

# The North Korean Domestic Situation and Its Impact on the Nuclear Crisis

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## Abstract

The North Korean nuclear crisis is often analyzed from perspectives of regional and global security and international relations, and the impact of the North Korean domestic situation on the nuclear crisis seems to be overlooked. Given North Korea's economic difficulties, the United States wishes that North Korea give up its nuclear program in return for some economic assistance or economic pressure. However, North Korea has not shown a positive response to economic carrots or sticks. In this sense, North Korean domestic factors should be analyzed more carefully in explaining the nuclear crisis.

The purpose of this paper is to look at the North Korean nuclear crisis from a North Korean perspective. For North Korea, its nuclear program is the best leverage it has in order to receive attention, food, and assistance from the outside world. North Korea is also interested in nuclear weapons in order to cut its military spending. Above all, Pyongyang believes that the nuclear program may provide a security guarantee for the Kim Jong-il regime, which suffers from declining social and political stability. Lack of confidence in political stability of the Kim Jong-il regime is the major obstacle to Pyongyang's attempt to implement reform policies in a committed fashion, if it has such an intention at all. Any policy based on the assumption that North Korea will abandon its nuclear program in return for economic carrots, or in response to economic pressures, will not work.

## I. Introduction

The outlook for resolving the North Korean nuclear crisis seems bleaker than ever. The international community and the various countries concerned have had

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difficulties making a breakthrough since the second North Korean nuclear crisis developed in October 2002, destroying the 1994 Agreed Framework. Even after the joint statement of September 19, 2005,<sup>1</sup> no progress has been made. Rather, the situation has worsened since the U.S. enacted financial sanctions on North Korean bank accounts in Macau charged with laundering illegal profits from the counterfeiting of U.S. dollars. The North Korean decision to proceed with its missile test on July 5, 2006, in spite of stern warnings from Washington and Tokyo, further aggravated the situation.<sup>2</sup> Finally North Korea tested its nuclear device on October 9, 2006.<sup>3</sup> The United Nations Security Council voted unanimously on October 14 to impose strict economic sanctions to punish North Korea for its nuclear test.<sup>4</sup>

The North Korean nuclear crisis is often analyzed from perspectives of regional and global security and international relations, and the impact of the North Korean domestic situation on the nuclear crisis seems to be overlooked. Given North Korea's economic difficulties, the United States wishes that North Korea give up its nuclear program in return for some economic assistance or economic pressure. However, North Korea has not shown a positive response to economic carrots or sticks. For North Korea, political and security factors seem to be far more important than economic ones. In this sense, North Korean domestic

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1. In the Joint Statement delivered on September 19, 2005, six nations—two Koreas, the U.S., China, Japan, and Russia—agreed on the following: North Korea abandons all nuclear weapons and existing nuclear programs; North Korea returns to the NPT and IAEA safeguards at an early date; the United States has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade North Korea; and the DPRK states that it has the right to peaceful uses of nuclear energy. The other parties express their respect and agree to discuss, at an appropriate time, the subject of the provision of light water reactors to the DPRK.

2. On July 5, 2006 North Korea test-fired seven missiles, including one long range Taepodong II missile which failed 42 seconds after it was launched. *New York Times*, July 5, 2006; <http://www.koreaherald.co.kr/index.asp> (Accessed on July 16, 2006).

3. The United States confirmed nuclear claim by North Korea on October 16, although the force of the explosion was less than one kiloton, smaller than the usual size of nuclear tests and smaller than the four-kiloton explosion the North Koreans had told the Chinese government to expect. Throughout history, the first detonations of aspiring nuclear powers have tended to pack the destructive power of 10 to 60 kilotons of conventional high explosives. <http://www.nytimes.com/2006/10/16/world/asia/17koreacnd.html?hp&ex=1161057600&en=891cb4c4775510b3&ei=5094&partner=homepage> (Accessed on October 16, 2006).

4. The resolution 1718 bars the sale or transfer of material related to North Korea's nuclear, ballistic missile and unconventional weapons programs, and bans international travel for people associated with the programs. It also bars North Korea from exporting the weapons. UN Security Council overcame objections from Russia and China by explicitly excluding the threat of military force and clarifying the right of nations to inspect cargo going to and from North Korea.

factors should be analyzed more carefully in explaining the nuclear crisis.

The purpose of this paper is to look at the North Korean nuclear crisis from a North Korean perspective. This paper presents the hypothesis that the North Korean domestic situation has a great impact on its decision to develop nuclear weapons. It also suggests that North Korea considers political factors to be far more crucial than economic factors, and that these factors prevent it from abandoning its nuclear program. To support this hypothesis, this paper will examine North Korean domestic situation: the impact of economic difficulties on social and political instability. Then it will analyze the North Korean government's strategy to overcome its domestic problems. Lastly, this paper will forecast the outlook for the North Korean nuclear crisis, with special focus on Washington's position, Pyongyang's position, and the China factor.

