

THE
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**NORTH KOREA: BEYOND
THE NUCLEAR CHALLENGE**

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EXECUTIVE SUMMARY

- Despite the rise of grandson Kim Jong Un as the new North Korean leader, the underlying issues regarding North Korea remain the same: how to reign in North Korea's nuclear and missile programs, deter North Korea from starting a second Korean War, and limit North Korea's sale of its technology to other countries.
- The debate remains the same, as well: is pressure and isolation more likely to change North Korean behavior? Or are inducements and engagement more likely to produce results?
- A "mainstream" consensus has emerged in South Korea with a preference for selective engagement coupled with consistent and powerful responses to provocations and a strong military deterrent, and a willingness to ignore provocative North Korean rhetoric.
- Building trust with North Korea will require considerable diplomatic and political skill. Australia could play the role of honest broker in helping to move the process forward. This role could be direct in helping host talks, or it could be indirect in terms of helping promote greater economic or cultural exchange with North Korea, with the ultimate goal of increasing North Korean interaction with the rest of the world.

POLICY RECOMMENDATION

- Australia is a country that could play an important role by being a neutral force or an honest broker, for diplomatic interactions with North Korea. The Australian government need not directly involve itself in difficult negotiations with North Korea. Rather, a policy that supports greater interaction with North Korea while not actively rewarding the regime might begin to slowly change the thinking or behavior of certain elements within North Korea

Introduction

In the winter of 2012-13, North Korea's third nuclear test, yet another long-range missile test, and increasingly provocative rhetoric threatened stability in Northeast Asia. Once again, North Korea engaged in bluster designed to project strength and resolve in the face of international disapproval. In the first few months of 2013 alone, the North threatened a nuclear attack on the United States, unilaterally withdrew from the 1953 Armistice, declared a 'state of war' existed on the Korean Peninsula and cut the military hotline between the North and South. For their part, the US and South Korea signed a protocol for dealing with provocations from the North, flew B-2 Stealth bombers across South Korea as a show of force to deter the North, and conducted military exercises together in March 2013. Combined with revelations in November 2010 of a North Korean uranium nuclear program, nuclear tests of a plutonium-based weapon in 2006 and 2009, and continuing fears of missile and nuclear proliferation, the Peninsula is in a new Cold War. Deterrence, isolation, and symbolic shows of force and determination are the current strategies in place, and the "North Korea problem" remains as intractable as ever.

The North Korean nuclear issue has been the most important security issue in the region for at least two decades, and despite new developments, such as the rise of grandson Kim Jong Un as the new North Korean leader, the underlying issues remain depressingly the same: how to reign in North Korea's nuclear and missile programs, deter North Korea from starting a second Korean War, and limit North Korea's sale of its technology to other countries. The debate remains the same, as well: is pressure and isolation more likely to change North Korean behavior? Or are inducements and engagement more likely to produce results?

Yet North Korea is a foreign policy problem for the region beyond the issues of nuclear proliferation and international security, and these same basic questions manifest themselves in the debates about North Korea's economy and its deplorable record of human rights abuses. Why and how can the country survive with an economy that is so poor, so backwards, and so isolated compared with its

rapidly developing neighbors? Why has North Korea not pursued economic reforms and opening? Should foreign countries – and South Korea in particular – promote marketisation, economic reforms, and capitalism in North Korea, or should they limit or prohibit foreign economic interactions altogether? Regarding human rights, profound ethical questions face both scholars and practitioners of international relations: how can we improve human rights in North Korea and the lives of its people? Should external actors – governments, non-governmental organisations (NGOs), and other groups – work with a regime that is repugnant in so many ways, if it can improve the lives of innocent citizens? Or should the outside world isolate the North Korean regime and subject it to external pressure and embarrassment over its human rights record until it decides to change?

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North Korea under Kim Jong Un

North Korea is in the midst of a major transition as the North adjusts to only its third leader in almost seventy years, and Kim Jong Un's installation as leader of North Korea creates new opportunities and dangers. Whether Kim can be more than a figurehead and whether he can actually lead the country, is yet to be determined. North Korea may yet again find a way to muddle through, with its basic ruling regime and leadership intact. If there is continuity in the North for the time being, the underlying task will remain the same: how to draw North Korea into the world and away from its dangerous, confrontational stance.

