

# THE PYONGYANG PARADOX

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**T**he United States is the most powerful nation in history. The Democratic People's Republic of Korea, on the other hand, is a destitute and reviled state that has, for a little over a decade, needed humanitarian assistance from the international community just to get by. Yet for more than half a century, the regime led by the Kim family—first Kim Il Sung and now Kim Jong Il—has survived and even bested America in a series of contests, confrontations, and standoffs. This has been the tragic paradox at the center of relations between Washington and Pyongyang.

How has a weak Korea been able to hold off a strong America? If we can answer this crucial question about the past, we can perhaps devise a strategy for disarming Pyongyang in the future.

## **Neglecting Korea**

There are two primary reasons for the consistent—and perplexing—American failure to prevail over the DPRK. The first is Washington's apparent inability to pay sufficient attention to the Korean peninsula. This failing goes back to at least the last months of the Second World War. Focused on reducing casualties in the Pacific, America urged Stalin's Soviet Union to open another front against Japan. Moscow finally declared war against Tokyo during the last week of hostilities, on August 8, 1945. Without firing a shot, the Red Army invaded the northern part of the Korean peninsula on the following day.



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Washington refused to permit a Soviet occupation of Japan, but could not stop the Soviets from settling into Korea. There were no American troops there, and to avoid a Soviet takeover of the whole peninsula the United States hastily proposed its division. As August 10th became the 11th in the American capital, two junior American Army officers, consulting a *National Geographic* map, picked the 38th parallel as the border for “temporary” occupation zones. The Soviets accepted, and honored, the proposed dividing line.

In different times, there might have been no consequence to the last-minute decision to split the peninsula into two. In the emerging global competition between Moscow and Washington, however, the stopgap measure took on significance. National elections, to be sponsored by the United Nations, were never held. Eventually, in 1948, each side established its own client state.

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Events since then have repeated this pattern of American neglect. Washington withdrew its forces from the peninsula by 1949. This permitted Kim Il Sung to invade South Korea in June 1950. Although it is not popular to say so now, the United States could have—and should have—defeated the DPRK. South Korea’s leader, Syngman Rhee, wanted to vanquish

his northern rival. At the time, he looked like a warmonger. In retrospect, Rhee was right: America could have avoided more than a half century of suffering and turmoil caused by North Korea. Moreover, Kim had dealt a setback to the United States in the war. He had, after all, managed to do something that even Stalin had not accomplished: at the height of U.S. power, he had dented the aura of American military superiority.

Defeating Kim Il Sung and his Chinese allies would have been expensive, time-consuming, and bloody, but the United States, with the world’s strongest military, could have prevailed. China, which had joined forces with North Korea and had the desire to continue fighting, did not have the capacity to defeat the United States; the Soviet Union, which had a superb army, lacked the incentive to help Kim more fully. Washington simply underestimated its ability to win.

Thereafter, America ignored one North Korean provocation after another. Kim Il Sung, for instance, captured the USS *Pueblo*, a reconnaissance vessel, in international waters in January 1968. It was the first time that a U.S. Navy ship had been taken on the high seas in peacetime in over 150 years. In April 1969, the North Koreans shot down an unarmed Navy EC-121 reconnaissance plane in international airspace over the Sea of Japan. All 31 crew members were killed, resulting in the largest loss of U.S. servicemen in a single incident during the Cold War. Doing nothing after the loss of the plane was the safe play and President Nixon received praise for restraint, but Henry Kissinger, national security adviser at the time, admitted that Washington’s response to the shootdown was “weak, indecisive, and disorganized.” He wrote about the failure to respond,

“I believe we paid for it in many intangible ways, in demoralized friends and emboldened adversaries.”

Today, the United States is continuing this pattern of neglect. The Pentagon is drawing down its troops on the Korean peninsula—they number about 29,000 at this time—to build up forces at the other end of Asia, especially Iraq, even though North Korea remains a threat. Moreover, the Bush administration since 2003—the year of the first Beijing-sponsored talks—has essentially subcontracted its Korean policy to China while it has been absorbed in the Middle East and Central Asia.