## **II. The North Korean Domestic Situation**

### **Economic Difficulties**

North Korea's economic difficulties have been characterized by famine. During the last decade, North Korea has suffered shortages of two to four million tons of food out of its normal demand of 6.5 million tons, as shown in Table 1. Many people died of starvation because of this unprecedented food shortage, which continued for a record length of time.<sup>5</sup> North Korea gave up its long-time propaganda slogan, "People's Paradise on the Earth," and began to request humanitarian aid from the international community in 1995. Starting with 450,000 tons of rice from South Korea and Japan in 1995, international humanitarian aid began to reach North Korea. Now North Korea heavily depends on foreign aid, mostly from South Korea, China, and the World Food Program, which together account for about one million tons of food aid. The cause of this famine is attributed to the collapse of the socialist bloc in Eastern Europe, lack of fertilizers, an ineffective collective farm system, the failure of the farming method, and floods in 1995 and 1996.

5. It is not certain how many North Koreans died because of famine. Although some argue that as many as three million North Koreans died between 1994 and 2000, the death toll is estimated at lower than one million. This relatively low death toll is due to the North Korean government's intervention in ameliorating the effects of the famine: imports of food, reduction of food distribution, manufacturing cereals mixed with grasses and roots, and so on. This caused a "slow motion famine," which saved people's lives but has a delayed negative impact through disease and malnutrition. Lee Suk, *1994-2000 North Korean Famine: Origin, Shock, and Characteristics* (Seoul, KINU, 2004), pp. 98-103.

**<Table 1: North Korean Domestic Food Supply>**

Million tons

| Year            | 95/96 | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Domestic Supply | 4.07  | 2.99  | 2.66  | 3.48  | 3.42  | 2.57  | 3.65  | 3.84  | 4.15  | 4.23  |

FAO/WFP, "Special Report: FAO/WFP Corp and Food Supply Assessment Mission to the DPRK," Nov. 22, 2004.

North Korea also struggles with a low operation rate at its factories, due to a lack of electricity and raw materials. By 1996, production rates in industry and construction had dropped to one third of their 1993 levels. This meant that as many as 70 percent of workers could not find work and were relegated to a state of unemployment,<sup>6</sup> since the employment structure remained the same. Other North Korean economic difficulties include lack of hard currency, energy shortages, and lack of daily commodities.

### **Social and Political Instability**

North Korea had enjoyed political and social stability at least until early 1990s, but continuous economic difficulties inevitably led to social and political instability. In the midst of food shortage, North Korea reduced the public distribution, which forced many people to gain food on their own or do business to earn money, although people from the core group could still benefit from the Public Distribution System. Some people have cultivated rice and corn in family gardens or bred livestock like chickens, ducks, goats, and pigs to be consumed or sold in markets. Sixty to seventy percent of North Korean consumption is estimated to be made in farmers' markets and black markets.<sup>7</sup> As the centrally planned economy collapsed, North Korea entered a stage of "marketization by default," regardless of government intentions.<sup>8</sup>

A number of North Koreans have begun to travel illegally beyond their county borders to seek food and have had chances to meet people from other parts

6. Lee Suk, *North Korean Economic Reform and Implementation* (Seoul: KINU, 2005), p. 15.

7. Republic of Korea, Ministry of Unification, "Recent State of North Korean Farmers' Market and Analysis of Prices," (1998. 12).

8. Hazel Smith, *Hungry for Peace: International Security, Humanitarian Assistance, and Social Change in North Korea* (Washington, D.C.: United States Institute of Peace, 2005), pp. 95-96.

of the country.<sup>9</sup> Such radio broadcasting systems as Radio Free Asia, Voice of America, and Korean Broadcasting System have served as major sources for domestic and international news for North Koreans, particularly near the Chinese border. These have dramatically increased the flow of information.

Some North Koreans cross the Chinese border to obtain food. When defectors cross the border for the first time, they usually do not intend to leave their hometowns permanently. They often go back to North Korea after obtaining some food, but some of them cross the border again and stay for longer periods of time. After several visits, they finally decide to leave North Korea forever. It is estimated that at present 100,000 to 300,000 North Koreans are residing in China; some of these will move on to South Korea and other countries.<sup>10</sup> The number of North Korean defectors who reach South Korea each year began to increase in 1994 and totaled 7,687 by the end of 2005, as shown in Table 2. North Koreans in China are often vulnerable to human rights violations: illegal human trafficking such as forced marriages and prostitution; sexual and physical abuse; forced labor with low wages. They are also vulnerable to disease. The illegal status of North Koreans in China increases their vulnerability. Once they are arrested and returned to North Korea, they may be punished with detention, forced labor, torture, and possibly execution if they have met with non-Chinese foreigners or Christians outside the country.<sup>11</sup>

