

chapter three

**The
Viability of
U.S. Security
Strategy
Toward the
Korean
Peninsula**

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Introduction

The end of the cold war resulted in a mixed bag of challenges in the Northeast Asia region. The Soviet threat is gone, but the danger of regional instability is not. Lingering conflicts, old rivalries, and security challenges pose an uncertain future for the Asia-Pacific. The U.S. military presence still remains an important stabilizer in the region. Former U.S. Secretary of Defense, William Perry stated: "It is [the U.S. military] presence that the countries of the [Asia-Pacific] region consider a critical variable in the East Asia security equation.... [and] the most important factor in guaranteeing stability and peace."¹

Three basic principles of the U.S. strategy of engagement in Asia are spelled out in United States Security Strategy for the East Asia Pacific Region. The first principle is reinforcing alliances with Japan, South Korea, Australia, Thailand and the Philippines to identify their new foundations in the post-cold war world. The second is to maintain 100,000 forward-deployed American troops in key locations throughout the Asia-Pacific to provide continual deterrence against belligerent countries (e.g., North Korea), to insure U.S. involvement in emerging Asian affairs and to protect U.S. interests in the region. The third principle is the development of regional and multilateral institutions (e.g., APEC, ARF) to buttress existing treaties and commitments with allies and nurture cooperation and confidence among Asian countries.²

Central to U.S. security interest in the region is promoting stability and peace on the Korean peninsula. For more than five decades, the United States has heavily invested both money and lives to deter, thwart and rollback North Korean military aggression. Today, 37,000 American troops still remain as a "tripwire" to ensure hostility and conflict do not breakout along the most heavily fortified border in the world, the demilitarized zone (DMZ).

Although the end of the cold war did not end Korean hostilities, the two Koreas were not unaffected by the global political changes. The dissolution of the communist world was clearly a turning point in the balance of power on the Korean peninsula. Most notably, it spelled doom for Pyongyang. Virtually abandoned by the Soviet Union and kept at arms length by China, North Korea lost its fundamental political, economic and security relationships in its struggle against the South. Isolated by its economic partners and burdened by its inefficient command economy, North Korea's economy quickly crumbled, becoming no longer sustainable. Economic deterioration accelerated in 1995 and 1996 as waves of torrential rain battered the DPRK countryside destroying crops, infrastructure and homes. North Korea is facing a severe economic crisis that is undoubtedly undermining

the uncertain leadership of Kim Jong II. Political and economic change is inevitable; it is a question of how this transformation will occur—reform, coup d'etat, collapse and/or war.

With the rapidly developing events and changing conditions on the Korean peninsula, analysts and policy-makers in Seoul and Washington realize that the parameters for the Korean problem have changed; we are no longer facing a strong, stable North Korea with a menacing military, but an unstable, starving and increasingly desperate country with a "loaded gun"—the military and a potential nuclear threat. The conditions now are more volatile than they were during the cold war. Washington, Seoul and other regional allies share a common objective to avoid violent conflict from breaking out on the peninsula. Many are asking, is the current U.S. defense strategy capable of addressing the increasingly complex security situation on the Korean peninsula? Is there more that Washington can do to insure South Korean security and regional stability with the unpredictable future of North Korea? This paper will attempt to address these difficult questions.

A Changing Region

With the collapse of the Soviet Empire and the dynamic economic growth of the Asia-Pacific, the regional balance of power in Northeast Asia is undergoing a transition. Principles and commitments that served as the foundation of many relationships during the cold war are being reexamined. Many of these changes have important implications on the power balance on the Korean peninsula and the effectiveness of U.S.-ROK military forces in sustaining peace. Let us examine some of the changes.

Russia

The most significant global change in recent years was the demise of the Soviet Union. For decades, American allies in the Asia-Pacific region lived under the constant threat of Soviet military aggression, while Pyongyang depended on the Soviet strategic umbrella for leverage and protection against the South and the "imperialist" United States. But, within a few dramatic years, the Soviet Empire collapsed and the threat evaporated. From the ashes, an ailing Russia, plagued by economic chaos and political strife, emerged seeking economic assistance from the countries it once threatened.

Russian military activities and exercises in Asia have decreased significantly since the end of the cold war, and general military readiness has declined due to Russia's economic crisis and low military morale. With a lack of internal political stability and resources, it is unlikely that Russia will be a signif-

icant military and political player, let alone a security threat in the Asia-Pacific region, for the foreseeable future.

But, Russia has gone through periods like this before, when domestic considerations and difficulties have diverted its attention away from the Pacific. In each case, the preoccupation has passed and Russia has returned to the region with new vigor. There is little reason to expect that it will be different this time. The question is, how long before Russia revives its strength in the region? No one can know for sure, but twenty years would be a reasonable time frame, assuming that no further disasters befall its transition from the Soviet state.

The dramatic changes that were occurring in the Soviet Union had a direct impact on the Korean peninsula's political environment. For five decades, the Soviet Union not only supplied the DPRK with modern arms and military training, but assured protection under its nuclear umbrella and promised unequivocal support for North Korea in the case of war. Moscow's commitment to Pyongyang, however, began to falter in the late 1980s as the Soviet leadership saw the potential benefits of establishing ties with Seoul. By 1988, when Moscow announced that it would attend the Seoul Olympics over the objection of Pyongyang, it became clear that ROK-USSR relations were warming, and heading for a fundamental change. In 1989, President Roh Tae Woo and President Mikhail Gorbachev met in San Francisco for a summit meeting. One year later, Moscow and Seoul signed a basic treaty formalizing ties between the two governments.³

Moscow's ties with Pyongyang, on the other hand, turned sour. The North Korean newspaper, *Nodong Shinmun*, lashed out against the Soviet Union, labeling Moscow's establishment of diplomatic ties with Seoul as "betrayal to Pyongyang" and "a divisive action against the unification of Korea. . . . selling out its ally's interests and mutual trust for \$2.3 billion."⁴ Pyongyang recalled its ambassador to Moscow in May 1990 as an expression of displeasure. But, the greatest impact was felt on the economic front. The Soviet Union, which had accounted for more than 50 percent of North Korea's trade until 1991, ended its barter trade system with North Korea and demanded hard currency for its exported goods at world market prices. Bilateral trade precipitously dropped.⁵ The most significant blow to North Korea was the decrease in petroleum imports. Oil shipments went from 410,000 tons in 1990 to only 30,000 tons a year by 1992.⁶ This dramatic drop in trade caused mass disruption in the economy; Pyongyang attributes its current economic crisis to the USSR abandonment.

