Anticipating Strategic Surprise on the Korean Peninsula

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Key Points

The June 2000 summit between South Korean President, Kim Dae Jung, and his North Korean counterpart, Kim Jong II, raised hopes for reconciliation on the Korean Peninsula. South Korean officials anticipated a return summit in Seoul and considered a declaration of peace within reach. Today, stagnation is the likely prospect for inter-Korean relations, which could make U.S. policy a scapegoat during the South Korean election year.

Kim Jong II can influence the pace, if not the substance, of diplomacy on the peninsula, and diplomatic surprise cannot be ruled out. Pyongyang almost certainly would seek to exploit a second summit to drive carefully crafted wedges between Washington and Seoul on key security issues.

Despite a rapidly contracting economy, Kim Jong II has continued to commit scarce resources to strengthening North Korean positions along the DMZ. While observing a self-imposed freeze on missile testing, Pyongyang continues to export missiles and missile-related technologies to areas of strategic interest to the United States. Yet to be resolved is the record of North Korea’s own attempt to develop nuclear weapons.

To protect U.S. interests during this election year, the Bush administration should pursue an activist diplomatic and security strategy informed by the principles of transparency, reciprocity, and verification. The objective should be to move North Korea toward an economic and political opening.

Despite the current stagnation in South-North dialogue, relations between the Koreas have been subject to sudden shifts. In the warm afterglow of the historic June 2000 South-North Summit in Pyongyang, South Korean President Kim Dae Jung’s engagement policy appeared to have created a self-sustaining dynamic. Policy-makers in Washington and Seoul scrambled to manage the potential diplomatic and security consequences of a rapid breakthrough in bilateral relations driven by presidential summitry.

Yet the spirit of the summit was short-lived; inter-Korean relations stagnated during the first half of 2001. In Seoul, a no-confidence vote on President Kim’s policy toward North Korea resulted in the resignation of Unification Minister Lim Dong Won, the architect of the Sunshine Policy, and presidential election campaigning was visible on the political horizon. Meanwhile, Pyongyang declined Secretary of State Colin Powell’s offer to “meet anywhere, anytime, with no preconditions.”

However, in mid-September 2001, the political pendulum suddenly swung back toward guarded optimism. Shortly after Kim Jong II’s August meeting with Russian President Vladimir Putin and Chinese President Jiang Zemin’s visit to North Korea, Pyongyang called for a resumption of South-North dialogue after a 9-month hiatus. The Fifth North-South Ministerial meeting, held in Seoul September 16–18, resulted in agreement to resume family exchanges, restart restoration of road and rail links through the demilitarized zone (DMZ), undertake flood control measures along the Imjin River border, and hold a sixth round of ministerial talks. Prospects for a return summit again became a matter of political speculation. Less than 2 months later, at the Sixth Ministerial, Pyongyang made clear that it had little interest in expanding South-North contacts.

Developments over the past year underscore the mercurial nature of South-North relations. They also highlight the discomforting extent to which Kim Jong II and North Korea control at least the tempo, if not the substance, of the reconciliation process. A return summit, though now nowhere on the horizon, could launch peninsular relations into new dimensions, with new policy challenges for the United States and the Republic of Korea (ROK). As Kim demonstrated by agreeing to the first summit, he is capable of doing the unexpected.

At the same time, North Korea remains a threat to American interests on the Korean peninsula and beyond. The conventional threat posed by North Korean forces on the peninsula is long-standing. Even as its economy has continued to contract over the past decade, Pyongyang has committed scarce resources to the military, strengthening its position along the DMZ. Pyongyang has also continued to develop weapons of mass destruction. Although it has imposed a ban on missile testing, the export of missiles and missile technologies has earned North Korea inclusion on President George W. Bush’s “axis of evil.” Finally, issues related to North Korea’s nuclear past, its efforts to develop nuclear weapons, and the implementation of the 1994 Agreed Framework must be addressed.