**<Table 2: Number of North Korean Defectors to South Korea>**

| year                | ~<br>89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99  | 00  | 01  | 02    | 03    | 04    | 05    | Total |
|---------------------|---------|----|----|----|----|----|----|----|----|----|-----|-----|-----|-------|-------|-------|-------|-------|
| Number of defectors | 607     | 9  | 9  | 8  | 8  | 52 | 41 | 56 | 85 | 72 | 148 | 312 | 583 | 1,139 | 1,281 | 1,894 | 1,383 | 7,687 |

Republic of Korea, Ministry of Unification, *White Paper on Unification 2006*, p. 182.

9. In North Korea, the county is a basic unit of economy and security as well as administration, and is supposed to be self-reliant. It is very important that each county maintains a certain level of labor force, and travel between counties is severely restricted. China allows passage to South Korea via a third country only to those who gain public attention and the protection of a foreign embassy or consulate. These cases, however, also result in crackdowns and tightened security near the border. See the U.S. Committee for Refugees and Immigrants.

<http://www.refugees.org/countryreports.aspx?subm=&ssm=&cid=1577> (Accessed on June 19, 2006).

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11. Ibid.

In North Korea, state and party organs possess their own companies. The KWP runs Daesung General Enterprise, which as the biggest firm affiliates a number of factories, trading companies, farms, ranches, and mines. The Ministry of People's Armed Forces, People's Security Agency, and State Security Agency run Kangsung General Enterprise, Roksan General Enterprise, and Shinhung General Enterprise, respectively. They are engaged in trade and other money-making businesses such as dealing in mushrooms, crabs, sea urchins, silver, gold, and so on. The more powerful the organizations are, the more lucrative companies they are likely to possess.

As state and party organs are engaged in money-making businesses, corruption and other negative side effects are widespread; these problems appear most serious in the military.<sup>12</sup> Having difficulties with the food and material supply to the military, in the mid-1990s Kim Jong-il encouraged various levels of military units to become self-sufficient. All the corps, divisions, and brigades opened their own money-making businesses, and high ranking officials became like businessmen. They seemed to be more interested in making money than defending the system and the country. Some military officers would rather make fortunes as state-run business managers than receive promotions in rank.

These business activities are not always legal, and only powerful organizations can manage them without difficulty. For example, they often employ workers who have nothing to do at their jobs, and need to obtain special permission for workers to take crab boats. Some military officers commit bribery to acquire positions as state-run business managers or to be posted at checkpoints along the Chinese border. These positions tend to pay off: military officials can make much more money as business managers and clerks than in their uniforms; soldiers at the border can take bribes from those defectors who pass checkpoints illegally.

This situation has developed to the point that money, rather than discipline, controls military units, and the command system has been seriously disrupted and weakened. Eventually Kim Jong-il prohibited money-making business activities by military units, and transferred them to the Ministry of People's Armed Forces. Nevertheless, the corruption of party and state organs was not reduced.

As economic difficulties continued over a prolonged period of time, social

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12. *Shindonga*, vol. 558 (March 1, 2006), pp. 120-137.  
[http://www.dongailbo.co.kr/docs/magazine/shin/2006/03/03/200603030500004/200603030500004\\_1.html](http://www.dongailbo.co.kr/docs/magazine/shin/2006/03/03/200603030500004/200603030500004_1.html) (Accessed on July 2, 2006).

morale declined, and loyalty to the regime was weakened. Not only the hungry have defected; even privileged members of the core group have fled from North Korea during the last decade. These include Hwang Jang-Yup, secretary of the KWP's Central Committee, and Chang Sung-Kil, ambassador to Egypt and son of Oh Kuk-Ryul, minister of the KWP's Department of Operations.

A political study organized by the party has become superficial and loose. Self-criticism, which once served as frightening means of control and punishment, is no longer taken seriously. As the social control mechanism gets weaker, social deviations like assault, theft, and even prostitution are increasing. Juche ideology does not serve as a governing ideology any more in any substantial sense, although it is still alive. North Korea introduced such political slogans as "Red Flag Philosophy," "Strong and Prosperous Nation," and "Military-First Policy," but none of these were able to function as a substitute ideology.

### **III. North Korean Strategies**

In the midst of declining social morale, North Korea is concerned about its social and political stability. Although North Korea vigorously accuses the United States of harboring ambitions to invade or attack North Korea, it is more concerned about the U.S. aim to destabilize the Kim Jong-il regime. Pyongyang's major concerns include U.S. policies on human rights, the Proliferation Security Initiative (PSI), and economic sanctions due to counterfeiting.