The fall of the Soviet Union and the rise of Yeltsin did not bring any change to growing Russian emphasis of South Korea over the North. Igor

Rogachev visited Pyongyang in January 1992 as a special envoy of President Boris Yeltsin. His trip was not to reaffirm Moscow's ties to Pyongyang; the reverse was true. He was there mainly to discuss a reinterpretation of the military clause and weaken Moscow's commitment in the existing Friendship and Mutual Assistance Treaty between the two governments. Although the trip ended with no real consensus, the treaty was essentially dead.⁷ On a number of subsequent occasions, Moscow repeatedly stated that it would not come to Pyongyang's aid in the event of any hostilities initiated by North Korea.⁸

Recently, Moscow has adjusted their Korea policy from a one-sided, South Korea-focused approach toward a more balanced one. Although Russia cannot contribute significantly to Asia-Pacific security, the Russian leadership still sees itself as a Pacific "power" and remains interested in becoming deeply involved in regional issues, particularly in the effort to reduce tensions on the Korean peninsula. Realizing that cutting ties with Pyongyang would only further decrease Russia's leverage in the Asia-Pacific, Moscow has made a concerted effort to turn around the declining Russia-North Korea relationship. In April 1996, Russian Deputy Premier Vitaly Ignatenko traveled to Pyongyang to discuss the restoration of bilateral trade relations with his counterpart Deputy Premier Hong So Nam. Meetings between the two leaders concluded with the signing of a protocol that the two governments will work to increase trade and promote technological cooperation.⁹ Russian *Itar-Tass* news agency recently reported that Russia and North Korea will soon embark on discussions for a new bilateral treaty to replace the 1961 Friendship, Cooperation and Mutual Assistance Treaty that expired in September 1996 and to strengthen ties that have been weakened since the collapse of the Soviet Union.¹⁰ It is yet unclear if these two governments will restore the trust and cordial relationship that was disrupted during the final days of the Soviet government, but what is clear is that Pyongyang will not receive the unequivocal support that it enjoyed from Moscow during the cold war.

China

The main concern for many Asia-Pacific countries, including the United States, in the near term is how to deal with the rise of China as a major power in Asia. Many analysts and policy-makers in the United States and throughout the Asia-Pacific region are becoming increasingly suspicious of China's long-term military ambitions as it continues to grow as an economic regional superpower and modernize its defense apparatus. China's active duty military, at 2.9 million personnel, is the largest in the world. It also stands as the only nuclear power on the Asia continent, possessing 16 ICBMs that can hit virtually any target in the world, 60 IRBMs, one nuclear-armed submarine and countless tactical nuclear warheads. Though

imposing, China's conventional capability remains 10 to 20 years behind most modern militaries. The air force consists primarily of Korean War-vintage fighters, despite the recent acquisitions of Russian MiG-31s, Su-27s and Su-31s. The naval fleet, though the largest among Asian countries, is a green water navy at best. China lacks military projection capabilities, but it is clear that its cooperation with Russia¹¹ and its booming economy is slowly providing the modern technology and technical base to advance China's military into a force with regional, if not global, power projection capabilities.¹² The question is, once China achieves these potentials, how will Beijing project "power" in its various forms and for what purposes? It is a question on the minds of Asians, as expressed during a Washington trip by the current Japanese Foreign Minister. Noting that China's defense spending has been increasing by about 20 percent annually, he said, "Japan is not defining China as an enemy, a threat or a risk," adding that nevertheless, Beijing's military buildup must be taken into account as "an objective fact."¹³

It is not yet clear if Beijing's intention for its current military modernization is to establish a regional hegemony. For now, however, China's number one priority is economic development, not war. Therefore, peace and stability in the region is critical. Recently, in response to the heightened tensions arising from the North Korean submarine infiltration incident, Chinese officials stated, "China is willing to cooperate with other countries to bring into play positive and constructive action to uphold the peninsula's peace and stability."¹⁴

Although China is the only country that continues to maintain a cordial relationship and bilateral security treaty with the DPRK, Beijing, like other neighboring countries of the Korean peninsula, strongly supports a peaceful solution to resolve the current tensions between the two Koreas. Beijing has made it clear that it will not support any North Korean offensive military campaign.