This is not necessarily a criticism of the broad goals of American policy. It is, however, fair to say that Washington must be prepared to accept the consequences of this prioritization of resources and attention. The past shows that each time America has put the DPRK on the back burner, the cost of achieving stability on the Korean peninsula has gone up. The United States did not retaliate for either the barbaric *Pueblo* or EC-121 incidents because America was distracted by the war in Vietnam. As it turned out, that conflict in Southeast Asia had almost no lasting geopolitical significance, but North Korea continues to bedevil the world today.

### **Mixed signals**

The second major reason for America's consistent failing is a lack of consistency of policy. Due to the disparity of size, the United States could have prevailed over North Korea by this time through either hard or soft policies. By continually employing a tough approach, Washington could have starved the regime in Pyongyang into submission. By consistently adopting friendly policies, America could have bought off

critical elements of the regime or even made North Korea an ally. Instead, the United States has accomplished neither objective. Instead it has, by frequently switching its approaches, kept a hostile regime in power. There have been many examples of this inconsistency, but the best come from the current administration, and its predecessor.

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The most glaring inconsistency in President Clinton's tenure involved the centerpiece of his Korean policy, the 1994 Agreed Framework. That agreement, we often forget, strengthened North Korea by providing the DPRK with an economic lifeline. More important, it signaled to Pyongyang's elite American acceptance of the regime's existence in the wake of Kim Il Sung's passing. By signing this document in Geneva, Washington instantly enhanced the DPRK's global standing and bought precious time for the one-man regime that, at that moment, had no man to run it.

Yet the midterm elections in 1994 resulted in a Congress that

questioned the wisdom of the relationship contemplated by the Agreed Framework. As a result, the Administration backed off some of its promises to Pyongyang. For instance, the United States did not give a specific no-nuclear-attack pledge, did not lift some sanctions, and ended others years late. The Agreed Framework also promised North Korea proliferation-resistant reactors, and the project eventually fell woefully behind schedule, which was primarily an American failing. Washington was also slow on its commitments to establish relations.

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South Korean President Kim Young Sam publicly warned Washington not to provide aid to Pyongyang. But the Clinton administration ignored his commonsense advice, and saved the DPRK during its moment of greatest need since the end of the Korean War. And, by providing aid, Washington made it acceptable for others—especially Kim Young Sam’s successor, Kim Dae Jung—to give crucial assistance just when the North Korean regime came closest to losing power in the post-war period.

These defaults, however, were minor compared to Pyongyang’s brazen betrayal of the Agreed Framework by, among other things, maintaining a secret uranium nuclear weapons program. Yet Kim Jong Il has used American failures to create support for his rule among senior leaders of his government.

Washington, as it turned out, was friendly enough to strengthen Kim’s economy, hostile enough to increase the dictator’s standing at home, and not threatening enough to actually endanger his regime.

Yet these two strategic mistakes—first signing the Agreed Framework and then not following through—might not have had any consequence. By the middle of the 1990s, the DPRK’s economy was close to certain collapse. It had fallen into what economists call a “poverty trap,” a cycle of accelerating disintegration from which there was no escape without external assistance. Although the regime proved surprisingly resilient immediately after Kim Il Sung’s death, it is unlikely that Kim Jong Il could have survived the following complete and simultaneous failures of both agriculture and the civilian economy.

South Korean President Kim Young Sam publicly warned Washington not to provide aid to Pyongyang while the North Koreans concentrated their few resources on their People’s Army. But the Clinton administration ignored his commonsense advice, and saved the DPRK during its moment of greatest need since the end of the Korean War. During this dire period at the peak of the famine, Pyongyang did not open its military storehouses, did not buy food for the dying, and did not, as far as we know, cut spending on its armed forces. America provided assistance nonetheless. And, by providing aid, Washington made it acceptable for others—especially Kim Young Sam’s successor, Kim Dae Jung—to give crucial assistance just when the North Korean regime came closest to losing power in the post-war period.