North Korea vociferously argues that the issues raised by the United States - human rights abuses, drug trafficking, and counterfeiting - are mere fabrications aimed at tarnishing the international image of North Korea in order to justify a hard-line policy towards North Korea in a bid to topple the Kim Jong-il regime.

North Korea suspects that the Bush administration's ultimate policy goal towards North Korea is regime change. North Korea also suspects that the resolution of the nuclear crisis will not signal the end of present tensions and will not necessarily guarantee the improvement of relations between Pyongyang and Washington.

North Korea desperately seeks to promote social and political stability. For this purpose, North Korea has taken several measures and policies internally as well as externally: economic reforms, the Military-First Policy, "divide and rule" political strategies towards powerful organizations, and national collaboration with South Korea. The nuclear program seems to be one of these measures.

## **Economic Reforms**

Pyongyang has taken some reform policies to overcome its economic difficulties since the 1990s. In 1992 it allowed farmers' markets to be opened daily; these are places where people can purchase not only rice but manufactured goods.<sup>13</sup> In addition to the central government, local governments and even enterprises began to take responsibility for food distribution in the mid-1990s. Farmers were given the right to dispose of surplus products on their own. The amended constitution in 1998 transferred some authority for the economy from the party to the government. Greater autonomy was given to local managers of factories, enterprises and restaurants. North Korea also allowed people to cultivate their own family gardens. Work team leaders were elected in some collective farms in 1999, although the elections were abolished soon after. Younger people began to be recruited for their expertise, and examinations replaced recommendations and interviews as the selection criteria for employment.<sup>14</sup> The number of full time employees of the party was reduced by twenty to thirty percent, and those people were relocated to the industrial sector.

North Korea's reform policies were highlighted in the Economic Management Improvement Measure, also known as the 'July 1<sup>st</sup> Measure,' in 2002. Under the July 1<sup>st</sup> Measure, North Korea adjusted wages and prices: the price of rice rose 550 times, from 8 jon to 44 won, and wage for factory workers rose 18 times, from 110 won to 2,000 won.

North Korea has experienced significant economic changes since the 1980s, but its economic policies have not been consistent, going through some ups and downs. Controversy remains as to whether North Korea is trying to restore the planned economy or introduce a market economy. For example, when North Korea announced the July 1<sup>st</sup> Measure, it was widely interpreted as a move towards a market economy. As the food situation improved, however, North Korea decided to normalize the public distribution system and to stop WFP aid

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13. It was in 1982 that farmers' markets were first allowed to operate daily in Pyongyang and several big cities, but North Korea restrained them in order to protect the public distribution system in 1987. They were opened only every seven or ten days and some items were not allowed to be sold in the market.

14. The most important standard for personnel appointment is social and birth background. There have been no examinations for employing party or state cadres. People are not supposed to apply for jobs. They are ordered to work for given jobs on the basis of their social and birth backgrounds, interviews, biographies, family histories, and curricula vitae. See Choi Jinwook, *Contemporary North Korean Public Administration* [Hyundai Bukhan Haengjong Ron] (Seoul: Inkansarang, 2002).

in late 2005.

### **Military-First Policy**

One of major reasons for North Korea's reluctance to adopt reform policies consistently seems to be its lack of confidence in domestic political stability. The economic reforms in China in the late 1970s and in Vietnam in the mid-1980s were based on government confidence in domestic political loyalty. In fact, China and Vietnam were faced with more hostile environments, when they started their reform policies, than North Korea is facing now. China faced tensions with Russia and Taiwan, while Vietnam had troubles with the U.S., China, and Cambodia.

Instead of consistently implementing full-fledged reform policies to maintain political stability, Kim Jong-il relies on the Military-First Policy, under which he has given the military unprecedented privileges, frequently visiting events and places associated with it and promoting military officials within the official power hierarchy.

Despite the almighty status and power of KWP, it has not functioned normally since Kim Il Sung's death. No party congress has been held since the sixth party congress in 1980. According to the Party Act, the party congress is supposed to be held every five years. The plenum of the Central Committee has not been held since the 21st plenum in December 1993. The plenum, which has the right to elect the secretary-general, was not held even when Kim Jong-il became the party's secretary-general in October of 1997. Instead, Kim Jong-il was endorsed by both the Central Committee and the Central Military Committee. It is no longer considered strange that the plenum is not held before the Supreme People's Assembly. It is suspected that Secretariat and Politburo meetings have not been held since Kim Il Sung's death. It is likely that not a single organization within the party is fulfilling its decision-making functions, and thus the party is not working properly as a system. There are a number of vacant positions in the party.