Pyongyang has long prided itself on its self-sufficient military, but few believe it would be capable of sustaining military operations against the U.S.-ROK Combined Forces Command (CFC) without considerable outside military support. North Korea can no longer rely on Beijing and Moscow for providing military assistance. The loss of support from these two critical governments clearly serves as a deterrent factor.¹⁵

Japan

Japan's post-cold war security role is undergoing a transformation. Japan's international political and security activities still remain limited by public sentiment and Japan's Peace Constitution, but policy-makers both in Washington and increasingly in Tokyo view the need for Japan to become

more involved in the overall security and stability of the region. The scope of Japanese military activities within the context of the U.S.-Japanese security relationship is gradually broadening—most recently, as a result of the newly signed Agreement Between the Government of the United States and Government of Japan concerning the Reciprocal Provision of Logistic Support, Supplies and Services Between the Armed Forces of the United States of America and the Self-Defense Forces of Japan (in short, Acquisition and Cross Service Agreement) by President Clinton and Prime Minister Hashimoto in April 1996. This agreement opens the opportunity for Japan's Self-Defense Force to provide logistical support, such as refueling of American warships and fighters and transportation of goods, and greater cooperation with U.S. troops in military operations to maintain regional security and stability. One Japanese defense analyst described the new U.S.-Japan security arrangement: "Up until now, the security roles of the two countries were very clear—Japan was the shield only protecting itself and the United States was the sword. But today's declaration means that this clear role-playing is now over and Japan may be pushed to provide some kind of sword."¹⁶

Japan's evolving regional role has clear implications for security on the Korean peninsula, and has made some in Seoul nervous. For decades, American troops stationed in Japan provided additional lines of defense and support for South Korea against North Korea. In the case of a military crisis on Korean soil, American warships, warplanes and soldiers in installations located in Japan would be used to support the U.S.-ROK Combined Forces Command. However, with the growing call by the U.S. government for Japan to increase its involvement in regional security, Japan's role in a Korean crisis has recently been called into question. At this moment, this issue still remains to be resolved by U.S. and Japan defense officials. Both sides are now reviewing *Japan's 1978 Guidelines for U.S.-Japan Defense Cooperation* in hopes of advancing the defense planning process toward addressing specific contingencies, such as a Korean conflict.¹⁷ Objectively, increasing involvement of Japan in maintaining stability on the Korean peninsula would only work to strengthen deterrence against North Korea. However, some South Korean analysts and policy-makers fear that, once the United States begins the momentum for Japan to project its power overseas and remilitarize under the pretext of increased responsibility for regional security, it is only a matter of time that Japan would once again establish itself as a military power.¹⁸

The Korean Peninsula

Stability on the Korean peninsula is central to Asia-Pacific security, and to U.S. economic and political interests in the region.¹⁹ For four decades, the

U.S.-South Korean Mutual Security Treaty has assured the United States commitment to the ROK's national defense through the continual presence of American forces in South Korea. Based on this important security relationship, the two countries have broadened and developed political, economic and cultural ties making a bilateral relationship indispensable to each others' national interests.

In 1995, the total value of U.S.-Korea trade reached \$54.5 billion.²⁰ While the United States fell into a deficit with most Asian countries, the United States ran a surplus of \$6 billion with South Korea in 1995, a figure expected to increase to \$10 billion by the end of 1996. The United States ranks as South Korea's largest export market, while the ROK is the fifth largest purchaser of American goods and services.²¹

In the political realm, ties between Seoul and Washington are strengthened by a common democratic form of government. South Korea is an Asian democratic success story. Despite the recent negative publicity that South Korea has attracted over the corruption charges of its business leaders and political leaders as well as the conviction of two former presidents, South Korea, once touted as one of the most authoritarian regimes in Asia, is a remarkable example illustrating that economic development and political-civil development go hand-in-hand.²²

Although ties between Seoul and Washington are strong in the post-cold war era, policy coordination in dealing with the weakening DPRK has created tensions. The two governments agree on a common strategic objective: "to promote a process of stabilization and tension reduction that will maintain peace on the Korean Peninsula and ultimately lead to a peaceful reunification."²³ However, both countries, driven by different priorities, interests and domestic politics, do not always agree upon their approaches towards dealing with an uncooperative North Korea. For example, contention has emerged over the issue of using humanitarian aid as political leverage versus providing it unconditionally.

Both regional and global transformations have had a dramatic effect on the balance of power on the Korean peninsula. Today, North Korea is weakening daily from its economic crisis and is, at best, at arms length from the once loyal allies, China and Russia, that once unequivocally supported Pyongyang. The balance has tilted to South Korea's advantage. From a regional standpoint, South Korea's defense embodied in the U.S.-ROK Combined Forces Command stands as perhaps the most credible deterrent force against North Korea's military in the last four decades. But, as will be pointed out later, there are chinks in the CFC armor.

North Korea and the Unification Issue

For years, the question of Korean reunification has been based on the idea that two relatively equal states would engage in dialogue and eventually sue for peace, reconciliation and unification. But today, the parameters of reunification have changed drastically. The two Koreas are not equals. The North has staggering economic difficulties²⁴ while the Republic of Korea is an Asian economic "tiger," and the distance between the two has been growing rapidly. If and when the two countries progress toward unification, South Korea will bear huge financial costs. The question is how high the price will be. Recently, experts have predicted that the price tag for unification could range between \$200 billion and \$2 trillion.²⁵ Marcus Noland, an economist with the Institute for International Economics, recently estimated that it would take between \$500-\$750 billion of investment over a 20-25 year period for the DPRK's per capita income to reach 60 percent of the current \$10,000 per capita of South Korea.²⁶ However, like most "facts" about North Korea, no one really knows; we can only speculate. What is clear is that the cost of merging the two Koreas will be significantly influenced by the degree of North Korea's economic deterioration and if North Korea will collapse rapidly or gradually. In the worst scenario, a military conflict preceding reunification, the financial costs—not to mention human costs—will be astronomical. Thus, U.S. and South Korean policy-makers and analysts are pushing for a "soft-landing" policy that would prolong the period of unification and ease the ultimate burden that Seoul must bear for this process.

But, what is a soft-landing? Is it achievable? One analyst ambiguously defined it as "a gradual process of peaceful reunification over an extended period of time."²⁷ In other words, the objective is to avoid an immediate and chaotic change in the North Korean political-economic system that would require South Korea and her allies to intervene quickly to avoid a situation in which the U.S.-ROK Combined Forces Command would have to defend against a DPRK attack on South Korea as a last-ditch effort for survival. But, given the near disastrous condition of the DPRK economy and heightened North-South tensions in the wake of the September 1996 submarine infiltration, the proper direction to gradual and peaceful unification is unclear.

