of an indigenous trading class in China's port cities. These groups developed economic interests that paralleled those of the European powers, creating social tensions and inviting foreign military interventions that fatally undermined Qing dynasty rule.¹⁴¹ Today, China's export-driven economy has created great wealth along its highly developed coastal corridor, albeit inequitably distributed. This large wealth disparity within the coastal regions, as well as between the coastal provinces and the less-developed hinterland, has created worrisome new sources of social friction. This economic system is heavily dependent on sea-borne trade, meaning that blockade or attack by a hostile naval power could cause enormous damage to China's export economy and thus expose the underlying cracks in the social fabric.¹⁴²

It should be no surprise then, based on history, geography and strategic culture, that China's primary geopolitical imperatives are inter-related and include the following: one, to maintain control of buffer regions around the Han Chinese heartland and along the borders of the current Chinese state, with a view not only toward self-protection but also regional pre-

¹⁴⁰ SWAINE, M. & TELLIS, A. 2000. *Interpreting China's Grand Strategy: Past, Present, and Future*, RAND Corporation. pp. 9-10.

¹⁴¹ CARROLL, J. 1999. Chinese Collaboration in the Making of British Hong Kong. In: NGO, T.-W. (ed.) *Hong Kong's History: State and society under colonial rule*. London: Routledge. p. 14; FAIRBANK, J. K. 1986. *The Great Chinese Revolution 1800-1985*, London, Picador. pp. 85-86, 121.

¹⁴² FRIEDMAN, G. 2008. *The Geopolitics of China: A Great Power Enclosed*. Austin TX: Strategic Forecasting (Stratfor), http://www.stratfor.com/analysis/geopolitics_china [Accessed 28 December 2008].

eminence; two, to protect its coastline from foreign encroachment; and three, to maintain internal political stability.¹⁴³ For China, the internal dimension is the most important; without domestic political cohesion, none of its other strategic objectives are attainable. Chinese policymakers are well aware that strong centralised government in China has crumbled many times before through its long political history.

Cooperation: Globalisation with Chinese Characteristics

One of the optimistic beliefs held by liberal internationalists and constructivists analysing East Asian politics is that China can be peacefully accommodated into the international system through its incorporation into international institutions and socialisation into the behavioural norms of the system. This would in turn blunt Beijing's desire to pursue a revisionist foreign policy and instead give it a vested interest in maintaining the status quo under US hegemony. To some degree this is an accurate appraisal of what has taken place. For Yong Deng and Thomas Moore, the concern of China's political elite with transnational issues such as trade liberalisation, international terrorism, nuclear proliferation and pandemic diseases—issues of concern throughout much of the wider international community—reflects China's growing integration into the global political arena.¹⁴⁴ Indeed, Deng and Moore suggest that this congruence of interests reflects Beijing's desire to foster China's gradual rise to great power status within the broader framework of US hegemony.

China began to integrate itself into regional and global multilateral institutions during the 1990s, as its economic miracle began to gather momentum. In 1990, it became a member of the Asia-Pacific Economic Cooperation (APEC) process in an effort to attract foreign

¹⁴³ CLEARY, C. 2006. Culture, Strategy, and Security. In: BOLT, P. & WILLNER, A. (eds.) *China's Nuclear Future*. Boulder: Lynne Rienner Publishers. pp. 15-16; SWAINE, M. & TELLIS, A. 2000. *Interpreting China's Grand Strategy: Past, Present, and Future*, RAND Corporation. p. 112.

¹⁴⁴ DENG, Y. & MOORE, T. 2004. China Views Globalization: Toward a New Great-Power Politics? *The Washington Quarterly*, 27, p. 117, 129.

investment. Beijing's involvement expanded to incorporate participation in economic dialogue with the Association of Southeast Asian Nations (ASEAN), as well as security consultation within the ASEAN Regional Forum (ARF).¹⁴⁵ In more recent times China has played a role in regional nonproliferation negotiations by hosting the Six Party Talks. At the global level, Beijing based its foreign policy on active participation in multilateral institutions, including the United Nations (as a permanent member of the Security Council) and the World Trade Organisation (WTO), which have provided with a forum to express grievances, defend their economic interests and participate in global governance as a status quo power.¹⁴⁶

Yet, evidence suggests that Chinese policy makers are not altogether comfortable with the diminution of sovereignty inherent in multilateral regimes. A major sticking point for Beijing in the ARF, for example, involved the issue of sovereignty, particularly with regard to competing claims over the Spratly and Paracel Islands in the South China Sea. For Beijing, such territorial disputes were a domestic concern better handled through bilateral negotiations between competing claimants rather than through multilateral processes.¹⁴⁷ Similarly, Beijing's immovable unilateral position that Taiwan is a part of mainland China visibly demonstrates the limits of China's willingness to engage multilaterally on security issues. These examples show China's appetite for multilateral cooperation comes with heavy caveats, giving the impression that its cooperation with international regimes remains experimental and may be withdrawn at any time.¹⁴⁸

¹⁴⁵ ODGAARD, L. 2007. The Balance of Power in Asia-Pacific Security: U.S.-China Policies on Regional Order. *The Korean Journal of Defense Analysis*, 19, p. 32.

¹⁴⁶ DENG, Y. & MOORE, T. 2004. China Views Globalization: Toward a New Great-Power Politics? *The Washington Quarterly*, 27, p. 123.

¹⁴⁷ WANG, H. 2000. Multilateralism in Chinese Foreign Policy: The Limits of Socialization. *Asian Survey*, 40, pp. 481-484.

¹⁴⁸ ODGAARD, L. 2007. The Balance of Power in Asia-Pacific Security: U.S.-China Policies on Regional Order. *The Korean Journal of Defense Analysis*, 19, pp. 32-33.

Competition: Democratisation of US Hegemony

China's efforts to integrate into the global economy and the institutional framework of the current world order cannot disguise Beijing's aversion to US global power and the penetration of American hegemony into the traditional Chinese sphere of influence in East Asia. According to Jin Canrong, this wariness has led Beijing on the one hand to seek accommodation with the United States, and on the other to favour "multipolarization" in East Asia, implying a dilution of US power.¹⁴⁹ It is the missionary zeal of US foreign policy in promoting the globalisation of liberal democracy and political liberalisation through free market economics for which Beijing is particularly averse. There is a lingering view among the Chinese ruling class that the United States was engaged in a form of soft subversion—an effort to transform Chinese society through the penetration of market capitalism—of Chinese Communist Party rule.¹⁵⁰ Since the commencement of Deng Xiaoping's economic reforms—"socialism with Chinese characteristics"—in 1978, the Chinese government has been careful to decouple economic liberalisation from increasing political freedom, understanding well the transformative impact that the two combined would likely have on the Chinese political system. The Chinese elite feared the type of political implosion that brought down the USSR after Soviet leader Mikhail Gorbachev attempted economic *and* political reform at the same time. Many Chinese policymakers suspect that the United States was attempting to hasten a similar political avalanche within China, an outcome that policy makers in Beijing have been working to prevent. As Deng Hong has noted, Beijing is not willing to allow economic and institutional engagement with the West to become the Trojan horse for a democratic transition in China.¹⁵¹

¹⁴⁹ JIN, C. 2001. The US Global Strategy in the Post-Cold War Era and Its Implications for China–United States Relations: a Chinese perspective. *Journal of Contemporary China*, 10, p. 314-315.

¹⁵⁰ GOLDSTEIN, A. 1997/98. Great Expectations: Interpreting China's Arrival. *International Security*, 22, p. 66-67.

¹⁵¹ DENG, Y. 2001. Hegemon on the offensive: Chinese perspectives on U.S. Global Strategy. *Political Science Quarterly*, 116, 343. p. 344.

Beijing's regional multilateral diplomacy is therefore instrumental and not necessarily a reflection of its commitment to the utopian vision of US-led liberal internationalism. While China's exploitation of globalisation and liberal institutions has allowed it to foster its comprehensive national power without engendering too much resistance from regional states, this strategy may also reflect a tendency of Chinese foreign policy elites to view international relations on much longer timelines than their Western contemporaries. In this view, the balance of power in East Asia will inevitably swing away from the United States toward China as a consequence of economic momentum, which China's embrace of globalisation is helping to facilitate. According to Scott Snyder, Chinese planners view globalisation as a force for "democratising US hegemony" by ensnaring regional states—including US allies—in a web of economic interdependency.¹⁵² It is unusual for states to depend on one country for their economic well-being and the enemy of that country for security, as a situation which many erstwhile US allies find themselves in through their economic linkages with China. Economic dependence therefore increases Beijing's leverage *vis-à-vis* the United States because Washington's regional allies can be manipulated through economic pressure. If this is the case, the momentum shift in the centre of gravity in the global economic system renders bold revisionist policies unnecessary for Beijing, with its rapidly expanding economy acting as a "centripetal force" drawing regional states into increasing dependence on China for their own wellbeing. The hedging strategies adopted by South Korea and Japan are therefore a function of this economic interdependence and a demonstration of China's growing capacity to undermine US military alliances within the region. In this context, economic interdependence may foster strategic rivalry as much as strategic cooperation in the Sino-American relationship.

¹⁵² SNYDER, S. 2009. *China's Rise and the Two Korea's: Politics, Economics, Security*, Boulder, Lynne Rienner Publishers, pp. 7-8; WANG, H. 2000. Multilateralism in Chinese Foreign Policy: The Limits of Socialization. *Asian Survey*, 40, p. 485.

This situation is complicated by the fundamental economic symbiosis that exists between the United States and China. Niall Ferguson and Moritz Schularick colourfully describe this economic symbiosis by referring to the China and the US as two halves of an imaginary super-state called “Chimerica.”¹⁵³ What Ferguson and Schularick are describing here is China’s reliance on the United States as the primary consumer market for its export products, and the reliance of the US on China (primarily, but other states are involved too) to finance its extraordinarily high foreign debt through the purchase of US treasury bonds. The result, as Deng and Moore note, is an unusual inversion of traditional hegemonic relationships in which China, a rising power, is supplying export products and loans to the United States, the existing hegemon.¹⁵⁴ This symbiotic relationship is unsustainable and its inevitable implosion, as will be explored in Chapter Seven, is likely to have profound consequences for international relations in Northeast Asia.

Conflict: Taiwan, Korean Peninsula and Japan

Central to China’s grand strategy is the reincorporation of Taiwan. Domestically, the Chinese Communist Party has staked considerable political capital in announcing that it will reclaim Taiwan by force if Taipei unilaterally declares independence. Nationalism and growing prosperity have become the legitimising paradigms of the Chinese Communist Party as it has moved away from communism as the organising principle of the state. Reincorporation of Taiwan is the cornerstone of the nationalist agenda; failure to deliver on that promise would constitute an irreparable loss of face for the government and delegitimise

¹⁵³ Ferguson and Moritz describe “Chimerica” in the following terms: “West Chimericans are wealthy and hedonistic; East Chimericans are much poorer (even adjusting on the basis of purchasing power parity, their per capita income is around 16% of West Chimericans’). But the two halves of the country are complementary. West Chimericans are experts in business administration, marketing and finance. East Chimericans specialize in engineering and manufacturing. Profligate West Chimericans have an insatiable appetite for the gadgets mass produced in the East; they save not a penny of their income. Parsimonious East Chimericans live more cautiously. They would rather save a substantial share of their own income and lend it to the West Chimericans to fund their gadget habit and thereby keep East Chimericans in jobs. Under this arrangement, East Chimericans generate massive trade surpluses which they immediately lend back to West Chimerica. Moreover, by channelling all these surplus savings through government hands into US government paper, East Chimerica depresses the key long-term interest rate in West Chimerica and hence, the benchmark rate for the world’s financial markets.” See: FERGUSON, N. & SCHULARICK, M. 2007. ‘Chimerica’ and the Global Asset Market Boom. *International Finance*, 10, p. 228.

¹⁵⁴ DENG, Y. & MOORE, T. 2004. China Views Globalization: Toward a New Great-Power Politics? *The Washington Quarterly*, 27, p. 132.

its rule. According to Wang Jisi, many Chinese feel that China's revival would be meaningless and incomplete if the mainland failed to reincorporate Taiwan.¹⁵⁵

In the past, Taiwan was a symbol in Chinese eyes of American efforts to contain China. During the 1990s, analysts suggested that Taiwan could provide the US with an “unsinkable aircraft carrier” close to the Chinese mainland from which it could threaten the crucial economic zones along China's coastal fringe. Taiwan's location relative to the Chinese mainland is such that it could readily serve as a naval and air base from which the United States could cut off maritime movement along the northern Chinese coastline between the South China Sea and East China Sea.¹⁵⁶ In current discourse, however, the “unsinkable aircraft carrier” metaphor has declined in relevance for two reasons: first, an unsinkable aircraft carrier is also an “immovable” one, moored permanently off the Chinese coast and vulnerable to a vast barrage of missiles. Second, with bases in South Korea, Japan and Guam, and three aircraft carrier groups in the region, Washington is already strategically well placed in the East Asian littoral and does not need Taiwan as an “unsinkable aircraft carrier.”¹⁵⁷

Several other factors seem to support the view that the US is attempting to contain China. The hub-and-spokes alliance relationships with Japan, South Korea and Taiwan, which demonstrate an American dominance of the East Asian littoral, along with American basing agreements with Central Asian and Southeast Asian states and the US-India agreement, give

¹⁵⁵ WANG, J. 2003. China's changing role in Asia. In: WANG, J. & KOKUBUN, R. (eds.) *The Rise of China and a Changing East Asian Order*. Washington DC: Japan Center for International Exchange

Brookings Institution Press. p. 14. See also: YANG, J. 2006. China's Security Strategy and Policies. In: HOADLEY, S. & RÜLAND, J. (eds.) *Asian Security Reassessed*. Singapore: Institute of Southeast Asian Studies. p. 89.

¹⁵⁶ FRIEDMAN, G. 2008. *The Geopolitics of China: A Great Power Enclosed*. Austin TX: Strategic Forecasting (Stratfor), http://www.stratfor.com/analysis/geopolitics_china [Accessed 28 December 2008]; MONTAPERTO, R. 2006. Beijing's Perceptions of US Intentions. In: BOLT, P. & WILLNER, A. (eds.) *China's Nuclear Future*. Boulder: Lynne Rienner Publishers. p. 122.

¹⁵⁷ CHRISTENSEN, T. 2000. Theater Missile Defense and Taiwan's Security. *Orbis*, 44. p. 85.

the impression the United States is surrounding China with military installations.¹⁵⁸ Also, Washington's controversial US ballistic missile defence system—the National Defence Initiative—could be construed as a first strike weapon because if operational it would cancel out Sino-American mutually assured destruction by eliminating the ability of the Chinese to retaliate to an American nuclear first strike.¹⁵⁹ Improved tactical nuclear weapons and delivery systems reinforce this perception.

China's alliance with North Korea must be seen in this context. North Korea's expansive military has in effect provided China with a critical buffer that limits US freedom of action in Northeast Asia. Shen Dingli contends that the US is in a disadvantageous position *vis-à-vis* North Korea: the 90,000-strong force of American military personnel in South Korea and Japan fall well below the numerical strength of the DPRK armed forces. Though technologically inferior, the North Korean military possesses sufficient short-range missiles and artillery pieces to cause significant damage and casualties to civilian and American military targets in South Korea.¹⁶⁰ The North's overall military capability is robust enough to deter a US attack, which substantially reduces the possibility that China will have to face American troops across the Yalu and Tumen Rivers. Were North Korea to fall into US/ROK hands, the eventual outcome could lead to a grand US-backed anti-China alliance of Japan, South Korea, North Korea and Taiwan. In that scenario, the Communist Party's promise to reclaim Taiwan would be nigh impossible to fulfil. North Korea's military capability is strong enough to warrant a sizeable American deterrent force in South Korea, tied up well away from China's core strategic zone along the Taiwan Strait. Pyongyang's nuclear capability restricts the US military's options for action on the Korean peninsula, which also

¹⁵⁸ YANG, J. 2006. China's Security Strategy and Policies. In: HOADLEY, S. & RÜLAND, J. (eds.) *Asian Security Reassessed*. Singapore: Institute of Southeast Asian Studies. p. 89.

¹⁵⁹ FRIEDBERG, A. 2005. The Future of US-China Relations: Is Conflict Inevitable? *International Security*, 30, p. 23.

¹⁶⁰ SHEN, D. 2006. North Korea's Strategic Significance to China. *China Security*, Autumn 2006, p. 25.

limits US policy choices regarding Taiwan. The North Korean buffer has also allowed China to reduce its military deployments in the northeast in order to focus more directly on other critical regions, including the Taiwan Strait.¹⁶¹

China's other great strategic concern is its rivalry with Japan and the prospect of normalised Japanese statehood, culminating in remilitarisation. At face value, US withdrawal from Japan should be welcomed in Beijing, given the fear of American power documented above and given that economic interdependence between China and Japan has grown considerably over the last two decades. This is not the case, however, as Sino-Japanese relations continue to be dogged by the legacy of Japanese imperialism during the first half of the twentieth century, as evidenced by the propensity of Chinese analysts to view Japan with a venom and distrust rarely articulated in their attitudes to the United States.¹⁶² Beyond historic antagonism, Japanese remilitarisation will present China with a new set of strategic problems. A Japanese navy, free of Article 9 restrictions, would also complicate the Sino-Japanese dispute of the Diaoyu/Senkaku islands in the East China Sea, while a more assertive Japanese navy could tempt Tokyo to pursue unilateral resource development in the East China Sea.¹⁶³ Given Chinese antagonism to Japan, this development would be interpreted as hostile.

In this context, North Korea's nuclear and ballistic missile capability is a liability to China's national security.¹⁶⁴ North Korea's missile and nuclear tests have strengthened the position of hard-liners in Japan who have called for the reinterpretation of Article 9 of the Peace Constitution. Japan's approach to its security interests has evolved in recent years, depending

¹⁶¹ Ibid. pp. 20-25.

¹⁶² YANG, J. 2006. China's Security Strategy and Policies. In: HOADLEY, S. & RÜLAND, J. (eds.) *Asian Security Reassessed*. Singapore: Institute of Southeast Asian Studies. p. 98.

¹⁶³ COLE, B. 2007. Right-Sizing the Navy: How Much Naval Force will Beijing Deploy? In: SCOBELL, A. & KAMPHAUSEN, R. (eds.) *Right Sizing the People's Liberation Army: Exploring the Contours of China's Military*. Carlisle VA: Strategic Studies Institute. pp. 542-44.

¹⁶⁴ SAMUELS, R. 2007. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, Ithaca, Cornell University Press. pp. 149-50.

less on the American security guarantee in favour of a more active defence policy involving force-projection capabilities, as evidenced by its participation in operations in Afghanistan and Iraq. In effect, the North's actions are accelerating the normalisation of Japanese statehood and militarisation of Japan's strategic posture, thus intensifying the Sino-Japanese strategic rivalry. China's hierarchy of interests *vis-à-vis* the Korean peninsula is thus predicated on preventing regional instability resulting from North Korea's collapse and blunting regional strategic rivalry aggravated by provocative behaviour in Pyongyang.¹⁶⁵

Synthesis: Soft Balancing Against US Hegemony

China's period of national shame between the First Opium War beginning in 1836 and the advent of the Deng Xiaoping era in 1978 has instilled in Chinese policymakers the importance of domestic social and political cohesion, necessarily resulting from a strong national economy. China's economic miracle, achieved through domestic reform and integration into the global economy has enabled the Chinese Communist Party to consolidate its domestic position. Beijing has utilised globalisation and participation within the US-led world economic order to consolidate its economic and political resurgence as a great power. However, the distasteful security implications of American hegemony and the suspicion that the United States is attempting to encircle China has led Beijing to hedge its bets by coupling its economic and institutional engagement within the structure of US hegemony with limited efforts to balance against encroachments of American power in its East Asian sphere of interest, and the drawing of a red line over the potential conflict point of Taiwan. What has

¹⁶⁵ David Shambaugh has identified China's hierarchy of strategic interests on the Korean peninsula as such: "1. DPRK regime survival; 2. DPRK regime reform; 3. maintaining and developing more comprehensively robust relations between China and South Korea; 4. establishing China's dominant external influence over the Korean peninsula (North and South); 5. integrating North and South, through economic and social means, leading to political unification over time; and 6. unprovocative and responsible North Korean behavior on security issues ranging from its nuclear weapons program to proliferation of other weapons of mass destruction (WMD) and their means of delivery to the deployments of DPRK conventional forces." See: SHAMBAUGH, D. 2003. China and the Korean Peninsula: Playing for the Long Term. *The Washington Quarterly*, 26, p. 44-45.

resulted is a limited balance of power strategy—soft balancing—to grow its own power and limit US hegemonic influence in East Asia while American power is ascendant.¹⁶⁶

Russia

Of the six states entwined within the Northeast Asian security environment, Russia is perhaps the least consequential. As a great power, Russia is primarily oriented toward Europe and as such has had only a peripheral role in East Asian affairs since the Soviet collapse in 1991. Yet the geographic proximity of the Russian Far East dictates that Moscow play a role in Northeast Asian affairs. Traditionally the Russian Far East has been a frontier region valued largely for its raw materials and considered strategically vulnerable to incursion from the southeast because of its sparse population and remoteness from European Russia. Consequently, Russia's goals in Asia are threefold: one, to integrate the Russian Far East into the Asian economy; two, to reduce tensions and prevent further conflict on the Korean peninsula; and three, to restore Russian influence in Northeast Asia as a whole.¹⁶⁷

Cooperation: Economic Development of the Russian Far East

The Korean peninsula is the key to stimulating the economic development of the economically backward Russian Far East, due its geographic proximity and integration into the network of global trade.¹⁶⁸ Specifically, Russia intends to establish energy networks and rail corridors through the Korean peninsula, linked to existing networks in Russia. A state-

¹⁶⁶ The global financial crisis may have changed the goalposts in terms of the Sino-American balance of power, for the first time tilting the balance in China's favour. According to China watcher Willy Lam, "the Chinese Communist Party (CCP) leadership is gunning for a paradigm shift in geopolitics, namely, new rules of the game whereby the fast-rising quasi-superpower will be playing a more forceful role. In particular, Beijing has served notice that it won't be shy about playing hardball to safeguard what it claims to be "core national interests." See: LAM, W. 2010. Beijing Seeks Paradigm Shift in Geopolitics. *Jamestown Foundation China Brief*, 10, p. 3.

¹⁶⁷ KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press. p. 122.

¹⁶⁸ TAKEDA, Y. 2006. Putin's foreign policy toward North Korea. *International Relations of the Asia-Pacific*, 6, p. 194; HA, Y.-C. 2002. The Dynamics of Russian-South Korean Relations and Implications for the Russian Far East. In: THORNTON, J. & ZIEGLER, C. (eds.) *Russia's Far East: A Region at Risk*. Seattle and London: National Bureau of Asian Research. p. 407.

owned Russian railway company plans to build a container terminal in the North Korean port city of Rajin, where goods shipped from South Korea could be unloaded for freighting along a land railway corridor to Europe.¹⁶⁹ These proposals for transport and energy linkages are intended to serve two purposes: one, to lay the foundation for Russia's integration into the Northeast Asian economic network, and two, to gain leverage over Pyongyang in the Six Party Talks in order to exert more influence in the diplomatic arena.¹⁷⁰ This "constructive engagement" strategy is the key to providing provide Moscow with the economic and political influence it requires to again become an important regional player.¹⁷¹

Competition and Conflict: The Cold War and Beyond

One of the defining events of the Cold War was the Sino-Soviet split, when the goals and strategy of the Chinese Communist Party diverged from those of its ideological brethren in Moscow. The split had many dimensions, but in part resulted from an ongoing border conflict along the disputed Sino-Russian frontier. China claimed that the existing border was a relic of unequal treaties signed between the Qing government and Tsarist Russia during the nineteenth century, an assertion that was rejected in Moscow. In March 1969, at the height of the split, a skirmish at Zhenbao Island on the Ussuri River brought Moscow and Beijing to the brink of war.¹⁷² Today, Russian planners fear that growth of Chinese power could lead to the Sinification of the geographically vulnerable Russian Far East. Officially, it would remain a part of Russia but in practice could become incorporated economically,

¹⁶⁹ TOLORAYA, G. 2009a. *Continuity and Change: Challenges for Regional Policy and U.S.-Russia Relations*. Washington DC: The Brookings Institution—Center for Northeast Asian Policy Studies, http://www.brookings.edu/~media/Files/rc/papers/2009/02_korea_toloraya/02_korea_toloraya.pdf. p . 31; TAKEDA, Y. 2006. Putin's foreign policy toward North Korea. *International Relations of the Asia-Pacific*, 6, p. 194.

¹⁷⁰ KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press. p. 135-36; TAKEDA, Y. 2006. Putin's foreign policy toward North Korea. *International Relations of the Asia-Pacific*, 6, pp. 193-94.

¹⁷¹ AMIROV, V. B. 1999. Russia in the Asia-Pacific area: challenges and opportunities. In: CHUFRIN, G. (ed.) *Russia and Asia: The Emerging Security Agenda*. New York: Oxford University Press. p. 287.

¹⁷² GOLDSTEIN, L. 2001. Return to Zhenbao Island: Who Started Shooting and Why it Matters. *The China Quarterly*, 168, pp. 985-997.

demographically and militarily into the Chinese sphere of influence.¹⁷³ Elizabeth Wishnick, however, argues that the Chinese demographic threat is often exaggerated by Russian politicians, particularly at the regional level, to obtain political leverage in electoral contexts. Yet regardless of the degree to which the “yellow peril” is hyped for domestic political purposes within Russia, the fact remains that Moscow believes it can counter Sinification of the Russian Far East through economic development and the incorporation of the Russian Far East into the global economy.

Because the topic has received such extensive coverage in the international relations literature, little has to be said about the Cold War between the United States and the Soviet Union that lasted from 1945 until the collapse of the USSR in 1991. While the two superpowers never engaged each other in military conflict directly, both were involved in a series of proxy wars where one power either fought directly against a local adversary, or by proxy in supporting duelling parties in internecine conflicts. Needless to say, Moscow’s hostility to US hegemony did not evaporate with the conclusion of the Cold War. Post-Soviet Russia continues to be wary of American encroachments into its traditional spheres of influence in Eastern Europe, Central Asia, and Northeast Asia. Therefore, the loss of North Korea into the US sphere of interest in the event of regime transformation or collapse would be an unwelcome development for Moscow. Russia views North Korea as the key to its diplomatic and political resurgence; it was the rationale for Moscow’s involvement in the presently defunct Six Party Talks as well as a useful deterrent against American hegemonism in the region.¹⁷⁴ Consequently, Russian planners generally favour regional relationships that

¹⁷³ ALEXSEEV, M. & HOFSTETTER, R. 2006. Russia, China, and the Immigration Security Dilemma. *Political Science Quarterly*, 121, p. 1; MENON, R. & ZIEGLER, C. 2002. The Balance of Power and US Foreign Policy Interests in the Russian Far East. In: THORNTON, J. & ZIEGLER, C. (eds.) *Russia’s Far East: A Region at Risk*. Seattle and London: National Bureau of Asian Research. p. 36; AMIROV, V. B. 1999. Russia in the Asia–Pacific area: challenges and opportunities. In: CHUFRIN, G. (ed.) *Russia and Asia: The Emerging Security Agenda*. New York: Oxford University Press. p. 276-277.

¹⁷⁴ LANKOV, A. 2006. *Why N Korea’s neighbors soft-pedal sanctions*. Asia Times Online, <http://www.atimes.com/atimes/Korea/HK30Dg01.html> [Accessed 30/11/2006].

foster the peaceful economic development of North Korea.¹⁷⁵ With a peaceful North Korea secured, the development of the Russian Far East would be made all the more practical.

Russia's posture in Northeast Asia could have a demonstrative effect for its relations with other frontier states in its "near abroad." As such, it does not serve Moscow's interests to join a united front with the United States against North Korea, or to participate in any punitive US-led coalition against the DPRK. To do so would encourage the perception that Russia is incapable of defending its own interests and in the eyes of officials in Moscow, would invite instability in other regions along the Russian frontier.¹⁷⁶ More broadly, Russia has an interest in restraining US freedom of action in Northeast Asia. Moscow wishes to ensure that the United States works to solve its problems with North Korea diplomatically and does not attempt to bring down the Kim regime by force, with the attendant problems this will bring.¹⁷⁷ Like China, Russia opposed tough sanctions against North Korea following the North's October 2006 nuclear test and both are contesting American plans for theatre and strategic missile defence systems.¹⁷⁸ More generally, Washington's unilateralist approach to foreign affairs has disturbed Russia and China, a common interest that has led both countries into a strategic cooperative relationship in spite of the fact that the two countries have been traditional rivals.¹⁷⁹

¹⁷⁵ TOLORAYA, G. 2009a. *Continuity and Change: Challenges for Regional Policy and U.S.-Russia Relations*. Washington DC: The Brookings Institution—Center for Northeast Asian Policy Studies, http://www.brookings.edu/~media/Files/rc/papers/2009/02_korea_toloraya/02_korea_toloraya.pdf. p . 32.

¹⁷⁶ KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press. p. 134.

¹⁷⁷ MANSOUROV, A. 2005. Northeast Asian Vortex: Regional Change, Global Implications. *Korea Observer*, 36, p. 537.

¹⁷⁸ ZISSIS, C. & BAJORIA, J. 2008a. *CFR Backgrounder: The Six-Party Talks on North Korea's Nuclear Program*. Council on Foreign Relations, <http://www.cfr.org/publication/13593/> [Accessed 20 January 2009]; KIM, S. 2006d. *The Two Koreas and the Great Powers*, New York, Cambridge University Press. p. 132.

¹⁷⁹ MURAVIEV, A. 2009. Bear in the Land of Dragons: Russia's Strategic Policy in the Asia-Pacific. *SPIS Seminar*. Flinders University, Adelaide. p. 39.

With numerous potential conflict zones on its western and southern borders, Russia has an interest in preserving the status quo. The reunification of Korea would raise a number of awkward strategic consequences for Russia. Moscow shares with Beijing concerns that the implosion of North Korea could generate a large refugee flow, pushing masses of displaced people over the Tumen River into Russia, as well as the prospect that a unified Korea allied with the United States is likely to lead to the installation of US military forces near its frontier with Korea.¹⁸⁰ Alternatively, a unified Korea that aligns with China to balance a remilitarising Japan would stoke the traditional Sino-Russian rivalry and increase China's strategic advantage over Russia. This would force Moscow to confront a number of difficult strategic choices: it could adjust to Chinese hegemony as a junior partner, form a balancing coalition with Japan against China, or even join with Japan and the United States to balance China.¹⁸¹ It seems clear that none of these choices is palatable to the Russian leadership.

Synthesis: Carving Out a Niche in Northeast Asia

Russia's strategy in Northeast Asia is driven by the desire to develop the far east of the country. To do this, it must incorporate its Far East region into the Northeast Asia economy and re-inject itself as an important player in Northeast Asia diplomacy. A stable Korean peninsula is the key to this strategy and it is the United States' rigid stance on North Korea's nuclear proliferation which is the major obstacle to its fulfilment. Consequently, what we see from Russia are subtle moves to check US regional influence by rejecting tough punitive sanctions against North Korea in the Six Party Talks, in concert with China, and the pursuit of economic linkages with both Koreas. In sum, Russia, as much as the other protagonists, is engaged in the great game of regional strategic competition.

¹⁸⁰ HA, Y.-C. 2002. The Dynamics of Russian-South Korean Relations and Implications for the Russian Far East. In: THORNTON, J. & ZIEGLER, C. (eds.) *Russia's Far East: A Region at Risk*. Seattle and London: National Bureau of Asian Research. p. 407.

¹⁸¹ MENON, R. & ZIEGLER, C. Ibid. The Balance of Power and US Foreign Policy Interests in the Russian Far East. pp. 40-41.