Under the Military-First Policy, the KWP does not function as an institutionalized decision-making body. In fact, Kim Jong-il has said, "My business style is one without a conference."<sup>15</sup> Decision-making is highly centralized around Kim Jong-il, particularly in the areas of military affairs, foreign policy, and high level appointments, and he does not depend on any institutionalized body in his decision-making process. When a single paramount leader dominates the decision-making process, decision-making bodies do not

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15. *Rodong Shinmun*, February 3, 2001.

operate properly, even when they are convened. When Mao ruled China, for example, he limited the degree of top leadership participation in key policy debates, and decision-making bodies were relegated to rubber-stamp organizations.<sup>16</sup> In North Korea, where the input of formal and informal institutions in the decision-making process is extremely limited, the results can be unpredictable, irrational, and sometimes even dangerous.

There are several reasons why the Kim Jong-il regime has adopted the Military-First Policy. First, the enhanced status of the military is designed to guarantee its loyalty. In fact, the military contributes to the stability of the regime and may be its last resort. Second, this policy appears to be related to Kim Jong-il's intention to bypass the party and control the military directly. If, as in the past, the military is controlled by the party in every aspect, it is possible that someone in the party could rise to become a strong second man on the North Korean political scene. This situation would weaken the personal power of Kim Jong-il. In fact, Kim Jong-il himself consolidated his power through the party organization, beginning in the early 1970s. As secretary of KWP's Department of Organization and Guidance, Kim Jong-il could monopolize the personnel policy of the party, military, and government; thus he knows the power of party connections better than anybody. Therefore, he does not want to control the military through the central party organization.

Third, the enhanced status of the military may be partly aimed at the outside world. A strong military seems to be the only political leverage that North Korea has. It believes that military blackmail is its most effective bargaining chip in relations with the United States and South Korea, and that the outside world will not dare to dismiss it if it shows off its military muscle. North Korean negotiators often avoid sensitive issues and turn down the agenda raised by the United States and South Korea under the pretext of "military dissatisfaction" or "military veto."

The nuclear program can be interpreted in the same context. Pyongyang seems to consider its nuclear program as the most reliable form of leverage in negotiating for economic aid, diplomatic normalization, and security guarantees. The nuclear program also helps promote regime stability by giving the North Korean people a sense of pride in their "Strong and Prosperous Nation." It is

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16. After Mao's death, China's foreign policy decision-making process has been transformed from a "strong-man model" to one more characterized by bureaucratic, sectional, and regional competition. Lu Ning, *The Dynamics of Foreign-Policy Decision-making in China* (Boulder, Colorado: Westview Press, 1997), pp. 1-17.

noteworthy that this time, unlike the first nuclear crisis of 1993,<sup>17</sup> North Korea actually said “We are entitled to possess nuclear weapons” and declared itself to be a nuclear power on February 10, 2005.<sup>18</sup>

### **Political Games**

Kim Jong-il does not seem to trust any person or any organization, and he is particularly wary of allowing anyone to rise to a second-man position and potentially challenge his power. Kim Jong-il’s fear of political challenge can be read in his decision to leave vacant the top positions of such powerful organizations as the KWP’s Department of Organization and Guidance, Department of Military Affairs, and Department of the United Front, and the State Security Agency. These organizations are headed by the First Deputies.

Since Kim Il Sung’s death in 1994, Kim Jong-il has played a deliberate political game of “divide and rule” among such powerful organs as the party, the military, the People’s Security Agency (police), and the State Security Agency (secret police).

In the mid-1990s, Kim Jong-il upgraded the Security Bureau of the Ministry of the People’s Armed Forces to an independent Security Command and gave it a role in political purges. In 1996, the Bureau purged dozens of generals of the Sixth Corps who were allegedly involved in a coup plot. It also took charge of purges of civilians, though this responsibility was supposed to go to the State Security Agency. It purged Chairman Choi Yong-Hae and hundreds of cadres of the Kim Il Sung Socialist Youth League. It arrested, investigated, and punished hundreds of party and police officials who were suspected of being involved in a large-scale corruption scandal at the Songrim Refinery in South Hwanghae Province in 1996.<sup>19</sup> When the purge campaign was over, however, Kim Jong-il,

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17. During the first nuclear crisis of 1993-1994, North Korea was suspected to have obtained weapons-grade plutonium from its 5 mega-watt carbon-graphite reactor. Kim Il Sung said, however, “We do not have intentions, necessity, or capabilities to produce nuclear weapons.” Under the Agreed Framework in October 1994, North Korea agreed to freeze its nuclear program in return for two light water reactors of two million KWe, provided by KEDO (Korea Energy Development Organization) under U.S. responsibility, and 500,000 tons of crude oil from the United States until its completion.

18. The second North Korean Nuclear Crisis started in October 2002, when North Korea admitted its HEU (Highly Enriched Uranium) program. The U.S. stopped the oil supply and North Korea unfroze its nuclear program, and withdrew from NPT. Natural Uranium consists of 99.3% of U-238 and 0.7% of U-235. U-235 needs to be enriched from 0.7% to over 90% for an atomic weapon, while it needs to be enriched only to 5% for reactor fuel.