South Korea started shipping aid in 1998, and thereby stabilized the

DPRK. At a time when the total economic output of the North's civilian economy was minuscule, Seoul provided \$200 million in assistance. The effect of the South's aid was significant: North Korea's gross domestic product immediately started to show increases. Starting in 1999, when the country began its recovery, and continuing for at least a half decade thereafter, economic output grew from year to year.

The Bush administration, for its part, has pursued different policies, yet it too has failed to maintain a consistent approach toward the DPRK. In October 2002, the North Koreans admitted to visiting Assistant Secretary of State James Kelly that they were indeed running a covert uranium weapons program. Kelly's confrontation with Pyongyang started an unanticipated downward spiral in relations. After the United States that December stopped the shipments of heavy fuel oil required by the Agreed Framework, Pyongyang immediately ejected international weapons inspectors, announced its withdrawal from the Nuclear Non-Proliferation Treaty the following January, fired up the Yongbyon reactor shortly thereafter, resumed construction on two other reactors, and removed eight thousand fuel rods from Yongbyon's cooling pond for the purpose of reprocessing fuel for bombs. In short, the Agreed Framework fell apart, and President Bush rightly began a tough policy toward Pyongyang. He continued to talk to North Korea in the context of Beijing's six-party negotiations—which included China, Russia, South Korea and Japan—but refused to make concessions and insisted on complete, verifiable, irreversible disarmament, a policy that became known by its acronym, CVID.

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Due to decades of neglect and inconsistency, the United States has lost the initiative on the Korean peninsula and most of its influence there. The current administration may think it has a plan to disarm Pyongyang, but it hardly matters whether it does or not. Chairman Kim, and not President Bush, is determining the pace and course of events, as can be seen from developments in the last few months.

Yet, like his overly flexible predecessor, President Bush suddenly changed course. In September 2005, in what was termed a “breakthrough,” the United States agreed to a statement of principles with the five other parties to the Beijing talks. North Korea said it would give up “all nuclear weapons and existing nuclear programs,” so the arrangement was theoretically “complete.” Yet it was neither “irreversible” nor “verifiable.” The statement, which was vague even for a document of its type, only contained a scant reference to verification and contemplated a peaceful nuclear energy program, which North Korea could turn into a generator for new fissile material (Pyongyang constantly maintained that its only working reactor at Yongbyon was part of a civilian program). The statement of principles also contemplated a normalization of relations between Washington and Pyongyang and the development of economic ties. At the same time, the Bush administration stopped talking about, and insisting on, CVID.

That same month, however, the Bush Treasury Department attempted to isolate North Korea from the international financial system by designating Banco Delta Asia, a bank in Macau, as a “primary money laundering concern.” This act, which was essentially a sanction, had the effect of freezing approximately \$25 million in North Korean funds. BDA had previously helped Kim Jong Il hide his money, distribute counterfeit American currency, and launder the proceeds of other state criminal activities. In the following months, North Korea found that financial institutions around the world began to shun dealing with it due to the American sanction and the Treasury Department’s continuing efforts to isolate the DPRK.

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Kim Jong Il’s nuclear program makes him geopolitically relevant, ensures aid from foreign nations, and destabilizes archenemies South Korea and Japan. Without his atomic bombs, Kim would be just another ignored leader of one more failing state. With them, he is a fearsome autocrat and the center of the world’s attention.