Conclusion

As a practical expression, international relations theory manifests in various forms of cooperation, competition and conflict between regional states: cooperation embraces liberal ideas of economic interdependence and international institutionalism as drivers of peace, as well as the constructivist notion that participation in multilateral institutions fosters learned behaviours of peaceful interaction among states. Conflict includes clashes at the level of rhetoric, such as differences in soft power and hyper-nationalism that are recognisable to constructivists, as well as alliance building and military engagement that realists see as inevitable outcomes of the regional security dilemma. Competition incorporates elements of cooperation and conflict, in which the conflicting economic and security interests force states to adopt hedging strategies. Where one state becomes overly powerful within this dynamic, realist impulses find expression in balancing strategies.

The analysis in this chapter makes clear that all of Northeast Asia's players are engaged in competition, adopting strategic hedging as their *modus operandi*. Indeed, none is a strictly status quo power: China's star is on the rise as the United States attempts to prevent the rise of a peer competitor. Japan is edging toward normalisation while Russia is attempting to increase its role in the region. South Korea is attempting to alter economic and political conditions within the DPRK in anticipation of future national reunification, while simultaneously navigating between the competing economic and security imperatives of its relationships with China and the United States. And within this morass, North Korea has become a nuclear power. Indeed, this intrinsic strategic competition is the foundation upon which regional states have attempted to craft strategies to address the North Korean nuclear threat.

The strategic significance of the Korean peninsula varies for each of the regional players, creating substantial divergence in attitudes to North Korea's nuclearisation and important differences that are evident in the commitment of each player to nonproliferation initiatives. The lack of regional consensus on how to deal with North Korea that derives from these differing perspectives gives Pyongyang a great deal of leverage in nuclear diplomacy. The North Korean leadership is adept at exploiting the divisions between regional states and playing wedge diplomacy to bring alliance partners to disagreement, both of which strengthen their leverage in regional diplomacy. Between the inherent differences in the strategic outlook of regional states and Pyongyang's active cultivation of these cleavages, it is little wonder that denuclearisation strategies have ultimately failed. The following chapter will document these failures in detail, in the context of cooperation, competition and conflict, and thus set the scene for the mapping of scenarios for the future of the denuclearisation agenda that is more realistic than the many optimistic predictions of denuclearisation success.

8. The Failure of Denuclearisation Strategies

Regional states do not possess practical military solutions or the economic leverage, be it individually or as a collective, to compel North Korea to denuclearise. As the previous chapter has demonstrated, regional states have specific and differing priorities that shape their interactions with neighbouring countries. Consequently, their strategies for addressing the North Korean nuclear issue must fit into this wider strategic matrix. In the context of cooperation, competition and conflict, this chapter will outline the menu of nonproliferation stratagems considered by regional states as tools to secure North Korea's denuclearisation, describing the intended outcomes and problems of implementation for each. Strategic conflict has not been a productive avenue for progress; military options have proven to be unviable in the absence of a catalysing event such as a North Korean attack over the DMZ. Regional strategic competition has been unhelpful in the Korean context, due to the inevitable disunity of purpose described in the previous chapter expressing itself in often incompatible *ad hoc* bilateral efforts to pressure or engage with Pyongyang. Cooperative strategies have shown greater promise through evolving multilateral engagement initiatives. Efforts to engage North Korea through the Six Party Talks, to secure nuclear relinquishment in exchange for a raft of incentives, have achieved the most constructive progress, though tangible results have fallen well short of expectations for successful denuclearisation. Ultimately, North Korea's unwillingness to dismantle its nuclear program, combined with the failure of collective denuclearisation strategies, may compel regional states to adapt to the reality of a nuclear DPRK.

Conflict Strategies: An Exercise in Unreality

The Korean peninsula is one of Northeast Asia's potential conflict hot spots. This remains so as a relic of the Korean War; although an armistice was reached in July 1953, no formal peace treaty has since been formalised between the belligerent parties, who technically remain at war. Throughout the Cold War, the stark ideological division between the two Koreas was a zero sum contest in which North Korea's unique brand of communism vied with South Korea's US-inspired capitalism for legitimacy as the heir to a unified Korea. These systems remain mutually incompatible and continue to make coexistence, let alone reunification, an extremely difficult proposition. This contest is embodied on the ground by the DMZ, the most heavily fortified frontier in the world today. The North Korean military continues to face off against the combined might of South Korean and US forces. If any place in North Korea is vulnerable to an outbreak of armed confrontation between states, this is it.

Regime Change

Regime change encompasses options for removal of the Kim regime over the short and long-term. In general, regime change allows a state to solve its problems with a troublesome adversary by removing its leadership and replacing it with a less offensive ruling clique.¹ In the North Korean case, advocates argue, the only realistic way to eradicate the North's proliferation threat is to remove the Kim regime itself.² The necessity arises, from this perspective, because the Kim regime is inherently irrational and that without its removal there

¹ HAASS, R. 2005. Regime Change and its Limits. *Foreign Affairs*, 84, p. 67.

² BOLTON, J. 2008. *Standoff at the 38th Parallel: One Korea*. The National Interest, <http://www.nationalinterest.org/Article.aspx?id=20094> [Accessed 12 February 2009].

is unlikely to be any semblance of long-term security on the Korean peninsula.³ They cite a number of reasons, including: the threat to global security of North Korea's nuclear capability; the Kim regime's terrible human rights record; and the remoteness of internal change in North Korea as evidence that the removal of the Kim regime is the only sensible course of action.

In the short run, the military defeat of North Korea in war would be the quickest route to regime change. Robert Ayson and Brendan Taylor suggest that the costs of war may not be as bad as living with the threat of a rogue nuclear North Korea that continues to defy the international community. Thus, they suggest, war may be the least-worst option for removing the nuclear threat.⁴ Nuclear nonproliferation theory posits that any spread of nuclear weapons represents a blow to the stability of the international system, regardless of the context of specific cases. The key assumption is that the probabilities of nuclear weapons use increases as more countries acquire nuclear weapons capability. Because new nuclear powers predominate, nuclear deterrence and mutually assured destruction (MAD) will prove insufficient to prevent nuclear conflict in the international system.⁵ In an influential 1999 review of US policy on North Korea, William Perry suggested that nuclear weapons and long-range missiles in the hands of the DPRK could weaken regional deterrence postures and increase the damage to South Korea and Japan if deterrence failed.⁶ According to this view, the "strategic immaturity" of a new nuclear state such as North Korea could hinder its ability

³ GENSER, J. 2006. Stop Pyongyang's Autogenocide. *Far Eastern Economic Review*, 169, p. 16; HAVEL, V., BONDEVIK, K. M. & WIESEL, E. 2006. *Failure to Protect: A Call to the UN Security Council to Act in North Korea*. Washington DC: US Committee for Human Rights in North Korea, <http://www.hrnk.org/failureToProtect-Report.pdf>; HAWK, D. 2003. *The Hidden Gulag: Exposing North Korea's Prison Camps*. Washington DC: U.S. Committee for Human Rights in North Korea, <http://www.hrnk.org/HiddenGulag.pdf>

⁴ AYSON, R. & TAYLOR, B. 2004. Attacking North Korea: Why War Might Be Preferred. *Comparative Strategy*, 23, p. 275.

⁵ O'NEIL, A. 2005. Learning to Live with Uncertainty: The Strategic Implications of North Korea's Nuclear Weapons Capability. *Contemporary Security Policy*, 26, p. 323.

⁶ PERRY, W. 1999. *A Review of United States Policy Toward North Korea: Findings and Recommendations*. Washington DC: United States Department of State. p. 3.

to maintain stability during crises with other nuclear powers, strengthening their inclination to use nuclear weapons.

In an extreme proposition of wishful thinking, Ted Galen Carpenter suggests that the US exploit the “distinct undertone of exasperation with Pyongyang” felt by policymakers in Beijing in inducing China to topple the Kim regime and install a more pragmatic government in North Korea, one that would keep the country nuclear weapons-free.⁷ That this plan has even been considered is an acknowledgement of Washington’s lack of economic and diplomatic leverage and inability to bring military pressure to bear on the North. However, it is foolhardy to believe that China would risk the stability of a strategically important neighbouring state for Washington’s nonproliferation agenda, or that any client regime installed by Beijing would be friendly to American interests.

Advocates of regime change through war argue that the diplomatic track has exhausted itself in the face of North Korean provocations that demonstrated intent to preserve their nuclear program. Because they believe, with justification, that the North Koreans are purposefully developing their nuclear capability at any cost, to delay action is to grant Pyongyang time to expand its arsenal, increasing the nuclear threat. Therefore, it would be prudent to intervene sooner before the threat grows beyond control.⁸ This premise is enunciated in the US *National Security Strategy* of 2002:

If necessary, however, under long-standing principles of self defence, we do not rule out the use of force before attacks occur, even if uncertainty remains as to the time and place of the enemy’s attack. When the consequences of an attack with WMD are potentially so

⁷ GALEN CARPENTER, T. 2009. *A Bold Plan B for North Korea*. Washington DC: Cato Institute, http://www.cato.org/pub_display.php?pub_id=10124 [Accessed 01 May 2009].

⁸ AYSON, R. & TAYLOR, B. 2004. Attacking North Korea: Why War Might Be Preferred. *Comparative Strategy*, 23, pp. 263-64; WIT, J., PONEMAN, D. & GALLUCCI, R. 2004. *Going Critical: The First North Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 382.

devastating, we cannot afford to stand idly by as grave dangers materialize. This is the principle and logic of pre-emption.⁹

The implication here is that rogue states are determined to acquire WMD to threaten or attack American interests. To prevent such an eventuality, the US must take action to dismantle an adversary's WMD capability *before it becomes operational*. If the expected price of peace is higher than the potential costs of conflict, doing nothing would leave the US and its allies vulnerable to growing relative inferiority *vis-à-vis* the rogue enemy.¹⁰

This doctrine reflects a tendency to infer the intentions of an adversary from their capabilities, which can lead military officials and policy makers to exaggerate the risk posed by an enemy.¹¹ American officials have consistently tarred the leaders of “rogue states” with the label of irrationality. This includes President George W Bush who labelled rogue state leaders as commanders of “outlaw regimes” who “accept no morality and have no limit to their violent ambitions.”¹² Andrew Linklater posits, “the language of evil carries the obvious implication that there is nothing in the behaviour of the victims or the wider society which could be said to explain—or to have contributed to—the acts of violence.”¹³ Instead, the language of evil attributes undeterrable irrationality to rogue state behaviour, generating strategic choices on the part of the US that favour the use of force over diplomacy. If inherent irrationality is the explanation for the regime's violation of nuclear freeze

⁹ 2006k. *The National Security Strategy of the United States of America*. In: WHITEHOUSE, U. S. D. O. T. (ed.). Washington DC: United States National Security Council, <http://www.whitehouse.gov/nsc/nss/2006/nss2006.pdf>. p . 23.

¹⁰ CHA, V. 2002a. Hawk Engagement and Preventive Defense on the Korean Peninsula. *International Security*, 27, p. 48.

¹¹ O'NEIL, A. 2005. Learning to Live with Uncertainty: The Strategic Implications of North Korea's Nuclear Weapons Capability. *Contemporary Security Policy*, 26, p. 323.

¹² BUSH, G. W. 2002. *President's Remarks at the United Nations General Assembly - September 12, 2002* . US Department of the Whitehouse, <http://www.whitehouse.gov/news/releases/2002/09/20020912-1.html> [Accessed 17/7/03 2003].

¹³ LINKLATER, A. 2002. Unnecessary Suffering. In: BOOTH, K. & DUNNE, T. (eds.) *Worlds in Collision: Terror and the Future of Global Order*. London: Palgrave-Macmillan. p. 308. See also: BLEIKER, R. 2003. A rogue is a rogue is a rogue: US foreign policy and the Korean nuclear crisis. *International Affairs*, 79, p. 721.

agreements, use of limited belligerent actions to engineer crises, and mistreatment of its own citizens, then military action is the only rational response.¹⁴

These claims are not credible in the North Korean context; the window of opportunity for preventive military action has closed since North Korea has demonstrated a nuclear weapon capability, and it is not obvious that the costs of deterring the DPRK would be greater than the cost of war. For Leon Sigal, military action was not even a serious threat in 1994 at the height of the first nuclear crisis.¹⁵ The potential devastation caused by full-scale war on the Korean peninsula would be immense. The Seoul metropolitan area is located approximately forty kilometres from the DMZ and is hostage to North Korean artillery and missile batteries dug into forward positions.¹⁶ A US attack increases the chances that North Korea will use their WMD assets, be they nuclear, chemical or biological; according to high-ranking North Korean defector Cho Myung-chul, the North would use everything in its arsenal in the event of war.¹⁷ North Korea maintains a standing army of one million personnel, backed by up to six million reserves, giving it a huge numerical advantage over combined US/ROK forces. Estimates of civilian and military casualties in the event of war are very high due to the population density of probable target areas in North and South Korea, coupled with the probability of considerable damage to residential areas and important infrastructure. The United States could not assure success in an attack without heavy cost. Placing its allies in

¹⁴ LITWAK, R. 2003. The New Calculus of Pre-emption. *Survival*, 44, p. 56; HOYT, P. 2000. The 'Rogue State' Image in American Foreign Policy. *Global Society*, 14, p. 309.

¹⁵ SIGAL, L. 1998. *Disarming Strangers: Nuclear Diplomacy with North Korea*, Princeton Princeton University Press. p. 9.

¹⁶ These include five hundred 170 Koksan artillery pieces and two hundred multiple-launch rocket systems. The artillery pieces alone could rain up to 500,000 rounds per hour against South Korean targets. See: O'HANLON, M. 2005. *Defense Strategy for the Post-Saddam Era*, Washington DC, The Brookings Institution. p. 101; PINKSTON, D., MOLTZ, C., DIAMOND, A., LIEGGI, S. & YUAN, J. 2005. Special Report on the North Korean Nuclear Weapons Statement. Center for Nonproliferation Studies, <http://cns.miis.edu/pubs/week/pdf/050211.pdf>. p. 10; SAUNDERS, P. 2003. *Military Options for Dealing with North Korea's Nuclear Program*. Center for Nonproliferation Studies, <http://www.cns.miis.edu/research/korea/dprkmil.htm> [Accessed 17 May 2006].

¹⁷ Quoted in BANDOW, D. 2003. *Wrong War, Wrong Place, Wrong Time: Why Military Action Should Not Be Used to Resolve the North Korean Nuclear Crisis*. CATO Institute, <http://www.cato.org/pubs/fpbriefs/fpb76.pdf>. p. 6.

South Korea and Japan unnecessarily in harm's way could do irreparable damage to those alliances and fatally weaken America's position in Northeast Asia.

Public opinion in the United States will play a role in the likelihood of American military action against North Korea. Echoing the democratic peace theory, John S. Park and Lee Dong-sun argue that given that over 61 percent of Americans surveyed in December 2006 believed the Iraq war was not worth fighting after combat deaths had surpassed 3,000 and the cost of the war had reached US\$350 billion, the negative public backlash against a far more costly and deadly conflict in Korea is likely to be more extreme.¹⁸ It is questionable whether the US government could convince the American public to support such a war in the absence of a direct attack by North Korea on the United States or one of its allies, especially while its forces remain engaged in ongoing wars in Iraq and Afghanistan. As Zbigniew Brzezinski has noted, the economic self-denial and human sacrifice necessary to win a major war are “uncongenial to democratic instincts.”¹⁹

A war on the Korean peninsula is likely to displace a large number of people. To a significant degree, the refugee issue explains why Seoul has cooled on the idea of the rapid reunification with North Korea. The South Korean government has had problems in integrating North Korean defectors into a South Korean society radically different from their own. Defectors have struggled with the competitive nature of life in a market-driven society, lacking the skills necessary to function in a competitive, technological employment market, and the experience to handle money and make wise consumption decisions amongst a sea of product choices.²⁰ Many suffer from psychological trauma, including post-traumatic stress,

¹⁸ PARK, J. S. & LEE, D.-S. 2008. North Korea: Existential Deterrence and Diplomatic Leverage. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia*. Stanford: Stanford University Press. p. 280.

¹⁹ BRZEZINSKI, Z. 1997. *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, New York, Basic Books. p. 36.

²⁰ KIM, S. 2006c. The Mirage of A United Korea. *Far Eastern Economic Review*, 169, p. 13.

which further impedes their ability to integrate into South Korean society.²¹ South Korean officials expect the cost of social services, re-skilling and accommodation of the vast number of refugees in the event of reunification to be enormous, with estimates varying widely from US\$25 billion to upwards of US\$3.5 trillion.²² The low-end estimates tend to adopt narrow methodologies for calculating the overall cost, while the high-end estimates are more diligent in factoring in the broad array of programs necessary for reunification in their final figure. For these reasons, the South Korean government now favours a long-term strategy of reunification via slow economic integration with a view to improving the North Korean economy to reduce the eventual cost of reintegration.

Rapid regime change would represent a strategic blow for China. Like the South Koreans, the Chinese government fears the economic and social consequences of incorporating large flows of refugees from the North. The Chinese worry that a large refugee influx into its northeastern provinces would stifle the economic development of these areas and stoke the fires of social unrest.²³ China has become a destination for large inflows of investment from South Korea, which is likely to dry up in the event of reunification because South Korean companies may redirect investment toward reconstruction projects in the North.²⁴ A North Korea occupied by the American military would also represent a strategic defeat for Beijing. As discussed in the previous chapter, the DPRK functions as a buffer zone for China along its northeastern frontier, keeping US forces occupied and focussed, to some degree, away from the Taiwan Strait. For these reasons, China vehemently opposes any plans by the United States to remove the Kim regime by force.

²¹ JEON, W.-T., HONG, C.-H., LEE, C.-H., KIM, D.-K., HAN, M.-Y. & MIN, S.-K. 2005. Correlation Between Traumatic Events and Posttraumatic Stress Disorder Among North Korean Defectors in South Korea. *Journal of Traumatic Stress*, 18, pp. 147-154.

²² COGHLIN, D. 2008. *Prospects from Korean Reunification*. Carlisle, PA: Strategic Studies Institute – US Army War College, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB859.pdf>. p. 3.

²³ SCOBELL, A. & CHAMBERS, M. 2005. The Fallout of a Nuclear North Korea. *Current History*, 104, p. 292.

²⁴ COGHLIN, D. 2008. *Prospects from Korean Reunification*. Carlisle, PA: Strategic Studies Institute – US Army War College, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB859.pdf>. p. 8.

For the sake of argument, consider a hypothetical scenario that the window for preventive military action is open and the costs of war are not prohibitively high. Would the United States be in a position launch a war against North Korea? Washington has for some time planned for the contingency of fighting two regional wars simultaneously, the *1-4-2-1* force-planning framework. According to this conception, the US military should be capable of defending the continental United States, maintain a military presence and deterrent capability in four foreign theatres, and fight two wars simultaneously, winning one decisively.²⁵ The US military should be capable of winning one of these wars decisively, followed by regime change and occupation of the enemy state. To prosecute a successful war of regime change against North Korea, the US would require hundreds of thousands of troops, along with ROK forces, to overcome the KPA and pacify the country.²⁶ However, the United States cannot deploy that number of troops while engaged in Iraq and Afghanistan, because US military commitments in the Middle East reduce potential American strike and intelligence capabilities on the Korean peninsula and limit the number of troops that could be deployed.²⁷ The heavy involvement of US forces in the Middle East reduces the chances of applying military pressure against the Kim regime or convincing regional states that it is serious about this possibility.²⁸ With pre-existing engagements in Iraq and Afghanistan, the US is extremely unlikely to consider military action against North Korea concurrent with these operations.²⁹

²⁵ 2006p. *Quadrennial Defense Review*. In: DEFENSE, U. D. O. (ed.). Washington DC: US Department of Defense, <http://www.qr.hq.af.mil/pdf/2006%20QDR%20Report.pdf>. p . 38. See also: O'HANLON, M. 2005. *Defense Strategy for the Post-Saddam Era*, Washington DC, The Brookings Institution. p. 7.

²⁶ O'HANLON, M. 2005. *Defense Strategy for the Post-Saddam Era*, Washington DC, The Brookings Institution. p. 102.

²⁷ SAUNDERS, P. 2003. *Military Options for Dealing with North Korea's Nuclear Program* . Center for Nonproliferation Studies, <http://www.cns.miis.edu/research/korea/dprkmil.htm> [Accessed 17 May 2006].

²⁸ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 603.

²⁹ ARMSTRONG, C. 2008. *Necessary Enemies: Anti-Americanism, Juche Ideology, and the Torturous Path to Normalization*. Washington DC: US-Korea Institute, <http://uskoreainstitute.org/pdf/WP-NK/USKI-WP08-3.pdf>. p . 14.

Slow Motion Regime Change: Containment

In the long run, regime change could be fomented in slow-motion through the strangulation of the North Korean economy, embodied in a policy of containment. Containment strategy emerged in the US at the beginning of the Cold War to thwart the ideological expansion of communism into post-colonial states and the territorial ambitions of the Soviet Union. It is a broad strategy that attempts to enclose and restrict the actions of a target state with the aim of precipitating internal political changes or hastening the collapse of its ruling regime.³⁰ The adoption of containment is an implicit acknowledgement of the limits of coercive power in a given strategic context.³¹ During the Cold War, the approximate strategic parity between the two superpowers mitigated against either one pressing for a military victory over the other. The primary goal of American containment doctrine during the Cold War, according to John Lewis Gaddis, was to “foster the seeds of destruction” within the Soviet system so that the Kremlin was forced, at a minimum, to modify its behaviour to conform to generally accepted international standards.³² George Kennan, one of the architects of Cold War containment doctrine, was less obscure: “What they [US government] and the others wanted from Moscow, with respect to the future of Europe, was essentially ‘unconditional surrender.’ They were prepared to wait for it.”³³ What this entailed was a costly arms race, a spending orgy that forced the Soviets to devote excessive economic resources to competition with the US.³⁴ Many analysts believe that over time the excessive economic spending on its military,

³⁰ HARRISON, S. 2001. Time to Leave Korea? *Foreign Affairs*, 80, p. 67.

³¹ KISSINGER, H. 1994. Reflections on Containment. *Foreign Affairs*.73, p. 130.

³² GADDIS, J. L. 1982. *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy*, New York, Oxford University Press. pp. 98-99.

³³ George Kennan, 1994, quoted in CUMINGS, B. 2004a. Decoupled from History: North Korea in the "Axis of Evil". In: ABRAHAMIAN, E., CUMINGS, B. & MA'OUZ, M. (eds.) *Inventing the Axis of Evil*. New York: The New Press. pp. 45-46.

³⁴ MANSOUROV, A. 2003. *The Reagan Solution for the North Korean Puzzle: Benign Neglect and Back-breaking Arms Race*. The Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/fora/security/0315A_%20Mansourov.html [Accessed 17/03/03 2003].

combined with a resource crisis and the economic inefficiencies inherent to its command economy undermined the Soviet state and accelerated its collapse.³⁵

Containment has become the default strategy for the United States in its relations with the DPRK. The United States and ROK enjoy a significant advantage over North Korea in most facets of power. However, this advantage is blunted by the North Korean nuclear deterrent, the lack of regional consensus on military action, the potential for catastrophic war that accompanies any use of coercive force, and the ineffectiveness of engagement in pursuing North Korea's nuclear relinquishment. Because containment tends to involve foreign policy tools other than military force, the strategy will take time to achieve its ends.³⁶ After all, if one accepts the argument that US containment was decisive in the fall of the Soviet Union, then it also pays to remember that the policy itself took over forty years to succeed.

Containment has both a passive and an active dimension. In the passive dimension—*strategic neglect*—all Washington need do is wait patiently for the North Korean state to implode, allowing it to devote its attention to other theatres.³⁷ In this instance, inaction is a strategy in itself and not an absence of policy.³⁸ The forward deployments of US forces in South Korea and Japan, along with South Korea's indigenous military capability are intended to undercut the North Korean economy by forcing the regime to respond in kind, at an unsustainable rate of outlay. The foundation position of the US is predicated on making North Korea expend as much of its resource base as possible on non-productive military

³⁵ SCHWEIZER, P. 1994. *Victory: The Reagan Administration's Secret Strategy That Hastened the Collapse of the Soviet Union*, New York, Atlantic Monthly Press. pp. xi-xii. See also: KOTKIN, S. 2001. *Armageddon Averted: The Soviet Collapse, 1970-2000*, New York, Oxford University Press. p. 2.

³⁶ HAASS, R. 2005. Regime Change and its Limits. *Foreign Affairs*, 84, p. 68.

³⁷ HARRISON, S. 2002b. *Beyond the Axis of Evil: What Price for a Nuclear-Free Korea?—Remarks to the Carnegie Endowment for International Peace Non-Proliferation Project Roundtable*. Washington DC: Carnegie Endowment for International Peace, <http://www.carnegieendowment.org/files/HarrisonRemarks.pdf>. p. 6.

³⁸ KAPLAN, L. 2003. *The Bushies' Pyongyang policy: Split Personality*, <http://www.tnr.com/doc.mhtml?i=20030707&s=kaplan070703> [Accessed 25/07/2006].

spending, on the assumption that the North's economic woes will eventually force it to make unilateral military concessions, or even cause the regime's implosion.³⁹

Such a policy makes sense if one believes that the regime is on the verge of collapse. To be successful, it would also require a North Korea that is incapable of causing problems and creating crises in order to get Washington's attention. Under the thematic heading "benign neglect," the Bush administration in 2001 attempted to differentiate its stance from that of former President Clinton by refusing to offer inducements to participate in negotiations.⁴⁰ Denuclearisation negotiations ground to a standstill and North Korea, accustomed to extracting concessions for its participation in diplomatic talks, found itself hung out to dry, which led directly to Pyongyang's October 2002 admission that it had a clandestine HEU program. When confronted with the accusation from US Assistant Secretary of State James Kelly, the North could easily have issued a denial. That it instead chose admission is a clear example of a conscious attempt to engineer a crisis that would get the world's attention. This led to US-DPRK negotiations mediated by China, and then to the formation of the Six Party Talks, which provided Pyongyang with a new avenue through which to extract international largesse and forced the abandonment of neglect as a serious US strategy.

Under *strategic isolation*, the aggressive variant, the US and its allies attempt to accelerate the timeline of DPRK regime collapse by economic strangulation and arms racing, undermining the North Korean economy by any means available, including through measures such as economic sanctions and naval interdiction of illegal exports. The first administration

³⁹ MANSOUROV, A. 2003. *The Reagan Solution for the North Korean Puzzle: Benign Neglect and Back-breaking Arms Race*. The Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/fora/security/0315A_%20Mansourov.html [Accessed 17/03/03 2003].

⁴⁰ HARRISON, S. 2002b. *Beyond the Axis of Evil: What Price for a Nuclear-Free Korea?—Remarks to the Carnegie Endowment for International Peace Non-Proliferation Project Roundtable*. Washington DC: Carnegie Endowment for International Peace, <http://www.carnegieendowment.org/files/HarrisonRemarks.pdf>.

of President George W Bush adopted an approach known as called “tailored containment” to strangle North Korea. It aimed to isolate the DPRK by exposing it to continual economic and political pressure, with the assistance of the wider international community, to weaken Pyongyang’s bargaining position and eventually force it to relinquish its nuclear program.⁴¹

The US has saddled North Korea with a variety of economic sanctions since the Korean War, which have severely restricted the DPRK’s trade to interaction with only a handful of countries, limiting its export income.⁴² Over time, the US has added certain measures, while some suspended periodically and then reintroduced, depending on the prevailing political winds. The types of economic sanctions in place since 2000 are broad and varied. They include heavy restrictions on North Korean exports, travel restrictions for US nationals intending to visit the DPRK, restrictions on exports of dual-use technologies to North Korea, sanctions applied to specific North Korean enterprises, prohibitions on US entities operating DPRK-flagged ships, and targeted actions against banks holding money laundered from North Korean criminal activities.⁴³ Just such an action against Macau-based bank Banco Delta Asia in 2005 highlighted the importance of revenues from illicit sources to the regime’s financial health. Chinese authorities froze Banco Delta Asia’s assets after a US Department of Treasury memo designated it as a “money laundering concern,” leading to a run on the

⁴¹ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 138.

⁴² The sanctions regime is in place for four primary reasons: (1) because North Korea is deemed to threaten US national security, as defined under the terms of the Trading with the Enemy Act and National Emergency Act; (2) North Korea is designated as a state sponsor of terrorism; (3) North Korea is a Marxist-Leninist state with a communist government; and (4) North Korea has been found to be involved in the proliferation of weapons of mass destruction or their delivery systems, in this case ballistic missiles. See: RENNACK, D. 2003. *North Korea: Economic Sanctions*. Congressional Research Service, <http://www.nautilus.org/DPRKBriefingBook/uspolicy/NorthKorea-EconomicSanctions.pdf>. p . 1.

⁴³ LEE, K. & CHOI, J. 2007. *North Korea: Economic Sanctions and U.S. Department of Treasury Actions 1955-September 2007*. National Committee on North Korea, http://www.ncnk.org/resources/publications/NCNK_Economic_Sanctions_Current p. 50.

bank. Once the assets were frozen, Pyongyang walked away from the Six Party Talks and refused to resume negotiations until the funds were released.⁴⁴

The Banco Delta Asia affair was a minor victory for an otherwise ineffective strategy. Marcus Noland has found that the imposition of stricter economic sanctions by the United Nations Security Council—specifically in *UNSC Resolution 1718*—in the wake of the October 2006 nuclear test had no perceptible effect on North Korea’s trade with China and South Korea.⁴⁵ It was widely believed before the event that a nuclear test would be ruinous for North Korea’s relations with its two largest trading partners, but this has not been the case. China and Russia were reluctant signatories to UNSC 1718 and only signed on after the resolution was substantially watered down, a stance clearly in line with their preference for regime stability. The South Korean government adopted a similar stance in the Six Party Talks, in line with their policy at the time of political accommodation with the North. Two points become clear from this episode: the United States has minimal economic leverage over North Korea, and no system of economic sanctions can be effective without the active cooperation of China, South Korea and Russia.⁴⁶ Indeed, sanctions cannot achieve the desired goals unless all potential supplier nations actively support the denial effort. That Chinese opposition to robust enforcement has been critical here should not come as a surprise, given Beijing’s strategic interest in maintaining the integrity of its northeastern border region. As a consequence, there are virtually no conditions that would prompt Beijing

⁴⁴ CHESTNUT, S. 2007. Illicit Activity and Proliferation: North Korean Smuggling Networks. *International Security*, 32, p. 93; NOLAND, M. 2006b. *How North Korea Funds Its Regime*. Washington DC: Peterson Institute for International Economics, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=629> [Accessed 18/03/2007].

⁴⁵ NOLAND, M. 2008. *The (Non) Impact of UN Sanctions on North Korea*. Washington DC: Peterson Institute for International Economics, <http://www.iie.com/publications/wp/wp08-12.pdf>

⁴⁶ CHANLETT-AVERY, E. & SQUASSONI, S. 2006. *North Korea’s Nuclear Test: Motivations, Implications, and U.S. Options*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/nuke/RL33709.pdf>. p. 16.

to cut off its assistance to the Kim regime.⁴⁷ Moreover, given Washington's dependence on China to continue holding US Treasury bonds to fund the soaring American foreign debt, US officials are in no position to pressure Beijing into enforcing the sanctions regime more vigorously.⁴⁸

The effort to tighten the economic stranglehold on the Kim regime has found further expression in the *Proliferation Security Initiative* (PSI). The PSI, launched by President Bush in May 2003, is a global naval interdiction effort aimed at disrupting the trafficking of WMD, their delivery systems and related components to and from states and non-state actors of proliferation concern. In the North Korean case, it involves the selective targeting of ships outbound from North Korea to intercept cargoes of narcotics, missiles and weapons technology.⁴⁹ The PSI was designed to achieve two objectives: (1) to stem the trade of North Korean ballistic missiles to other states hostile to the US, and (2) to further restrict North Korea's hard currency income by intercepting shipments on-route and deterring potential buyers from investing in a product that may not be delivered. A shrinking market means diminished income for the regime, increasing the prospect of broader economic failure in the DPRK.⁵⁰

The PSI effort against North Korea has had limited success. In June 2003, then US Undersecretary of State John Bolton declared that in the preceding two months PSI

⁴⁷ BECK, P. 2009. *Can We Reach a Nuclear Deal with North Korea?* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09022Beck.html> [Accessed 1 May 2009]; BROWN, H. 2007-08. New Nuclear Realities. *The Washington Quarterly*, 31, p. 15.