What is clear is that a soft-landing and a gradual reunification scenario must include certain key elements: 1) dialogue between Seoul and Pyongyang; 2) substantial investment in and trade with the DPRK by South Korea and her allies; and 3) the adoption of substantial economic reform by North Korea. Two basic features will determine success or failure: 1) a concerted decision by Seoul, Washington and Japan to assist North Korea

out of its current crisis; and 2) a deliberate decision by Pyongyang to reform its system. Policy coordination between Washington, Seoul, and Tokyo in dealing with Pyongyang has not always been smooth. The three governments agree that it is their policy objective to reduce tensions and pursue peace on the Korean peninsula, but there have been tactical differences over how to engage Pyongyang. For example, the issue of using humanitarian aid as political leverage versus providing it unconditionally has become a point of contention among the three governments. But, the allies have agreed that in order to save North Korea from economic collapse, initiating dialogue with, investing in and trading with the DPRK is important.

In April 1996, Presidents Bill Clinton and Y.S. Kim proposed Four Party Talks (U.S./ROK/PRC/ DPRK) as a forum in which North Korea could be brought to the negotiating table to discuss tension-reduction measures on the Korean peninsula. Both South Korea and the United States agreed to assist North Korea's ailing economy if the DPRK were to accept these talks. On 15 August 1996, to further entice Pyongyang to accept the proposal for Four Party Talks and create a spirit of goodwill, President Y.S. Kim gave a speech commemorating the 51st anniversary of Korea's national liberation, and outlining three principles regarding peaceful unification: 1) South Korea will not take advantage of the North's current economic difficulties; 2) South Korea wants the North to join the international community; 3) peaceful reunification should be achieved without either side imposing its will on the other. Additionally, President Kim announced that South Korea would be prepared to assist in alleviating North Korea's food problem and agricultural depression as well as push for expanded trade and increased investment in the Rajin-Sonbong Special Economic Zone (SEZ).²⁸ North Korea's response to these policy initiatives has been vague and the recent submarine infiltration does not augur well.

Prospect for Change

How likely is it that North Korea will accept the ROK and U.S. proposals now on the table as inducements toward a soft-landing? Unlikely.

The basic notion behind a soft-landing is that, somehow, all parties involved will benefit from it. But, would they? Let us try to view all this through the eyes of Pyongyang's leadership. First, "landing" implies that some entity (i.e., the DPRK) will decline or fall. And, the terms "hard" or "soft" characterize how an entity would go down—with a bang or a sputter. Whichever it is, the conclusion is the same—the eventual termination of the current *juche* system of North Korea. Thus, for the DPRK leadership, whose survival is tied to the current system, the issue of hard- or soft-land-

ing is moot. It is a question of choosing the means of one's own demise. The soft-landing approach serves the self-interest of South Korea, not the DPRK. A soft-landing would make it less costly for South Korea to pick up the pieces after the current DPRK regime has crumbled.

DPRK Power Succession and Unification

Any discussion of unification must consider the question of Kim Jong II's succession to power and the political and ideological institutions that sustain the current *juche*-based system. Although Kim Jong II has not officially accepted the titles of President and General Secretary of the KWP, the general opinion among analysts who focus on North Korea is that Kim Jong II is recognized as the *de facto* leader. Kim II Sung and Kim Jong II's meticulous effort to build the foundation for political succession has paid off for the time being. But, does Kim Jong II have the same unfettered power and control over the country that his father had? His legitimacy as ruler is closely linked to the legacy of his father, and how he sustains this legacy and the *juche* system will have major influence on the support of key constituents.

At the Sixth Congress of the Korean Worker's Party (KWP), when Kim Jong II was anointed as the successor to his father, the party leadership outlined three reasons why the junior Kim was selected. One, a successor had to be selected to continue the revolutionary struggle that was initiated by Kim II Sung and the KWP and carry it to its ultimate completion. The understanding was that the *juche* revolution could not be accomplished in one generation, thus a successor who is absolutely loyal to the movement had to be the torchbearer. Kim Jong II was the most capable person to lead the revolution for the coming generation. Second; the new leader had to embody the characteristics and strengths of the Great Leader, which Kim Jong II did. And, finally, reflecting on the political turmoil after the death of Stalin and Mao, a successor-designate was to be selected to avoid power struggles that usually emerge after the death of the leader.²⁹

Some analysts believe that the anointment of Kim Jong II was born out of Kim II Sung's fear that, after his death, the political and ideological kingdom that he built would meet the same dismal fate of other authoritarian leaders such as Mao, Stalin and Ho Chi Min—the demystification and criticism of the Great Leader and revision of the revolutionary movement. Senior Kim trusted that his "revolutionary cause [would] be pushed forward by his son whose loyalty he trusts above all others."³⁰

The speeches of senior North Korean leaders and the DPRK media commentaries make it appear that Kim Jong II will be held to this father-son

trust. He has been touted as the "eminent theorist and ideologist who embodies the *juche* ideology" as well as "a tested revolutionary who embodies perfectly and is realizing brilliantly the distinguished leadership art of the Great Leader."³¹ Therefore, not only does Kim Jong II possess the "brilliance, wisdom and leadership" exemplified by the "Great Leader," but he is also the only one qualified to carry out the revolutionary struggle and socialist construction instituted by his father "through the generations until its completion."³² Kim Jong II may be the next living ruler of North Korea, but his dead father sets the parameters for his authority. In brief, Kim II Sung—embalmed for all to see—"rules from the grave."