In short, the Bush administration tried to conduct two fundamentally incompatible policies at the same time: a policy of friendship, as embodied in the statement of principles, and a policy of hostility, as evidenced by the Banco Delta Asia sanction. Apart from the questionable wisdom of trying to implement both strategies simultaneously, the plan was unsustainable on its face. Not surprisingly, President Bush’s policy has collapsed in recent months, and it has fallen apart in the worst pos-

sible way from America’s perspective. Due to decades of neglect and inconsistency, the United States has lost the initiative on the Korean peninsula and most of its influence there. The current Administration may think it has a plan to disarm Pyongyang, but it hardly matters whether it does or not. Chairman Kim, and not President Bush, is determining the pace and course of events, as can be seen from developments in the last few months.

On February 13th of this year, the six parties to the Beijing talks came to an interim agreement to implement the September 2005 statement of principles. North Korea promised to follow a two-step plan to dismantle its nuclear weapons program. In the first stage, lasting just 60 days, the Stalinist state said it would shut down and seal its reactor in Yongbyon. International inspectors were designated to monitor this activity. In the second, the North Koreans will disable all of their nuclear facilities and disclose all nuclear programs. In return, the United States and Japan will lift some sanctions and start the process of normalizing relations. There is also a tangible benefit: the North will receive a million tons of heavy fuel oil or aid in an equivalent amount. There was no mention in the short agreement that the United States would lift its sanction against Banco Delta Asia.

Nonetheless, Pyongyang had refused to shut down Yongbyon until all “frozen” funds in BDA were returned, and China apparently took the side of its neighbor and ally. Washington, in a humiliating about-face, bowed to Beijing’s *démarche* and ultimately accepted the transfer of the money back to Korea, even going to the extraordinary step of having the New York branch of the

Federal Reserve Bank involve itself in transferring the dirty funds. What once looked like a principled stand to clean up the international financial system now appears to have been a temporary tactic in negotiations with North Korea.

The dispute over the funds in Macau was never really about the money, a small sum even by North Korean standards. The dispute was Pyongyang's way of testing Washington's will. Having prevailed in forcing America to unfreeze the funds, Kim Jong Il has been pressing his advantage to the limit. In his latest victory, he maneuvered Washington into approving the delivery of part of the first installment of oil pursuant to the February agreement before shuttering the Yongbyon reactor. At this point, Washington is reacting to Pyongyang's moves and has been reduced to issuing statements that have almost no practical effect.

Now it is clear that, unless it uses military force, the Bush administration will not succeed in disarming North Korea. The first stage of the February agreement has been implemented—Pyongyang shut down its reactor in the middle of July, three months late—yet the next step appears to be out of reach. Even if the second stage is completed at some late date in the future, the task of disarmament will not be done. The February deal does not require North Korea to turn over one weapon or ounce of plutonium.

### **The secret to success**

States such as Libya, Brazil, Argentina, South Korea, and Taiwan have all abandoned nuclear weapons programs and some (Ukraine, Kazakhstan, Belarus, and South Africa) have even surrendered nuclear weapons. North Korea, however, does not yet appear to have made the strategic

decision to yield its arsenal. As Kim Kye Gwan, Pyongyang's chief nuclear negotiator, said last December, "Do you believe we developed and sustained our nuclear weapons programs for so long just to give them up?"

Kim Jong Il's nuclear program makes him geopolitically relevant, ensures aid from foreign nations, and destabilizes archenemies South Korea and Japan. It provides an "aura of invulnerability" and thereby ensures the survival of his one-man regime. The weapons program is the only success he can point to in more than a decade of misrule. Without his atomic bombs, Kim would be just another ignored leader of one more failing state. With them, he is a fearsome autocrat and the center of the world's attention.

So what should the United States do to convince the militant nation to voluntarily surrender its most destructive weaponry? As an initial matter, Washington will have to decide whether it truly wants North Korea to disarm and how far it is willing to go to do so. Since the end of 1994, the denuclearization of Korea has been a low priority for American policy-makers. And as we have seen from decades of history, the United States cannot expect success unless it puts Korea closer to the top of its list.