⁴⁸ GALEN CARPENTER, T. 2009. *A Bold Plan B for North Korea* . Washington DC: Cato Institute, http://www.cato.org/pub_display.php?pub_id=10124 [Accessed 01 May 2009].

⁴⁹ 2008e. *The Proliferation Security Initiative (PSI): Factsheet* . Washington DC: US Department of State, <http://www.state.gov/t/isn/rls/fs/105217.htm> [Accessed 19 February 2009]; BYERS, M. 2004. Policing the High Seas: The Proliferation Security Initiative. *The American Journal of International Law*, 98, p. 528.

⁵⁰ 2006q. *Quadrennial Defense Review Report* . Washington DC: US Department of Defense, <http://www.globalsecurity.org/military/library/policy/dod/qdr-2006-report.pdf>, p. 52. See also: KAPLAN, L. 2003. *The Bushies' Pyongyang policy: Split Personality*, <http://www.tnr.com/doc.mhtml?i=20030707&s=kaplan070703> [Accessed 25/07/2006]; ROBERTSON, J. 2003. *Anti-American Blowback from Bush's Korea Policy* . Foreign Policy in Focus, <http://www.foreignpolicy-infofocus.org/pdf/papers/PRkorea.pdf> [Accessed 04/03/2003], p. 8

operations had intercepted suspicious aluminium tubes on route to the DPRK, which could have been used as gas centrifuges in the uranium enrichment process, as well as a shipment of sodium cyanide, a possible component in chemical weapons production. In June 2003, the Japanese government placed restrictions on ferries operating from North Korea that required mandatory inspections for PSI-related materiel, customs violations, and infectious diseases upon docking at any port in Japan. Pyongyang responded by cancelling all ferries travelling between the two countries.⁵¹ Despite these efforts, however, the PSI has not had a significant effect in strangling North Korea's missile-related export income. It is illuminating that China is not one of the 97 countries committed to the PSI, in keeping with its strategic commitment to regime perpetuation in the DPRK.⁵² Without Chinese participation, any naval blockade of North Korea is unlikely to succeed.⁵³ Furthermore, the lower-risk transport route for North Korean exports to clients in the Middle East is overland through China, out of the reach of any naval blockade.

The United Nations Security Council strengthened the interdiction regime in June 2009 through *UNSC Resolution 1874*, which strengthened the PSI mandate to authorise all states to inspect any vessel from the DPRK for prohibited WMD-related items.⁵⁴ Almost immediately however, the resolution was made to look like a paper tiger. Chinese objections prevented an American destroyer from interdicting a North Korean cargo ship, the *Kang Nam*, which had been tracked from the North Korean port of Nampo en route to Myanmar. The Chinese Foreign Ministry insistence that "ample evidence and proper cause" are required for

⁵¹ 2005f. *Proliferation Security Initiative* . Global Security.org, <http://www.globalsecurity.org/military/ops/psi.htm> [Accessed 15 February 2007].

⁵² 2009l. *Proliferation Security Initiative Participants* . Washington DC: US Department of State, <http://www.state.gov/t/isn/c27732.htm..>

⁵³ SMITH, D. 2003. *The Proliferation Security Initiative: A Challenge Too Narrow* . Silver City, NM & Washington, DC: Foreign Policy In Focus, <http://www.fpif.org/papers/prolif2003.html> [Accessed 23 July 2007].

⁵⁴ 2009n. Resolution 1874 (2009). In: COUNCIL, U. N. S. (ed.). New York, <http://daccessdds.un.org/doc/UNDOC/GEN/N09/368/49/PDF/N0936849.pdf?Articles=11-18>.

enforcement of ship inspections is a clear signal of Beijing's intention not to strictly enforce the new interdiction regime.⁵⁵

The strategic isolation strategy embodied by economic sanctions and the PSI is unlikely to bring about North Korea's collapse. If it was intended specifically as a nonproliferation tool to stop North Korea developing a nuclear weapon then it is already a failure; Pyongyang has the bomb because the timescale of successful strategic isolation is too distant compared with the short timeframe needed to develop nuclear weapons and associated delivery systems.⁵⁶ The lesson is clear: containment has been unsuccessful in denying North Korea the possession of nuclear weapons.

Limited Military Action

One military option that does not theoretically require regime change is the targeting of North Korea's nuclear facilities with surgical air strikes. In the period leading up to North Korea's missile tests on 5 July 2006, Ashton Carter and William Perry suggested the United States could prevent a missile test and send a strong message to the DPRK leadership by surgically attacking the missile launch platform.⁵⁷ The proposed token attack would have very little impact on North Korea's overall capability, but would send a strong message to the DPRK leadership demonstrating the consequences of further escalatory behaviour. They contend that warning the DPRK of the impending strike and limiting the attack to the launch platform only will contain casualties and prevent escalation. Furthermore, the North Korean

⁵⁵ KIRK, D. 2009a. *A UN snub: Two regimes in a tub*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/KF26Dg01.html> [Accessed 28 June 2009].

⁵⁶ PERRY, W. 1999. *A Review of United States Policy Toward North Korea: Findings and Recommendations*. Washington DC: United States Department of State. p. 7.

⁵⁷ CARTER, A. & PERRY, W. 2006. *If Necessary, Strike and Destroy*. Washington DC: Washington Post, <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/21/AR2006062101518.html> [Accessed 23/07/2006].

leadership would be paralysed by its desire for regime survival and would not retaliate, knowing the consequence of escalation would be the regime's downfall.⁵⁸ The limited surgical strikes would not remove the nuclear threat, but would force North Korea back to the diplomatic arena of the Six Party Talks in a weakened bargaining position, improving the chances of a negotiated settlement to remove the North's nuclear program.

These calls were echoed in Japan, where right wing politicians flagged the notion that strikes against North Korean missile facilities could be justified as pre-emptive self-defence and thus permissible under the restrictions of the Japanese constitution. On 10 July 2006, Cabinet Secretary Abe Shinzo stated that Japan should discuss whether pre-emptive strikes against North Korean missile sites fell within Japan's constitutional right to self-defence. A month later, the Subcommittee on Defence Policies in the Liberal Democratic Party's National Defence Division began a debate on the merits of Japan acquiring the capacity to attack "a foreign enemy base."⁵⁹ This prompted an angry response from the Chinese government, which through the Chinese Foreign Ministry issued a pointed statement claiming that the remarks in Japan were "extremely irresponsible" and aggravated tension in Northeast Asia, interfering with international diplomatic efforts.⁶⁰

There are three key criteria for successful military strikes. First, military planners need to know the location of all facilities containing nuclear weapons, missile sites and related materials.⁶¹ Air strikes against the Yongbyon facility were considered during the most tense

⁵⁸ Ibid.

⁵⁹ PINKSTON, D. 2006. North Korea's Foreign Policy Towards the United States. *Strategic Insights*, V, p. 100.

⁶⁰ 2006h. *Japanese remarks of "preemptive strike" against DPRK criticized*. Beijing: Xinhua News Agency, http://news.xinhuanet.com/english/2006-07/12/content_4823720.htm [Accessed 10 January 2009].

⁶¹ PINKSTON, D., MOLTZ, C., DIAMOND, A., LIEGGI, S. & YUAN, J. 2005. *Special Report on the North Korean Nuclear Weapons Statement*. Center for Nonproliferation Studies, <http://cns.miis.edu/pubs/week/pdf/050211.pdf>. p. 9; SAUNDERS, P. 2003. *Military Options for Dealing with North Korea's Nuclear Program*. Center for Nonproliferation Studies, <http://www.cns.miis.edu/research/korea/dprkmil.htm> [Accessed 17 May 2006].

moments of the first nuclear crisis in 1994, but were rejected due to doubts that the North's plutonium stockpile was all in the same place.⁶² Today, there are numerous sites around the country associated with the North's nuclear fuel cycle, as well as several other facilities thought to be located in fortified underground bunkers.

This leads to the second key criteria: the capability must exist to destroy all of these targets.⁶³ North Korea has constructed an elaborate system of fortified underground facilities to protect all manner of military assets, including nuclear materials. There is little point in trying to eliminate North Korea's nuclear capability with air strikes if these facilities are deep underground or cannot be located. The Americans are developing new missiles that carry low-yield nuclear warheads capable of penetrating underground, though there are doubts as to whether these weapons will be powerful enough to be effective against North Korean underground installations.⁶⁴ This detail is not so critical if the political aim of military strikes is merely to degrade the DPRK's capability as a warning against further proliferation.

Finally, surgical air strikes are only viable if the risk of North Korean retaliation and escalation to war is minimal, as escalation is likely to lead to the type of carnage described above.⁶⁵ An attack similar to Israeli strikes on Iraq's Osirak reactor in 1981 is not viable in the North Korean case. As demonstrated in chapter four, Kim Jong-il would come under great domestic pressure to respond with force because of the dominance of the Korean

⁶² WIT, J., PONEMAN, D. & GALLUCCI, R. 2004. *Going Critical: The First North Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 383.

⁶³ PINKSTON, D., MOLTZ, C., DIAMOND, A., LIEGGI, S. & YUAN, J. 2005. *Special Report on the North Korean Nuclear Weapons Statement*. Center for Nonproliferation Studies, <http://cns.miis.edu/pubs/week/pdf/050211.pdf>. p. 9; SAUNDERS, P. 2003. *Military Options for Dealing with North Korea's Nuclear Program*. Center for Nonproliferation Studies, <http://www.cns.miis.edu/research/korea/dprkmil.htm> [Accessed 17 May 2006].

⁶⁴ CUMINGS, B. 2004a. Decoupled from History: North Korea in the "Axis of Evil". In: ABRAHAMIAN, E., CUMINGS, B. & MA'UZ, M. (eds.) *Inventing the Axis of Evil*. New York: The New Press. p. 65.

⁶⁵ PINKSTON, D., MOLTZ, C., DIAMOND, A., LIEGGI, S. & YUAN, J. 2005. *Special Report on the North Korean Nuclear Weapons Statement*. Center for Nonproliferation Studies, <http://cns.miis.edu/pubs/week/pdf/050211.pdf>. p. 9; SAUNDERS, P. 2003. *Military Options for Dealing with North Korea's Nuclear Program*. Center for Nonproliferation Studies, <http://www.cns.miis.edu/research/korea/dprkmil.htm> [Accessed 17 May 2006].

Peoples Army under *Songun* politics.⁶⁶ Just as Carter and Perry have framed pre-emption as preferable to allowing a deteriorating balance of power with North Korea, so too could the North Korean leadership frame a limited strike as a losing scenario. With the alternative being the potential loss of its nuclear deterrent, the North Koreans could well choose to escalate the conflict rather than acquiesce to American demands.⁶⁷ Ayson and Taylor concur, suggesting that an initial surgical strike could provoke significant retaliatory action from the DPRK.⁶⁸ Surgical military strikes appear therefore to be a high-risk bet with limited expected payoff, akin to playing Russian roulette with a gun squarely aimed squarely at the city of Seoul and its ten million inhabitants.

Strategic Competition: Korea as a Regional Microcosm

Bilateral Engagement

The preceding paragraphs demonstrate two main points: desire for military intervention to denuclearise North Korea is largely the province of hawkish factions in the United States and to a lesser extent Japan, and that for a number of reasons military solutions are for the most part prohibitively impractical. As noted earlier, regional states have contrasting viewpoints on the North Korean nuclear issue according to their differing strategic objectives in the wider Northeast Asian theatre. All regional states have pursued some form of bilateral engagement with North Korea, though often for different ends, as one would expect in a regional security environment characterised by strategic competition. For the United States, bilateral engagement grew from the realisation in 1994 that victory by military force would

⁶⁶ SCOBELL, A. 2006. *Kim Jong Il and North Korea: The Leader and the System*. Strategic Studies Institute, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB644.pdf>. p p. 24-25.

⁶⁷ CHA, V. 2002a. Hawk Engagement and Preventive Defense on the Korean Peninsula. *International Security*, 27, p. 71. See also: CHA, V. 2003b. Why We Must Pursue 'Hawk' Engagement. In: CHA, V. & KANG, D. (eds.) *North Korea: A Debate on Engagement Strategies*. New York: Columbia University Press. p. 65.

⁶⁸ AYSON, R. & TAYLOR, B. 2004. Attacking North Korea: Why War Might Be Preferred. *Comparative Strategy*, 23, p. 275.

be pyrrhic at best, a price too heavy to pay for its nonproliferation objectives. For China, the motivation for engagement stems from its commitment to preserve North Korea as a buffer state. For South Korea, reunification of the peninsula serves as the *raison d'être* for their engagement efforts, while for Japan the bilateral negotiations have been both a matter of national honour, in the case of the abduction issue, and a matter of enhancing national security by reducing the North Korean missile threat through normalisation of relations between the two countries.

The United States: False Promise of Bilateralism

The first opening of bilateral relations between the US and DPRK since the Korean War occurred in 1988 when the Reagan administration began easing trade restriction on the North, arguing that an isolated North Korea, abandoned by its traditional partners in the Soviet bloc, would be more dangerous than one plugged into the international community. The two parties met again thirty-four times over the following five years, with North's Korea's demands focussing on US troop withdrawals from South Korea and the desire for a security treaty, while the US agenda included progress on North-South relations, addressing the North's nuclear and missile programs and ending Pyongyang's support for terrorism.⁶⁹

The thaw quickly froze over as the first nuclear crisis began brewing in 1992.⁷⁰ In October 1994, the United States and North Korea signed the *Agreed Framework*, which brought to an end the first Korean nuclear crisis. The *Agreed Framework* obligated North Korea to freeze its reactor and related facilities at Yongbyon and safely store spent fuel from its 5MW(e)

⁶⁹ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press. p. 180.

⁷⁰ A thorough account of developments preceding and including the first Korean nuclear crisis is beyond the scope of this thesis. Extensive descriptions of this period can be found in WIT, J., PONEMAN, D. & GALLUCCI, R. 2004. *Going Critical: The First North Korean Nuclear Crisis*, Washington DC, Brookings Institution Press.

reactor, subject to regular verification. In exchange, the United States was to organise an international consortium—the Korean Energy Development Organisation (KEDO)—to build two proliferation-resistant light-water reactors to replace the graphite-core reactor at Yongbyon. The US would offset the energy lost from the shutdown of the Yongbyon reactor with annual shipments of 500,000 tons of heavy fuel oil.⁷¹ While not ideal, the Agreed Framework brought the two protagonists to a workable compromise and allowed them to climb down from the brink of war. As Joel Wit *et al* concede, negotiation seemed “the least bad first option.”⁷²

US bilateral engagement with the DPRK reached its apex with the 1994 Agreed Framework, which gradually fell apart over the 1990s as both sides engaged in hedging behaviour. Lack of enthusiasm for the deal in Congress left the Clinton administration in a constant battle to secure funding for the heavy oil shipments. Many American officials outside of the negotiating team were confident that the US could abrogate its side of the deal because North Korea would collapse prior to the implementation of their obligations. Internationally, the Clinton administration struggled to find countries willing to fund KEDO beyond South Korea and Japan. With such unsteady external and internal support, heavy oil shipments dropped well below promised levels and the light water reactor project fell badly behind schedule.⁷³

For its part, North Korea placed its own roadblocks to implementation of the Agreed Framework. Provocations such as the 1996 submarine incursion into South Korean waters and the August 1998 ballistic missile launch over Japan were unhelpful in presenting an

⁷¹ 1994. *Agreed Framework Between the United States of America and the Democratic People's Republic of Korea*. Korean Peninsula Energy Development Organization, <http://www.kedo.org/pdfs/AgreedFramework.pdf>

⁷² WIT, J., PONEMAN, D. & GALLUCCI, R. 2004. *Going Critical: The First North Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 385.

⁷³ O'HANLON, M. & MOCHIZUKI, M. 2004. Toward a Grand Bargain with North Korea. In: LENNON, A. & EISS, C. (eds.) *Reshaping Rogue States: Preemption, Regime Change, & US Policy Toward Iran, Iraq, & North Korea*. Cambridge, Massachusetts: MIT Press. pp. 372-74.

image in Washington of Pyongyang as a reliable and trustworthy negotiating partner. The discovery in satellite pictures of a secret underground chamber at Kumchang-ri in 1997, which Washington claimed was a nuclear weapons factory, fuelled fears of clandestine nuclear development in the North. Although on later inspection the Kumchang-ri chamber was found to be harmless, the incident added to the perception that North Korea was cheating on the 1994 agreement.⁷⁴ This suspicion was not without reason, according to Russian analyst Roald Saval'yev, who suggested that the leadership in Pyongyang viewed KEDO and the Agreed Framework as a Trojan horse for the social and economic transformation of North Korea.⁷⁵ Given the extreme caution and sometimes outright hostility shown by Pyongyang toward proposals for economic cooperation with regional state, Saval'yev's observation is probably accurate.

A Grand Bargain

In October 1999, the US State Department published a report by former Secretary of Defence William Perry, which reviewed US policy toward North Korea in light of the flagging Agreed Framework. The Perry report recommended the US pursue a “comprehensive and integrated approach” to negotiations with North Korea, in which the US would move to reduce the pressures that the North perceived as threatening, in a “step-by-step and reciprocal fashion,” giving Pyongyang space to recover from the famine, develop economically and co-exist with the United States.⁷⁶ For its contribution to this grand bargain, the United States would offer to normalise relations, relax economic sanctions and take other positive steps to provide

⁷⁴ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press. p. 181.

⁷⁵ SAVEL'YEV, R. V. 2000. Leadership Politics in North Korea and the Nuclear Program. *In: MOLTZ, J. C. & MANSOUROV, A. (eds.) The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*. New York: Routledge. p. 123.

⁷⁶ PERRY, W. 1999. A Review of United States Policy Toward North Korea: Findings and Recommendations. Washington DC: United States Department of State. pp. 8-9.

opportunity for the DPRK to integrate into the international community, in exchange for the North's elimination of its nuclear and long-range missile capability.⁷⁷

Other analysts seized on the idea of the grand bargain and offered their own versions. Michael O'Hanlon expanded the catalogue of mutual pledges for consideration in negotiations. In addition to eliminating its nuclear and missile threat, the North would be encouraged to continue to refrain from terrorism, participate in a human rights dialogue, cease participation in illicit activities such as drug smuggling and currency counterfeiting, sign and implement chemical and biological weapons conventions, and return all kidnapping victims to Japan. For its part, the US would normalise relations with Pyongyang, remove economic sanctions, including removing North Korea from the list of state sponsors of terrorism, sign a formal peace treaty ending the Korean War and provide a non-aggression pledge, including a binding promise of no first-use of WMD.⁷⁸ That Pyongyang never seriously considered such a sweeping proposal should come as no surprise. It seems inconceivable that the regime would relinquish its military deterrent, physical sources of leverage, sovereignty over internal security and accede to Washington's entire wish list in exchange for a paper security pledge and a few economic inducements for which its economic system was ill-adapted.⁷⁹

Some commentators argued that the United States could overcome this obstacle if it took concrete steps to address North Korea's perception of threat by withdrawing some or all of its

⁷⁷ According to Harold Brown, the feasibility of incentives must be probed through negotiation and will depend upon the motivations of the negotiating partner: "for example, if one of North Korea's reasons for a nuclear program is to trade it for material benefits, carrots could work, although extortionists tend to retain their threats so as to produce an annuity. If the most important reason for nuclear weapons programs is the belief that they improve national security, as is likely the case, the best carrot is an alternative provision of security that the recipient sees as preferable. This may be difficult to provide, but its feasibility can be determined only by trying to negotiate such a deal." See: BROWN, H. 2007-08. New Nuclear Realities. *The Washington Quarterly*, 31, p. 16.

⁷⁸ O'HANLON, M. & MOCHIZUKI, M. 2004. Toward a Grand Bargain with North Korea. In: LENNON, A. & EISS, C. (eds.) *Reshaping Rogue States: Preemption, Regime Change, & US Policy Toward Iran, Iraq, & North Korea*. Cambridge, Massachusetts: MIT Press. p. 167.

⁷⁹ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press. p. 187.

military presence from South Korea. Doug Bandow contends that the US presence in Korea is a relic of the Cold War and unnecessary in the current environment. According to Bandow, US withdrawal from Korea is desirable for three specific reasons: first, in his opinion, South Korea is capable of defending itself and does not require US assistance to deter North Korean aggression. Second, Washington's alliance commitment in Korea is expensive, and with military spending contributing a large slice of the US deficit, the best way to cut costs would be to sacrifice superfluous overseas commitments such as the deployment of forces in South Korea. Third, the continuing military presence in South Korea has caused a continuous list of grievances with the local population. The US has an image problem with young South Koreans in particular, who tend to see the United States as a greater threat than the DPRK.⁸⁰ Selig Harrison reasoned that the United States should gradually disengage most of its forces from South Korea over a ten year period, leaving behind a small non-combat presence that could facilitate the rapid reintroduction of combat forces in the event of conflict. This redeployment would take place in concert with the simultaneous pullback of North Korean units forward deployed along the DMZ. With Pyongyang's threat matrix taken into consideration, a negotiated settlement on denuclearisation would become far more practical.⁸¹

In January 2003, the Russian government came up with its own grand bargain proposal. This package incorporated four main points: (1) to guarantee a nuclear-free Korean Peninsula, (2) to fulfil obligations of international agreements, including the 1994 Agreed Framework, (3) to guarantee the security of the DPRK, and (4) to resume humanitarian and economic programs. Economic aid would include joint assistance to replace the KEDO light water

⁸⁰ BANDOW, D. 2008. *Bring Them Home..From Asia* . Washington DC: Foreign Policy in Focus, <http://fpif.org/fpiftext/5543> [Accessed].

⁸¹ HARRISON, S. 2002c. *Korean Endgame: A Strategy for Reunification and US Disengagement*, Princeton, Princeton University Press. pp. 64-67.

reactors promised in the Agreed Framework with non-threatening hydro-electric plants in order to address the North's energy shortages.⁸² This proposal went nowhere, largely due to the Bush administration's insistence at the time on complete and verifiable nuclear dismantlement as a precondition for negotiations.

There are numerous objections to the grand bargain strategy. The Kim regime may have backed itself into a corner and precluded a deal with Washington, because the extreme nationalism upon which the regime derives its legitimacy in the post-Kim Il-sung era has anti-Americanism as its foundation. Without the external threat of American "imperialism," the ideological system will lose its basis for existence.⁸³ Conservative commentators such as Nicholas Eberstadt and US officials like John Bolton have warned that the consecration of such a deal would set a dangerous global precedent, persuading hostile would-be proliferators that they could pursue nuclear weapons development in the knowledge that they could avoid punishment and even earn new rewards for promising to roll back their nuclear programs.⁸⁴ To uphold its global counter-proliferation objectives, the United States had to maintain a strong stance against Pyongyang. Given the objections, talk of a grand bargain went nowhere.

Hawk Engagement

The hard line of those opposed to a grand bargain spawned a more robust approach to negotiation, described as *hawk engagement*. Victor Cha coined the term, believing that the DPRK was more likely to launch a pre-emptive attack against South Korea if it felt

⁸² TAKEDA, Y. 2006. Putin's foreign policy toward North Korea. *International Relations of the Asia-Pacific*, 6, p. 201.

⁸³ MYERS, B. 2004. *Mother of all Mothers: The leadership secrets of Kim Jong Il*. Washington DC: Atlantic Monthly, <http://www.theatlantic.com/doc/200409/myers> [Accessed 14 April 2007].

⁸⁴ EBERSTADT, N. 2003. *Diplomatic Fantasyland: The Illusion of a Negotiated Solution to the North Korean Nuclear Crisis*. Nautilus Institute for Security and Sustainable Development, http://www.nautilus.org/fora/security/0342_Eberstadt.html [Accessed 17 May 2006]; 2007b. *'Deal reached' at N Korea talks*. London: BBC, <http://news.bbc.co.uk/2/hi/asia-pacific/6355681.stm> [Accessed 30 June 2007].

continually threatened. To prevent this outcome, the US and its allies should engage conditionally with North Korea in order to decrease the likelihood of it lashing out against South Korea out of desperation. According to Cha, engagement avoids the crystallisation of conditions under which Pyongyang could calculate hostile provocation as a rational course of action, even if victory were impossible.”⁸⁵ If North Korea were to ratchet up tensions in a manner consistent with the coercive bargaining strategy it has utilised in the past, the US would find it much easier to form a coalition for harder punitive measures, including military action.⁸⁶ The danger of this approach is that negotiation assumes the mantle of a token gesture, thrown in up-front to couch threats of military intervention. Unlike the grand bargain strategy, there is no provision here for alleviating North Korea’s perception of threat and no confidence-building measures to build trust between Pyongyang and Washington.⁸⁷ More importantly however, the foundation of hawk engagement was the threat of violence against North Korea with a military option that was not credible. As the Bush administration learnt to its detriment, issuing threats to Pyongyang that cannot be backed up damages Washington’s bargaining position and international prestige.

Failure of Bilateralism: A Lack of Leverage

Between 1994 and 2003, Washington’s bilateral denuclearisation negotiations with the DPRK suffered from two major drawbacks: first, disunity in Washington over the appropriate course of action led to weak political support for engagement measures and a lack of continuity.⁸⁸ From Pyongyang’s viewpoint, US engagement efforts appeared half-hearted, with all the elements of a strategic hedge. Second, those advocating a hard line approach

⁸⁵ CHA, V. 2003a. Weak But Still Threatening. In: CHA, V. & KANG, D. (eds.) *North Korea: A Debate on Engagement Strategies*. New York: Columbia University Press. p. 16.

⁸⁶ CHA, V. 2003b. Why We Must Pursue ‘Hawk’ Engagement. In: CHA, V. & KANG, D. (eds.) *North Korea: A Debate on Engagement Strategies*. New York: Columbia University Press. p. 89.

⁸⁷ HAASS, R. 2005. Regime Change and its Limits. *Foreign Affairs*, 84, p. 75.

⁸⁸ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 137.

kept referring to a military option that was, essentially, not on the table. A carrot and stick approach only works if the stick is credible. The likely condition of mutually assured destruction between North and South Korea in the event of conflict has erected an almost insurmountable barrier to American military action, absent the catalysing effect of a North Korean attack. Not even Pyongyang's October 2006 nuclear test, a previously stated redline for military action, was sufficient to provoke forceful response from Washington. As was mentioned earlier, economic sanctions have not been able to push Pyongyang to make meaningful concessions by strangling the regime's income stream. In short, the US had a long list of demands but very little of equal value to offer in return and no means to enforce compliance. For these reasons, Washington has had to enlist the help of the regional states in order to bring pressure to bear on North Korea in the multilateral forum of the Six Party Talks.

China: As Close as Lips and Teeth?

The People's Republic of China's relationship with the DPRK dates back to the Korean War when Mao ordered a million troops into the North after UN forces had driven the Korean communists north to the Yalu River. That intervention formed an alliance in blood between China and the DPRK that has lasted to the present day, a relationship for Mao Zedong that was "as close as lips and teeth." The establishment of buffer zones along its frontier regions is a long-standing historic principle of Chinese strategy, as demonstrated by China's intervention in the Korean War. Since that time, Beijing has maintained a security treaty with Pyongyang, promising to come to the aid of the North in the event it comes under attack.⁸⁹

⁸⁹ 1967a. *Report, Embassy of Hungary in North Korea to the Hungarian Foreign Ministry, 13 March 1967*. Cold War International History Project Virtual Library Woodrow Wilson International Center for Scholars,

In recent times, however the Chinese security commitment to North Korea has come under revision, with some analysts describing North Korea as a net liability for China. China has often found its security interests compromised by Pyongyang's provocative and confrontational policies.⁹⁰ Given that economic development is China's highest national priority and that a peaceful regional environment is necessary to maintain this objective, the Kim regime's recurrent pattern of crisis engineering is an unnecessary impediment to regional stability. China's burgeoning relationship with South Korea has helped in this regard and given Beijing some room to manoeuvre. South Korea's accommodation with the North and its increasingly close relationship with China have allowed Beijing's Korea diplomacy to move beyond the zero-sum game of the Cold War in which improving relations with one Korean state inevitably came at the expense of the other.⁹¹ As the regional strategic environment has changed, so has China's security alliance with North Korea. The Chinese government has reserved the right to interpret on a case-by-case basis its obligations under Article II of the 1961 *Treaty of Friendship, Cooperation, and Mutual Assistance* between the two countries, outlining its commitment to defend North Korea in the event of armed attack.⁹² Beijing has not withdrawn its security guarantee, but made its stance ambiguous to deter both armed aggression against North Korea and excessive military provocation by Pyongyang. However, the North's May 2009 nuclear test may have been one provocation too many; Korea experts in China's foreign policy establishment are now publicly warning against the

http://www.wilsoncenter.org/index.cfm?topic_id=1409&fuseaction=va2.document&identifier=6680153B-085F-E997-B5A2DED008E78BA0&sort=Subject&item=Korea,%20DPRK,%20Nuclear%20Program [Accessed 22 January 2008].

⁹⁰ SHAMBAUGH, D. 2004. China and the Korean Peninsula: Playing for the Long Term. In: LENNON, A. & EISS, C. (eds.) *Reshaping Rogue States: Preemption, Regime Change, & US Policy Toward Iran, Iraq, & North Korea*. Cambridge, Massachusetts: MIT Press. pp. 171-72.

⁹¹ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press. p. 171; FUNABASHI, Y. 2005. *China's New Thinking on North Korea Policy?*. Social Science Research Council, <http://northkorea.ssrc.org/Funabashi/> [Accessed 17 May 2006].

⁹² CHOO, J.-W. 2008. Mirroring North Korea's Growing Economic Dependence on China. *Asian Survey*, 48, p. 370. See also: 1967b. *Treaty of Friendship, Co-operation and Mutual Assistance Between the People's Republic of China and the Democratic People's Republic of Korea*. Chinese Communism Subject Archive, http://www.marxists.org/subject/china/documents/china_dprk.htm [Accessed 12 January 2009].

dangers of North Korea's nuclear gambit.⁹³ John Tkacik disagrees, arguing that the tough talk of Chinese Foreign Ministry press releases, designed for foreign consumption, does not match the measured commentary of the Chinese language debate over the issue within China, nor do the actions of the Chinese government reflect any particular urgency in punishing Pyongyang.⁹⁴

This raises the question of influence within the Sino-North Korean alliance. American analysts often claim that China has significant advantage over Pyongyang because China is North Korea's largest trade partner, its main source of foreign direct investment, supplier of ninety percent of the North's oil and donor of considerable quantities of food aid.⁹⁵ Beijing's multi-dimensional assistance to the DPRK serves two purposes: first, it helps to prop up the Kim regime and prevent the economic collapse of the North Korean state. Second, energy assistance gives China a degree of diplomatic leverage over Pyongyang, which it uses subtly to encourage North Korea's participation in denuclearisation negotiations. Third, investment in mineral development projects is part of Beijing's wider effort to secure diverse supplies of mineral commodities from around the world to drive China's economic development.⁹⁶

On face value this appears to give Beijing a decisive edge in strategic power within the alliance, yet the maverick provocations periodically conducted by the Kim regime suggest that this strategic imbalance is exaggerated. In fact, Pyongyang derives its own leverage from the importance China attaches to maintaining regional stability and preserving the North

⁹³ LAM, W. 2009. Beijing Mulling Tougher Tactics Against Pyongyang. *Jamestown Foundation China Brief*, IX, pp. 2-4.