In addition to moral obligation, we must consider the institutions that have been created to protect and perpetuate the *juche* ideology since Kim II Sung's first enunciation of the home-grown, Marxist-Leninist ideology in 1955. Every aspect of North Korean society has been slowly shaped into a monolithic system of authority under the Great Leader's exclusive leadership.³³ Over the years *juche* evolved from a political slogan into a complex ideological system that mobilized the entire country under the rule of one person, Kim II Sung. In 1986, a significant advancement was made in the *juche* ideology with the institution of the doctrine of "socio-political life" This doctrine captured the anthropocentric nature of *juche* that argues that mass is the primary force of socio-political development but the masses need the party and the Leader for guidance.³⁴ Moreover, it also systematized the idea, contrary to Marxism, that "human behavior is guided not by conditions and relations of production but by the direct guidance of the leader."³⁵ The relationship between the Leader, the party, and the masses was compared to the human body. The Leader is the brain that gives guidance and the masses serve as the various body parts that follow directions as well as give feedback. The party serves as the nervous system that mediates and conveys important information between the brain and the various organs.³⁶

What is important to highlight here is the vital role of the party and the interdependence between the Leader and the party in maintaining control over the country—and the military. The party draws its authority or direction from the leader while the leader cannot exercise his authority and execute policies without the party.³⁷ Kim Jong II himself explains:

The most important thing to the revolutionary movement is for the party leadership to make a scientific analysis of the situation created at each stage and to forward a correct line and policies, strategy and tactics and thus clarify the road of struggle.... Another important thing in party guidance to the revolutionary movement is to

strengthen its kindred ties with the masses and organize them to implement the line and policy set forth by the leader.³⁸

The party and its leadership has just as much at stake in the maintenance of the current political-ideological structure as the Leader to ensure their authority and control over the system—including their lavish life-style and perquisites. I know; I have seen them.

In 1987, the *Juche* Academy of Science was established to protect, develop and promote Kim II Sung's *juche* system. The *juche* theoreticians of this academy assisted in taking the ideology a step further by developing it into a systematized quasi-theology. As Hwang Jang Yop, one of the architects of *juche* and its leading theoretician, pointed out, "*juche* will not be perfected as a philosophical system without being 'religionized.'"³⁹ Borrowing and distorting Christian doctrines such as eternal life and the Trinity, *juche* ideology attempts to instill absolute loyalty to the system. For example, one can obtain immortal life by relinquishing selfishness and individualism and integrating one's existence into the society. By sacrificing and serving for the betterment of society, one becomes a part of society and will be remembered for his contribution by its people in the present and by the people to come for eternity. Through the deification of *the juche* system, the Leader may pass away, but the loyalty of its followers will be assured.⁴⁰

In this light, we can see the difficulty of introducing liberal economic policies that may change and undermine one or more pillars of the *juche* belief system. True reform within North Korea would have to involve fundamental reforms of the economic planning mechanism and the introduction of market principles in decision-making, production and allocation of resources.

Economists argue that North Korea cannot follow a gradualist reform strategy similar to those implemented in China and Vietnam. The economies of China and Vietnam were primarily agrarian, and the size of their heavy industrial sector were small when the two governments began their reforms. The growth and increased standard of living that resulted from initial agricultural reforms provided a cushion to absorb some of the political shock waves of reform and countered the erosion of political legitimacy.⁴¹ However, for more industrialized, centrally-planned economies, such as those of some Eastern European countries and North Korea, gradual reform is not an option.

Marcus Noland explains the necessity of comprehensive reform for more industrialized, centrally-planned economies rather than a piecemeal

reform strategy: "The more highly interdependent nature of industrial enterprises means that a whole host of reforms (macro-economic stabilization, introduction of rational pricing, liberalization of international trade and introduction of a convertible currency, tax bankruptcy, and social safety net reforms, etc.) are a seamless web and must be done simultaneously for reform to be successful economically, and politically sustainable."⁴² In other words, the complex nature and the inter-connected institutions of an industrial complex requires the implementation of a series of reforms to successfully break the socialist pattern of the economy and to be able to replace the socialist structure with a market-oriented economy. Some analysts argue that fast institutional change in the economy and political structure is important for industrialized, centrally-planned economies if economic transformation is to avoid the danger that reforms will become bogged down and carried out only in part to lessen the social disruption of protracted economic structural crisis.⁴³

Introducing real economic reform in North Korea would require basic changes in the theo-political belief system that shapes and drives the economic system. In the eyes of those who work to protect *juche*, reform may be considered as "treason," "blasphemy," or even a direct attack on the embalmed Kim II Sung himself. A second problem with reforming the economic system is that it would cost party authorities directly. Economic reforms, such as decentralization of bureaucratic planning or self-management of factories to free industries from unproductive intervention and allow the market to control production, would either weaken or cut the links between the party-government bureaucracy and the masses. In other words, bureaucrats and party cadres who manage and control economic production from the planning level down to the factory floor would have to relinquish their power and authority (and perquisites) to market forces.

As Chalmers Johnson argues, the bureaucracy in a totalitarian society is a rigid, self-preserving institution that will resist any change that would rearrange the patterns of power relationships within the government, particularly efforts to ease the control of party-government control over the functions of state to allow the market to control the economy.⁴⁴ As has been learned from other transition socialist economies, to eliminate economic interference of the bureaucracy, is to dissolve the bureaucratic command structure all together.⁴⁵

Then, one must consider the dependence on *juche* of certain groups in North Korean society for their authority and livelihood. As mentioned above, the unique role of the party gives members a high level of authority as the Great Leader's messengers. With this status, the three million

members of the KWP are given privileges and special treatment. North Korean society is categorized into three general groups: 1) the core, 2) unstable, and 3) hostile class. The core class (about 30 percent of the population) consists of party members and the elite of North Korea. The upper class children are allowed to attend privileged schools such as Mankyongdae. High cadres live in luxurious residences, possess high quality, foreign goods, attend extravagant parties at the "The Dear Leader's Pleasure Palace" (I know; I have been there.) and have telephones and radios capable of receiving foreign broadcasts. Most of them live in Pyongyang or within major cities and are recruited for influential positions in the military, party or the government apparatus.⁴⁶ The weakening or destruction of the *juche* system would threaten the privileges enjoyed by members of this higher caste. Thus, those with the greatest political influence are also those least likely to accept reform.