19. At the Songrim Refinery, local party and police officials were suspected of involvement in

fearful of its strong power and status, relegated the Security Command back to a lower part of the Ministry of People's Armed Forces.<sup>20</sup>

In the late 1990s, the People's Security Agency rose to become a powerful organization for ideology censorship. Chang Sung Taek, Kim Jong-il's brother-in-law, was believed to be in charge of the purge of party officials, and was regarded as the second man in North Korean politics. Soon after, however, Chang was dismissed as the KWP's First Deputy Secretary of the Department of Organization and Guidance, and he lost his political influence.

Kim Jong-il never intended to let the military to rise to challenge his power, although he enhanced its status higher than ever. What Kim Jong-il wanted to do with the Military-First Policy was to weaken the party by bypassing it and directly controlling such important organizations as the military and the Ministry of Foreign Affairs. In fact, military officials are under the tight control and supervision of the General Bureau of Political Affairs of the Ministry of the People's Armed Forces, which has become more powerful than ever within the military organizations.

The recent speculative media reports regarding Kim Jong-il's successor seem to be the result of his deliberate political game. He knows that nominating a successor will tarnish North Korea's image in the international community and justify the U.S.'s negative perceptions towards North Korea. Naming a successor may also make Kim Jong-il a lame duck.

Here a question arises as to where the succession issue originated. It must have been initiated by Kim Jong-il himself. It is not possible that anyone could raise the succession issue without Kim Jong-il's approval. He may want to make clear his intention that the Kim dynasty will continue through one of his sons as heir apparent. Kim Jong-il seems to believe that this will contribute to the stability of his regime, but in reality the presence of a successor does not necessarily help promote regime stability. In other words, Kim Jong-il wants to emphasize the stability and continuity of his power through a deliberate hint about his heir apparent, but he may not want anybody to be declared an official successor.

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the demolition of the production line to be sold, and the Security Command of the military mobilized tanks and encircled the city to purge corrupt local party and police officials. After Songrim, the Security Command continued a series of purge campaigns in several cities.

20. Won Ung-Hee, commander of the Security Bureau of Ministry of People's Armed Forces, was dismissed from his position on a bribery charge in 2003, and North Korea said that he died of liver cancer in 2004.

## IV. Outlook for the Nuclear Crisis

### The U.S. Position on the Nuclear Crisis

Since the terrorist attacks of September 11, the top U.S. foreign policy goals have been winning the “War on Terror” and nuclear nonproliferation; also, under the second term Bush administration, “promotion of democracy” was added to the list. It is said that, in his second term, President Bush’s foreign policy is heavily influenced by Natan Sharansky’s *The Case For Democracy: The Power of Freedom to Overcome Tyranny & Terror*. Sharansky argues that the price for stability inside non-democratic regimes is terror outside of them. Thus societies that do not protect the right to dissent can never be reliable partners for peace.<sup>21</sup> He asserts, “The democracy that hates us is much safer than the dictatorship that loves us.” Democracies do not go to war with one another. Democratic leaders have a propensity towards appeasement, because their power depends on the popular will.

While the first term Bush administration proclaimed, “You are either with us or with the terrorists,” the second term gives an even more rigid message: “You cannot be trusted, if you are not a democracy, even though you are with us.”

As for its North Korea policy, it is well known that the Bush administration has a very negative perception towards North Korea. North Korea has been included three times recently in groupings of countries condemned by the United States: as a member of the “Axis of Evil” in the State of Union Address in 2001, as an object of possible nuclear attacks in the Nuclear Posture Review in 2002, and as an “Outpost of Tyranny” in the U.S. Senate confirmation hearing for Secretary of State Condoleezza Rice in 2005.

The Bush Administration has focused on weapons of mass destruction, missiles, conventional military posture, human rights, and humanitarian aid issues, rather than pursuing a long-term strategy like engagement with North Korea within the international community. Particularly after 9/11, the United States perceives North Korean WMD and missile programs as direct threats to itself, as well as to the Northeast Asia region. The United States is aiming at a complete, verifiable, and irreversible dismantlement (CVID). Changing the Kim

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21. In Sharansky’s “Town Square Test,” the world is divided into two categories: free and fear societies, with nothing in between. In a free society, a person can walk into the middle of the town square and express his or her own views without fear of arrest, imprisonment or physical harm. Natan Sharansky with Ron Dermer, *The Case for Democracy: The Power of Freedom to Overcome Tyranny & Terror* (New York: Public Affairs, 2004).

Jong-il regime has always been a key issue in the minds of the Bush Administration's policy makers, particularly if the policy goal of dismantling North Korea's nuclear program cannot be achieved by diplomatic means.