⁹⁴ TKACIK, J. Ibid. Sea of Blood, Year of Friendship: China-North Korean Relations in 2009. pp. 4-7.

⁹⁵ HACHIGIAN, N. 2005. *China's Stake in a Non-nuclear North Korea*. RAND Corporation, <http://www.rand.org/commentary/021705CSM.html> [Accessed 29/09/2005].

⁹⁶ For an exploration of the drivers behind China's global resource security strategy, see: SAUNDERS, P. 2006. *China's Global Activism: Strategy, Drivers, and Tools*. Washington DC: Institute for National Strategic Studies, <http://www.ndu.edu/inss/symposia/pacific2006/saunders.pdf>. p. 7-8; ZHA, D. 2006. China's energy security: Domestic and international issues. *Survival*, 48, pp. 179-190.

as a buffer zone. China's limited leverage over North Korea was evident in the following example: on the one hand, Beijing was able to bring North Korea back to the Six Party Talks in 2005 after a thirteen month hiatus, but on the other was unable to obtain advance information on Pyongyang's missile and nuclear tests in 2006.⁹⁷ Within the alliance, North Korea's weakness has become a strength and provided Pyongyang with strategic manoeuvrability. According to Shen Dingli, North Korea likely made the decision to conduct its 2006 nuclear test in the knowledge that Beijing is more concerned with preserving political stability on the Korean peninsula than it is with nuclear nonproliferation, a clear demonstration that the alliance is not one-sided.⁹⁸ China's concern with regime stability was a key reason for its measured response to Pyongyang's 2009 nuclear test.⁹⁹ Though China is on paper committed to defend North Korea, the North also provides China with a degree of security that Beijing is unlikely to jeopardise. Despite North Korea's energy dependence on China, North Korea often employs asymmetric tactics to exploit Beijing's fear of regional instability and impeded economic growth.¹⁰⁰ Therefore, one should not expect Chinese activism in pushing for North Korea's denuclearisation.

South Korea and the Sunshine Policy

Since the early 1990s, South Korea has pursued a policy of accommodation and economic engagement with the North, reaching its zenith as President Kim Dae-jung's *Sunshine Policy*. Kim Dae-jung first articulated the Sunshine Policy in a speech at the Heritage Foundation in Washington DC in September 1994, several years before his election as president. Citing Aesop's fable on "wind and sunshine," Kim argued that sunshine would be more effective

⁹⁷ CHOO, J.-W. 2008. Mirroring North Korea's Growing Economic Dependence on China. *Asian Survey*, 48, p. 344.

⁹⁸ SHEN, D. 2006. North Korea's Strategic Significance to China. *China Security*, Autumn 2006, pp. 24-26.

⁹⁹ TKACIK, J. 2009. Sea of Blood, Year of Friendship: China-North Korean Relations in 2009. *Jamestown Foundation China Brief*, IX, pp. 4-7.

¹⁰⁰ LEE, J. J.-A. 2009. To Fuel or Not to Fuel: China's Energy Assistance to North Korea. *Asian Security*, 5, p. 48.

than strong wind in bringing North Korea out of its isolation.¹⁰¹ South Korea's dramatic economic success relative to the North, coupled with the inexorable shift in the balance of power between the two states resulting after the end of the Cold War provided an opportunity for Seoul to pursue a new strategy for decreasing the threat of conflict across the DMZ and for facilitating reunification on South Korean terms. Undergirding this new approach was a growing feeling that the imminence of the North Korean threat had declined since the fall of the USSR. The threat instead would be economic: North Korea's rapid collapse would overwhelm the South with refugees and a crushing burden in the cost of reincorporating the North into a united Korea.¹⁰² Seoul thus approached bilateral engagement with Pyongyang with three related goals: (1) to gradually build trust through economic, humanitarian and security exchanges between the two countries; (2) provide aid to the North to help alleviate the food crisis and maintain political stability; and (3) attempt to stimulate economic development in the North within the rubric of economic exchange. Its proponents hoped that unilateral gestures would prompt the regime to make concessions of its own and reduce tensions on the peninsula.

The June Declaration signed at the 2000 DPRK-ROK summit in Pyongyang led to a number of confidence-building measures. By March 2004, there had been thirteen rounds of North-South ministerial talks, including a meeting of defence ministers, numerous economic negotiations and six rounds of discussions on the reunion of separated families. Symbolically, athletes from both countries entered the opening ceremony of the Sydney Olympics as a single team under a single flag.¹⁰³ Talks and symbolism led to concrete results, with the South Korean government sending aid to the DPRK from 1995, supplied

¹⁰¹ LINTNER, B. 2005. *Great Leader, Dear Leader: Demystifying North Korea under the Kim Clan*, Chang Mai Silkworm Books. p. 16.

¹⁰² LEVIN, N. & HAN, Y.-S. 2002. *Sunshine in Korea: The South Korean Debate over Policies Toward North Korea*, Arlington VA, RAND Corporation. pp. 10-11.

¹⁰³ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press. p. 174.

through direct cash payments as well as shipments of food products such as grain (rice, corn, wheat, flour and dried milk), fertiliser, and electricity from the South Korean grid.¹⁰⁴ Economic exchange between the two Koreas is most visible in two joint venture projects located north of the DMZ: the Kaesong industrial precinct and the Kumgangsan tourist resort. Underlying these projects is the goal of exposing North Korea to capitalism and market-based economics in order to slowly transform the wider North Korean economy.

Lack of Reciprocity

Despite the best efforts of liberal governments in Seoul under Kim Dae-jung and Roh Moo-hyun, North Korean reciprocity was not forthcoming, precisely because economic engagement had proven to be so transformative. The DPRK regime pocketed the aid and profited from joint development projects, but showed little inclination to pursue economic reforms or make meaningful concessions in the Six Party Talks. Support for government policies in any democratic society, South Korea included, ultimately hinges on the public perception that the policies concerned are effective in achieving their stated goals and advancing important national interests. In the case of the Sunshine Policy, the payback for Seoul's largesse had become difficult to demonstrate in light of the North's continued military provocations, placing the Roh government under increasing pressure to back off from the Sunshine Policy and take a harder line with the Kim regime.¹⁰⁵ Lee Myung-bak came to power in early 2008 promising to roll back unilateral engagement efforts and make further assistance conditional on reciprocal North Korean actions. Lee has also re-emphasised the importance of the US-ROK alliance as a hedge against the total breakdown of

¹⁰⁴ Ibid. pp. 174-75; WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 52.

¹⁰⁵ LEVIN, N. & HAN, Y.-S. 2002. *Sunshine in Korea: The South Korean Debate over Policies Toward North Korea*, Arlington VA, RAND Corporation. p. 135.

the Six Party Talks.¹⁰⁶ The North Korean response has been uncooperative, even hostile, and North-South relations are currently at their lowest ebb in over a decade. In part this may be attributable to a belief in Pyongyang that the engagement rhetoric emanating from South Korea concealed a real desire among elites in Seoul to undermine the Kim regime and cause its collapse.¹⁰⁷ In this context, further cooperation with South Korea was tantamount to accepting a Trojan horse. For the North Korean regime, preserving the North's socio-economic and political system was worth sacrificing the economic benefits of cooperation with the South.

Japan: Elusive Normalisation

Japan has embarked on a double-edged diplomatic approach to North Korea. On one hand, Tokyo has band-wagoned with US denuclearisation efforts, of which its participation in KEDO was an important contribution. On the other hand, it has conducted independent bilateral dialogue with Pyongyang with a view to negotiating diplomatic normalisation. Through normalisation, Japan could expand its influence in Korean peninsula affairs and thus increase its influence in the wider region.¹⁰⁸ This represents a strategic hedge: collaboration with US counter-proliferation efforts to counter the North Korean WMD threat, while simultaneously pursuing bilateral rapprochement to ease tensions by improving the political relationship between the two countries.

¹⁰⁶ KIM, B.-K. 2008a. Between China, America, and North Korea: South Korea's Hedging. In: ROSS, R. & FENG, Z. (eds.) *China's Ascent: Power, Security, and the Future of International Politics*. Ithaca: Cornell University Press. pp. 211-13; KLINGNER, B. 2008. *New South Korean President Brings Conservative Policy Change*. Washington DC: Heritage Foundation, <http://www.heritage.org/Research/AsiaandthePacific/bg2120.cfm> [Accessed 12 October 2008].

¹⁰⁷ TOLORAYA, G. 2009b. The New Korean Cold War and the Possibility of Thaw. *The Asia-Pacific Journal*, 19-1-09.

¹⁰⁸ YUN, D.-M. 2005. *Japan's Dual-Approach Policy toward North Korea: Past, Present, and Future*. Social Science Research Council, <http://northkorea.ssrc.org/Yun/> [Accessed 17 May 2006].

Japan began negotiations with the DPRK in pursuit of diplomatic normalisation after the conclusion of the Cold War. Prime Minister Koizumi Junichi made substantial progress in this area. During the one-day summit between Koizumi and Kim Jong-il on 17 September 2002, the pair signed a document called the *Pyongyang Declaration*, in which Kim made a conditional pledge to unilaterally extend his country's missile testing moratorium beyond its expiration in 2003. He also admitted that North Korean agents had kidnapped thirteen Japanese in the 1970s and 1980s, and made an ambiguous promise to comply with international agreements related to nuclear issues. For his part, Koizumi apologized for Japan's colonization of Korea and offered to provide North Korea with a large-scale economic aid package.¹⁰⁹

Public Backlash Against the DPRK

The momentum generated by the successful summit in Pyongyang quickly stalled in response to two developments that generated a fierce anti-DPRK backlash in Japan. First, North Korea's October 2002 HEU disclosure rekindled fears over Pyongyang's WMD capability that were first whipped up by the 1998 Taepodong-1 missile test. Second, Kim Jong-il's admission that North Korea had kidnapped thirteen Japanese, of which he claimed eight had since died, provoked a passionate public reaction. Under intense pressure, Prime Minister Koizumi insisted that normalisation negotiations would not continue unless North Korea cooperated in clarifying the abduction issue and began to dismantle its nuclear program.¹¹⁰ In a significant concession, Pyongyang allowed the five known surviving abductees to travel on a short trip to Japan. None of the returnees were allowed to bring their spouses or children on the trip and were expected to return to North Korea. Koizumi to refuse to return the

¹⁰⁹ MANYIN, M. 2003. *Japan-North Korea Relations: Selected Issues*. Washington DC: Congressional Research Service, <http://www.fpc.state.gov/documents/organization/27531.pdf>. p. 2.

¹¹⁰ *Ibid.* p. 3.

abductees and demanded the return to Japan of the other family members after a public outcry that the relatives were being held as hostages back in North Korea.¹¹¹ Further normalisation talks were held on neutral ground in Kuala Lumpur on 29 October 2002, at which the Japanese delegation informed their North Korean counterparts that further negotiations could not proceed until Pyongyang returned the families of the five back to Japan, and further requested that Pyongyang halt its nuclear program and dismantle its Nodong medium-range missiles. The North Korean delegation accused the Japanese of violating the Pyongyang Declaration and the meeting ended without agreement on a joint statement.¹¹²

Normalisation negotiations have floundered since October 2002. In November 2004, North Korea returned cremated remains said to be those of Megumi Yokoda. However, when DNA testing did not reveal a match with Yokoda the would-be conciliatory gesture only served to inflame anti-North Korean sentiment.¹¹³ North Korea's missile and nuclear tests in July and October 2006, followed by those of April-May 2009 have substantially strengthened the hand of right-wing politicians in Japan. Rather than diplomatic normalisation with North Korea, these officials are instead using this issue to drive their push for Japan's normalisation as a militarised state.¹¹⁴ In this environment, diplomatic rapprochement between Japan and North Korea appears a long way off, which could see Japan increasingly marginalised from the regional security dialogue.

¹¹¹ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 41.

¹¹² MANYIN, M. 2003. *Japan-North Korea Relations: Selected Issues*. Washington DC: Congressional Research Service, <http://www.fpc.state.gov/documents/organization/27531.pdf>. p. 3.

¹¹³ YUN, D.-M. 2005. *Japan's Dual-Approach Policy toward North Korea: Past, Present, and Future*. Social Science Research Council, <http://northkorea.ssrc.org/Yun/> [Accessed 17 May 2006].

¹¹⁴ 2009k. *North Korea's Missile Launch: The Risks of Overreaction*. Brussels: International Crisis Group, http://www.crisisgroup.org/home/index.cfm?action=login&ref_id=6030 p. 11.

Russia: Dealing Itself Back into the Game

In the decade following the collapse of the Soviet Union, the Russian Republic squandered its diplomatic advantage of decades of allied relationship with North Korea, which allowed the United States to become the key player on the Korean peninsula.¹¹⁵ Russia's economic and military weakness after the Soviet collapse contributed greatly to its declining influence in Northeast Asia. Consequently, the current objective of Russian diplomacy in the region has been to secure a place in multilateral negotiations over the DPRK nuclear issue. In the period after the ascension of Vladimir Putin to the presidency, Russia attempted to reinvigorate its position in the region by promoting a more balanced relationship with the two Koreas with the goal of furthering Russian economic interests through regional cooperation. Central to this plan was the need for intergovernmental cooperation to facilitate the exploitation of natural resources in Siberia and establish a new "iron silk road" linking the Trans-Siberian Railway to the Inter-Korean Railroad. This plan was contingent on the availability of external capital supplied by South Korea, China and Japan, a dependency that has constrained Russia as a weak player in regional negotiations, unwilling to break step with the other participants over important issues.¹¹⁶ As such the Russians have displayed very little activism in the Six Party Talks and where they have taken a stance, particularly in response to North Korean provocations and American punitive measures, it has bandwagoned with China.

¹¹⁵ TAKEDA, Y. 2006. Putin's foreign policy toward North Korea. *International Relations of the Asia-Pacific*, 6, p. 192.

¹¹⁶ *Ibid.* p. 192.

Multilateral Cooperation: Concerted Pressure or Microcosm of Regional Competition?

Historic experience has borne out the difficulty of coordinating multilateral security cooperation in a region characterised by strategic competition. The idea of a multilateral security framework for the Korean peninsula first gained traction during the mid-1990s, although the concept did not initially take off because each regional state pushed its own favoured model. Officials in the Clinton administration proposed a four Party framework encompassing the US, China and the two Koreas. Pyongyang balked at the plan and instead offered a three-plus-one approach in which the US and the two Koreas would engage first, then bring in China at the second stage. South Korea opposed the exclusion of China and lobbied hard for the Chinese to be included in any four Party negotiations. For its part, Beijing preferred a trilateral scheme incorporating itself with the US and North Korea, with South Korea an interested peripheral observer. China saw no place for Japan and Russia at the table during this period, taking the view that they could be included in later six-Party consultations. Not surprisingly, the Japanese and Russians preferred the six-Party format to deal themselves into negotiations.¹¹⁷ In the end the idea foundered because Pyongyang ultimately insisted on dealing bilaterally with the United States, a tactic perceived in Washington as an attempt to drive a wedge between the US and South Korea.¹¹⁸ Thus for the remainder of the Clinton presidency bilateral negotiations between the US and DPRK remained the order of the day.

¹¹⁷ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. pp. 281-82.

¹¹⁸ FUKUYAMA, F. 2005. Re-Envisioning Asia. *Foreign Affairs*, 84, p. 83.

The Six Party Talks

The incoming Bush administration had little success with its initial policy of benign neglect and its unrealistic pre-conditions for further talks, leading to a two-year hiatus in negotiations. The Bush team saw the Agreed Framework as a form of appeasement, likening US negotiating efforts to those of Britain and France in their capitulation to the Nazis at Munich prior to World War II.¹¹⁹ In response to continued American intransigence and its isolation after the October 2002 HEU admission, Pyongyang announced its withdrawal from the NPT and expulsion of IAEA monitors and surveillance devices on 10 January 2003, and began preparing to restart its plutonium-based operations at Yongbyon. Alarmed, the Chinese brought pressure to bear on both the US and North Korea to resume negotiations, culminating in the Chinese government hosting a three-way summit in Beijing in April 2003.¹²⁰ In a move to further provoke Washington, North Korean negotiator Li Gun declared at the summit that the North did indeed possess nuclear weapons, adding, “what we do with them is up to you.”¹²¹

Six Party Talks: Rounds 1-3

With few options to place direct pressure on Pyongyang, the US enlisted Chinese assistance to corral the North into a broader multilateral forum where Pyongyang could be isolated through pressure from all five regional states, forcing it to back down and make concessions

¹¹⁹ EBERSTADT, N. 2004a. *The Dangers of Self-Delusion*. American Enterprise Institute, http://www.aei.org/publications/pubID.20695.filter.all/pub_detail.asp [Accessed 08/01/2007]. From a contrary position, Leon Sigal argued in 1998 that the “appeasement” tag was more a term of derision used by American hawks to discredit advocates of engagement with North Korea, than an indication of any existential threat posed by Pyongyang. According to Sigal, the term would only apply if “North Korea had unlimited ambitions and the means to pursue them, and if North Korea had been stronger and inducements would have further strengthened it at America’s expense.” Neither of these conditions apply, yet the expression continues to be an immature yet effective term of opprobrium in Washington foreign policy circles. See: SIGAL, L. 1998. *Disarming Strangers: Nuclear Diplomacy with North Korea*, Princeton University Press. pp. 6-7.

¹²⁰ VAN NESS, P. 2003. *The North Korean nuclear crisis: four-plus-two - an idea whose time has come*. Research School of Pacific and Asian Studies - The Australian National University, <http://rspas.anu.edu.au/ir/keynotes/documents/Keynotes-4.pdf> [Accessed 01/05/2006]. p. 6.

¹²¹ Li Gun, quoted in PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press. pp. 43-44, 65.

on its nuclear program.¹²² For the Bush team, a multilateral forum would still allow the US to avoid direct negotiations with North Korea and thus avoid repeating the failure of “appeasement” committed by the Clinton team in 1994.

China hosted the first round of the Six Party Talks in Beijing in late-August 2003. The Bush administration had chosen to maintain its position that complete, verifiable, irreversible denuclearisation (CVID) was necessary before North Korea could reap any benefits from negotiations. Indeed, the Americans were adamant that talks on any forthcoming incentives would not begin until these demands were met.¹²³ The North Korean delegation was unimpressed with the US position, which did not address their requests for security guarantees and energy assistance. It was provocative and naïve for the US to demand deeply intrusive inspections of military facilities in exchange for a vague promise of no hostile intent from the Bush administration.¹²⁴ It was a nothing-for-something ultimatum, which, not surprisingly, failed to yield any results. The six parties were unable to agree on a joint statement from the conference, leaving Chinese Vice-Minister Wang Yi to issue a vague Chairman’s statement documenting the willingness of the six parties to continue dialogue in the future.¹²⁵

The second round of negotiations, held in February 2004, initially appeared on course for a more positive outcome. Again, the sticking point was the US insistence on CVID, to the frustration of the other participants, and again, Beijing was forced to issue a Chairman’s

¹²² FUKUYAMA, F. 2005. Re-Envisioning Asia. *Foreign Affairs*, 84, p. 83.

¹²³ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 607.

¹²⁴ FORD, G. & KWON, S. 2008. *North Korea on the Brink: Struggle for Survival*, London, Pluto Press. p. 187.

¹²⁵ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press. p. 102.

statement in the absence of an agreed joint statement from the participants.¹²⁶ The new statement rehashed the generalities of the first round of talks in which the participants expressed a commitment to a nuclear-free Korean peninsula and a willingness to pursue peaceful coexistence. Somewhat more encouragingly, they also agreed to conduct a third round of talks by the middle of the year, indicating a willingness to make progress.¹²⁷

During the third round, the Japanese delegation adopted a compromise position to set CVID aside and instead stress a readiness to discuss all matters once Pyongyang made a firm commitment to denuclearisation, believing that a firm proposal would put North Korea under pressure to offer something in return.¹²⁸ The moderation of the unhelpful CVID conditions led to some progress. The United States offered a proposal in which North Korea would be given three months to prepare for the dismantlement and removal of its nuclear capability. Within this three-month period, the North would be required to provide a complete listing of its nuclear inventory and cease all nuclear operations, permit the securing of all fissile material and monitoring of spent fuel rods, and publicly disclose and dismantle all nuclear weapons, weapon components and centrifuge parts. This was to include the HEU program as well as inventory from the plutonium-based program at Yongbyon.¹²⁹ In exchange, the North would receive a security assurance from the US as well as energy aid from China, Japan and South Korea.

Although satisfied that a more realistic offer had been made, the North Koreans were displeased that the United States was not obligated to provide any concrete incentives under

¹²⁶ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 607.

¹²⁷ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press, p. 104.

¹²⁸ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 607.

¹²⁹ PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press, pp. 105-06.

this offer. Their counter-proposal offered a freeze on all facilities related to nuclear weapons and the plutonium fuel cycle, which, according to Pyongyang, meant that nuclear weapons could no longer be manufactured, tested or transferred to a third Party.¹³⁰ The North Korean proposal made no mention of the HEU program. The third round of talks was more constructive in that the parties were able to move beyond the unbreakable deadlock posed by the US insistence on CVID and with more room to manoeuvre, were able to put forward proposals for denuclearisation. Little more was achieved than this, however, as neither side seriously discussed or considered the offers made by the opposing camp.

Six Party Talks: Round 4

The North Koreans returned to the Six Party Talks after a hiatus of thirteen months, having waited for the outcome of the 2004 US presidential elections. Pyongyang's announcement on 10 February 2005 that it had manufactured nuclear weapons came as a shock, given the strides made in the previous round of negotiations. The tactic was either a calculated announcement to increase gradually the exposure of its nuclear arsenal, or, alternatively, a rushed attempt to trump the US discovery of evidence that the North was exporting uranium hexafluoride to Libya. Pyongyang's announcement may have been intended to forestall further participation in the Six Party Talks, where the US could have brought up the accusation to weaken the North's position.¹³¹

Despite the February 10 provocation, the prospects for progress in the fourth round of talks looked to be improving. According to Charles Pritchard, who had been involved in previous negotiations, three important developments in Washington had transpired in the interim that

¹³⁰ Ibid. p. 106.

¹³¹ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 374.

indicated the US would engage in negotiations more seriously. First, President Bush and a small cabal of advisors led by incoming Secretary of State Condoleezza Rice reassessed the administration's North Korea policy and come to the view that it was a failure. Second, the appointment of Rice as Secretary of State was itself important because of the fresh momentum she gave to the negotiating process. Third, the appointment of Chris Hill as Assistant Secretary for East Asia and Pacific Affairs, and head of delegation for the US at the Six Party Talks, capped the tactical change-up necessary to make progress in spite of the limitation and divisions of US domestic politics.¹³²

In the first phase of negotiations from 26 July to 7 August, the North Korean delegation tabled a new demand that support to build a light-water reactor (LWR) be part of any agreement. The US did not endorse this amendment and the negotiations recessed for the ASEAN Regional Forum in deadlock. The talks resumed in mid-September, still hinging on North Korea's right to peaceful nuclear power development. A joint statement was agreed upon after a Chinese official had warned the US delegation that it would be blamed as the spoiler for rejecting a formula accepted by all the other parties.¹³³ Along with the usual pledges from the DPRK to denuclearise and the US to assure North Korea's security, the joint statement included a number of significant new points: all parties agreed to recognise North Korea's right to peaceful nuclear energy; the issue of light-water reactors would be discussed at an appropriate time; regional states would engage in economic cooperation with North Korea in the areas of energy, trade, and investment; and South Korea promised to channel two million kW of electricity to the DPRK.¹³⁴

¹³² PRITCHARD, C. 2007. *Failed Diplomacy: The Tragic Story of How North Korea Got the Bomb*, Washington DC, Brookings Institution Press, pp. 107-08.

¹³³ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, pp. 609-10.

¹³⁴ 2005c. *Joint Statement of the Fourth Round of the Six-Party Talks Beijing*, September 19, 2005. US Department of State, <http://www.state.gov/r/pa/prs/ps/2005/53490.htm>

Almost immediately the US and North Korea began backtracking on promises made in the joint statement. Assistant Secretary Chris Hill issued a follow-up statement that placed a narrow interpretation on the joint statement that was unacceptable to the North and a disappointment to the other participants who hoped to build momentum for the next round of negotiations.¹³⁵ Pyongyang responded rapidly, claiming that construction of the light-water reactor begin immediately and that the regime would only begin to implement the agreement when construction on the reactor began.¹³⁶ Soon after the US Treasury Department announced that the Macau-based bank Banco Delta Asia had been designated a “money laundering concern” because of evidence linking it with North Korean counterfeit operations, which led the Chinese government to freeze its assets, locking up some US\$24 million in North Korean funds.¹³⁷

Six Party Talks: Round 5

The fifth round began in early November 2005 in the wake of substantial backtracking by the US and DPRK the positions they established at the conclusion of the fourth round in September. During this first phase, the North Korean delegation endeavoured to determine whether the United States was prepared to discuss the release of the frozen funds. The American negotiating team stated categorically that they would treat the nuclear and financial issues as separate and would only discuss matters relevant to the nuclear program.¹³⁸ With the funds frozen in Banco Delta Asia not up for negotiation, the North Korean delegation ceased participation in the talks. Later, in April 2006, North Korea followed up with an offer to rejoin the Six Party Talks upon the release of the frozen US\$24 million. North Korea’s

¹³⁵ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 610.

¹³⁶ MAZARR, M. 2007. The Long Road to Pyongyang: A Case Study in Policymaking Without Direction. *Foreign Affairs*, 85, p. 90.

¹³⁷ CHESTNUT, S. 2007. Illicit Activity and Proliferation: North Korean Smuggling Networks. *International Security*, 32, p. 93.

¹³⁸ ROZMAN, G. 2007. The North Korean Nuclear Crisis and US Strategy in Northeast Asia. *Asian Survey*, 47, p. 610.

chief negotiator Kim Gye-gwan reiterated this offer in Tokyo during meetings aimed at reviving the multilateral negotiations: "the minute we have the funds... I will be at the talks."¹³⁹ Yet again however, the North's demands were rebuffed, leaving negotiations in hiatus until December.

North Korea used the intervening period to demonstrate the kind of trouble it could cause if its requests were ignored. In July, it conducted a series of missile tests, including a successful demonstration of its medium-range Nodong missiles and short-range Scud-C missiles, as well as a less successful test firing of its long-range Taepodong-2 multi-stage ballistic missile, followed in early October by its first nuclear test. Though generally thought to have been a technical failure, the test nonetheless sent shockwaves through the region and galvanised regional states in condemnation of Pyongyang. The unanimity ceased however when it came time to mete out punishment for Pyongyang's nuclear provocation. UN Security Council Resolution 1718 contained a strongly worded condemnation of the test but was light on punitive measures, limited to weak and substantially watered down economic sanctions, at the insistence of China, South Korea and Russia.¹⁴⁰ In spite of some angry rhetoric, Seoul and Beijing continued assistance to North Korea as if nothing had happened. The strategic interests of the five parties had trumped the need for a united front to bring pressure to bear on the Kim regime.

The nuclear test stung regional states into action on the diplomatic front. On October 31 the Chinese government announced that the Six Party Talks would resume, with active behind-the-scenes diplomacy bringing the parties together for the second phase of the fifth round on

¹³⁹ 2006j. *N Korea offers nuclear talks deal*. London: BBC, <http://news.bbc.co.uk/2/hi/asia-pacific/4905308.stm> [Accessed 24 February 2009].

¹⁴⁰ LANKOV, A. 2006. *Why N Korea's neighbors soft-pedal sanctions*. Asia Times Online, <http://www.atimes.com/atimes/Korea/HK30Dg01.html> [Accessed 30/11/2006].

18 December 2006. Most of the action in this phase occurred in the many separate bilateral meetings that took place on the fringes of the official talks. A delegation from the US Treasury led by Daniel Glaser met with a North Korean team from the DPRK's Foreign Trade Bank, led by its president O Kwang-chol, to discuss the regime's frozen financial assets.¹⁴¹ The parties failed to reach an agreement, but did consent to meet again in January 2007 for further talks in New York. Meanwhile, US National Security Council representative Victor Cha managed to organise a bilateral round of US-DPRK negotiations after a chance meeting with North Korean officials at Beijing airport. The Berlin meeting, held from 16-18 January 2007, became an important preparatory discussion in which Chris Hill and Kim Gye-gwan hammered out the outlines of a possible new deal for consideration after the resumption of the Six Party Talks the following month.¹⁴²

The momentum generated by the bilateral meetings through January culminated in a fruitful third phase of the fifth round. The talks produced a joint document announcing a nuclear freeze agreement in which North Korea had agreed to cease operations at Yongbyon and seal all facilities on the site, inviting inspectors from the IAEA back to monitor the shutdown and conduct necessary verifications. In exchange, the other five parties would provide 50,000 tons of heavy fuel oil to North Korea, with shipments to commence within sixty days. In addition, five new working groups attached to the six Party process would be established, covering the following areas of interest: (1) denuclearisation of the Korean peninsula; (2) DPRK-US diplomatic normalisation; (3) DPRK-Japan diplomatic normalisation; (4) economic and energy cooperation; and (5) Northeast Asian security cooperation. This

¹⁴¹ 2006e. *DPRK, U.S. meet on nuke, financial issues as six-Party talks enter 2nd day*. Beijing: Xinhua, http://news.xinhuanet.com/english/2006-12/20/content_5508931.htm [Accessed 28 January 2009].

¹⁴² MAZARR, M. 2007. The Long Road to Pyongyang: A Case Study in Policymaking Without Direction. *Foreign Affairs*, 85, p. 91.

nuclear freeze deal would be, according to Assistant Secretary Chris Hill, the initial step on the road to complete nuclear dismantlement.¹⁴³

It did not take long for critics of the deal to surface. Halting production in facilities of the North's plutonium nuclear fuel cycle was one thing, but eliminating the existing weapons inventory and stock of fissile material was quite another. For the regime, the freeze could be sold at home as a gesture of strength and superiority and abroad as a gesture of goodwill. Nuclear relinquishment however would be political suicide for Kim Jong-il, appearing like surrender to the North's mortal enemy.¹⁴⁴ Others doubted that the North would be honest in its nuclear inventory. Former North Korean defector Hwang Jang-yop argued that the DPRK had given up nothing in the deal, claiming that the Yongbyon complex was "an obsolete piece of junk." Nuclear weapons, Hwang claimed, were now being produced using uranium-based processes.¹⁴⁵

For American hawks, the nuclear freeze deal represented a blow to global US nonproliferation efforts. Former US Ambassador to the United Nations John Bolton, long renowned for his hard line on North Korea, argued that rewarding the regime for a partial shutdown of its nuclear program (the HEU program was not included) "sends exactly the wrong signal to would-be proliferators around the world."¹⁴⁶ Bolton reasoned that countries such as Iran would interpret the deal as a green light to continue nuclear development, safe in the knowledge that the international community would attempt to buy them off rather than pursue military-based counter-proliferation strategies.

¹⁴³ HILL, C. 2007. *Statement Before the House Foreign Affairs Committee: North Korea and the Current Status of Six-Party Agreement*. Washington DC: US Department of State, <http://www.state.gov/p/eap/rls/rm/2007/81204.htm> [Accessed 13 February 2008].

¹⁴⁴ FRANK, R. 2007. *North Korea's Nuclear Weapons: Dismantlement or Disarmament*. San Francisco: Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/07069Frank.html> [Accessed 18 September 2007].

¹⁴⁵ HWANG, J. 2008. *North Korea Negotiates with the U.S. Using the Already Obsolete Yongbyon Nuclear Complex*. Seoul: Daily NK, http://www.dailynk.com/english/read_print.php?catald=nk02200&num=3780 [Accessed 17 July 2008].

¹⁴⁶ 2007b. 'Deal reached' at N Korea talks. London: BBC, <http://news.bbc.co.uk/2/hi/asia-pacific/6355681.stm> [Accessed 30 June 2007].