Equally important, Washington will have to decide on an approach and apply it consistently, perhaps over the course of decades. Some have speculated that only authoritarian states can maintain consistent foreign policies. If this is correct, then perhaps the United States will never disarm North Korea. This means that we will have to indefinitely live with a militant state armed with long-range missiles and nuclear weapons.

Some argue that we can do so. "What North Korea wants most is

oddly to be left alone, to run this rather odd country, a throwback to Stalinism,” notes Harvard’s Ashton Carter, a former Clinton administration official. Even members of the Bush administration privately talk about coexisting with Pyongyang’s nuclear program. The hope is that, over time, North Korea will either fall apart or evolve into a more benign nation.

Moreover, many argue that the West can deter North Korea because it was able to deter the Soviet Union for decades. Moscow, after all, had a far larger—and much more capable—nuclear force than North Korea. The Soviets did not launch against the United States or its allies because they knew that the United States could launch against them. In short, they were deterred by the fear of horrendous casualties.

North Korea, however, cannot be contained. As an initial matter, Kim Jong Il is not about to leave the world alone, even if, as Ashton Carter suggests, he wants us to stay out of his affairs. His economic system cannot sustain itself without substantial foreign assistance because he has ruled out structural economic change. Therefore, he has little choice but to cause geopolitical turmoil—or to export strategic insecurity, as scholar Nicholas Eberstadt has termed it—to ensure inflows of aid. Moreover, Kim creates a sense of continual emergency to maintain control over an increasingly unstable society. Even assuming his nuclear threat were not imminent today, his “attack diplomacy” could make it imminent tomorrow. Kim Il Sung and Kim Jong Il, the only two leaders North Korea has ever known, repeatedly used violence to upset status quos that they found to be unacceptable. They have been able to do something that other com-

munist leaders have not: they have institutionalized crisis for decades.

Their ability to do so sets North Korea apart from the Soviet Union. Despite tough talk, Moscow, after the initial stages of the Cold War, generally acted like a status quo power. North Korea, by contrast, is not. Last decade, Kim Jong Il adopted policies that could only result in the deaths of hundreds of thousands and perhaps millions of his fellow Koreans, and that is in fact what happened. He has shown an indifference to death that calls into question the applicability of the concept at the heart of nuclear deterrence, Mutual Assured Destruction. As long as Kim thinks he will personally survive, he might just decide to take the biggest gamble in history and risk the lives of his fellow Koreans. It is imprudent to underestimate any adversary, and especially one who relishes provocative acts. As Kim himself said, “If we lose, I will destroy the world.”

Kim, unfortunately, now has the power to do exactly that. In April 2003 in Beijing, Li Gun, a North Korean diplomat, told James Kelly that his country reserved the right to sell nuclear weapons. North Korea, unfortunately, has a history of carrying through on its threats. It also has a history of merchandising everything it has been able to produce, from designer drugs to processed uranium. If we are to adopt a policy of containment, we have to be confident that we can, over the course of decades, either stop North Korea from exporting nuclear materials or prevent their importation into America and its allies around the world.

These seem to be impossible goals. For one thing, China has not cooperated with Washington’s Proliferation Security Initiative to interdict the flow of dangerous materials,



and South Korea participates only in a limited fashion. Moreover, America has not been able to police its own borders and other countries have also failed with regard to theirs. Customs agents may catch shipments now and then, but all it takes is one failure to change the course of history.

The stakes could not be any higher. After all, North Korea is not just about Korea. North Korea is about Iran, Syria, Algeria, and every other country that wants the most destructive weapon in history. By its defiance Pyongyang is weakening the world's nuclear nonproliferation regime and inspiring other bomb builders. Iran's "atomic ayatollahs" are defying the international community at this time partly because they saw that Kim Jong Il did the same a few years ago and has, in a very real sense, gotten away with it, at least up to now. The North Koreans have been transferring missile and weapons technologies to the Iranians, and helping the Iranians evade International Atomic Energy Agency inspections. So whether Iran succeeds in nuclearizing tomorrow will depend in some measure on how the world deals with North Korea today.