Although the Bush administration maintains a tough position towards North Korea, it would be difficult to implement a military option against North Korea without South Korea's full cooperation. However, the South Korean government, which believes that the North Korean nuclear program is nothing more than a bargaining chip to gain a security guarantee from the United States, has been determined to oppose any military option. The possibility of a North Korean counterattack is another concern for the United States. Sixty percent of the North's 1.2 million soldiers are forward-deployed south of the Pyonyang-Wonsan line, and 11,000 artillery pieces are aimed at the Seoul metropolitan area. Thus, a huge number of casualties and terrible destruction could be inflicted in the early stages of any war on the Korean Peninsula.

Moreover, the policy agenda for the Bush administration is dominated by Iraq and Iran. Thus, it is unlikely (though not impossible) that the United States would choose a military option, as long as North Korea does not cross 'the red line,' or sell its nuclear materials overseas. Ruling out the military option, the Bush Administration has employed a dual approach: diplomacy and pressure.

As for diplomacy, the United States managed to launch multilateral talks in which six nations—the two Koreas, the U.S., China, Japan, and Russia—participated, in spite of North Korean insistence on bilateral talks with the United States to resolve the nuclear crisis. Through the Six-Party Talks, the United States has urged North Korea to follow the Libyan model and give up its nuclear program. On the other hand, the United States has applied pressure through such measures as the North Korean Human Rights Act of 2004, the PSI, and financial sanctions.

### **The North Korean Position on the Nuclear Crisis**

Today North Korea seems to be determined to maintain nuclear weapons, which provide both a last resort for its security and a powerful means of political leverage vis-à-vis South Korea and the United States. North Korea may reluctantly give up its nuclear weapons only after it has obtained a security guarantee and secured political leverage through other means. Probably the most reasonable goal for the near future is a peace treaty with the United States and consequent withdrawal of the U.S. troops from the Korean peninsula. North

Korea believes that this can be achieved only through bilateral talks with the United States.

Ever since the second nuclear crisis broke out in October 2002, North Korea has made it clear that it wants nothing but a security guarantee or peace treaty. This position is starkly different from its position in the first nuclear crisis in 1994, when it demanded substitute energy from light water reactors, economic aid, normalization of relations with the United States, and removal of the nuclear umbrella over South Korea in return for abandonment of its nuclear program.

It has become more urgent for Pyongyang to promote internal security and strengthen the solidarity of the North Korean people. For this purpose, Pyongyang may want to close the door to the United States, if it cannot expect any concessions from it. In the 2005 New Year's joint editorial, North Korea hinted at its intention to isolate itself by emphasizing its method to promote internal stability: the improvement of agricultural production and people's daily life. North Korea has said, "The United States regards the nuclear issue and the 'human rights issue' as two levers in executing its policy to isolate and stifle the DPRK," and it has threatened to boycott the Six-Party Talks.

In this sense, the biggest misunderstanding of the United States may be its belief that North Korea's economic difficulties will force it to come to the negotiation table and eventually abandon its nuclear program, as Libya did.

As the standoff in the nuclear crisis continues, North Korea may want to strengthen its position in order to attract the United States to bilateral negotiations. It is extracting more plutonium and increasing its stockpile of nuclear weapons.<sup>22</sup> The long-range Taepodong II missile test on July 5, 2006 was intended to demonstrate North Korea's ability to deliver a nuclear weapon to the United States. North Korea will also try to develop inter-Korean relations in the name of 'national collaboration' to gain economic assistance from the South and to discourage the U.S. hard-line policy towards the North. It will also strengthen its

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22. In total, by mid-2006 it was estimated that North Korea has produced an estimated 43 to 61 kilograms of plutonium, of which about 20 to 43 kilograms are in separated form and usable in nuclear weapons: 0 to 10 kilograms before 1992, 20 to 28 kilograms between 2003 and 2004, 0 to 15 kilograms between 2005 and 2006. North Korea's stock of separated plutonium is enough for 4 to 13 nuclear weapons, since 4 to 5 kilograms of plutonium are needed for each weapon. By mid-2008 North Korea is expected to produce as much as 53 to 76 kilograms of plutonium, of which 40 to 68 kilograms could be used in nuclear weapons. The separated plutonium would be sufficient to build between 8 and 17 nuclear weapons. David Albright and Paul Brannan, "The North Korean Plutonium Stock Mid-2006," Institute for Science and International Security (June 26, 2006).

<http://www.isis-online.org/publications/dprk/dprkplutonium.pdf> (Searched on June 29, 2006).

ties with Russia and China.