Six Party Talks: Round 6

The first phase of the sixth round began in a similar vein to each preceding round of the six Party process: with complications, obstacles and stalemate. The transfer of the frozen money from Banco Delta Asia to North Korea had been held up by the Bank of China—acting as receiving intermediary for the transaction—which expressed reservations about dealing with a bank that remained on the US Treasury Department blacklist. The North Koreans, having already begun the process of shutting down the facilities at Yongbyon, refused to negotiate until the money was cleared, so the talks were placed in recess to give sufficient time for the transfer to take place. The delay extended much longer than expected due to the Bank of China's refusal to process the payment, and it was not until 11 June 2007 that the Russian government agreed to wire the funds to Pyongyang via one of its state-owned banks. With the money finally unfrozen, the North declared on 14 July that it had fully shutdown the Yongbyon complex, which was verified by IAEA inspectors four days later.¹⁴⁷ Talks resumed on 18 July and culminated in the release of a joint statement on the 20th. In the new joint statement, the parties confirmed their commitment to the February 2007 nuclear freeze agreement, while the North reiterated its promise to disclose all of its plutonium-based nuclear programs and disable all nuclear-related facilities.¹⁴⁸

The second phase of sixth round negotiations took place in October 2007, concluding with a list of actions for implementation. The DPRK agreed to disable all nuclear facilities by 31 December 2007, including the 5 MW(e) experimental reactor, the reprocessing facility, and the fuel fabrication plant, as well as provide a complete and correct declaration of all its

¹⁴⁷ 2007i. *U.N. verifies closure of North Korean nuclear facilities*. CNN, <http://edition.cnn.com/2007/WORLD/asiapcf/07/18/nkorea.iaea/> [Accessed 26 October 2007].

¹⁴⁸ 2007c. *Full text of press communique released at new round of six-nation*. Seoul: Hankyoreh, http://english.hani.co.kr/arti/english_edition/e_international/223847.html [Accessed 13 January 2009].

nuclear programs by the same date. The United States was to fulfil its commitments to North Korea—the removal of the designation of the DPRK as a state sponsor of terrorism and termination of sanctions applicable under the Trading with the Enemy Act—in parallel with North Korea’s actions. The other parties were to provide energy assistance to North Korea up to the equivalent of one million tons of heavy fuel oil.¹⁴⁹

By November however, the process had stalled once again. Pyongyang issued its nuclear inventory and demanded its promised shipment of aid for fulfilling its side of the deal. The US claimed that the inventory was incomplete and suspended delivery of the promised aid until the complete list was forwarded and provisions for verification of the inventory were in place.¹⁵⁰ To break the deadlock the US reached a compromise in which the North would only have to declare its past uranium production. In May 2008 Pyongyang issued a revised inventory, including over 18,000 pages of documents detailing the production records of its nuclear facilities and later, on June 26, handed over a full declaration of its nuclear inventory and production facilities.¹⁵¹ This was coupled shortly thereafter by the demolition of the cooling tower at Yongbyon. The destruction of the obsolete cooling tower was largely symbolic, but it did represent an important first step in the roll-back of the North’s plutonium program. In response, the Bush administration agreed to remove North Korea from the State Sponsors of Terrorism List and remove sanctions applied under the Trading with the Enemy Act.¹⁵² However, critics in the US pointed out three major flaws of the deal: (1) the North Korean declaration did not include details of HEU programs; (2) it did not address

¹⁴⁹ 2007f. *Second-Phase Actions for the Implementation of the Joint Statement* . Tokyo: Ministry of Foreign Affairs of Japan, http://www.mofa.go.jp/region/asia-paci/n_korea/6Party/action0710.html [Accessed 25 July 2008].

¹⁵⁰ CRAIL, P. 2008. Six-Party Talks Stall Over Sampling. *Arms Control Today*, http://www.armscontrol.org/act/2009_01-02/sixPartytalksstall

¹⁵¹ BAJORIA, J. 2008a. *Another New Tack on North Korea* . Washington DC: Council on Foreign Relations, <http://www.cfr.org/publication/16087/> [Accessed 26 February 2009].

¹⁵² BAJORIA, J. 2008b. *Pyongyang's Deal* . Washington DC: Council on Foreign Relations, <http://www.cfr.org/publication/16657/> [Accessed 26 February 2009].

Pyongyang's proliferation linkages with third parties such as Syria and Libya; and (3) it failed to adequately quantify the number of nuclear weapons already produced.¹⁵³

The process hit another snag after Washington failed to remove North Korea from the State Sponsors of Terrorism list within the agreed forty-five day period, stating that it had not fully verified the documents handed over by Pyongyang in June. Pyongyang responded by expelling all international inspectors from the Yongbyon facility and threatening to re-start the reactor. To break the deadlock, the regime agreed to some verification measures in October—including site visits and sample collection—which prompted Washington to finally remove North Korea from the list.¹⁵⁴ At a meeting of the Six Party Talks on 11 December 2008 the parties again affirmed their commitment to the denuclearisation process and recognised the positive steps of implementation achieved to that point, including North Korea's nuclear inventory declaration, the demolition of the Yongbyon cooling tower and the delivery of heavy fuel to North Korea. Beyond that, little more was agreed to and a date for further talks was not set.¹⁵⁵ The Kim regime intended to wait out the waning days of the Bush presidency before restarting negotiations with the incoming Obama administration.

In January 2009 Pyongyang again decided to stall the process by declaring that it would keep its nuclear arsenal for the time being. The North Korean foreign ministry issued a statement saying “We won't need atomic weapons when US nuclear threats are removed, and the US nuclear umbrella over South Korea is gone.” This became a major sticking point of implementation of the third phase of the denuclearisation agreement. The North went on to

¹⁵³ ZISSIS, C. & BAJORIA, J. 2008b. *The Six-Party Talks on North Korea's Nuclear Program*. Washington DC: Council on Foreign Relations, <http://www.cfr.org/publication/13593/> [Accessed 12 February 2009].

¹⁵⁴ 2008c. *Latest U.S.-N. Korea Deal Is a 'Very Modest Step' Forward*. Washington DC: Council on Foreign Relations, http://www.cfr.org/publication/17524/latest_usn_korea_deal_is_a_very_modest_step_forward.html [Accessed 13 January 2009].

¹⁵⁵ 2008a. *Chairman's Statement of the Six-Party Talks*. Tokyo: Ministry of Foreign Affairs of Japan, http://www.mofa.go.jp/region/asia-paci/n_korea/6Party/state0812.html [Accessed 20 February 2009].

request joint verification of nuclear programs in South Korea, in conjunction with the inspections of its own nuclear sites, a demand the US and South Korea considered out of the question.¹⁵⁶ Progress on the dismantlement of the plutonium program facilities was still being made, with a group of nuclear experts from South Korea visiting Yongbyon to assess the safe movement and disposal of the North's 8,000 spent fuel rods.¹⁵⁷ Joel Wit interpreted the machinations during this period as an attempt by Pyongyang to trade the aging infrastructure at Yongbyon for normalised relations with the United States, all the while placing its nuclear weapons stockpile behind a firewall by insisting on a cessation of Washington's hostile attitude to the DPRK as a prerequisite toward full denuclearisation.¹⁵⁸

Little did foreign observers realise, however, that the dynamics of North Korea's strategy were about to change. Reports in August 2008 suggested that Kim Jong-il suffered a stroke, which has kept him from performing his normal role as North Korea's paramount leader, prompting questions about the leadership succession. Secretary of State Hilary Clinton believed that North Korea's harder stance in denuclearisation discussions from late-2008 was a product of succession-related machinations behind the scenes in Pyongyang.¹⁵⁹ According to Selig Harrison, a power shift has occurred in the wake of Kim's illness, with day-to-day authority in domestic affairs placed in the hands of Kim's brother-in-law Chang Song-taek and effective control over national security issues presided over by the National Defence Commission.¹⁶⁰ In April 2009, the world learned that Kim Jong-il's youngest son Kim Jong-

¹⁵⁶ 2009j. *North Korea Not Ready for Nuclear Disarmament*. Washington DC: Global Security Newswire, http://gsn.nti.org/gsn/nw_20090113_4310.php [Accessed 14 January 2009].

¹⁵⁷ NIKITIN, M. B. 2009. *North Korea's Nuclear Weapons*. Washington DC: Congressional Research Service, <http://fpc.state.gov/documents/organization/120976.pdf>. p. 13.

¹⁵⁸ WIT, J. 2009. Dealing With North Korea: 'Diplomatic Warfare' Ahead. *Arms Control Today*, 39, p. 14.

¹⁵⁹ 2009e. *Leadership Question Could Slow North Korean Nuclear Disarmament, U.S. Says*. Global Security Newswire, http://gsn.nti.org/gsn/nw_20090219_3191.php [Accessed 20 February 2009].

¹⁶⁰ HARRISON, S. 2009. *Living With A Nuclear North Korea*. Washington DC: The Washington Post, <http://www.washingtonpost.com/wp-dyn/content/article/2009/02/16/AR2009021601101.html?sub=AR> [Accessed 18 February 2009].

un had been officially designated as the heir to the leadership of North Korea, under the temporary regency of Chang Song-taek.¹⁶¹

This could help to explain the new round of provocations launched by the North in the early part of 2009, beginning with an announcement in mid-January that the KPA would adopt an “all-out confrontation posture” against South Korea, followed by its declaration on 30 January that it was abrogating the non-aggression pact signed with Seoul in 1991.¹⁶² On 4 April 2009, the North conducted a rocket launch, ostensibly to place a satellite in orbit, which took place amid the fervent revolutionary surge of the revived *Chollima* movement. On 14 April 2009 the regime announced that it was withdrawing from the Six Party Talks and would expel all foreign nuclear observers, with a view to resuming operations at the Yongbyon facility. The international response to the satellite launch was used as the pretext for withdrawal from the multilateral process.¹⁶³ This was followed shortly afterward by its second nuclear test and further missile trials on May 25, with the threat of further nuclear and missile tests to come. In the wake of this barrage of provocations, the Six Party Talks appear to be all but finished as a vehicle for securing North Korea’s denuclearisation. Peter Beck suggests that if the process does survive, it is likely to function as a crisis management mechanism rather than a nonproliferation forum.¹⁶⁴

Since 2003, the Six Party Talks have been the locus of international efforts to denuclearise North Korea. Unfortunately, this concentration of activity has not led to any substantial

¹⁶¹ HWANG, D.-H. 2009. *N. Korea to return to negotiations with anointment of Kim's successor: official* . Seoul: Yonhap News Agency, <http://english.yonhapnews.co.kr/national/2009/06/03/52/030100000AEN20090603000400315F.HTML> [Accessed 03 June 2009].

¹⁶² 2009g. *NK Denounces Seoul Over Military Drill* . Seoul: The Korea Times, http://www.koreatimes.co.kr/www/news/nation/2009/07/120_38452.html [Accessed 12 February 2009].

¹⁶³ The pretext for withdrawal is clear in the official statement issued by KCNA: “The DPRK will never participate in such six-Party talks nor will it be bound any longer to any agreement of the talks as they have been reduced to a platform for encroaching upon its sovereignty and forcing it to disarm itself and bringing down its system.” See: 2009b. *DPRK Foreign Ministry Vehemently Refutes UNSC's "Presidential Statement"* . Pyongyang: Korean Central News Agency, <http://www.kcna.co.jp/index-e.htm> [Accessed 03 May 2009].

¹⁶⁴ BECK, P. 2009. *Can We Reach a Nuclear Deal with North Korea?* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09022Beck.html> [Accessed 01 May 2009].

quantifiable nonproliferation results. As a nonproliferation instrument, the six Party process has ultimately been a failure. The solidarity that was expected to pressure the North into making concessions has proven fragile at best, unable to prevent Pyongyang conducting two nuclear tests and extracting all kinds of concessions from the process without coming close to relinquishing its nuclear capability.¹⁶⁵ North Korea's pattern of engineering crises to extract concessions allowed it to successfully stall for time, giving the regime space to develop its nuclear deterrent. Yoichi Funabashi is unequivocal in this assessment: "The six-Party talks had failed. It was clear now, as of mid-2009, that the new process had not prevented North Korea from developing a nuclear weapon."¹⁶⁶ The new course for diplomacy now was to limit the size of North Korea's nuclear arsenal, and manage the regional security environment to accommodate this new development.

Conclusion: Regional States Lack Leverage to Compel

Previous chapters analysing the political economy of the DPRK state have concluded that North Korea will not willingly relinquish its nuclear capability. Using the framework of cooperation, competition and conflict, this chapter has established that regional states lack the leverage to compel North Korea denuclearise. North Korea has played an extremely weak hand very well, yet it is not necessarily the case that Pyongyang's cards are as bad as they are made out to be. In fact, the balance of leverage in negotiations leans heavily in its favour. The inflexibility of US nonproliferation goals turned out to be a major bargaining weakness: Pyongyang could live without détente with the United States, but for Washington, giving up on denuclearisation is unconscionable.

¹⁶⁵ FUNABASHI, Y. 2007. *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington DC, Brookings Institution Press. p. 476.

¹⁶⁶ *Ibid.* p. 465.

The bargaining dynamics are clear: because the United States desires denuclearisation and because North Korea has no wish to dismantle its nuclear capability, the US has needed to develop an effective strategy for obtaining or compelling North Korean acquiescence. If nonproliferation solutions are to incorporate military action, the threat of violence must be credible.¹⁶⁷ American hardliners have an inflated confidence in the capacity of the US military to act decisively in the Korean theatre. The estimated cost of military action is too high to justify the desired gain and the outcome is subject to unacceptable uncertainty. Furthermore, unity among regional states is vital if military options are to achieve their desired goals and clearly, regional states are not united around the use of military force. From this, we can infer that the threat of violence against North Korea is not credible enough to enforce North Korea's compliance.

Failing the use of force, compelling denuclearisation may involve regional states placing North Korea under malign economic and political pressure. For this to succeed, the Kim regime must be pressured to the point of unbearable strain in order to force it to back down. Again, however, regional states have not united around a containment strategy and some, including China and Russia, have proven unwilling to apply the pressure necessary to force the regime to relent. North Korea has little trade, outside of that with China, which the international community can embargo, while sanctions have been ineffective in squeezing the North Korean economy.

Denuclearisation strategies can involve the offer of incentives. Regional states have to offer North Korea something of roughly equivalent value to trade for denuclearisation. The problem is there is no equal trade to be made: the international community cannot offer any

¹⁶⁷ BRAMS, S. 2003. *Negotiation Games: Applying Game Theory to Bargaining and Arbitration*, London, Routledge. pp. 139-40.

incentives that match the host of functions that the North's nuclear program performs, as illustrated in chapters two, three and four. Multilateral engagement has failed because regional states mistakenly believe North Korea will relinquish for the right price. The cold, hard reality is that there is no price high enough for Pyongyang to justify that trade. Western analysts mistakenly believe their "carrots" are benign, despite the likelihood that they would lead to rapid systemic changes within North Korea. The Kim regime understands that from the perspective of its perpetuation, these grand bargains are not really incentives at all. Bilateral engagement has also been unsuccessful, as regional actors have too much incentive to hedge in the absence of the formal ties that characterise normalised relations between states. North Korea has defied the nonproliferation efforts of regional states and the international community and has demonstrated that in the right context, a determined proliferator can develop a nuclear capability in the face of strident international opposition. Regional states must now confront the reality of a nuclear North Korea and develop new methods of managing their relations in light of this new development.

Part IV: Adapting to North Korea as a Nuclear Weapons Power

9. Charting Northeast Asia's Futures

Preceding chapters have established that (1) Pyongyang is unwilling to relinquish its nuclear program, and (2) regional states are unable to compel North Korea to denuclearise. The North Korean nuclear question has thus reached a crossroads. The “muddle through” status quo ante of the past two decades has proven durable, but may be unsustainable in the longer term as various internal and external variables alter the dynamics of North Korean domestic politics, North Korea's relations with neighbouring states, and the broader regional security environment. This begs the question: what are the possible trajectories along which the nuclear issue may evolve? This chapter will identify six possible scenarios, based on the cooperation, competition and conflict framework. These scenarios include a regional nuclear arms race at one extreme and institutional multilateral security cooperation on the other, both of which are equally unlikely outcomes. In between conflict and cooperation lie four other scenarios that take into account the existence of regional strategic competition, along with the intransigence of North Korea toward denuclearisation. These scenarios are more likely to come to pass, as they reflect pragmatic policy options that lie within the parameters defined by North Korea's internal proliferation calculus on the one hand and the regional security environment on the other. These scenarios are important from a policy context, as they provide an academic foundation upon which policy makers can frame approaches that acknowledge the impotence of past nonproliferation strategies and instead seek new ways of managing North Korea's ascension to the nuclear club.

This chapter also considers wildcard scenarios—featuring events and trends that could fundamentally alter the dynamics of politics within North Korea as well as that of the region. Internally, the next leadership transition may dramatically alter the politics of the North

Korean state. Externally, the global environment within which the North Korean nuclear crisis is nested may itself be transformed by events and trends including the global financial crisis, the peaking of global oil production and climate change. Global trends such as these are beginning to have a profound effect on international politics, from which the Korean peninsula will not be immune.

Conflict: Nuclear Arms Race

While conflict scenarios are unlikely in Northeast Asia, the underlying security dilemma nonetheless requires regional states to carefully manage their relationships and maximise areas of common interest. If regional affairs are poorly managed, the entropy of the security dilemma will make conflict scenarios more likely. War on the Korean peninsula, though not impossible, remains a remote possibility for reasons outlined in chapter seven. A more plausible scenario is a nuclear arms race, sparked by the competing strategic imperatives of regional states, in combination with their poor management of the nuclear issue and the influence of hyper-nationalist discourses in their domestic politics.

The realist interpretation of North Korea's breakout nuclear capability points to an increased likelihood of a nuclear arms race in Northeast Asia, made possible by the regional security dilemma, lack of cooperative security architecture, and deep-seated distrust between regional players. A regional nuclear cascade may look something like this: Japan, as a threshold nuclear power, develops a nuclear weapons program in response to what it sees as the existential danger posed by North Korea's nuclear capability. In turn, South Korea, still distrustful of Tokyo in light of unresolved wounds stemming from Japan's imperial past could harness its own extensive indigenous nuclear expertise to develop a nuclear weapons program. If the cascade continues unaddressed by the international community, Taiwan may

choose to develop a nuclear deterrent of its own as a counterforce to the threat from mainland China. This may prompt China to increase its own arsenal, which would place further proliferation pressure on Japan, as well as China's nuclear rivals—India and Pakistan—in South Asia.¹

Japan and to a lesser extent South Korea are both threshold nuclear powers. In particular, the Japanese have a well-developed civilian nuclear energy program that incorporates the entire nuclear fuel cycle. Both countries have the technological capacity, expertise and materials to develop a nuclear weapons capability in a very short timeframe, perhaps even in a matter of months.² The North Korea threat has prompted regular debates in Japan about the feasibility and desirability of acquiring nuclear weapons. The nuclear crisis of 1994 triggered an internal review within the Japanese government the following year on whether to develop a nuclear deterrent. Foreign Minister Kabin Muto had made the argument in 1993, as the crisis with North Korea was brewing, that a nuclear weapons capability would be valuable for Japan if it faced a severe threat.³ The idea was rejected as not in the national interest, given that such a move could exacerbate the regional security dilemma, leading to the cascade scenario described above, the weakening the American security guarantee and even lead to abandonment by Washington.⁴ For South Korea, the fear of US abandonment has some traction because American military drawdown has been underway for some time. Nuclear

¹ HUGHES, C. 2007. North Korea's Nuclear Weapons: Implications for the Nuclear Ambitions of Japan, South Korea, and Taiwan. *Asia Policy*, 3, p. 77; CHANLETT-AVERY, E. & SQUASSONI, S. 2006. *North Korea's Nuclear Test: Motivations, Implications, and U.S. Options*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/nuke/RL33709.pdf>. p . 9.

² SNYDER, S. 2007. Responses to North Korea's Nuclear Test: Capitulation or Collective Action? *The Washington Quarterly*, 30, pp. 39-40.

³ SHUJA, S. 2004. Japan's Changing Security Posture and its Implications. *Contemporary Review*, 285, p. 209.

⁴ REY, S. 2009. *World powerless to stop North Korea* . Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/KE27Dg01.html> [Accessed 30 May 2009].

development may begin to look more appealing in light of North Korea's newfound belligerency, especially in the context of the reconfiguration of American forces in Korea.⁵

Yet despite the perennial danger posed by the regional security dilemma, it is not obvious that current events are likely to cascade into a nuclear arms race. Christopher Hughes suggests that the traditional principal drivers of nuclear proliferation are not yet strong enough to push Japan or South Korea down the path of nuclear weapons development.⁶ In the realm of national security, conventional deterrence and multilateral dialogue should suffice to prevent regional security dynamics from overheating. Contrary to North Korea, neither Japan nor South Korea has an important vested economic interest in nuclear proliferation. For Tokyo and Seoul, the fear of US alliance abandonment is a nagging theme in their strategic calculations. However, while the US security guarantee remains in place it is unlikely that either country will contemplate nuclear weapons acquisition.

Cooperation: Institutionalised Multilateral Security

Where the nuclear arms race scenario seems overly pessimistic, a Northeast Asian future characterised by cooperation may be overly utopian. Many analysts viewed the Six Party Talks as the embryonic phase of multilateral security cooperation in Northeast Asia, believing a successful multilateral resolution of the Korean nuclear crisis could be the first step toward regional institutionalised security cooperation and the possibility of regional responses to all strategic disputes.⁷ The Six Party Talks were the first forum in which all regional states have worked together to address a specific security issue. Francis Fukuyama

⁵ HUGHES, C. 2007. North Korea's Nuclear Weapons: Implications for the Nuclear Ambitions of Japan, South Korea, and Taiwan. *Asia Policy*, 3, p. 96.

⁶ Ibid. pp. 76, 101-2.

⁷ Gilbert Rozman, in the preface to: ARMSTRONG, C., ROZMAN, G., KIM, S. & KOTKIN, S. (eds.) 2006. *Korea at the Center: Dynamics of Regionalism in Northeast Asia*, Armonk: ME Sharpe. p. xiii.

sees an institutionalised multilateral forum as a sensible vehicle for addressing not only the Korean nuclear issue but also the implications of China's military modernisation, Japan's normalisation and rearmament, the ramifications of a united Korea, and territorial disputes such as the South Korea-Japan dispute over Dokdo/Takeshima and the Sino-Japanese quarrel over Diaoyu/Senkaku islands.⁸ Fukuyama's model excludes North Korea on the grounds that Pyongyang has been an impediment to a negotiated settlement in the Six Party Talks and thus would likely hinder consensual decision-making in an expanded multilateral organisation.⁹ Peter Van Ness has put forward a similar proposal in which the four major powers of Northeast Asia—China, Japan, Russia, and the United States—commit to jointly guaranteeing regional security, using the peaceful reconciliation of the Koreas as a springboard.¹⁰ By keeping the two Koreas on the periphery, the four great powers could maximise the chances of mutually beneficial consensus emerging from regular security dialogue.

There is a catch: these proposals will not gain momentum unless the Six Party Talks succeed in arriving at a fully executed negotiated settlement to the North Korean nuclear issue. Without success, it has no legitimate basis as a model for expanded security cooperation, which highlights the problem of using the Six Party Talks as a model for multilateral cooperation. Very little of lasting substance has come out of the six party process since its inception in 2003. The parties have signed off on agreements in great triumph, only to see each deal reinterpreted, dishonored or discarded almost immediately. As preceding chapters have shown, strategic competition remains the norm for Northeast Asian international

⁸ FUKUYAMA, F. 2005. Re-Envisioning Asia. *Foreign Affairs*, 84, pp. 82-84.

⁹ *Ibid.* p. 85.

¹⁰ VAN NESS, P. 2003. *The North Korean nuclear crisis: four-plus-two - an idea whose time has come*. Research School of Pacific and Asian Studies - The Australian National University, <http://rspas.anu.edu.au/ir/keynotes/documents/Keynotes-4.pdf> [Accessed 01/05/2006]. p. 5.

relations. Regional states do not share enough common interests, nor do they harbour a common appraisal of the North Korean threat to reach agreement on a multilateral institutional response. Multilateral cooperation is unlikely to evolve in the context of bipolar Sino-American competition and cross cutting hedging strategies between regional states. With the failure of the talks in 2009, the *raison d'être* of regional security cooperation may have evaporated, leaving the underlying patchwork of crosscutting interests and rivalries of the security dilemma as the foundation for regional interaction.

Competition: The Pragmatic Options

The terrain between Hobbesian conflict and utopian regionalism appears to be the most fertile ground for pragmatic policy choices available to regional states, reflecting the reality of regional strategic competition. Clearly, North Korea's nuclear weapons program is of some concern to all regional states, though not to the same extent for all. Nonproliferation goals are relative, not absolute, because a nuclear-armed neighbour does not pose an inherent existential threat.¹¹ Other variables shape the threat matrix within which we locate a nuclear weapons state, an observation that rings true for North Korea as it does in other contexts. Nuclear weapons states can be managed or accommodated in some form or another and North Korea is no exception.

These pragmatic choices suggested here are for the United States and Japan (and to a lesser extent South Korea). The need for a dramatic shift in policy is not so pressing for China and Russia, because their relationships with North Korea are not adversarial in the same way that Pyongyang's relations are with the US bloc. Because of their historic ties to North Korea, China and Russia are more adept at dealing with Pyongyang in a nuanced and calibrated

¹¹ MAZARR, M. 1997. *North Korea and the Bomb: A Case Study in Nonproliferation*, London, Macmillan Press. p. 7.

fashion. Similarly, they are accepted more readily (though not completely) by the Kim regime as constructive interlocutors. The US and Japan, in particular, have some way to go before they can engage with North Korea as honest brokers.

Deterrence

Deterrence will continue to be the foundation of all responses to North Korea's nuclear weapons program by the US and its allies, regardless of the strategy they ultimately choose. To normalise relations with North Korea as a nuclear power, regional states must be comfortable that the regime can be deterred from using its nuclear weapons inventory or engaging in other aggressive behaviour. Clearly, this is possible; the United States has successfully deterred North Korea from attacking the South since 1953 and has deterred larger nuclear powers for decades with its vast nuclear arsenal. The idea that the US and its allies are incapable of deterring a fledgling nuclear state such as North Korea is one that does not bear serious consideration.¹² China and Russia have less reason to fear direct attack from North Korea's nuclear arsenal and thus have no strategic motivation to deter Pyongyang. Their concerns over the nuclear program relate to its impact on the strategic posture of the US bloc and the consequent flow-on effect for Beijing and Moscow's strategic calculations.

The argument that North Korea is now undeterrable boils down to an assumption about the rationality of the DPRK leadership. The concentration of power in the hands of Kim Jong-il, even if he were inherently irrational in his decision-making, does not translate into increased danger of nuclear attack. It takes more than one person to prosecute a nuclear order to strike and the prospect of lethal retaliation from the US, and therefore certain death, is likely to

¹² HABIB, B. & O'NEIL, A. 2009. North Korea's Emergence as a Nuclear Weapons State and the End of the Disarmament Paradigm. *Global Change, Peace and Security*, 21. pp. 377-387.

forestall the attack order by at least one individual in the chain of command.¹³ This is a worst-case scenario; all the evidence presented in this thesis points toward regime perpetuation as the primary goal of the North Korean leadership. Launching a suicidal first strike against targets in South Korea, Japan or even the United States does not fit into this narrative.

While mutually assured destruction does not predominate in Northeast Asia, a relatively stable system of mutual deterrence is likely to hold. For the United States and its allies, the cost of war on the Korean peninsula remains obstructively high while for North Korea, the cost of conflict would be even higher. On the North Korean side, the decision to launch a nuclear attack would be met with overwhelming, regime-ending retaliation from the US. Over time, the potential of danger of nuclear conflict could breed caution amongst all regional players and reduce the odds of a provocation spiralling beyond control into a nuclear exchange.¹⁴ This may breed conservatism in Pyongyang's strategic decision-making and could be the very factor that encourages North Korea to become a responsible nuclear power.

Successful deterrence still leaves room for Pyongyang to engage in provocative behaviour. Ted Galen Carpenter points to North Korea's proliferation links with Pakistan and Syria as evidence that living with a nuclear North Korea would still be "a nerve-wracking experience."¹⁵ Indeed, successful deterrence will do nothing to alter the status quo and will not preclude a continuation of the provocative pinpricks that Pyongyang has employed through its coercive bargaining strategy. The security environment will remain prone to

¹³ BROWN, H. 2007-08. New Nuclear Realities. *The Washington Quarterly*, 31, p. 13.

¹⁴ PARK, J. S. & LEE, D.-S. 2008. North Korea: Existential Deterrence and Diplomatic Leverage. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia*. Stanford: Stanford University Press. p. 283.

¹⁵ GALEN CARPENTER, T. 2009. *A Bold Plan B for North Korea*. Washington DC: Cato Institute, http://www.cato.org/pub_display.php?pub_id=10124 [Accessed 01 May 2009].

periodic escalations, with Pyongyang continuing to rely on external inputs extracted through coercive bargaining tactics in which the North escalates tensions to extract concessions from the international community. In the absence of confidence-building measures, the status quo is unsatisfactory in terms of regional stability, therefore it is likely that the US and its allies could couple deterrence with some other pragmatic initiative to address the situation.

Nuclear Constraintment

The Six Party Talks lack a *raison d'être* now that North Korea has become a nuclear power. Regional states have invested a great deal of effort in the multilateral forum since 2003 and will be loathe to completely abandon the process altogether. For US officials, the option of clinging to the Six Party Talks may be the default strategy in lieu of other choices that could be interpreted as failure or defeat. This unwillingness to abandon the process is manifesting itself now in a search for a new *raison d'être* for the multilateral forum. Some analysts favour continuing the Six Party Talks with the more limited goal of constraining North Korea's nuclear program, to limit its future nuclear development rather than seek full verification of past activities. According to Shen Dingli, the United States now has only one bottom line: the DPRK should become a responsible nuclear power and must not continue to proliferate nuclear weapons.¹⁶ This strategy would not be without precedent, as the international community has already adopted a similar approach with other determined proliferators such as Israel, India and Pakistan.¹⁷ Gary Samore believes negotiations might be an appropriate way to contain Pyongyang's nuclear weapon stockpile, placing a cap on the North's nuclear development until future circumstances present an opportunity for full

¹⁶ SHEN, D. 2006. North Korea's Strategic Significance to China. *China Security*, Autumn 2006, p. 27.

¹⁷ HAASS, R. 2005. Regime Change and its Limits. *Foreign Affairs*, 84, p. 76.

denuclearisation.¹⁸ This slowing of the proliferation tempo may have bought regional states some time until more favourable circumstances arise in which denuclearisation may become more feasible.¹⁹

Selig Harrison has proposed an approach coupling recognition with arms limitation negotiations. In Harrison's framework, the Six Party Talks would continue with the goal of limiting North Korea's nuclear weapons cache to the four or five warheads so far declared.²⁰ Though full relinquishment of the North's nuclear deterrent would be jettisoned as an objective, dismantlement of the Yongbyon complex and other nuclear sites would remain on the table. Pyongyang is also likely to outline much tougher terms for continued compliance. This would of course require the fulfilment of commitments made in previous agreements to keep the process alive. Delivery of the remaining 200,000 tons of heavy fuel oil to North Korea that was promised in return for disabling the Yongbyon reactor would have to be fast-tracked. Harrison has stated, however, after a January 2009 visit to Pyongyang, that North Korea's terms for the dismantlement of Yongbyon have hardened from those outlined in previous negotiations. Their demands include completion of the two light-water reactors promised in the Agreed Framework, as well as internationally verified inspections of US military bases in South Korea to determine that the US has removed its nuclear weapons as announced by President George HW Bush in 1991, in parallel with those conducted at North Korean nuclear installations.²¹ In light of revelations from Sigfried Hecker in November 2010 regarding the advanced status of Pyongyang's highly enriched uranium program,

¹⁸ Samore, G, quoted in GALEN CARPENTER, T. 2009. *A Bold Plan B for North Korea* . Washington DC: Cato Institute, http://www.cato.org/pub_display.php?pub_id=10124 [Accessed 01 May 2009].