North Korea, unfortunately, is emblematic of the challenges that the great powers face as the international order transitions to something new. If we choose to ignore Kim Jong Il today, we will only have to confront another militant despot with a nuclear arsenal, probably when the world is even less stable than it is now. Because containment is not a viable option for so many reasons, Washington needs to find a solution within the near future. What strategies should the United States follow?

First, virtually everyone says that the key to North Korea is China, but the key to China is South Korea. Beijing has been able to protect Pyong-

yang because Seoul has been doing the same. As a result, South Korea provides cover to China to act irresponsibly. Stripping Seoul from the Beijing-Pyongyang axis, therefore, should be Washington's most immediate tactical goal.

The key to winning over Seoul is influencing South Korea's almost evenly divided public. The election to pick President Roh Moo-hyun's successor will be held this December. Roh's approval rating has hovered around 10 percent for most of this year, and his Uri Party has lost most every election in the last two years. After North Korea's missile tests last July, and especially after the nuclear detonation in October 2006, the ruling party has looked adrift and has lost even more support.

There is a growing New Right movement in South Korea. Thus, the conservative Grand National Party, whose North Korean policy is more consistent with Washington's, can win the presidency next time. Between now and then, the White House can help the conservatives take over the Blue House by making Kim Jong Il look bad and thereby discrediting the so-called "progressive" forces in the South. America can do that best by ratifying the recently concluded free-trade agreement and consulting more with Seoul on North Asian policy.

If Washington can help South Korea reverse course, the Chinese will be alone in their support of Pyongyang and will, therefore, have to take a clear stand. They will have to choose between the future, cooperation with the United States, and the past, their alliance with North Korea.

Chinese foreign policy is, above all, pragmatic. Beijing's leaders know that the stability of the modern Chinese state depends on prosperity and that prosperity largely depends

on access to American markets, capital, and technology. They would not cross Washington if they thought America was serious about North Korea. Historically, the Chinese have almost always been accommodating once they were isolated. It is up to Washington to create the conditions under which they have no choice but to be responsible.

For decades, the Chinese have not been. On the contrary, they used proliferation of nuclear technologies to further their foreign policy goals. No country changes foreign policy quickly, but changes in China are particularly slow because of the cumbersome nature of its collective decision-making process. Today in the Chinese capital there are many academics and Foreign Ministry professionals who know that proliferation is not in China's long-term interest. Yet some, especially in the military, maintain close links with their counterparts in Pyongyang. Chinese views are generally moving in the right direction, but at this moment there is no consensus in Beijing to change long-held proliferation policies.

The Chinese must do more than just *begin* a fundamental shift in their foreign policy. They must *complete* the process of both shedding their self-image as outsiders and ending their traditional role as adversaries of the existing global order. Such a change inevitably occurs when a rising power matures, but it only happens after internal perceptions have shifted over time. The problem is that today, China is not yet sure that it wants to be a responsible power.

With China, we must be prepared to make nuclear proliferation the litmus test of our relations and use all the leverage we have. The West has been patiently engaging the Chinese

for decades, and now is the time for them to act responsibly. After all, what's the point of trying to integrate the Chinese into an international community that they are working to destabilize through proliferation of nuclear technologies and support of nuclearizing regimes? Unfortunately, the United States needs China's help at this time, not years from now when the international system, shaken by the spread of the bomb, has already come apart.

This January, Kim Myong Chol, often described as North Korea's "unofficial spokesman," told us that "Kim is now one click away from torching the skyscrapers of New York." This is surely an exaggeration, because the worst the North Korean leader can do at the moment is incinerate Anchorage or Honolulu. Yet, whatever his capabilities today, in five to seven years North Korea's Dear Leader will be able to destroy any spot in North America. The DPRK, in other words, has now become truly an urgent matter.