Beyond protecting the power and perquisites of the elite, the *juche* system is needed to maintain order among the masses, *juche* provides the justification for the sacrifice the common people must make within an oppressive system. The North Korean masses are told that their sacrifices today will guarantee their independence and the eventual reunification of the Korean people.⁴⁷ As a *Nodong Shinmun* article on the second anniversary of Kim II Sung's death explains:

Even though our struggle for succession to and perfection of the *juche* revolutionary cause is painful and difficult, we will surely triumph someday and live a happy and rewarding life looking back upon the pain and difficulties of today. If we are to bring the *juche* revolutionary cause to perfection under the respected Comrade Kim Jong II's leadership, we have to restrengthen the Party, the People's Army and the League of Kim II Sung Socialist Youth. . . . With a strong Party, a strong army and a strong youth league, there is nothing we cannot achieve and there is no enemy we cannot beat.⁴⁸

Given the above considerations, it is difficult to foresee any deliberate and meaningful reforms by the Kim Jong II regime.

Economic Reform ?

The political and ideological factors which stand in the way of DPRK reform cannot survive; change is imperative. Most, but not all, analysts agree that current economic crises are eroding Kim Jong II's legitimacy. Lacking the charisma and the revolutionary background of his father, the Old Guard of the father's era and the people will judge Kim Jong II by his

performance, despite all the efforts to portray Kim Jong II as the embodiment of Kim II Sung.⁴⁹ Many analysts of North Korean affairs conclude that economic conditions already are affecting junior Kim's rule. Although he is in power, he cannot elevate himself to fill his father's post of State President and Party General Secretary under current economic conditions.⁵⁰

Kim Jong II is faced with a "Catch-22" situation in which the two pillars of his legitimacy are mutually destabilizing. *Juche* requires him to maintain a strong, centralized and controlled economic system while economic tensions pressure him to loosen the government's grip over production and to introduce a free market system. Either way, junior Kim will ultimately undermine his own authority and break the link of legacy with his father.

The current plan of the North Korean leadership appears to be three-fold. The first answer to the current economic situation is intensifying campaigns, mobilization and terror. As the *Nodong Shinmun* quotation stated above illustrates, the masses are increasingly called to sacrifice for the *juche* revolutionary movement and invest for tomorrow's happiness. In addition to ideological campaigning, South Korean intelligence reports indicate that security agencies in the DPRK government have been empowered to enforce stability and instill fear among the general public.⁵¹ Recent defectors have testified that growing demoralization of the general populace has led to increased public executions to deal with a surge of crime.⁵² The question is: how long will ideological campaigns and coercion be effective in keeping people in line before it begins to ring hollow in the ears of starving North Korean citizens and an increasingly deprived military? As B.C. Koh argues: "Coercive power alone cannot maintain the regime indefinitely and it is particularly deficient as a means of ensuring a smooth transition in the political arena. Normative power . . . may well have reached the point of diminishing returns. What remains, then, is 'utilitarian power'—the use of material incentives."⁵³

Second, Pyongyang is depending on the anxiety and generosity of the international community to address immediate hunger needs. The September 1996 submarine incident may well lead international actors to conclude that largesse buys nothing but trouble from Pyongyang's leadership, and that there must be an end to the North's brinkmanship.

Third, and most important, Pyongyang is aggressively promoting and developing the Rajin-Sonbong special economic zone (SEZ). Established in 1991, the original plan for the SEZ was to be an extension of the UN Development Program's Tumen Development Program. Seeing the success of China's trade zones, Pyongyang hoped that it, too, could draw foreign

corporations to invest billions of dollars into a sealed-off, 288 square-mile SEZ in an isolated northeast sector of the country. The goal of its planners is to extract technology and capital from foreign enterprises while controlling foreign, infectious, liberal influences within a cordoned-off area and without actually opening society and reforming the system.

For five years, the SEZ failed to draw in any significant investment. Far behind its twenty-year construction schedule which was to begin in 1992, the Rajin-Sonbong project simply has failed to facilitate commercial activities because it has not secured even the \$4 billion that is required to construct an adequate transportation system, expand port facilities and establish basic service facilities. Much of the industrial infrastructure, built during the Japanese colonial period, is undeveloped and inadequate to support a dynamic manufacturing and trade hub that the North Korean government has sought. As of this writing, Pyongyang has secured \$350 million worth of agreements, but only \$34 million are reported to have materialized. So far, only one Swedish investor and a Chinese trading company have invested in the SEZ. And, only a couple of international banks (i.e., Peregrine and ING) have agreed to do business with Pyongyang, which has repeatedly defaulted on loans.⁵⁴

To revitalize the interests of international businesses to invest into the SEZ, Pyongyang drew 450 businessmen, journalists, academics and government representatives from twenty-six countries to the SEZ in mid-September 1996 to participate in a three-day "marketing" conference. Noticeably absent was the South Korean delegation. With great fanfare, North Korea announced that it had signed another \$286 million worth of contracts, including a \$180 million agreement with Hong Kong-based Emperor International to build a five-star hotel and casino.⁵⁵ This is a beginning, but far from adequate. North Korea needs not a handful of investors to channel money into the zone, but a flood of funding for infrastructure and industrial projects to get the SEZ off the ground.