¹⁹ LYON, R. & MOLOMBY, K. 2009. *North Korea: Sliding Towards the Abyss*. Strategic Insights No. 46. Australian Strategic Policy Institute, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=201&pubtype=6 p. 12.

²⁰ HARRISON, S. 2009. *Living With A Nuclear North Korea* . Washington DC: The Washington Post, <http://www.washingtonpost.com/wp-dyn/content/article/2009/02/16/AR2009021601101.html?sub=AR> [Accessed 18 February 2009].

²¹ Ibid. [Accessed].

constrainment will also need to encompass negotiations to bring its enrichment facilities under international safeguards.

In May 2010 the Nautilus Institute for Security and Sustainability released a plan for a *Korea-Japan Nuclear Weapon Free Zone (KJNWFZ)*. Features of the KJNWFZ proposal include standard features of other nuclear free zone treaties, including nuclear weapon prohibition, verification and compliance mechanisms, and non-aggression commitments, along with Northeast Asia-specific clauses related to North Korea's entry as a nuclear or non-nuclear weapons state. The proposal also includes mechanisms for addressing corollary issues like the status and composition of US nuclear deterrence posture in East Asia, China's security relationships with KJNWFZ parties, and the different philosophies adhered to in South Korea and Japan regarding extended nuclear deterrence.²² According to Peter Hayes, North Korea could join the KJNWFZ either at its inception, under a waiver from some of the requirements of the treaty until it feels secure enough to commence dismantling its nuclear weapons program, or at some point in the future when the benefits of KJNWFZ membership begin to outweigh the costs of outlaw proliferation. Should North Korea collapse in the meantime, the zone would cover a unified Korea. For Hayes, having North Korea as a founding member of the nuclear freeze zone is the preferable option, as a positive affirmation of its intention to denuclearise.²³

Currently however, the Six Party Talks provide the only avenue through which Washington can credibly engage Pyongyang without admitting failure or defeat, which is the key to understanding why the US remains committed to multilateral diplomacy. Gary Samore has

²² (2010). *Korea-Japan Nuclear Weapon Free Zone (KJNWFZ) Concept Paper*. Nautilus Institute for Security and Sustainability. 6 May 2010, <http://www.nautilus.org/initiatives/korea-japan-nwzfz/concept-english.pdf>.

²³ Hayes, P. (2010). "The Status Quo Isn't Working: A Nuke-Free Zone is Needed Now." *Global Asia* 5(3), http://www.globalasia.org/V5N3_Fall_2010/Peter_Hayes.html.

insisted that the United States is “not going to recognise North Korea as a nuclear weapon state,” which means that the US could not sign a peace treaty or normalise relations until North Korea is completely denuclearised.²⁴ To admit failure would represent a loss of prestige for the United States and starkly illustrate the fragility of the global nonproliferation regime. North Korea’s nuclear activities set a legal and symbolic precedent that could undermine the NPT.²⁵ Pyongyang’s success in avoiding meaningful repercussions for NPT withdrawal and subsequent nuclear proliferation sets a precedent for other nuclear aspirants and is likely to erode future arms control compliance.

The Six Party Talks have been unsuccessful because North Korea discerns greater benefits in nuclear weapons possession over any offer made to date by regional states. As an extension of failed multilateral diplomacy, constraint does little to address the security concerns, domestic economic and political imperatives and diplomatic considerations that drive the North’s preference for nuclear weapons. Constraint could thus be construed as a desperate last-gasp effort to preserve the Six Party Talks. For the United States in particular it is a sign of desperation, groping for a redefinition of a familiar strategy in lieu of the absence of a more appropriate replacement. US Secretary of State Hilary Clinton implied as much in a statement made on 7 May 2009: “We may have to show some patience before that [a return to negotiations] is achieved, but we agree on the goal that we’re aiming for.”²⁶ Yet it is hard to escape the conclusion that North Korea’s withdrawal from the six party forum has an air of finality about it and may represent the beginning of a new phase in which

²⁴ Samore, G, quoted in GALEN CARPENTER, T. 2009. *A Bold Plan B for North Korea* . Washington DC: Cato Institute, http://www.cato.org/pub_display.php?pub_id=10124 [Accessed 01 May 2009].

²⁵ HUNTLEY, W. 2005. *The Exception that Makes the Rule: North Korea and the NPT* . Foreign Policy in Focus, <http://www.fpif.org/pdf/papers/0505npt.pdf> [Accessed 11/07/2006].

²⁶ 2009m. *Remarks With Russian Foreign Minister Sergey Lavrov After Their Meeting* . Washington, DC: US Department of State, <http://www.state.gov/secretary/rm/2009a/05/123073.htm> [Accessed 30 May 2009].

Pyongyang moves away from nuclear development toward perfecting the technology for miniaturisation and delivery systems.²⁷

Accept North Korea as a Nuclear Power

Given that denuclearisation is highly unlikely, recognition of the DPRK's nuclear status may become necessary. This could be achieved in two ways: first, through *de jure* acceptance, or official recognition of North Korea's nuclear status. It may be in the best interests of regional states to accept North Korea into the nuclear club and encourage it to become a responsible nuclear power, in much the same way as non-NPT states such as India, Pakistan and Israel have been accepted as nuclear powers.²⁸ On the down side, as Part II of the thesis illustrates, the Kim regime is committed to brandishing the nuclear card because of its many domestic benefits, the antithesis of a responsible nuclear power in the eyes of the international community. In addition, *de jure* acceptance in the North Korean case would undermine the NPT regime by sending the message to would-be proliferators that it is possible to reap benefits from cheating on the treaty, as North Korea, a former NPT signatory, has done.

Second, regional states could settle for *de facto* acceptance, in which they accept the reality of a nuclear North Korea but continue to press for denuclearisation regardless. The symbolic message of this position to those states that would flout the NPT regime is that while it may be possible to cheat the nonproliferation regime, any state that chooses this path will be isolated in the international community. While this appears to be the default strategy in the short run, in the longer term it seems untenable. As shown in chapter seven, North Korea is

²⁷ 2009k. *North Korea's Missile Launch: The Risks of Overreaction*. Brussels: International Crisis Group, http://www.crisisgroup.org/home/index.cfm?action=login&ref_id=6030 pp. 3-5.

²⁸ CHANLETT-AVERY, E. & SQUASSONI, S. 2006. *North Korea's Nuclear Test: Motivations, Implications, and U.S. Options*. Washington DC: Congressional Research Service, <http://www.fas.org/sgp/crs/nuke/RL33709.pdf>. p. 76.

not completely isolated because it is strategically important for China. This negates the symbolic message that the *de facto* position is intended to convey to other would-be nuclear states. The blowback of *de facto* acceptance may be a DPRK further isolated and increasingly paranoid, with poor intelligence assets and nuclear forces on hair-trigger alert, all the while tempted to generate hard currency through sale of nuclear materials.²⁹

It is possible that acknowledgement will lead to a decrease in nuclear tensions in Northeast Asia. The combination of the perceived threat of the North's nuclear program and doubts about its level of technical development amongst the international community have accelerated Pyongyang's proliferation tempo, pushing it to advance the technological development of the nuclear program at a rate faster than it otherwise would have. If regional states were to acknowledge the North as a *bona fide* nuclear power, Pyongyang might be satisfied with the deterrent it already has and level off its proliferation efforts.³⁰ Of course, this view does not take into account the existential security concerns of Japan, whose officials see North Korea's nuclear and ballistic missile programs as a grave threat to Japan's national security.

Apart from the United States and Japan, the other regional parties appear to have adjusted and begun to accommodate North Korea.³¹ This would accord with the differing priority regional states place on the danger posed by the North's nuclear deterrent. For China and Russia, Pyongyang's nuclear deterrent is strategically advantageous because it plays a useful role in constraining US freedom of action in Northeast Asia, providing that the Kim regime does not

²⁹ RAMBERG, B. 2006. *North Korea has the Bomb. Now what?* . The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0690Ramberg.html> [Accessed 26/10/2006].

³⁰ FRANK, R. *Calling the Bluff or Showing Respect? Short Term Propaganda Victories and Long Term Strategic Objectives* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09036Frank.html> [Accessed 06 May 2009].

³¹ REISS, M. 2006-07. A Nuclear-armed North Korea: Accepting the 'Unacceptable'? *Survival*, 48, p. 105.

brandish its nuclear capability provocatively. South Korea's long-term goal of increasing economic inter-dependence across the DMZ is not dramatically affected by the North's nuclear capability. For the United States, on the other hand, its failure to overcome the nuclear threat from a small regional state has badly damaged its regional leadership, as evidenced by Washington's request for China to play a pivotal role in the multilateral process, which Peter Hayes interprets as an abdication of its hegemonic role.³² Given the circumstances however, it is not clear what other options were available.

Diplomatic & Political Normalisation

Neither constraint nor nuclear acknowledgement will alone be sufficient to preserve stability in Northeast Asia in the face of North Korea's nuclear ascension. The US and its regional allies Japan and South Korea may therefore pursue political and economic normalisation of relations with the DPRK, which is a step beyond nuclear acceptance. In doing so, they could remove the sources of North Korea's leverage while simultaneously addressing some of the North's key security and economic concerns. This may be a stretch, given that the Kim regime appears to require the United States as an enemy for domestic propaganda.

Assuming that Pyongyang's propaganda requirements can be overcome, political normalisation would entail the establishment of full diplomatic relations after an official peace treaty is signed to end the Korean War.³³ In conjunction with political entente, normalisation could begin in the economic sphere. This does not mean that regional states

³² HAYES, P. 2006. *The Stalker State: North Korean Proliferation and the End of American Nuclear Hegemony*. The Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/0682Hayes.html> [Accessed 11/10/2006].

³³ ABRAMOWITZ, M. 2009. *Ending North Korea's Endless Nuclear Drama*. Washington DC: Foreign Policy, http://www.foreignpolicy.com/story/cms.php?story_id=4816 [Accessed 14 April 2009]; ROEHRIG, T. 2009. Creating the Conditions for Peace in Korea: Promoting Incremental Change in North Korea. *Korea Observer*, 40, pp. 203-04.

should offer incentives to the North. Rather, it would allow the regime to integrate into global trade at its own pace. After all, experience has proven that economic incentives are not an enticing carrot given the regime's consciousness of the potential for ideological pollution that comes with economic engagement. As noted in chapter four, the existence of parallel economies shows that structural change is already taking place and regional states may do well to allow this process to run its course organically rather than attempt interventions that risk destabilising the North's fragile economic equilibrium.

The practicalities of normalisation may require some experimentation. Several analysts have argued that the terms of reference of the Six Party Talks could be expanded to encompass political and economic normalisation.³⁴ The linkages created would act as confidence-building measures, gestures of goodwill, which with patience and time could lead Pyongyang to make concessions on divesting itself of nuclear weapons. Doing so would not be a reward for bad behaviour but would instead open channels for dialogue with a regime that is undergoing a substantial and uncertain internal transformation.³⁵ This position has much in common with the grand bargain strategy, in making an offer that Pyongyang cannot refuse as a carrot for nuclear relinquishment. The key difference is that instead of offering a small concession for simultaneous in-kind actions, the US would initially put denuclearisation on hold to first improve economic and political relations to establish an environment more congenial to cooperation, as a precursor to denuclearisation negotiations. If successful, this confidence-building measure could deepen North Korea's commitment to nuclear disarmament by removing Pyongyang's greatest external threat: the United States.³⁶ This

³⁴ BECK, P. 2009. *Can We Reach a Nuclear Deal with North Korea?* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09022Beck.html> [Accessed 01 May 2009]; PARK, J. S. & LEE, D.-S. 2008. North Korea: Existential Deterrence and Diplomatic Leverage. In: ALAGAPPA, M. (ed.) *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia*. Stanford: Stanford University Press. p. 290.

³⁵ NOERPER, S. 2009b. *Reading North Korea Right* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09028Noerper.html> [Accessed 01 May 2009].

³⁶ MOORE, G. 2008. America's Failed North Korea Nuclear Policy: A New Approach. *Asian Perspective*, 32, p. 9.

shares with the Sunshine Policy the assumption that a significant unilateral gesture of goodwill can buy reciprocal concessions. Beijing and Moscow could support this course of action because US-DPRK normalisation would correspond with their strategic goal of maintaining regional stability.³⁷

The problem however, has been made clear repeatedly through this thesis: there is little evidence that North Korea is willing to consider denuclearisation at any time. North Korea's strategic calculus is anchored within the world-view of an extreme Hobbesian form of realism, in which the Kim regime sees itself surrounded by external and internal threats to its survival. Its foreign policy choices are thus based on this narrow and fearful assessment of its security environment.³⁸ The continued emphasis by regional states on denuclearisation feeds into Pyongyang's threat perception and provides further justification for the regime to consolidate its nuclear program. For Roehrig, the goal should not be to coerce the regime into compliance with an extensive list of demands but rather to draw it out of its isolation.³⁹ While this will not lead Pyongyang to abandon its nuclear program, the existence of rudimentary political trust between North Korea and its neighbours could lay the foundation for a regional security environment in which regional states can accommodate the North's nuclear deterrent without sliding into a destabilising arms race. Similarly, the real economic benefits of unrestricted economic contact with the global economy should dampen the financial temptation to sell nuclear technology, lessen the incentive (though probably not the

³⁷ TOLORAYA, G. 2009b. The New Korean Cold War and the Possibility of Thaw. *The Asia-Pacific Journal*, 19-1-09.

³⁸ ROEHRIG, T. 2009. Creating the Conditions for Peace in Korea: Promoting Incremental Change in North Korea. *Korea Observer*, 40, pp. 201-03.

³⁹ *Ibid.* pp. 201-03.

will) to engage in criminal activities or leverage the nuclear threat in exchange for international largesse.⁴⁰

For several reasons, unconditional normalisation may not be a panacea for instability on the Korean peninsula. While normalisation is the most desirable path forward in terms of regional stability, it is also the most utopian of the pragmatic adjustments and, like multilateral institutionalism, is unlikely due to the multiple crosscutting cleavages that have plagued relations between regional states. Because any regional state considering bilateral normalisation with the DPRK would have to consider the impact on its alliance relationships, as well as regional competitors, normalisation can be discounted as a possibility

Other obstacles to normalisation also exist: first, political normalisation with the United States would pose problems for the regime's internal social mobilisation. Since the Korean War, the Kim regime has blamed the United States and South Korea for many of the country's problems. Indeed, as changes to the domestic economy and social relations have discredited the ideological paradigms of the Kim Il-sung era, anti-imperialism—read “anti-Americanism”—has become the primary mobilisational device of regime propaganda. North Korea's national image has been nurtured for over fifty years in relation to the American enemy.⁴¹ The subordination of the North Korean state in favour of the military under *Songun* politics requires an external enemy to make it viable. Without the United States as the national adversary, the *raison d'être* of Kim regime's ideational paradigms would become irrelevant. Consequently, the North Korean leadership may favour the status quo in order to

⁴⁰ DELURY, J. 2008/09. North Korea: 20 Years of Solitude. *World Policy Journal*, Winter, p. 77; NOLAND, M. 2008. *The (Non) Impact of UN Sanctions on North Korea*. Washington DC: Peterson Institute for International Economics, <http://www.iie.com/publications/wp/wp08-12.pdf>. pp. 29-30.

⁴¹ ARMSTRONG, C. 2008. *Necessary Enemies: Anti-Americanism, Juche Ideology, and the Torturous Path to Normalization*. Washington DC: US-Korea Institute, <http://uskoreainstitute.org/pdf/WP-NK/USKI-WP08-3.pdf>. p p. 4-5.

maintain the edifice of the *Songun* system rather than risk institutional failure in pursuit of political accommodation with Washington.

Japan and South Korea may balk at diplomatic normalisation with North Korea. The abduction issue and North Korea's missile threat provide ammunition to right-wing elements in Japan whose militarist agendas are bolstered by widespread public anger directed at the Kim regime. It seems unlikely that rapprochement can take place in the context of such emotionally charged anti-North Korean public sentiment in Japan.⁴² In South Korea, the insistence on reciprocal action taken by the Lee administration has resulted in a rapid deterioration of relations with Pyongyang to their lowest ebb since the end of the Cold War, in the context of which normalisation of North-South relations appears inconceivable. The US would find it problematic to normalise relations with the North without freezing South Korea out of the process, thus playing on the long-standing frustrations harboured by South Koreans over their sidelining from negotiations with Pyongyang. The challenge for Washington, should they go ahead with the normalisation process, would be to pursue strategic redefinition without violating its solidarity with South Korea and Japan.⁴³ Leaders in both countries would no doubt raise questions about what any US-DPRK rapprochement would mean for the credibility of American security guarantee.⁴⁴

There is also likely to be substantial opposition to normalisation within Washington itself.⁴⁵

Since the Agreed Framework was signed in 1994, wide divisions have opened up over the

⁴² BECK, P. 2009. *Can We Reach a Nuclear Deal with North Korea?* Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09022Beck.html> [Accessed 01 May 2009].

⁴³ DELURY, J. 2008/09. North Korea: 20 Years of Solitude. *World Policy Journal*, Winter, p. 80.

⁴⁴ This results from the persistent worry in Japanese foreign policy about abandonment by the US. See: SAMUELS, R. 2007. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, Ithaca, Cornell University Press. p. 186; SAMUELS, R. 2006. Japan's Goldilocks Strategy. *The Washington Quarterly*, 29, p. 120.

⁴⁵ ABRAMOWITZ, M. 2009. *Ending North Korea's Endless Nuclear Drama*. Washington DC: Foreign Policy, http://www.foreignpolicy.com/story/cms.php?story_id=4816 [Accessed 14 April 2009].

appropriate line to take on North Korea, cutting across Party lines and dividing administrations. Obstruction from Congress played a large part in the Clinton administration's failure to fully implement the terms of the Agreed Framework. During the George W Bush presidency, particularly during its first term, factional wrangling within the administration and even within agencies produced schizophrenic strategies with conflicting objectives that were ultimately self-defeating. This played into the Kim regime's hands, allowing it to play the coercive bargaining game against an American adversary whose position was weakened by internal bickering. How the Obama team or any subsequent administration handles the firestorm of internal criticism will be a key factor in the success or failure of any normalisation strategy.

Wildcard Scenarios

Two decades of ultimately fruitless denuclearisation efforts have come to a head with North Korea attaining nuclear weapons status at a time when the country is undergoing an extensive internal transformation, which is being held in check in various ways by the nuclear program itself. This occurs, however, when critical internal and external developments—wildcard scenarios—are coming into play which have the potential to drastically alter this unsteady equilibrium. Internally, the next leadership transition represents a threshold event for North Korea's political system, the outcome of which may completely alter the strategic environment on the Korean peninsula. Externally, three trends—the global financial crisis, the peaking of global oil production, and abrupt climate change—are increasingly influencing all countries around the world, including the DPRK state. Wildcard scenarios involve phenomena that are likely to create outcomes beyond the bounds of expected variability.

Traditionally, wildcard events are considered less plausible than other futures.⁴⁶ In this case, each of the trends identified is going to impact on North Korea in the short to medium term, yet because they have the capacity to be threshold transformational events, their likely consequences have the potential to be disproportionately dire. The present historical moment is one in which several phenomena of global scale— the global financial crisis, peak of global oil production, and abrupt climate change—are manifesting in the international system, affecting all states to varying degrees. Despite its relative isolation, North Korea will not be immune to the consequences of these trends, which are also likely to alter regional power dynamics and shift the strategic calculations of regional states. They are therefore of sufficient importance and gravity that they require detailed consideration as possible futures for North Korea.

Leadership Transition

Speculation about the declining health of Kim Jong-il has grown in recent years. Kim is suspected to suffer from diabetes, high blood pressure and heart disease, and is thought to have undergone heart surgery in 2007 and 2008.⁴⁷ Reports surfaced in August 2008 that he had suffered a stroke, sparking conjecture amongst foreign analysts about an impending leadership transition in North Korea. The inscription of Kim Jong-il's political obituary may have been premature however, as Kim demonstrated seemingly full physical and mental capacity in a meeting with Chinese Communist Party figure Wang Jiarui in January 2009, five days before the CFR report was released.⁴⁸ While speculation about Kim's poor health

⁴⁶ DEWAR, J. 2003. The Importance of "Wild Card" Scenarios. *NIC 2020 Project Inaugural Conference*. Washington DC: National Intelligence Council, http://www.au.af.mil/au/awc/awcgate/cia/nic2020/dewar_nov6.pdf. p p. 2-3.

⁴⁷ LYON, R. & MOLOMBY, K. 2009. *North Korea: Sliding Towards the Abyss*. Strategic Insights No. 46. Australian Strategic Policy Institute, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=201&pubtype=6 p. 4.

⁴⁸ KIM, T. 2009d. *Sudden Change in North Korea*. Seoul: The Korea Times, http://www.koreatimes.co.kr/www/news/opinion/2009/02/137_39150.html [Accessed 15 February 2009].

may have been exaggerated, it nonetheless highlights a complicated obstacle to regime perpetuation post-Kim Jong-il.

In countries where personalised leadership has grown around a single dictatorial figure, augmented by a personality cult that blurs the distinction between the ruling regime and the state, the leader actively seeks to grow beyond a mere custodian of the state to become synonymous with the state itself.⁴⁹ North Korea under Kim Il-sung matched this description well, featuring patrimonial ties to key state organisations, the frequent purging of rivals and dissenters and a personalised hands-on approach to wielding power, all draped underneath an elaborate personality cult based around the Great Leader.⁵⁰ As Kim Il-sung's son, Kim Jong-il derived his legitimacy as rightful heir from the distinctly Confucian emphasis on the filial link to the dynastic founder.⁵¹ The strong Confucian social hierarchy allowed Kim Jong-il to command a higher level of authority than would have otherwise been possible for a new leader elsewhere. Such personalised regimes tend to collapse when the dictator dies or is removed from power because state institutions cease to function without the leader's direct input. North Korea's previous leadership change was unique among totalitarian states in that Kim Jong-il was able to assume control of the system without a messy succession struggle. This is not to say that Kim's transition to power was seamless, with reports suggesting that opposition to his succession existed at high levels within the internal security establishment. Kim dealt with this opposition through a series of purges of senior KPA and KWP officials in the mid-1990s.⁵²

⁴⁹ HOLSTI, K. 1996. *The state, war, and the state of war*, Cambridge, Cambridge University Press. p. 105.

⁵⁰ LANKOV, A. 1995. *Korea: vchera i segodnia (The Repressive System and Political Control in North Korea)*. Vostochnaia literature, http://www.fortunecity.com/meltingpot/champion/65/control_lankov.htm [Accessed 15/05/2007]; LANKOV, A. 2002. Kim takes control: The "great purge" in North Korea, 1956-1960. *Korean Studies*, 26, pp. 87-119.

⁵¹ SNYDER, S. 2000. North Korea's Challenge of Regime Survival: Internal Problems and Implications for the Future. *Pacific Review*, 73, p. 520.

⁵² MANSOUROV, A. 2006. Emergence of the Second Republic: The Kim Regime Adapts to the Challenges of Modernity. In: KIHL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. pp. 65-67; REESE, D. 1998. The Prospects for North Korea's Survival *Adelphi Papers*, 38, pp. 22-23.

During a typical totalitarian leadership transition it is common for a new leader's power and influence to be limited by his under-developed patronage network, while state ideology tends to weaken and the apparatus of terror and coercion ceases to be all-pervasive.⁵³ Despite such obstacles, as chapter five notes, Kim Jong-il's ultimate success in assuming power was made possible by over two decades of grooming and preparation. During this period he developed his own power base and patronage network within the institutions of state, independent of those of his father, which ultimately found expression in the *Songun* politics doctrine.⁵⁴ In 1969 he became deputy director of the Propaganda and Agitation Department within the KWP after his involvement in a power struggle within the Party earlier in 1967. By September 1973 he had become the Party secretary in charge of organisation affairs, in conjunction with his role in propaganda and agitation, elevating him to the chief position within the Party apparatus under Kim Il-sung.⁵⁵ The younger Kim became the chief interpreter and theoretician of *Juche*, through which he strengthened the role of Party cadres in local administrative units and enhanced the role of self-criticism rituals in workplace teams. In so doing he promoted a large cohort of junior cadres who later became his power base, beholden to him for their career advancement. Though nepotism clearly played a role, Kim was able to place himself at the critical node of power during the period when the process of power transition was underway. As Kim Sung-chull argues, Kim Jong-il obtained his father's blessing as designated successor as through his own efforts as much as through inheritance.⁵⁶

⁵³ SCOBELL, A. 2005. Making Sense of North Korea: Pyongyang and Comparative Communism. *Asian Security*, 1, p. 248.

⁵⁴ SUH, D.-S. 1986. The Organization and Administration of North Korean Foreign Policy. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 14; CUMINGS, B. 1997. *Korea's Place in the Sun: A Modern History*, New York, WW Norton & Co. p. 407; OH, K. & HASSIG, R. 2000. *North Korea: Through the Looking Glass*, Washington DC, Brookings Institution Press. p. 4.

⁵⁵ CHOI, B. 2006. *Looking for Mr. X: North Korea's Successor*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/napsnet/sr/2006/0603Choi.html> [Accessed 18/04/2007].

⁵⁶ KIM, S.-C. 2006b. *North Korea under Kim Jong Il: From Consolidation to Systemic Dissonance*, Albany, State University of New York Press. pp. 29-30, 54-57.

The Designated Successor and Potential Rivals

Kim Jong-il has many offspring among whom to choose a successor, including at least three sons and two daughters.⁵⁷ Kim Jong-il's youngest son, Kim Jong-un, was thought to have been designated heir to the DPRK leadership in June 2009. Reports from North Korea cited by Yonhap News Agency in early June 2009 stated that Kim Jong-il issued orders to regime officials and diplomats abroad to pledge loyalty to Jong-un as heir, with Kim's brother-in-law Jang Song-taek to act as regent.⁵⁸ He was officially unveiled as the likely successor at the Workers' Party of Korea conference in September 2010, the first such congress held since 1980. Kim Jong-un was promoted to the rank of General and named Vice-Chairman of the Central Military Commission of the Workers' Party and was appointed to its central committee.⁵⁹

In 2003 Kim Jong-il's former chef, writing under the pseudonym Kenji Fujimoto, published a memoir in which he claimed that Kim Jong-il greatly favoured Jong-un as successor to the family dynasty.⁶⁰ Jong-un is said to closely resemble his father in many ways in his personality and physical appearance, which on a superficial level gives him some appeal as a succession candidate. However, he did not hold any important positions in the government until his promotion to the National Defence Commission at the First Session of the 12th SPA

⁵⁷ JENSEN, R. 2005. Hu Spurs Debate About Succession in North Korea. *Jamestown Foundation China Brief*, 5, p. 6; CHOI, B. 2006. *Looking for Mr. X: North Korea's Successor*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/napsnet/sr/2006/0603Choi.html> [Accessed 18/04/2007].

⁵⁸ HWANG, D.-H. 2009. *N. Korea to return to negotiations with anointment of Kim's successor: official*. Seoul: Yonhap News Agency <http://english.yonhapnews.co.kr/national/2009/06/03/52/0301000000AEN20090603000400315F.HTML> [Accessed 03 June 2009].

⁵⁹ *Central Military Commission Organized*, Korean Central News Agency. 28 September 2010, <http://www.kcna.co.jp/item/2010/201009/news28/20100928-28ee.html> [Accessed 21 December 2010]; *Kim Jong Il Issues Order on Promoting Military Ranks*. Korean Central News Agency. 27 September 2010, <http://www.kcna.co.jp/item/2010/201009/news27/20100927-17ee.html> [Accessed 21 December 2010].

⁶⁰ JENSEN, R. 2005. Hu Spurs Debate About Succession in North Korea. *Jamestown Foundation China Brief*, 5, p. 6.

in April 2009.⁶¹ The transition may be unstable if Kim Jong-un's patronage networks are under-developed.⁶² Potential succession candidates need to establish their own institutional attachments and personal loyalties as the foundation of their claims to future leadership. For a smooth transition to take place, Kim Jong-un needs to be acceptable to a sizeable majority of the high-level elites, particularly in the KPA.⁶³

Kim Jong-il has two other sons who at various times had been mentioned by foreign analysts as possible successors: Kim Jong-nam and Kim Jong-chul. Kim Jong-nam is the eldest son but was widely discredited as a potential successor after being arrested in Japan en route to Tokyo Disneyland in May 2001 for traveling on a fake Dominican passport.⁶⁴ Some reports indicated that Jong-nam was being rehabilitated with appointments to senior government positions, even identifying him as a potential figurehead leader for a pro-regime military junta, though later sightings have him pinned down living a privileged lifestyle in Macau.⁶⁵ Given his seeming disinterest in the affairs of state, his ascension to the apex of power seems rather unlikely.

Kim Jong-il's middle son, Kim Jong-chul, had a much stronger claim. He is presently working as a member of the KWP Central Committee Leadership Division as deputy director of the Propaganda and Agitation Department, the same role held by his father in 1969.⁶⁶

⁶¹ NOERPER, S. 2009a. *North Korea's Nuclear Test of International Resolve*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09042Noerper.html> [Accessed 02 June 2009].

⁶² MANSOUROV, A. 2006. Emergence of the Second Republic: The Kim Regime Adapts to the Challenges of Modernity. In: KIHIL, Y. & KIM, H. (eds.) *North Korea: The Politics of Regime Survival*. New York: East Gate Books. pp. 50-51.

⁶³ BECK, P. *Interview with the author*. 22 July 2008. Seoul, South Korea.

⁶⁴ 2007d. *Kim Jong Il Bans Succession Talks*. Dong-A Ilbo, <http://english.donga.com/srv/service.php3?biid=2007010502618> [Accessed 06/01/2007]; CHOI, B. 2006. *Looking for Mr. X: North Korea's Successor*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/napsnet/sr/2006/0603Choi.html> [Accessed 18/04/2007].

⁶⁵ STARES, P. & WIT, J. 2009. *Preparing for Sudden Change in North Korea*. Washington DC: Council on Foreign Relations, http://www.cfr.org/content/publications/attachments/North_Korea_CSR42.pdf. p. 6; PARK, I.-H. *Interview with the author*. 28 July 2008. Seoul, South Korea.

⁶⁶ LYON, R. & MOLOMBY, K. 2009. *North Korea: Sliding Towards the Abyss*. Strategic Insights No. 46. Australian Strategic Policy Institute, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=201&pubtype=6. p. 6.

Reports indicate that special departments have been established since 2004 in the National Defence Commission and the KWP to prepare the way for Jong-chul's succession. He may have even been promoted to higher positions under the pseudonym Pak Se-bong, following a precedent set by his father in the early-1970s. If these reports are true, this level of support from key institutions in the state bureaucracy indicates that he may have established the necessary support base in the Party and the military to consolidate his claim.⁶⁷ In 2002, propaganda messages began to glorify Jong-chul's mother, Koh Young-hee, with themes such as "respected mother" and "most loyal companion" of Kim Jong-il, evocative of slogans used to reify the late wife of Kim Il-sung. This firmly incorporates Jong-chul's mother and by extension Jong-chul himself into the mythology of the Kimist personality cult.⁶⁸ Yet Jong-chul has not been designated as heir, despite strong evidence pointing to him as a likely successor. There are three primary explanations for this: first, the evidence stated above is circumstantial and may not reflect the true preferences of the National Defence Commission, which is sure to play a lead role in the leadership transition. Second, it has been reported that Kim Jong-il has chastised Jong-chul for being too effeminate to wield the reins of power.⁶⁹ Finally, Jong-chul's mother was a mistress of Kim Jong-il, making Jong-chul an illegitimate son and therefore not an heir to the Confucian family lineage.⁷⁰

Kim's brother-in-law Jang Song-taek has previously been mentioned as a possible successor. Jang was purged in 2004 for an alleged bid to enhance his own power, but was reinstated in 2005 to become Kim Jong-il's right-hand man, having responsibilities for oversight of

⁶⁷ JENSEN, R. 2005. Hu Spurs Debate About Succession in North Korea. *Jamestown Foundation China Brief*, 5, p. 7.