North Korea in 2013 is not the same as North Korea in 2000 – the political institutions, economy, and society have all experienced major and possibly enduring changes since then. Largely as a result of weakened state control, the economy has become increasingly commercialised and marketised, albeit at a very low level. At the same time, the regime itself is weaker than it was a decade ago: the unplanned marketisation has shriveled the central government's control over the periphery, despite episodes of retrenchment. Informal and sporadic information from traders or family members in South Korea and China continues to trickle into North Korea.

None of these changes necessarily mean that North Korea is headed towards collapse or that its state institutions are close to failing. State officials benefit from marketisation because it provides a measure of human security that lessens domestic resistance even while weakening officials' control. Corrupt officials benefit personally from marketisation even as it undermines their position. Civil society is almost entirely absent in North Korea, and despite occasional reports of spontaneous “rice riots,” there is little evidence that the North Korean people could engage in an “Arab Spring” uprising of any sort.

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In short, the North Korean regime and larger society in many ways are weaker, poorer, and more open to the outside world in 2013 than a decade earlier. Yet North Korea has also apparently managed a smooth transition of power to its third ruler and also has 8-12 nuclear weapons while continuing to move closer to successfully testing an intercontinental ballistic missile, and shows few signs of collapsing. Indeed, the belligerence of the North Korean regime in 2013 was probably a signal to both domestic and international audiences that the new leader has no plans to change the basic contours of North Korea's foreign and domestic policies in any fundamental manner.

The limits to pressuring North Korea

Given the continuing threat that North Korea poses through its missile and nuclear programs, the nuclear issue remains the highest priority of both the South Korean and US governments. In fact, most observers from across the political spectrum agree on the goal: a denuclearised North Korea that opens to the world, pursues economic and social reforms, and increasingly respects human rights. Disagreement only occurs over the tactics—what policies will best prod North Korea on the path towards these outcomes. These debates over which strategy will best resolve the North Korea problem remain essentially the same as they were decades ago: is it best to engage North Korea and lure it into changing its actions and its relations with the outside world, or is it better to contain the problem and coerce North Korea into either changing or stopping its bad behavior?

“The range of policy options available to external countries concerned about North Korea is quite thin.”

The sad fact is that the range of policy options available to external countries concerned about North Korea is quite thin. Few countries would consider military action to cause the regime to collapse, given that Seoul is vulnerable to their conventional weapons and that war or regime collapse could potentially unleash uncontrolled nuclear weapons and draw all the surrounding countries into conflict with each other. War is unlikely because both sides believe the other's rhetoric – both sides believe the other will respond if attacked. Seoul would be devastated, and the North Korean regime would cease to exist.

Economic sanctions have also been unsuccessful in changing the North Korean regime's behavior in the past, and are unlikely to work in the future. North Korea is already one of the most heavily sanctioned regimes in the world, and this has not changed their behavior in the past. Furthermore, neither Russia nor China is eager to push sanctions too hard on the North; and thus any UN sanctions are likely to be cosmetic in nature. China is North Korea's major trading partner and provides most of the North Korea's energy needs; moreover, it has never seriously implemented any of the four rounds of sanctions the UN has passed targeting North Korea. Although it agreed to the most recent UN resolutions, China would actually have to substantially change its approach to Pyongyang to make the sanctions work, and it probably won't.

North Korea policy under South Korean president Park Geun-hye

Park Geun-hye's dramatic election as the first female head of state in Northeast Asia is epochal, but it also is emblematic of a larger process of Korea's globalisation, evolution, and increasing confidence about Korea's place in the world. As for North Korea policy, Park Geun-hye vividly called for building “trustpolitik” with the North, vowing during her campaign to “break with this black-or-white, appeasement-or-antagonism approach and advance a more balanced North Korea policy.” Park proposed that rebuilding trust did not mean naïve hopefulness to the North, because “there must be assured consequences for actions that breach the peace.”¹ However, trustpolitik does mean exploring many possible options for finding ways to cooperate with the North when they arise. Park specifically mentioned the idea of rebuilding the Trans-Korean railway through the North that could benefit the entire region. More recently, President Park has indicated that she would be willing to hold a summit meeting with North Korean leader Kim Jong Un. The issue of trust is more than simply rhetoric. North Korea does not trust the United States or South Korea any more than those countries trust the North. Decades of animosity and mistrust on both sides make negotiation and communication difficult, and decades of failed promises on both sides have led to the current stalemate.