In 1991, many were skeptical whether the zone would ever succeed; five years hence, despite the current DPRK euphoria, almost everyone who pays attention knows that it will not. Within five years, Pyongyang has ruined the two principal components that would have given the zone any possibility of success: 1) confidence of potential investors in the stability of North Korea; and 2) the cooperation of the South Korean government and businesses. In addition, the Rajin-Sonbong SEZ is not the only economic zone. It must compete against other zones located in China, Vietnam, Indonesia and other developing countries that also provide inexpensive labor, tax benefits and market access.

Who might actually take the chance to funnel capital into North Korea's high risk zone? Other Koreans. First, there are about 150,000 Koreans residing in Japan who have close ties to North Korea. They sponsor investments in the DPRK based on their loyalty to the North Korean regime. But, their investments have been primarily in small and low-technology projects, having negligible value for economic development. Second, there are the large South Korean business conglomerates which have developed grandiose plans to construct oil refineries, textile factories, hotels, convention centers and billions of dollars worth of other projects. As Michael Breen aptly stated, "[It is the] South Korean investors who have the incentive—and the nerve—to invest in a politically unstable country. It's going to be South Korea running the show." In other words, South Korea is the key to getting the SEZ off the ground. The success or failure of South Korean business in the zone will be the litmus test for Japanese and Western companies considering whether or not to jump into the action.

But, political tensions have prevented any significant South Korean capital to be channeled into the North Korean economy. Though flexible at times, Seoul has limited investments made by South Korean companies to \$5 million, mainly on a process-on-commission basis. Only if the political environment on the Korean peninsula improves will these limitations be loosened. The political environment, as of this writing, is in a state of crisis.

In any case, opening the SEZ is not enough to have a significant impact on the North's current economic problems. First, building a dynamic SEZ that will significantly benefit the general economy would take years, if not decades. Under its current downward trend, the DPRK does not have the time required. Second, the SEZ may attract capital and technology, but these resources would be squandered within the North's *juche-based*, centrally-planned economy. As noted above, although the DPRK leadership insists that its current economic problems emerged from the dramatic reduction of trade with former communist countries, North Korea's economic decline began before trade relations deteriorated. The SEZ will be a hopeless endeavor for improving economic conditions within North Korea unless internal economic reforms complement external reforms.

Bitter End

With all the roads out of its economic morass heading toward a dead end, it appears that the current regime is in dire straits. Some analysts have argued that North Korea is at the brink of collapse, while others assert that North Korea is more resilient and such a prognosis is premature. No matter who is correct, North Korea is on a linear path toward some type of collapse.

A collapse could potentially produce a wide range of dangerous scenarios for the security of neighboring countries. There are scenarios of massive refugee flows into China and across the DMZ that may precede or accompany an economic collapse. Stanley Roth argues that these mass migrations could produce a very tense situation and potentially instigate a war if North Korean refugee movements were resisted by DPRK security forces, leading South Korea to intervene.⁵⁶

Another, more immediately threatening scenario, would be a massive DPRK military attack south of the DMZ as a last ditch effort to survive. With ever worsening energy and food shortages in North Korea, some have suggested that the DPRK's military readiness has been reduced, but with two-thirds of a 1.2 million, well-armed force forward-deployed near the DMZ, it can destroy Seoul in short order. The recent capture of the North Korean submarine carrying infiltrators is evidence that a violent conflict is still a viable threat.

Why Worry About North Korea?

There have been recent debates about the combat readiness of the Korean People's Army (KPA). Some suggest that the oil shortages in North Korea have reduced the frequency and tempo of KPA training exercises. Others cite evidence from recent KPA defectors that, given the well-known problems of the North's agricultural system and two years of floods, the food rations of the KPA have been reduced, although not as much as those for the general population. But these debates remain without conclusive evidence that the combat capability of the KPA has been significantly reduced.

The last unclassified version of the JCS Joint Military Net Assessment was published in 1991. That assessment concluded that the U.S.-ROK Combined Forces Command (CFC) would win a second Korean War in about four months of mid-to-high intensity conflict. In our own assessment in the Political-Military Studies Program at CSIS, we would now win such a war in two months or less. Why?

Since 1991—the year that the U.S.-led coalition force defeated Saddam Hussein—a great deal has happened to improve the U.S. capability for joint and combined operations in both the Persian Gulf region and around the Korean peninsula. The improvements are across the board, but mainly in technology. The U.S.-ROK CFC can see and hear almost the entire battlefield via satellite, AWACs and JSTARS. What we can see, we can destroy. The KPA lacks such sophisticated assets.

Many analysts talk about the strength of KPA units dug deep underground where we cannot see or strike them. But, dug in and immobile, they are of little threat to South Korea. If and when they come out in the open to attack, we can see and destroy them. Given the rugged mountainous terrain of the Korean peninsula, there are very few valleys (corridors) through which the KPA could attack. The two main ones are the Chorwon and Munsan corridors. Both are near Seoul. If the North were to attack through either or both, the CFC would enjoy a "turkey shoot" reminiscent of the 100-hour war against the Iraqis. In short, after absorbing the brunt of a massive, DPRK short-warning attack, we would win decisively and quickly.