⁶⁸ Ibid. pp. 6-7.

⁶⁹ LYON, R. & MOLOMBY, K. 2009. *North Korea: Sliding Towards the Abyss. Strategic Insights No. 46*. Australian Strategic Policy Institute, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=201&pubtype=6. p. 6.

⁷⁰ CHOI, B. 2006. *Looking for Mr. X: North Korea's Successor*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/napsnet/sr/2006/0603Choi.html> [Accessed 18/04/2007].

domestic intelligence, police and judicial institutions.⁷¹ He also enjoys close family connections to the military through an older brother who is a corps commander of the Pyongyang Military District.⁷² He recently assumed a caretaker role for domestic affairs while Kim Jong-il was unwell, after which he was promoted to a key role within the NDC at the First Session of the 12th SPA in April 2009.⁷³ Of the contenders mentioned so far, Jang is the only individual in a realistic position to assume the reins of power in the event of a rapid transition.⁷⁴ This would explain the reasoning behind his recent designation as future regent for Kim Jong-un.

Kim Jong-il has insulated his leadership from hostile takeover by dividing power between the Party, the military and his own extended family. Individual power within this hierarchy is delineated according to proximity to Kim Jong-il, while the roles of government offices are circumscribed to prevent any one person from accruing enough power to challenge for the leadership. This means that no one person will be in a position to take complete control of the country in the event of a rapid leadership transition.⁷⁵ Instead, a leadership collective similar to Burma's military dictatorship may seize power, probably under the aegis of the National Defence Commission. One of Kim Jong-il's sons—most likely Kim Jong-un in light of developments at the party congress in September 2010—may be positioned as a figurehead leader to provide some continuity with the mythology of the Kim dynasty, though

⁷¹ STARES, P. & WIT, J. 2009. *Preparing for Sudden Change in North Korea*. Washington DC: Council on Foreign Relations, http://www.cfr.org/content/publications/attachments/North_Korea_CSR42.pdf. p. 11.

⁷² LYON, R. & MOLOMBY, K. 2009. *North Korea: Sliding Towards the Abyss*. Strategic Insights No. 46. Australian Strategic Policy Institute, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=201&pubtype=6. p. 6; BECK, P. 2008a. *After Kim Jong-il*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/08076Beck.html> [Accessed 12 December 2008].

⁷³ HWANG, D.-H. 2009. *N. Korea to return to negotiations with anointment of Kim's successor: official*. Seoul: Yonhap News Agency, <http://english.yonhapnews.co.kr/national/2009/06/03/52/0301000000AEN20090603000400315F.HTML> [Accessed 03 June 2009].

⁷⁴ HARRISON, S. 2009. *Living With A Nuclear North Korea*. Washington DC: The Washington Post, <http://www.washingtonpost.com/wp-dyn/content/article/2009/02/16/AR2009021601101.html?sub=AR> [Accessed 18 February 2009]; BECK, P. *Interview with the author*. 22 July 2008. Seoul, South Korea.

⁷⁵ HAGGARD, S. & NOLAND, M. 2009. North Korea in 2008: Twilight of the God? *Asian Survey*, 49, p. 105; LYON, R. & MOLOMBY, K. 2009. *North Korea: Sliding Towards the Abyss*. Strategic Insights No. 46. Australian Strategic Policy Institute, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=201&pubtype=6. p. 7.

ultimate power would reside with the senior members of the NDC.⁷⁶ That the military would come to dominate a collective leadership seems to be a natural result of *Songun* politics and the current supremacy of the NDC as the paramount institution in the DPRK state.

A collective leadership may represent a positive development for the relations of regional states with North Korea. Such systems coalesce not through revolution but through the need to manage a system already in place. They derive legitimacy from their extensive client networks of neo-feudal relationships, rather than from the extreme forms of overt coercion through which their predecessors ruled.⁷⁷ Being competent administrators as opposed to ideologues, a military junta may be more amenable to constructive relations with regional states.⁷⁸ This does not mean however that a military junta will be predisposed to radical economic and political reform. Given that approximately 1,300 of 1,400 generals in the officer corps were promoted by Kim Jong-il and given that the ruling elite in the Party and military, from which a ruling junta would derive, are provided with great incentives for their continued backing of the system, great incentives exist for upper echelon figures to maintain the system under which they prosper.⁷⁹

A collective leadership is also the most likely framework in which divergent personal and institutional interests of the elite could be accommodated. A smooth transition is less likely if individual claimants attempt to assume power. As Paul Stares and Joel Wit note, the outcome is likely to hinge on the personal client networks, leadership abilities, and sources of

⁷⁶ BECK, P. 2008a. *After Kim Jong-il*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/08076Beck.html> [Accessed 12 December 2008].

⁷⁷ For a description of the tendencies of collective leaderships in communist states, see: MYER, A. 1983. *Communism and Leadership. Studies in Comparative Communism*, 16, p. 167.

⁷⁸ MYERS, B. Interview with the author. 27 July 2008. Seoul, South Korea.

⁷⁹ STARES, P. & WIT, J. 2009. *Preparing for Sudden Change in North Korea*. Washington DC: Council on Foreign Relations, http://www.cfr.org/content/publications/attachments/North_Korea_CSR42.pdf. p. 12.

funding of competing claimants.⁸⁰ Ultimately, the succession struggle may fail to yield a governing regime that enjoys widespread support and legitimacy, which may see the North Korean state disaggregate into a series of warring fiefdoms. Given that regional states are unwilling to countenance the collapse of the DPRK for a host of economic, strategic and humanitarian reasons, it is possible that they will intervene in the succession struggle as shadow backers of particular claimants to prevent this outcome and ensure a friendly regime comes to power.⁸¹ Other reports suggest that Beijing has a plan to insert Chinese troops across North Korea in the event of rapid regime disintegration.⁸² With South Korean and American forces poised to enter a collapsed North Korea from the south, the greatest danger of ensnaring regional states as adversaries in conflict lies in this scenario.

Global Financial Crisis and the Collapse of Dollar Hegemony

The Global Financial Crisis (GFC) began as rising default levels amongst sub-prime borrowers burst a speculative bubble in the US housing market beginning in 2006, leaving American banks exposed to unsustainably large levels of unrepayable debts as a result of their over-zealous extension of credit to the high-risk sub-prime demographic.⁸³ The crisis spread from its epicentre in the United States into a fully global financial contagion because these debts had been repackaged into complex financial instruments and traded as assets on global financial markets.⁸⁴ Consequently, the bad debt accrued in the US sub-prime sector, combined with over-extensions of credit in other industrialised economies combined to push

⁸⁰ Ibid. p. 13.

⁸¹ LEVIN, N. 1986. North Korea's Strategic Relations. In: SCALAPINO, R. & LEE, H. (eds.) *North Korea in a Regional and Global Context*. Berkeley: Center for Korean Studies, University of California-Berkeley. p. 399.

⁸² NOERPER, S. 2009a. *North Korea's Nuclear Test of International Resolve*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09042Noerper.html> [Accessed 02 June 2009].

⁸³ SHILLER, R. 2008. *The Subprime Solution: How Today's Global Financial Crisis Happened, and What to Do about It*, Princeton, Princeton University Press. p. 1.

⁸⁴ GOWAN, P. 2004. Triumphant Toward International Disaster: The Impasse in American Grand Strategy. *Critical Asian Studies*, 36, p. 18.

the economies of North America, Europe and East Asia into recession. Declining demand in the industrialised countries depressed commodity prices and international trade flows, which along with the tightening of credit availability has led to the depreciation of currencies and economic contraction in resource-exporting developing states.⁸⁵

The GFC has even begun to impact on isolationist North Korea, a country whose export income is largely derived from the resources sector. The North's exposure to the crisis flows from its economic interactions with China and South Korea. As noted earlier, North Korea's exports are dominated by resources from the mining sector, sent principally to China. The financial crisis has dramatically slashed economic growth in China and thus decreased demand for natural resources from supplier countries like North Korea, resulting in falling prices for primary products. The prices North Korea has fetched for its mineral exports have been almost halved since the onset of the GFC, causing the North's trade deficit with China to increase.⁸⁶ Ordinarily, an increasing trade deficit tends to depress the value of a country's currency.⁸⁷ However, in the North Korean case, Pyongyang has refused to alter the value of the Won, forcing prices of Chinese goods in North Korean markets to rise sharply, in many cases beyond the means of the regular clientele. For this reason, many Chinese traders have had to stop selling goods in North Korea.⁸⁸ The price inflation is damaging the livelihoods of the North Korean market traders who sell Chinese-made goods in North Korea's *jangmadang* (private market places), including many of North Korea's *nouveau riche* who derive their livelihoods from private enterprise in the entrepreneurial economy. While this sector proved

⁸⁵ NANTO, D. 2009. *The Global Financial Crisis: Foreign and Trade Policy Effects*. Washington DC: Congressional Research Service, <http://openers.com/document/R40496/>. pp. 1-2.

⁸⁶ MOON, S.-H. 2008. *North Korea Also Hit by Financial Crisis*. Seoul: Daily NK, <http://www.dailynk.com/english/read.php?cataId=nk01500&num=4216> [Accessed 11 February 2009].

⁸⁷ NANTO, D. 2009. *The Global Financial Crisis: Foreign and Trade Policy Effects*. Washington DC: Congressional Research Service, <http://openers.com/document/R40496/>. p. 5.

⁸⁸ MOON, S.-H. 2008. *North Korea Also Hit by Financial Crisis*. Seoul: Daily NK, <http://www.dailynk.com/english/read.php?cataId=nk01500&num=4216> [Accessed 11 February 2009].

most resilient during the famine, it is the most exposed to the GFC. North Koreans are used to privation, but the political consequences of the decimation of a social group that has made itself comparatively well-off outside of the official economy is beyond the experience of North Korean politics under the Kim dynasty.

The joint venture industrial facility at Kaesong has also been affected by the GFC. The contracting South Korean economy has inevitably affected companies investing in the Kaesong precinct. Domestic consumption in the South has fallen, along with demand South Korean exports (including goods produced in Kaesong), forcing companies operating at Kaesong to scale back production.⁸⁹ Even if North Korea had not chosen to wind down support for the project, the planned expansion of the facility would have to be delayed until economic conditions pick up, as the massive investment capital necessary for expansion is not available in the current economic climate.⁹⁰ Either way, the regime will collect declining revenue from its cut taken from the wages of North Korean employees working in the zone.

As a rule, foreign aid from developed to developing countries tends to decrease during economic crises.⁹¹ This is problematic for North Korea, a country for which international aid is an important economic input. Donor fatigue in South Korea is setting in, with the government finding it difficult to muster the funds or the enthusiasm to maintain aid to Pyongyang.⁹² Aid and economic cooperation have served as the backbone of inter-Korean trust and dialogue, but the strain of the GFC and Lee Myung-bak's tougher line on inter-

⁸⁹ KIM, K.-S. 2009a. *Economic Crisis & Inter-Korean Relations: Positive & Negative Impacts*. Seoul: Institute for Far Eastern Studies, http://ifes.kyungnam.ac.kr/admin/upload_file/ifes_forum/090402_KimKS__%EA%B9%80%EA%B7%BC%EC%8B%9D_Econ_Crisis_and_Int_Kor_Relations__1.pdf. p. 2.

⁹⁰ Ibid. p. 2.

⁹¹ NANTO, D. 2009. *The Global Financial Crisis: Foreign and Trade Policy Effects*. Washington DC: Congressional Research Service, <http://openncrs.com/document/R40496/>. p. 28.

⁹² KIM, K.-S. 2009a. *Economic Crisis & Inter-Korean Relations: Positive & Negative Impacts*. Seoul: Institute for Far Eastern Studies, http://ifes.kyungnam.ac.kr/admin/upload_file/ifes_forum/090402_KimKS__%EA%B9%80%EA%B7%BC%EC%8B%9D_Econ_Crisis_and_Int_Kor_Relations__1.pdf. p. 2.

Korean cooperation is starting to show on the level of aid entering the DPRK. Furthermore, donor fatigue from other regional states, including the US and Japan, is likely to further reduce the level of aid to North Korea reducing the inputs destined for the military and further on-sale onto the private market.⁹³ The KPA's dominance of aid distribution is an important source of its power in the *Songun* system. If aid declines over an extended period, so too will the power of the military and thus the regime itself.

The GFC is having wider geopolitical consequences that are affecting the relative balance of power in Northeast Asia between China and the United States. In a version of hegemonic stability theory, Robert Gilpin has contended that hegemonic transitions develop from the natural operation of the international market economy. For Gilpin, international trade, capital exports and technological diffusion provide rising powers with the economic and technical means to extract themselves from a dependency relationship with the incumbent hegemon. As this process occurs, the situation usually leads to conflict between the incumbent power, which seeks to maintain its dominant position in the international system, and the rising challenger, which seeks to increase its own status.⁹⁴ As discussed in Chapter 7, some within the American foreign policy establishment would see this as an apt description of the current dynamic between China and the United States, in which Sino-American engagement has facilitated China's increasing regional power at a relative cost to the United States.⁹⁵ If this is indeed the case, the GFC will have been a disaster for American power in East Asia.

⁹³ NANTO, D. 2009. *The Global Financial Crisis: Foreign and Trade Policy Effects*. Washington DC: Congressional Research Service, <http://opencrs.com/document/R40496/>. p. 28.

⁹⁴ GILPIN, R. 1992. The Economic Dimension of International Security. In: BIENEN, H. (ed.) *Power, Economics and Security: The United States and Japan in Focus*. Boulder. p. 53.

⁹⁵ CHRISTENSEN, T. 2006. Fostering Stability or Creating a Monster? The Rise of China and US Policy toward East Asia. *International Security*, 31, p. 82.

The root of this phenomenon lies in the role of the American dollar as the global reserve currency. The United States has been accumulating growing levels of foreign debt since the early 1980s. Over this period, capital from East Asia has increasingly underwritten the value of the US dollar. Asian countries have been earning US dollars for their export goods, which their governments have used to buy US Treasury bonds, the debt financing instruments for the American government.⁹⁶ This cycle has allowed the US government to accumulate massive foreign debts—estimated at US\$1.84 trillion for fiscal year 2009⁹⁷—without concomitant currency depreciation, a trend that is clearly not sustainable. A point may be reached when foreign creditors will cease buying US Treasury bonds because they have lost confidence that the US government has the capacity to honour its debt obligations.⁹⁸ At this moment, foreign creditors will offload their dollar denominated assets leading to a precipitous decline in the value of the US dollar, affecting the US government’s ability to finance its extensive global security commitments, as well as other activities such as foreign aid.⁹⁹

This point may have arrived with the advent of the global financial crisis. In March 2009, Governor of the People’s Bank of China, Zhou Xiaochuan, proposed that the international monetary system based on the US dollar as reserve currency is too unstable and should be abandoned in favour of an international reserve currency.¹⁰⁰ This reflects a trend in which countries such as China, Russia, India and Brazil have assumed a greater role in coordinating

⁹⁶ JOMO, K. S. 2003. Outlook for East Asia: US Dependency and Deflation. In: PETTIFOR, A. (ed.) *Real World Economic Outlook: The Legacy of Globalization: Debt and Deflation*. New York: Palgrave MacMillan. p. 104. As of December 2008, for example, China’s holdings of US Treasury bonds have reached US\$696 billion. See: NANTO, D. 2009. *The Global Financial Crisis: Foreign and Trade Policy Effects*. Washington DC: Congressional Research Service, <http://opencrs.com/document/R40496/>. p. 22.

⁹⁷ 2009o. *White House forecasts higher budget deficit*. London: Reuters, <http://www.reuters.com/article/politicsNews/idUSN0734856620090511> [Accessed 15 May 2009].

⁹⁸ GOWAN, P. 2004. Triumphant Toward International Disaster: The Impasse in American Grand Strategy. *Critical Asian Studies*, 36, p. 19.

⁹⁹ NANTO, D. 2009. *The Global Financial Crisis: Foreign and Trade Policy Effects*. Washington DC: Congressional Research Service, <http://opencrs.com/document/R40496/>. p. 23.

¹⁰⁰ ZHOU, X. 2009. *Reform the International Monetary System*. Beijing: The People’s Bank of China, <http://www.pbc.gov.cn/english/detail.asp?col=6500&ID=178> [Accessed 15 May 2009]. American economist Barry Eichengreen believes China may be making a play to establish the Chinese *renminbi* as the global reserve currency: China’s real objective “is to make the renminbi itself a reserve currency. This would free China of the need to hold foreign currencies to smooth its balance of payments, and it would allow it to print more or less of its currency as needed, just as the United States does now. See: EICHENGREEN, B. 2009. The Dollar Dilemma: The World’s Top Currency Faces Competition. *Foreign Affairs*, 88, p. 64.

a global response to the financial crisis. Many experts, including Australian strategic analyst Paul Dibb, believe the GFC will hasten the relative decline of the United States, improve China's status and embolden China as a global power.¹⁰¹ The crisis has presented the opportunity for rising powers such as China to adjust the global balance of power away from the United States.

This will have substantial repercussions for North Korea and the security environment in Northeast Asia. In the short term, American military threats have become even less credible. To risk war in a region that is the engine room of the world economy during the GFC would be suicidal for the American economy, which, as has been shown above, exists in interdependence with the Chinese economy and to a lesser extent those of Japan and South Korea. This credibility gap between American threats and action appears to be encouraging greater bellicosity from North Korea, which may be a function of this growing credibility gap and is surely a sign of the regime's confidence in the face of growing American weakness. There is an observable difference between the caution shown by Pyongyang in pronouncements of its 2006 missile and nuclear tests, and the more strident rhetoric surrounding the rocket launch and the second nuclear test in April and May 2009 respectively, which may be attributable in part to perceptions in Pyongyang of a weakened US foreign policy position.¹⁰² The flow-on effects are predictable: North Korean bellicosity on the one hand further undermines the position of liberal in South Korea, the supporters of the Sunshine Policy and biggest constituency for engagement with the North. On the other, Pyongyang's recent actions have enhanced the position of right wing factions in Japan, giving further weight to their calls for the full remilitarization of the Japanese state.

¹⁰¹ DIBB, P. 2009. *Geopolitical Implications of the Global Financial Crisis*. East Asia Forum, <http://www.eastasiaforum.org/wp-content/uploads/2009/03/pauldibbimplicationsofgfc.pdf>. p. 5.

¹⁰² NAKAYAMA, L. & SIN, S. 2009. *Contributing Factors to North Korea's Different Treatment of 2006 and 2009 Taepo Dong-2 Missile Launches*. USFK Joint Operations Centre Korea, <http://www.scribd.com/doc/15245116/Contributing-Factors-to-North-Koreas-Different-Treatment-of-2006-and-2009-Missile-Launches>. p. 6.

The longer-term outcomes are less certain, but may derive from a creeping American retrenchment from the region. The global financial crisis is highlighting the fact that the United States is losing its economic capacity to maintain a worldwide military presence. As this capacity decreases, US forces abroad are likely to be rationed to priority postings in vital energy source regions in the Middle East and Central Asia. A diminishing American presence in Northeast Asia will erode its future capacity to act as a balancing power, aggravating the regional security dilemma due to the absence of institutionalized cooperative security mechanisms. This would create a *de facto* multipolar system in which Japan would assume greater weight in the regional balance of power.¹⁰³ Specifically, this could lead to maritime competition between China and Japan, in what was formerly the exclusive domain of the US Pacific Fleet, a vortex into which both North and South Korea will be drawn.

Global Oil Supply Constraints

Petroleum geologist M. King Hubbert first postulated his theory of peak oil production in 1956, when he proposed that the rate of discovery in individual oil fields followed a bell curve, at the halfway point of which rates of discovery would begin to decline. As a consequence of this, at some point in the future the rate of production from a given field would also follow a bell curve congruent with the discovery curve. The peak of the production curve represented the point at which all the cheap and easily accessible oil from the field had been produced, with the remaining half consisting of oil of decreasing quality that would be increasingly expensive to extract. Hubbert used his theory to predict that oil production from all fields in the United States would peak in 1970, which proved correct to

¹⁰³ ROSS, R. 1999. The Geography of the Peace: East Asia in the Twenty-first Century. *International Security*, 23, pp. 115-16.

within a year. He later extrapolated the peak theory to incorporate all known global oil resources, from which he predicted a global oil peak occurring around 2000.¹⁰⁴ As demand for oil increases beyond the available supply as the peak is passed, the price of oil is likely to trend upwards, punctuated by periods of extreme price volatility. The impact of the peak on oil-dependent modern industrial societies has been predicted to be severe, resulting in disruption to agriculture and transportation, slowing down the wider economy.¹⁰⁵ While the concept of peak oil is not a matter of debate in the academic literature, predictions for the timing of the global peak range from 2005 to 2030.¹⁰⁶

This has major relevance for Northeast Asia, which is dependent on oil imported from the Middle East for over half its energy demand. China, Japan and South Korea all have advanced industrial economies that are heavily dependent on oil as an energy source and as demand increases, so too will their reliance on imports from other regions.¹⁰⁷ The geopolitical ramifications for Northeast Asia of declining global oil production rates in a post-peak era are immense. Pessimists such as Liao Xuanli and Kent Calder predict that the region's inherent energy insecurity will spawn increasing rivalry between regional states and confrontation over scarce resources and energy corridors in vulnerable sea-lanes.¹⁰⁸ More optimistic analysts believe that energy insecurity will spur multilateral cooperation where regional states choose energy interdependence through institutionalised cooperative projects in areas such as joint oil stockpiling, energy efficiency, offshore exploration, pipeline

¹⁰⁴ HUBBERT, M. K. 1956. Nuclear Energy and the Fossil Fuels. *Spring meeting of the Southern District Division of Production, American Petroleum Institute* San Antonio, USA: Shell Development Company, <http://www.hubbertpeak.com/hubbert/1956/1956.pdf>. p . 23.

¹⁰⁵ HEINBERG, R. 2005. *The Party's Over: Oil, War and the Fate of Industrial Societies*, Canada, New Society Publishers. pp. 185-98; ROBERTS, P. 2004. *The End of Oil: On the Edge of a Perilous New World*, Boston, Houghton Mifflin. p. 13.

¹⁰⁶ DEFFEYES, K. 2005. *Beyond oil: the view from Hubbert's Peak*, New York, Hill and Wang; HEINBERG, R. 2005. *The Party's Over: Oil, War and the Fate of Industrial Societies*, Canada, New Society Publishers. p. 111.

¹⁰⁷ CHOI, H.-J. 2009. Fueling Crisis or Cooperation? The Geopolitics of Energy Security in Northeast Asia. *Asian Affairs: An American Review*, 36, pp. 4-6; MANSOUROV, A. 2005. Northeast Asian Vortex: Regional Change, Global Implications. *Korea Observer*, 36, p. 513.

¹⁰⁸ LIAO, X. 2007. The petroleum factor in Sino-Japanese relations: beyond energy cooperation. *International Relations of the Asia Pacific*, 7, p. 26; CALDER, K. 1997. *Asia's Deadly Triangle: How Arms, Energy, and Growth Threaten to Destabilize Asia-Pacific*, London, Nicholas Brealey Publishing. pp. 13-42.

construction, and anti-piracy measures to protect sea-lanes.¹⁰⁹ Choi Hyun-jin sees great potential for transforming the Six Party Talks into an institutionalised political body to manage regional energy security issues, *once the nuclear question has been resolved* [emphasis added].¹¹⁰

The problem with this proposal lies in the current viability of the Six Party Talks. Having failed in its goal of denuclearising North Korea and with Pyongyang's withdrawal from participation altogether in April 2009, the prospects for institutionalising the six party forum do not appear bright. Regional energy security cooperation could provide a new *raison d'être* to breathe new life into the Six Party Talks if denuclearisation was abandoned from the agenda and Pyongyang agreed to resume participation. In the probable event that this does not occur, energy security relations between regional states are likely to reflect the predictions of the pessimists who see a future of heightened competition reinforced by the regional security dilemma. For North Korea, such an environment would only augment Pyongyang's view of a DPRK surrounded by hostile powers, vindicating its choice to maintain a nuclear deterrent. In such an environment, with sharpened cleavages of competition, regional states are unlikely to favour the type of unconditional normalisation with North Korea proposed in the scenario above.

Declining oil production rates and tightening competition for access to oil supplies is also likely to impact on North Korea's political economy. As noted earlier, North Korea is completely reliant on external supplies of oil, chiefly from China with occasional shipments from other regional states as a component of aid agreements. This raises two pertinent issues:

¹⁰⁹ CHOI, H.-J. 2009. Fueling Crisis or Cooperation? The Geopolitics of Energy Security in Northeast Asia. *Asian Affairs: An American Review*, 36, pp. 6-7.

¹¹⁰ *Ibid.* p. 22.

(1) as the oil supply crunch increases, China may become unwilling to sell oil to North Korea at any price, let alone subsidised friendship rates; and (2) other regional states may be disinclined to ship oil to North Korea if global supply constraints push industrial countries to favour oil stockpiling. The precipitous decline in energy imports from the collapsed Soviet Union was the principal trigger event leading to the famine and the collapse of the North Korean economy after 1991. Since that period, external inputs of energy aid and subsidised imports have stalled the complete decay of the Kim regime's totalitarian system. A decline in this energy inflow is likely to accelerate the deterioration of the eroded totalitarian system until the economy settles on a new equilibrium in balance with the reduced level of energy inputs, supporting a political order of reduced organisational complexity.

Maintaining structures of this scale requires an enormous resource base, which if diminished with force the complexity of the system to be reduced. In practice, reduction of organisational complexity will require the state and its huge centralised institutions to disaggregate into smaller units. This could occur in one of three ways: (1) disaggregation of the state into smaller discrete political units, such as occurred in the "Balkanisation" of the former Yugoslavia, and the collapse of Soviet Union; (2) via social triage, where sections of the population are cut off from the resource pool so that system can be maintained. This regime survival strategy was maintained during the famine period, as it continues to be in light of the revived *Chollima* campaign; and (3) through systemic reform, where the state consciously alters its political system to a mode of organisation that is more efficient. In the case of North Korea, this would include official marketisation of economy, greater political and social freedoms requiring less policing, and fewer, more streamlined government institutions.

Climate Change

Climate change represents another direct threat to the political economy of the DPRK. Traditionally, environmental impacts tended to be localised or manifest as cumulative problems over distant time horizons, neither of which posed a threat to the core interests of states. With the advent of climate change, however, it is no longer tenable to separate environmental variables from other political, economic and security considerations. Climate change is distinctive amongst environmental problems in that it is a global phenomenon, creating for the first time in modern history a convergence between the geopolitical and environmental realms at the global level. Climate change hazards are affecting human systems now and are worsening as the cumulative effects manifest over time.¹¹¹

Several analysts have established the link between climate change and security concerns at the domestic level. Climate change is likely to create problems at the sub-state level by reducing the carrying capacity—through declining availability of food, water and energy, sea level rise, migration, and extreme weather events—of states, acting as stress multipliers for countries already at risk from internal instability and economic weakness.¹¹² Climate hazards will cause the greatest harm in combination with existing problems such as over-population, demographic imbalance, poor governance, endemic poverty and lack of infrastructure. Weak

¹¹¹ HULTMAN, N. & BOZMOSKI, A. 2006. The Changing Face of Normal Disaster: Risk, Resilience and Natural Security in a Changing Climate. *Journal of International Affairs*, 59, p. 26. A *climate hazard* is a process or event that has the potential to create loss in human social, economic and political systems through its transformative effect on the biosphere. The Earth is committed to at least a 2°C rise in global mean temperature from pre-industrial levels. At +0.8°C, the planet is already on the precipice of feedback mechanisms that will trigger rapid and catastrophic climate change. See: HANSEN, J., SATO, M., KHARECHA, P., BEERLING, D., BERNER, R., MASSON-DELMOTTE, V., PAGANI, M., RAYMO, M., ROYER, D. & ZACHOS, J. 2008. Target Atmospheric CO₂: Where Should Humanity Aim? : arXiv:0804.1126v2 [physics.ao-ph], http://www.columbia.edu/~jeh1/2008/TargetCO2_20080407.pdf; SPRATT, D. & SUTTON, P. 2008. *Climate Code Red: The Case for Emergency Action*, Melbourne, Scribe.

¹¹² DUPONT, A. 2008. The Strategic Implications of Climate Change. *Survival*, 50, 29-54; BARNETT, J. 2003. Security and Climate Change. *Global Environmental Change*, 13, pp. 7-17; SCHWARTZ, P. & RANDALL, D. 2003. *An Abrupt Climate Change Scenario and Its Implications for United States National Security*. Pasadena CA: Jet Propulsion Laboratory, <http://www.kelber.de/medien/doks/Pentagon-Studie%20Klimawandel.pdf>

countries like North Korea, where such problems are endemic, will be the least able to cope.¹¹³

The main dangers to the DPRK state from climate change do not lie in developments at the international level, but rather will derive from the erosion of the state itself, chiefly as a function of increasing food insecurity.¹¹⁴ Food insecurity exists when access to sufficient amounts of safe and nutritious food for normal sustenance and development cannot be guaranteed. It can be caused by inadequate access due to specific political arrangements for distribution, as well as insufficient and uncertain supplies. The North Korean famine was a result of both of these drivers acting in combination. Armatya Sen observed that populations rarely experience shortages evenly, because access to food during a food shock is a function of “entitlement.”¹¹⁵ Stephen Haggard and Marcus Noland demonstrated the validity of Sen’s thesis in the context of North Korean famine, showing that government decisions not to purchase food on the international market contributed to the severity of the famine.¹¹⁶ The underlying factor at play here is that the North Korean population had outstripped the carrying capacity of the land base, meaning that the regime had more mouths to feed than domestic food production could satisfy.¹¹⁷ Under these circumstances, political decisions about food procurement and distribution can be decisive in limiting or perpetuating mass starvation.

¹¹³ CAMPBELL, K. & PARTHEMORE, C. 2008. National Security and Climate Change in Perspective. In: CAMPBELL, K. (ed.) *Climatic Cataclysm: The Foreign Policy and National Security Implications of Climate Change*. Washington DC: Brookings Institution Press. p. 14.

¹¹⁴ The author has conducted extensive investigations into this area. See: HABIB, B. 2010. Climate Change and Regime Perpetuation in North Korea. *Asian Survey*, 50, pp. 378–401; HABIB, B. 2009. The Implications of Climate Vulnerability for North Korean Regime Stability. *The International Journal of Climate Change: Impacts and Responses*, 1, pp. 83-104.

¹¹⁵ SEN, A. 1981. *Poverty and Famine: An essay on entitlement and deprivation*, Oxford, Clarendon Press.

¹¹⁶ HAGGARD, S. & NOLAND, M. 2007a. *Famine in North Korea: Markets, Aid, and Reform*, New York, Columbia University Press. p. 9.

¹¹⁷ NATSIOS, A. 2001. *The Great North Korean Famine*, Washington DC, United States Institute of Peace Press. p. 12.

North Korea has always had to cover its domestic food shortfall from foreign sources. Prior to 1991, it procured food at subsidised prices from the communist bloc. After the Soviet Union collapsed, the North propped up domestic production with international food aid. While the famine could have been minimised if the regime had acquired food on the international market, the question does arise, in light of climate change, about what would happen if global food production were to decline such that the amount of food available on the international market was to significantly decrease. Crop yields are bounded by the inherent limits of photosynthetic efficiency, which places a ceiling on the Earth's biological productivity. Convincing evidence exists that global food production may be declining after reaching a peak in the 1990s, a trend exacerbated by the influence of climate change.¹¹⁸ According to Lester Brown, a dangerous new politics of international food scarcity has already begun. Brown reports that in 2007, wheat-exporting countries including Russia and Argentina limited exports in an attempt to counter domestic food price rises, while Vietnam banned exports of rice for similar reasons.¹¹⁹ In a future dominated by growing global food scarcity, even if the regime wanted to buy food in the global marketplace, it would be at a severe disadvantage relative to prosperous states, which could pay a higher price for food commodities.