In this context, Park's attempt to find a way to move beyond mutual vilification represents a step in the right direction, despite the widespread recognition that building any type of real trust between the two sides will be difficult. Trust is built slowly, over time, as two sides slowly come to believe the other side may live up to its word. Given the past history of interactions with North Korea, building actual trust is probably far away. Yet given that the alternatives appear to offer little hope of success, it is probably prudent that Park is willing to begin this process once again.

Conclusion: Australia's role and the way forward

The challenges that the region faces in dealing with North Korea are many and complex, and it appears unlikely that any breakthrough is imminent. There appears to be little hope of a negotiated solution involving its nuclear and missile programs.

Yet the larger North Korea problem involves more than the security issue and a strategy of isolation and minimal interaction with North Korea means that the weakest and most vulnerable will continue to lead a hazardous existence, with near-famine conditions possible each year. The only way to solve the hunger issue is to bring North Korea into the world market so that it can earn foreign

currency and import adequate quantities of food. The North Korean government also continues to engage in horrific and systematic human rights abuses; international isolation has done little to curb those abuses and may in fact encourage them. Thus, dealing with the immediate economic and social issues in North Korea and interacting with the government and people of North Korea may work at cross-purposes to policies designed to pressure North Korea into making concessions on its nuclear and missile programs.

Australia is a country that could play an important role by being a neutral force, or an honest broker, for diplomatic interactions with North Korea. Precisely because Australia is a respected member of the international community but is not directly involved in security issues with North Korea, it can play a role more flexible than those of the directly involved countries. This role can be as indirect as opening limited economic or cultural exchanges with North Korea, or a more direct role in diplomatic areas by being a site for discussion and dialogue with North Korea. The most important countries in resolving the North Korea problem are those most directly involved; but Australia can play a strong supporting role precisely because it is not directly involved. Although resolution of the North Korea problem may appear distant and difficult, continued efforts on the part of all countries is the only path forward.

American policymakers of all perspectives are focused on many other priorities, and there is consensus in Washington for a policy of 'strategic patience' that waits for North Korea to make the first move. However, administration officials have also privately indicated that the US will not oppose moves by South Korea to engage the North either. Within this context, official or unofficial Australian efforts to help move the process forward might be possible. This would require care not to get out in front of either South Korea or the United States, but Australian moves could also be supportive of President Park's attempts to find ways to interact with the North.

The problem with almost any policy towards North Korea is that proliferation becomes the main and first focus and little else ever is addressed, because negotiations over proliferation have proven so intractable. Third countries that are not directly involved with the proliferation issue, such as Australia, might have the opportunity to propose economic or cultural exchanges in ways that avoid rewarding the regime but at the same time offer the possibility to North Korean business elements of greater interaction with the outside world.

The key factor in such an approach is to avoid official aid or donation proposals, but instead to move North Korean economic policies towards more reform and openness. One possibility is for the Australian government to simply allow Australian firms the opportunity to do business in North Korea if they choose. In the global marketplace, if North Korea begins to conduct its domestic business affairs according to global standards of transparency and accountability, there are real benefits that could accrue to the economic entities and citizens of North Korea. If doing business in North Korea remains difficult and subject to opaque or non-existent laws, most foreign businesses will not consider either trading with or investing in North Korea. This "hands off" type of approach to North Korea makes it clear that its own domestic policies are the key factor, and the benefits of improving legal and business standards in North Korea are a result of North Korean actions, not foreign government policy.

“ There is consensus in Washington for a policy of 'strategic patience' that waits for North Korea to make the first move. ”

That is, the Australian government need not directly involve itself in difficult negotiations with North Korea. Rather, a policy that supports greater interaction with North Korea while not actively rewarding the regime might begin to slowly change the thinking or behavior of certain elements within North Korea. As with Park's trustpolitik, lasting change in North Korea is probably a long-term process of gradual improvement, and a patient Australian policy can incrementally help move that process forward. Ultimately, resolving the North Korea problem is in the interests of all Asian countries, and Australia has a role to play.

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Endnote

- 1 Park Geun-hye, A new kind of Korea: Building trust between Seoul and Pyongyang, *Foreign Affairs*, September/October 2011.

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