### **China Factor**

It is hard to imagine a resolution of the North Korean nuclear crisis without Chinese cooperation. It was China that convinced North Korea to participate in multilateral talks in spite of North Korea's insistence on bilateral talks with the United States. China has played a crucial role as a host country for the Six-Party Talks. China has maintained a very clear position on the North Korean nuclear program: North Korean nuclear weapons cannot be tolerated, and the North Korean nuclear crisis should be resolved by peaceful means. China, however, does not want the North Korean system to sustain too much pressure and become unstable. Thus, China claims that it does not have as much influence over North Korea as the United States thinks, and it opposes putting pressure on North Korea.

North Korea has depended on China for energy, food, and daily commodities, which are essential to the North Korean economy. As the tension between Washington and Pyongyang continues over the North Korean nuclear program, the relationship between China and North Korea is becoming more consolidated. In recent years, China has increased its investment in North Korean factories, enterprises, and natural resources. China is the biggest trading partner of North Korea, accounting for 39 percent of North Korea's total trade in 2005.<sup>23</sup>

Although some people argue that the consolidated economic relationship between China and North Korea has contributed to North Korean economic reform, others suspect that the increased Chinese economic presence in North Korea may make the North Korean economy too dependent on China. This makes neighboring countries nervous and has a negative impact on regional security cooperation. In South Korea, some worry that North Korea may fall under Chinese control, and may even be incorporated as a province of China. This concern often develops into a policy of large-scale economic assistance and investment to North Korea. The United States, which considers China a strategic rival, is concerned that the increasing Chinese economic presence in North Korea may weaken its leverage with Pyongyang. Japan, which was formerly North Korea's major trading partner and donor of humanitarian aid, is also concerned about its declining influence over North Korea, and has become eager to make a

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23. Next to China, South Korea accounts for 26% of North Korean trade, Thailand 8 %, Russia 5.7%, and Japan 4.8%. Bank of Korea (February 13, 2006).

breakthrough.

Given the amount of trade and aid from China and its status as a permanent member of the UN Security Council, any policies towards North Korea – from economic and diplomatic sanctions to military options – do not have much prospect for success without Chinese cooperation.

## **V. Concluding Remarks**

A dramatic breakthrough in the North Korean nuclear standoff does not seem likely in the near future. This nuclear crisis is a complicated matter, since it is not only a major security issue but also a highly political issue as well. North Korean nuclear weapons will inevitably trigger an arms race in Northeast Asia: Japan will go nuclear, and this will lead China to increase its nuclear arsenal. This will also expedite the U.S. Missile Defense project and strengthen the alliance between the U.S. and Japan.

As the North Korean nuclear crisis is pending, it affects changes in relations among nations in the region and their policies. It creates policy frictions between two long-time allies—the United States and South Korea. While the United States wants to financially squeeze North Korea, South Korea insists on inter-Korean economic cooperation regardless of the nuclear issue. As the tension between the United States and North Korea continues, China has increased its influence over North Korea by providing food and crude oil. Russia and Japan are also trying to expand their influence over the Korean peninsula in the midst of the North Korean nuclear crisis.

The United States aims to dismantle North Korea's nuclear programs in a complete, verifiable and irreversible manner, but its approach to the nuclear crisis has not been effective. The United States had to consider a number of issues which have limited its ability to resolve the issue more aggressively: Iraq, Iran, concern about a North Korean counterattack, and policy coordination with South Korea. The United States mistakenly believes that time is on its side, given North Korean economic difficulties.

For North Korea, its nuclear program is the best leverage it has in order to receive attention, food, and assistance from the outside world. North Korea is also interested in nuclear weapons in order to cut its military spending. Above all, Pyongyang believes that the nuclear program may provide a security guarantee for the Kim Jong-il regime, which suffers from declining social and political stability. North Korea demands a peace treaty with the United States in return

for abandoning its nuclear program. Specifically, it wants the United States to recognize the Kim Jong-il regime and to accept coexistence with “Our Style of Socialism.” The nuclear program also seems to promote political stability by enhancing the North Korean people’s pride in their “Strong and Prosperous Nation,” in spite of economic hardship. Lack of confidence in political stability of the Kim Jong-il regime is the major obstacle to Pyongyang’s attempt to implement reform policies in a committed fashion, if it has such an intention at all. However, it is not likely that North Korea will take such suicidal measures as crossing the red line or selling nuclear materials, in spite of its insistence on its right to a nuclear program.

The consideration of domestic political stability, which is one of major factors behind the North Korean nuclear program, has never been a major motivation for any other nuclear power: the United States, United Kingdom, Russia, China, France, India, Pakistan, South Africa, and Israel. For North Korea, security guarantees are far more important than economic aid. If North Korea is truly confident of its political stability, it will be much easier to take some economic carrots in return for giving up nuclear weapons. Any policy based on the assumption that North Korea will abandon its nuclear program in return for economic carrots, or in response to economic pressures, will not work.