Large segments of the North Korean population are already at-risk because the regime continues the misguided pursuit of agricultural self-sufficiency. This policy has forced these people to develop coping mechanisms to secure subsistence or face malnutrition and death. As it has in the past, migration will be the best available adaptation option when governing institutions prove unresponsive to climate-induced crises and household capital endowments

¹¹⁸ The Food and Agriculture Organisation reports that global grain stocks are at their lowest level in over three decades. See: 2008f. *The State of Food Insecurity in the World 2008: High food prices and food security – threats and opportunities*. Rome: Food and Agriculture Organisation. Available: <ftp://ftp.fao.org/docrep/fao/011/i0291e/i0291e00.pdf>. pp. 9-10.

¹¹⁹ BROWN, L. 2009. *The Geopolitics of Food Scarcity*. Spiegel Online, <http://www.spiegel.de/international/world/0,1518,druck-606937,00.html> [Accessed 14 February 2009].

preclude other adaptation measures.¹²⁰ For many North Koreans during the famine— people with minimal access to foreign currency and limited access to the black market and the victims of social triage—this was indeed their only option for survival and is likely to remain so in the future. During the famine, the proliferation of internally displaced persons destabilised the strict system of travel restrictions that kept people rooted in one place, weakening domestic surveillance. Intensification of food shortages will place tremendous pressure on the regime to again tolerate unrestricted travel, leading to the further delegitimisation of social controls and additional growth in official corruption.¹²¹ Once systematic corruption becomes the norm it is exceedingly difficult for reformist leaders to dismantle. In the DPRK, money and self-enrichment have replaced career advancement and fear of the coercive apparatus as behavioural motivators, clear evidence that the totalitarian order is eroding and the complexity of the institutional system is decreasing. Exposure to climate change hazards is likely to accelerate this process, both weakening institutions and rendering them more vulnerable to future climate impacts.

Faced with climate-induced systemic breakdown that social triage is unable to stem, the regime may be forced into a corner where reform is unavoidable. The *de facto* marketisation of the North Korean economy during the famine provides a glimpse of inescapable systemic change. In 2002, state-owned enterprises began paying market prices for goods through their supply chains while the price of merchandise in state-owned stores was adjusted to reflect the price of goods in the farmers' markets.¹²² Private farmers' markets weakened the primacy of the command economy, demonstrating the inefficiency of central planning and the PDS as mechanisms for distributing food. People stopped looking to the state to provide for them

¹²⁰ MCLEMAN, R. & SMIT, B. 2006. Migration as an Adaptation to Climate Change. *Climatic Change*, 76, p. 41.

¹²¹ 2006i. A Matter of Survival: The North Korean Government's Control of Food and the Risk of Hunger. *Human Rights Watch*, 18, p. 29.

¹²² WOO, M. J.-E. 2005. North Korea in 2005: Maximising Profit to Save Socialism. *Asian Survey*, 46, p. 54.

and instead learnt to take care of themselves, shattering the propaganda image of the state as paternal provider. Again, this is a sign that the system cannot be maintained at the level of complexity required for totalitarian control. Marketisation requires minimal state intervention to function efficiently, in stark contrast to the level of intervention necessary for the proper function of the command economy.

Members of the elite live in a cloistered bubble of privilege, safely sequestered from the pervasive malnourishment afflicting the lower social strata. Kim Jong-il may confront a scenario in which the agricultural and industrial capacity servicing the military and Party elite is further undermined by climate hazards or by international donor fatigue. It is not clear what minimum level of resource procurement is necessary to sustain the elite and at what point of erosion a backlash against the leadership may occur.¹²³ The tipping point may come when mid and high-ranking officials are confronted with severely reduced access to food, prompting key figures to see support for the status quo as a losing gambit. This will be the *coup de grace* for the totalitarian order, because social triage is not possible if the protected portion of the population begins to crumble from within. This will be the point at which political disaggregation will begin to take place.

The regime has positioned itself strongly having adopted *Songun* politics as its legitimising paradigm. The military remains strong, having co-opted approximately three quarters of the total North Korean economy. This portion operates largely on market principles and provides the KPA with a generous revenue stream through the on-sale of diverted goods on the black market.¹²⁴ Decreases in the food available locally will affect this revenue stream, but to

¹²³ Reports in 2008 suggested that high-ranking residents of Pyongyang had their ration substantially reduced. See: 2008d. *N. Korea's food situation hopelessly bad: aid group*. The Hankyoreh, http://english.hani.co.kr/arti/english_edition/e_northkorea/279706.html [Accessed 03 April 2008].

¹²⁴ PARK, I.-H. Interview with the author. 28 July 2008. Seoul, South Korea.

constitute chronic revenue impairment, food shortages would have to coincide with donor fatigue from international sources such that overall food inputs decrease. Foreign nationals representing international donor organisations are a possible conduit for information about the outside world, increasing the chance of ideological pollution and the leakage of dangerous information. Social discord could result if the flagging monopoly on information is totally shattered and the North Korean public are able to make a genuine comparison between the outrageous excesses of official propaganda and the harsh reality of their everyday lives. Totalitarian ideology loses its credibility when political complexity decreases. If total control does not exist, totalitarian ideology is an empty shell, an idea without a purpose. Barry Buzan states that the ideas and the institutions of the state are inseparably intertwined: the ideational pillars are useless without the institutions to put them into practice, just as the institutions are pointless and even impossible without these ideas to give them definition and purpose.¹²⁵ Without *Juche*, *Songun* politics or the revived Chollima spirit as a practical guide, the institutions of the North Korean state will lose their *raison d'être*, destroying the motivation of state officials to carry out their duties and the incentive for the citizenry to comply with government directives. Again, climate change exacerbates the risk that pre-existing problems will degenerate into system-threatening movements.

Conclusion

It is clear from the analysis above that while Pyongyang has achieved nuclear status on its own terms, the fate of the North Korean state and of the Northeast Asian security environment is still a matter of conjecture. In a region where strategic competition is the norm for interstate relations, the scenarios of pragmatic accommodation are more likely to

¹²⁵ BUZAN, B. 1991. *People, States and Fear: An Agenda For International Security Studies in the Post-Cold War Era*, Boulder, Lynne Rienner Publishers. p. 86.

play out than those of conflict or cooperation. That is not to say that either a nuclear arms race or multilateral security institutionalism are out of the question, but merely to acknowledge that the balance of probabilities favour more *ad hoc* arrangements reflecting the divergent strategic interests of regional states.

The wildcard scenarios described above have the potential to change the underpinning dynamics of the entire nuclear crisis. At some stage in the next two decades, and assuming the state remains intact, North Korea will undergo a leadership transition after Kim Jong-il passes away. It is unclear at this stage whether the designated heir, Kim Jong-un, has assembled the necessary backing from important members of the regime elite to assume power uncontested. External developments at the global level are also relevant to the Korean peninsula. North Korea has been unable to escape the effects of the global financial crisis, which is diminishing its revenue from raw materials exports and increasing its trade deficit with China. Going forward, the global financial crisis may also constrain the ability and willingness of regional states to provide aid to the North, leaving the military and entrepreneurial economies exposed. The peaking of global oil production may lead to a similar problem, where growing competition for imported energy supplies leads regional states to husband oil for themselves rather than forward oil to North Korea as part of aid assistance packages. Climate change poses a comparable problem for the North's procurement of international food aid. In a global environment of contracting food production, a problem exacerbated by climate change, less food may be available for North Korea either as food aid or for sale on the international market, which in turn will place greater pressure on the regime to leverage its nuclear weapons capability to obtain international largesse.

The famine period in the 1990s saw a decrease in the level of economic and institutional complexity in North Korea. The totalitarian system was able to accommodate this reduced complexity through strategic retreat in certain sectors of the system, creating a new equilibrium where a weakened totalitarian architecture survived at a lower level of complexity. International largesse has been an important factor in maintaining the institutions of the totalitarian order, stalling the slide of the DPRK state toward a post-totalitarian system. There is a danger in each of the wildcard scenarios that international aid may be curtailed, which will exacerbate existing stresses and necessitate further strategic retreat and systemic reorganisation. This could result in Pyongyang placing increasing emphasis on nuclear sabre-rattling as the cure-all solution for its domestic economic and political woes. Without doubt, this would be an undesirable development for regional states.

10. Conclusion

Given the underlying structural features of North Korea's political economy and the international relations of Northeast Asia, there would appear to be little that regional states can do to compel North Korea to relinquish its nuclear program. It has become clear that Pyongyang has been insincere about the denuclearisation process, ultimately proving that almost two decades of diplomatic effort on the part of regional states has been fruitless. North Korea's hedging behaviour—engaging in nonproliferation negotiations while simultaneously developing a nuclear capability—is a sign that the nuclear program fulfilled objectives for the Kim regime above and beyond national security. This thesis has clearly demonstrated that the nuclear program is embedded in the political economy of the DPRK state and is integral to the perpetuation of the Kim regime. In this light, the rationality of Pyongyang's persistence with nuclear development and ultimate abandonment of the negotiation process is understandable. Regional states were unable to halt the North's march to nuclear power status because they lacked the military, economic and political leverage necessary to force Pyongyang to make concessions.

The Political Economy of Nuclear Proliferation

The first research question posed at the beginning of this dissertation concerned the likelihood that North Korea would willingly relinquish its nuclear weapons program. The conclusion reached in Part II of the thesis is an unequivocal “no”, based on proliferation motivations deeply rooted in the political economy of the Kim regime. Institutional failure in the mid-1990s very nearly brought about the complete failure of the DPRK state. This crisis resulted from macro-level long-term trends, intermediate level problems of institutional

viability and micro-level trigger events. At the macro-level, North Korea's inability to access international capital and costly military competition with South Korea and the United States stressed its economy and exacerbated intermediate level pressures such as agricultural inefficiency related to collectivisation and intensive industrial farming practices, bottlenecks associated with the command economy, and growing official corruption. These intermediate-level trends were the product of declining marginal returns on investment, which weakened the North Korean economy and agricultural sector such that they were incapable of surviving systemic shocks. The micro-level shock events of the Soviet collapse in 1991 and natural disasters of 1995-97 degraded North Korea's institutions and capital stock to the point where maintenance costs of vulnerable sectors could not be serviced. In short, the old institutional structure that had existed prior to 1991 had disaggregated in a system that was less complex and more congruent with the available resource inputs.

This new institutional structure was made more stable through Kim Jong-il's reconfiguration of the institutional power structure of the state around the military. Under *Songun* politics, the KPA was given priority access to the state's resources and production facilities. In the decade since its institution, *Songun* politics has facilitated the incorporation of approximately three-quarters of economic activity in North Korea within a parallel military economy. Perpetuation of the Kim regime was the primary objective of *Songun* politics. It was achieved in two ways: first, by generating an economic recovery from the famine period by creating a self-sustaining defence sector in which military activities generate more resources and economic goods than they consume. Second, the *Songun* system solidified Kim's support base by privileging the one institution that could threaten his control over the state.

The North Korean nuclear program has to be analysed in the context of *Songun* politics. The security-related drivers of the North's nuclear development are reasonably clear-cut: the nuclear capability deters attack by American and South Korean forces and acts as strategic equaliser against the substantial technological superiority of those enemy forces. Nuclear weapons may also constitute an important component of the North's offensive war plan, which features a blitzkrieg strategy based its specific strengths in asymmetric capabilities, artillery firepower, WMD, and military manpower. Together, these offensive and defensive nuclear doctrines raise the risk premium of war on the Korean peninsula and create doubt in the minds of enemy planners about the wisdom of attacking North Korea, which safeguards the Kim regime from being deposed by external military intervention.

The nuclear program has provided North Korea with a means to obtain scarce strategic commodities such as food and energy supplies from international donors, which are funnelled directly to the KPA to help subsidise its systemic maintenance costs. The regime has been able to obtain this international largesse through the use of coercive bargaining tactics in denuclearisation negotiations, leveraging nuclear-related provocations for external inputs. The KPA enriches itself as the primary distributor for surplus goods from aid shipments that are not consumed by the military itself. By providing an avenue to low and middle-level officials for advancement and enrichment, this arrangement prevents widespread public defection from the *Songun* system by offering incentives for participation as well as punishment for those who transgress. Without an effective framework of carrots and sticks, the *Songun* system would not be viable.

The nuclear program helps the regime to maintain the bureaucratic support base necessary to perpetuate its rule. By placing control of the nuclear program in the hands of the NDC, Kim

Jong-il has bestowed prestige upon key high-ranking figures and demonstrated that the interests of the regime leadership and the military are closely aligned. This congruence of interests is enough to ensure that regime elites have a strong vested interest in supporting the *status quo*. The program also provides employment for highly educated technicians and scientists who may otherwise consider defection en masse, which would deplete the country's intellectual stock and damage its economic development. The regime leadership and the KPA have reached a *quid pro quo* under *Songun* politics, solidified by institutional momentum (sunk costs in infrastructure and employment) and strong shared interests.¹

Finally, the nuclear program solidifies the ideological legitimacy of the *Songun* system as a powerful positive example to the North Korean people of their nation as a “strong and prosperous country.” It helps to legitimise the military as the paramount institution of the state and thus Kim Jong-il as its leader, and encourages the citizenry to accept the deprivations created by the diversion of resources to the military. North Korean propaganda has long positioned the Kim regime as the defender of the nation against imperial enemies. The nuclear program provides the regime with a practical illustration of a powerful KPA defending the nation against these external enemies, as well as an example of the supremacy of the regime's diplomacy. Without these propaganda images the *Songun* system would lack clarity and purpose.

The *Songun* system would be much more unstable than it is today in the absence of the nuclear program. Regime sympathiser Kim Myong-chol has written that Pyongyang

¹ The nuclear test in 2009 may have been orchestrated by Kim Jong-il to demonstrate that he and his supporting elite remain firmly in power. It may be no coincidence that the rocket launch on April 4 occurred only four days prior to the First Session of the 12th SPA, during which Kim Jong-il was confirmed as Chairman of the National Defence Commission. Interestingly, his youngest son Kim Jong-un was given a role in the NDC, giving him an opportunity to develop his own client patronage network in the military as the designated heir. See: NAKAYAMA, L. & SIN, S. 2009. *Contributing Factors to North Korea's Different Treatment of 2006 and 2009 Taepo Dong-2 Missile Launches*. USFK Joint Operations Centre Korea, <http://www.scribd.com/doc/15245116/Contributing-Factors-to-North-Koreas-Different-Treatment-of-2006-and-2009-Missile-Launches>. pp. 6-7; NOERPER, S. 2009a. *North Korea's Nuclear Test of International Resolve*. Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/09042Noerper.html> [Accessed 02 June 2009].

envisages going it alone as a nuclear armed state, using *Songun* politics as a vehicle for growing into a prosperous and powerful country. Kim suggests that the regime's announcement to withdraw from the Six Party Talks, restart operations at Yongbyon and conduct further nuclear and missile tests is a clear signal of the regime's change of course. It also implies the regime believes the US is powerless to respond, burdened as it is by the global financial crisis and costly wars in Iraq and Afghanistan.² Lance Nakayama and Steve Sin concur, noting that Pyongyang's perception of American weakness would have formed a large basis for the decision to proceed with the April rocket launch.³ These developments confirm the proposition that regional states hold little leverage over North Korea, an advantage of which the regime leadership is undoubtedly aware.

Regional States Lack the Leverage to Compel

The second research question addressed by the thesis related to the capacity of regional states to compel North Korea to relinquish its nuclear weapons program. Again, the thesis comes to a negative conclusion: regional states lack the leverage to force North Korea to denuclearise. As illustrated in Part III, this arises because regional states have divergent strategic objectives. Northeast Asia is a complex strategic environment characterised by historic animosity and contemporary competition. The region is a bipolar system dominated by the United States and China, in which Chinese control of the continental mainland is matched by American dominance of the East Asian maritime environment. Regional states align their positions more or less behind these two poles of power in denuclearisation negotiations, allowing Pyongyang to successfully cultivate the divergence of positions to its own

² KIM, M.-C. 2009b. *Kim Jong-il shifts to plan B*. Hong Kong: Asia Times Online, <http://www.atimes.com/atimes/Korea/KE21Dg02.html> [Accessed 22 May 2009].

³ NAKAYAMA, L. & SIN, S. 2009. *Contributing Factors to North Korea's Different Treatment of 2006 and 2009 Taepo Dong-2 Missile Launches*. USFK Joint Operations Centre Korea, <http://www.scribd.com/doc/15245116/Contributing-Factors-to-North-Koreas-Different-Treatment-of-2006-and-2009-Missile-Launches>. p. 6.

advantage. Each regional state harbours its own specific set of core strategic goals that often conflict with those of their neighbours. The strategic significance of the Korean peninsula varies for each of the regional players, creating divergences in attitudes to North Korea's nuclear capability that are evident in the commitment of each player to US nonproliferation initiatives. The lack of regional consensus that derives from these differing perspectives has been a critical aspect of the failure of strategies employed to compel North Korea to denuclearise. Regional states were left with little choice but to pursue the diplomatic track because military options are unviable in the absence of a catalysing event such as a North Korean attack over the DMZ. The risks associated with military action, such as North Korea's deterrent posture and the estimated cost of war on the peninsula, are simply too high to be seriously considered.

Efforts to extract concessions from Pyongyang by strangling the North Korean economy have not fared much better, owing to the disunity of purpose among regional states described above. China and to a lesser extent South Korea have been unwilling to rigidly enforce the sanctions and interdiction regime erected by Washington to pressure North Korea, freeing Pyongyang from the vice that US officials had hoped would squeeze the North into making concessions on its nuclear program. North Korea's growing trade with China has allowed it to avoid making denuclearisation concessions to the United States to access international markets because it is already plugged into the global economy via its relationship with China.

The most constructive progress has been made through the multilateral engagement process. Unfortunately, however, the diplomatic track became a dead letter after the North's successful nuclear test in 2009. One of the key motivations of Pyongyang's participation in the Six Party Talks was a desire to extract concessions from regional states, a strategy that

worked reasonably well. Yet by September 2008, negotiations had reached a point where the North was being asked to take significant steps toward nuclear dismantlement, steps that would degrade its operational nuclear capability. Clearly, Pyongyang has no taste for this outcome, as its provocations throughout 2009 have amply demonstrated. If the nuclear program was indeed a tool for extracting external inputs from the international community then by mid-2009, the Six Party Talks had reached the end of its usefulness for this purpose.

Regional States Must Adapt to a Nuclear North Korea

The final research question addressed by the thesis concerns the future of the North Korean nuclear issue. The thesis concludes in Part IV that the Korean peninsula is a microcosm for the wider region, where strategic competition is the norm. The most likely policy choices on offer reflect the limitations of a region in which countries have divergent strategic goals and varying commitments to nonproliferation on the Korean peninsula. Regional states are most likely to adopt pragmatic policy positions as they navigate between these boundaries, avoiding pessimistic arms race scenarios but falling well short of the regional institutional cooperation hoped for by many. One way or another, regional states will adapt to a nuclear-armed North Korea.

North Korea has joined the nuclear club within a region in which interstate relations are shaped by a security dilemma and a lack of cooperative security mechanisms with which to manage it. Northeast Asia is potentially unstable because there is no institutionalised cooperative security architecture to regulate relations between regional states, as exists in Europe. The Six Party Talks were regarded as the great hope for an embryonic multilateral security institution in the making, but with North Korea's nuclear ascension and the collapse of negotiations there appears to be little chance of it evolving into a more substantial regional

security organisation. Because of the unviability of armed coercion and the failure of economic pressure as strategies for preventing and unwinding North Korea's nuclear proliferation, the collapse of denuclearisation negotiations may push regional states to adapt to the reality of a nuclear North Korea. How they do so will shape the relative stability of the Korean peninsula and Northeast Asia over the coming decade.

Abandoning denuclearisation negotiations will be a bitter pill to swallow. For American officials, clinging to the Six Party Talks in some form or another is preferable to other choices that could be interpreted as failure or defeat, leading many officials and analysts to champion nuclear constraint as a new *raison d'être* for the multilateral forum. Although the battle to prevent North Korea from becoming a nuclear power has been lost, they believe that an effort to limit the size of Pyongyang's future nuclear arsenal is still worthwhile. After all, containing the North's weapon stockpile to a small number of weapons is preferable to allowing Pyongyang to rapidly expand its nuclear arsenal. The problem is constraint has virtually no chance of even getting off the ground while Pyongyang continues to indulge in diplomatic provocation, rocket launches and nuclear tests. There is no evidence that the regime is inclined to participate in multilateral negotiations to cap its nuclear arsenal, nor are there incentives available that could entice it to do so. The problem of leverage that plagued regional states in denuclearisation negotiations remains relevant in the context of nuclear constraint.

Regional states may come to realise the futility of constraint and come to accept North Korea as a member of the nuclear club, either officially or implicitly. There are three ways in which regional states can adapt to the new reality: first, regional states can balance against the North Korean threat within the framework of pre-existing alliance relationships. Japan and

South Korea are protected under the American nuclear umbrella, while China shares a long-standing alliance with the North. Second, regional states could respond by developing their own nuclear deterrent, in the belief that alliance relationships will be insufficient to address the threat posed by Pyongyang. Japan is the key player here; it feels the most acute existential threat from North Korea's nuclear and missile capabilities and is the non-nuclear state most likely to respond by pursuing its own nuclear deterrent. If Japan goes down this road, leaders in South Korea will come under tremendous pressure to establish their own nuclear deterrent. Finally, regional states may choose to develop confidence-building measures with Pyongyang and encourage it to become a responsible nuclear power, an outcome that proffers the best chance of enhancing regional stability.

The most positive confidence-building tactic for regional states may be political and economic normalisation with the DPRK. Political normalisation would entail the establishment of full diplomatic relations, including a peace treaty to end the Korean War, in conjunction with economic normalisation to encourage the North to integrate into the global trade system at its own pace. The existence of rudimentary political trust between North Korea and its neighbours could prevent the crystallisation of conditions in which the North's nuclear deterrent stimulates pressure toward a destabilising arms race. Similarly, the real economic benefits of careful economic contact with the global economy could dampen the financial temptation for Pyongyang to sell nuclear technology, lessen the incentive for it to engage in criminal activities and reduce the need for it to leverage threats in exchange for international largesse. While normalisation is the most desirable path forward in terms of regional stability, it is also the least likely due to the multiple crosscutting cleavages that have plagued relations between regional states, discounting normalisation within a multilateral framework as a possibility. Any one regional state considering bilateral normalisation with

the DPRK will have to consider the impact on its alliance relationships before moving forward.

Coexistence, Not Disarmament

The continued stability of Northeast Asia is largely dependent on how regional states respond to the North Korean nuclear threat. The logic of denuclearisation and nonproliferation is no longer relevant. Regional states need to develop new strategies that will allow them to coexist peacefully with North Korea, because the wildcard trends emerging at the global level may render cooperation all the more difficult if a *modus vivendi* cannot be reached. Whatever course of action regional states choose, it should be borne in mind that a nuclear North Korea can be deterred. The motivations for Pyongyang's nuclear proliferation all trace back to a fundamental desire within the Kim regime to perpetuate its rule. The very factors that have driven North Korea's quest for nuclear weapons are those that suggest it is unlikely to behave irresponsibly as a nuclear power.

This thesis also highlights the narrow, blinkered perspective of the Western-centric field of nonproliferation, which tends only to consider the security prerogatives of the established nuclear powers. That the leadership of a state may actually improve its external security and internal power through nuclear weapons acquisition is beyond the comprehension of the nonproliferation paradigm, which is why its proponents have such difficulty interpreting the decision-making calculus of proliferant states. By examining nuclear proliferation through the lens of political economy, as this thesis has done, as well as that of security, academics may be able to lay the intellectual foundation upon which policy makers can ground a more realistic response to states who seek nuclear weapons. This method of analysis is an addition to the nonproliferation literature that is sorely needed and could be applied fruitfully to the

case of Iran, Syria or any other would-be proliferators. The intellectual challenge posed by this thesis is to recognise that the goal of denuclearisation, toward which regional states have expended great effort, is no longer a viable goal in the North Korean context. This is uncharted terrain, a journey into which is the price to be paid for two decades of failed attempts to denuclearise the DPRK.

Epilogue

In the period since mid-2009, there have been some intriguing developments in Korean peninsula affairs. During the opening months of 2010, it appeared that North Korea might be willing to return to the Six Party Talks. An article describing Kim Jong-il's visit to China, published by KCNA on March 8th, showed some willingness on Kim's part to re-engage in the Six Party Talks:

Kim Jong-il expressed the DPRK's willingness to provide favorable conditions for the resumption of the six-Party talks together with other parties to the talks, declaring that the DPRK remains unchanged in its basic stand to preserve the aim of denuclearizing the Korean Peninsula, implement the joint statement adopted at the six-Party talks and pursue a peaceful solution through dialogue.¹

Pyongyang's participation was conditional on the lifting of economic sanctions against it as well as negotiations for an official peace treaty to replace the 1953 Korean War armistice agreement.² However, just prior to the publication of this thesis, tensions have again escalated on the Korean peninsula because of a North Korean provocation.

On 26 March 2010, a South Korean navy corvette named the *ROKS Cheonan* sank in the Yellow Sea after an explosion pierced its hull, killing 46 seamen. The *Cheonan* was patrolling the southern side of the disputed Northern Limit Line (NLL) maritime boundary between North and South Korea near Baengnyeong Island.³ The South Korean Ministry of Defense subsequently commissioned the Joint Civilian-Military Investigation Group (JIG), comprised of experts from South Korea as well as the US, Australia, Great Britain and Sweden, to conduct an investigation into the sinking. The JIG report found that the explosion

¹ KAROTKIN, J. 2010. All Eyes on China in Wake of Cheonan Sinking. *Jamestown Foundation China Brief*, X, pp. 4-8.

² CHA, V. 2010. *The Sinking of the Cheonan*. Washington DC: Center for Strategic and International Studies, <http://csis.org/publication/sinking-cheonan> [Accessed 3 May 2010].; JUNG-WOOK, K. & JEE-HO, Y. 2010. *Nuclear sessions could be at hand: North seems ready to return to table*. Seoul: JoongAng Ilbo, <http://joongangdaily.joins.com/article/view.asp?aid=2917211> [Accessed 30 May 2010].

³ CHA, V. 2010. *The Sinking of the Cheonan*. Washington DC: Center for Strategic and International Studies, <http://csis.org/publication/sinking-cheonan> [Accessed 3 May 2010].

was caused by a shockwave caused by the detonation of a torpedo and was unequivocal in its conclusion that the torpedo was fired from a North Korean mini-submarine. Remnants of a torpedo bearing the Hangeul script “1번” (translated as “No. 1” in English) were dredged up from the seabed near the wreckage of the ship. These markings matched those found on a known model of North Korean torpedo, suggesting that the recovered device was manufactured in North Korea. Furthermore, it cited evidence that a small squad of North Korean mini-submarines left a North Korean naval base, accompanied by a mother ship, approximately 2-3 days before the *Cheonan* attack and returned to the base 2-3 days after the incident. There were no other submarines from neighbouring countries in the vicinity at the time of the attack.⁴

The *Cheonan* incident has highlighted a number of themes that have arisen through this thesis. The response of South Korea, the US and other regional state has demonstrated how little capacity they have to influence North Korean behaviour through punishment. A provocation of this magnitude is a clear violation of the Armistice Agreement and tantamount to an act of war. Yet the South Korean response has been a measured one, reflecting Seoul’s desire to avoid an escalation into broader military conflict, for reasons described in chapter seven. The South Korean government’s weak response reflects its compromised position as a hostage to a North Korean artillery and rocket assault.⁵ The weak response of regional states reflects their leverage deficit *vis-à-vis* North Korea, as discussed in chapters seven and eight. In reply to South Korea’s response to the *Cheonan* incident, Pyongyang stated an intention to sever all relations with South Korea during the remainder of Lee Myung-bak’s presidency

⁴ *NK threatens to cut all relations with South* . 2010. Seoul: Korea Times, http://www.koreatimes.co.kr/www/news/nation/2010/05/113_66513.html [Accessed 30 May 2010].

⁵ These measures include a prohibition on North Korean vessels in South Korean waters, a suspension of North-South trade, further restrictions on the visiting rights of South Koreans to the North, a freeze on new investment in North Korea, and a suspension in humanitarian aid to the North. See: 2010. *Announcement of Measures against North Korea*. Seoul: ROK Ministry of Unification, <http://www.nautilus.org/fora/security/2010MOU.pdf> [Accessed 27 May 2010].

and threatened “tough measures” and “all-out war” in response to any further punitive measures by the ROK and its US ally.⁶

Rhetoric aside, the question remains as to why a North Korean submarine would attack the *Cheonan*. One hypothesis suggests the torpedo attack could have been a retaliation for an incident in November 2009 in which two North Korean naval seamen were killed. A North Korean naval patrol boat crossed the NLL, prompting warning fire from a South Korean vessel. The North Korean patrol returned fire and was met with a crippling volley from the South Korean vessel, which disabled the North Korean boat. The attack on the *Cheonan* may have been a reprisal for this incident.⁷

A second possibility posits that the *Cheonan* attack could be a sign of instability within the regime leadership, where an external crisis has been engineered to bolster the domestic credentials of Kim Jong-il and his succession plan, which was described in chapter nine.⁸ Kim Jong-il may deem such bold provocations necessary to secure institutional support for his son and anointed successor, Kim Jong-un, in the absence of a long grooming period in which Kim Jong-un could build his support within the military and the Party. The *Cheonan* incident preceded Kim Jong-il’s visit to China in early May, reportedly accompanied by his son.⁹ Kim Jong-un’s inclusion in official state delegations and insertion into important institutional posts may be part of an accelerated grooming program, given urgency by Kim Jong-il’s questionable health.

⁶ NK threatens to cut all relations with South . 2010. Seoul: Korea Times, http://www.koreatimes.co.kr/www/news/nation/2010/05/113_66513.html [Accessed 30 May 2010]; *Investigation Result on the Sinking of ROKS "Cheonan"—The Joint Civilian-Military Investigation Group* . 2010. Seoul: ROK Ministry of Defense, http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/20_05_10/jigreport.pdf [Accessed 30 May 2010].

⁷ SIGAL, L. 2010. *To Calm Korean Waters* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/10031Sigal.html> [Accessed 30 May 2010].

⁸ CHA, V. 2010. *The Sinking of the Cheonan* . Washington DC: Center for Strategic and International Studies, <http://csis.org/publication/sinking-cheonan> [Accessed 3 May 2010].

⁹ SIGAL, L. 2010. *To Calm Korean Waters* . Nautilus Institute for Security and Sustainable Development, <http://www.nautilus.org/fora/security/10031Sigal.html> [Accessed 30 May 2010].

A third theory suggests the attack was another provocation designed to construct a coercive bargaining dynamic, with the intention of forcing Lee Myung-bak's government into negotiations to calm tensions through which Pyongyang could extract aid and inputs for its economy.¹⁰ This scenario is entirely consistent with past North Korean negotiating behaviour, outlined in chapter four, in which Pyongyang has shown a willingness to participate in negotiations while simultaneously engaging in provocations to increase its bargaining advantage. If this suggestion is correct, it may represent a dangerous new phase of the coercive bargaining game in which Pyongyang has decided to engage in more extreme provocations to extract aid from the international community, confident that its nuclear weapons capability will deter military retaliation from South Korea and the United States. In spite of some muscular rhetoric, the muted practical response of Seoul and Washington has done little to dissuade Pyongyang from this view.

¹⁰ KAROTKIN, J. 2010. All Eyes on China in Wake of Cheonan Sinking. *Jamestown Foundation China Brief*, X, p. 5.

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