So, why worry about the DPRK military threat? First, even though the CFC wins in two months or less (there are some important considerations here about how much the Japanese would do to help us), the KPA would destroy Seoul in two to four days. Why? How? The three-part answer is simple. First, there is no missile defense of Seoul, and the DPRK has an estimated 85 surface-to-surface missiles which carry both high-explosive and chemical and, perhaps, biological munitions. Second, the adequacy of the air defense system around Seoul is questionable in the event of a very short warning attack. Some KPA aircraft with high-explosive and chemical bombs would get through. No one knows how many, but the fact that Seoul's air defense warning system failed in May 1996 to sound the alarm when a defecting North Korean pilot penetrated the ROK airspace with a MiG fighter is not reassuring. Third, although the number of counter-battery radar units around Seoul, designed to quickly identify incoming artillery rounds, track back to the DPRK firing units and destroy them has increased, there are not enough of these radars. Thus, rapid responses to the massive number of DPRK artillery and rocket launchers deployed near the DMZ within striking range of Seoul is problematic. The bottom line is that Seoul is naked and vulnerable!

How can this be? Seoul is the jewel in the ROK crown. Depending on your definition of "Seoul's boundaries" after years of urban sprawl, about eleven million Koreans live there and Seoul represents about 25 percent of the total ROK economy. Then, there is the fact that roughly 59,000 Americans live/work in South Korea (about 37,000 troops, approximately 10,000 business people and roughly 12,000 dependents of both), mostly in or around Seoul.

How can Seoul and Washington accept such risks from North Korea? It is simple; it is about who will pay for missile defense, upgrading air defense and many other aspects of military capability. With a booming economy,

the ROK government wants Seoul's defense to be paid for by the United States. Washington, on the other hand, thinks that the ROK government should bear the financial burden for the defense of Seoul. In the meantime, little happens.

Inviability of U.S. Security Strategy

None of the U.S. or ROK diplomatic initiatives, including the nuclear Agreed Framework, rice giveaways, or Four Party Talks proposal have moved us closer to peaceful North-South unification. Peaceful unification as a strategic objective is lost in the shuffle, although all parties in Northeast Asia pay lip service to it. *Juche* ideology notwithstanding, the DPRK leadership knows that unification means their own demise and absorption by the South. Signing up for unification means signing their own death warrants. Seoul knows this too, but worries mightily about the costs of a DPRK "implosion."

The North's leaders surely are watching, and probably misreading, the political situation in the South (i.e., recent student riots and arrests, two former presidents in jail, a ruling party with a slim majority, charges and counter-charges of corruption) and are calculating how they can take advantage of the situation. We can be certain too that they are observing the major U.S. military commitments in the Persian Gulf and Bosnia and the potential unraveling of the U.S.-led peace process in the Middle East. If they believe that the U.S. is militarily overstretched, and if their typical pattern of diplomacy holds, we should anticipate some form or other of typical DPRK brinkmanship again soon based on Mao's dictum—"When you meet steel, retreat; when you meet mush, advance."

Peaceful unification and even peaceful coexistence remain elusive. Both Pyongyang and Seoul have domestic problems, though of very different magnitudes, and are focused on priorities other than unification. Seoul is intent on keeping the democratic process working. Pyongyang is intent on maintaining the *juche* dictatorship. In the meantime, given all the uncertainties of the day, Seoul and Washington should redouble their vigilance and look to our common security interests.

New Strategy Required

The United States has vital national interests in regional stability in Northeast Asia, in the security of our ROK ally, in the security of about 59,000 American military and business people and their dependents, and in billions of dollars of U.S. private capital investment and trade.

Given that we know so little about the inner workings of the *juche* government and the motivations of its leaders; considering that the pattern of DPRK brinkmanship creates repeated situations of high tensions along the DMZ; understanding that wars occur more often than not by accident or miscalculation during times of high tension; and recognizing the damage that the DPRK could inflict on Seoul if war were to break out by either accident or miscalculation; there are a number of policy changes which should be made with the concurrence of Seoul and Tokyo.

1. Get an agreement fast with our ROK ally on who pays what share for the systems required to protect/limit damage to Seoul—particularly missile defense, air defense and defense against DPRK long-range artillery and mortars. Production of new systems takes too long, so decide what risks we can take elsewhere in the world by shifting required military systems to the ROK now.
2. Give Pyongyang a definite date for the resumption of North-South dialogue on two existing agreements: Denuclearization of the Korean Peninsula and the Agreement on Non-Aggression, Cooperation, Reconciliation, and Exchanges.
3. Make continuation of funding to the DPRK for light-water reactors and infrastructure development, future supplies of oil and humanitarian food supplies contingent on initiation and continuation of North-South dialogue. The approach should be: the DPRK enters talks; we and our allies supply. They stop talks; we and our allies stop the supply.
4. Stop playing around with representative offices in Pyongyang and Washington and with removal of U.S. sanctions; link progress on both areas to 2) and 3) above.
5. All parties refuse to participate in the SEZ without substantial ROK involvement there.
6. Get our policy straight on human rights; if this is an important interest in East Asia and the Pacific, then apply the same standards across the board.

The bottom line is that, if the United States is to remain the "World's Sole Superpower"—which much of the world expects—then Washington must get back to *realpolitik* in relation to Northeast Asia. International politics, like all politics, is a struggle for power. This is the one thing that the DPRK leadership understands.

notes for chapter three

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between Russia and China. For example, Moscow is negotiating with Beijing to build a MiG-31 production line in China as well as to purchase the manufacturing and technology rights. China has already recruited many Russian and Ukrainian technicians and scientists for long-term service on developing high-tech armaments and nuclear weapons. The two countries are also embarking on joint ventures, the first to be electro-optical defense items and a reconfigure of the designs. This is the first of what is expected to be numerous future joint ventures. Moreover, there are unconfirmed reports that China has acquired Russian cruise-missile technology (GAO, *National Security: Impact of China's Military Modernization in the Pacific Region*, GAO/NSIAD-95-84, June 1995, pp. 19-21; Unattributed, "The Chinese Navy and Regional Security," *Asian Defense Journal*, September 1995, p. 7).

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