Approaching the North

To address critical security issues with North Korea, the Bush administration should pursue an activist diplomatic and security
strategy toward Pyongyang. Doing so will also position the United States to deal effectively with the consequences of either dramatic movement or stagnation in South-North relations. Pyongyang would almost certainly attempt to exploit an opening to the South to divide Seoul and Washington on key economic and security issues. Conversely, stagnation in South-North relations could make U.S. policy a scapegoat during the ROK election cycle, with increasing strains on the alliance and the U.S. forward-deployed presence. Each of these contingencies will affect the Korean Peninsula; managing their dynamics will test the U.S.—ROK alliance.

For the Bush administration to be successful in its dealings with North Korea, a comprehensive negotiating strategy is essential. That strategy should embrace both internal and external factors, ends as well as means.

A necessary precondition for any successful diplomatic strategy is political support at home. With respect to Pyongyang, the administration benefits from the fact that North Korea is not an object of political affection. At the same time, however, the political sustainability of the administration’s approach to the North will depend on producing results that are reciprocal and verifiable. Three principles, transparency, reciprocity, and verification, should shape U.S. strategy.

The mantra for this strategy should be “trust but verify”—a hard-headed, Reaganesque willingness to test Pyongyang’s intentions and judge by the results of actions taken. The initial Bush administration policy review has served to reverse the diplomatic dynamic of the recent past. Now is the time for the consistent application of “meet anywhere, anytime, with no preconditions” diplomacy.

Should the North prove recalcitrant, administration willingness to address issues will demonstrate its bona fides to Congress and to our allies alike, while at the same time highlighting the real obstacle to progress. The fact remains that no matter how well constructed a strategy or how well intentioned an approach, it may not be able to sustain forward movement because the North may have little interest in what is being offered. Nevertheless, diplomacy can make clear where the real source of intransigence rests.

**North Korean Drift**

The regime in Pyongyang is focused on political survival, and this preoccupation drives its national strategies. The military remains the top North Korean priority. Despite massive famine and food shortages, the Korean People’s Army (KPA) has been absorbing more of the North’s diminishing resources. Pyongyang’s military priorities are reflected in new deployments of artillery along the DMZ, in the hardening of command and control, and in the staging of large-scale, complex military exercises.

Despite hints of change—for instance, Kim Jong Il’s 2001 New Year’s call for “New Thinking,” his visit, with high-ranking KPA generals, to high-tech Shanghai, and the evolution of farmers’ markets—there is little evidence that North Korea is on the road to economic revival and recovery. In the face of economic failure, Kim Jong Il has demonstrated a determined resistance to reform. A real opening of the North Korean economy and society would put at risk the control mechanisms of the regime and, in turn, the regime itself.

Rather than following Beijing’s suggestions for a controlled opening, Kim has opted to turn North Korea into an aid-based, aid-dependent economy. Recent diplomatic success with the European Union and other Western countries has only enlarged his donor base.

However, Kim’s increasing dependence has come at a cost: a narrowing of the field for bad behavior. Kim will likely have great difficulty in embracing real reciprocity, verification, and transparency, but dependence on the outside world will serve to limit threats to the realm of rhetoric. Truly bad behavior would put at risk the regime’s external support structure. This translates into greater leverage for U.S. policy.

The historic June 2000 summit demonstrated that Kim is capable of surprise, but his decision to participate appears to have been more tactical than strategic, an attempt to open more widely the resource tap from the South. The agreements of the Fifth North-South Ministerial meetings to resume family exchanges and restart work on transportation links through the DMZ stalled out less than 2 months later and have yet to be implemented. Despite Kim Dae Jung’s commitment to South-North reconciliation, a second return summit now seems unlikely in 2002.

**Regional Dynamics**

For years, American analysts have assumed that Beijing’s central interest in North Korea was twofold: to maintain it as a buffer state to protect China’s borders from the spread of democratic values that would accompany reunification under the South and to ensure that American forces remained at a distance, below the DMZ.

However, a recent study by Eric McVadon, based on interviews with Chinese scholars and officials, suggests that the buffer concept with respect to North Korea may no longer be as prevalent in Chinese strategic thinking. He argues that this shift is partly the result of changes in the China-ROK relationship—specifically, in China’s understanding that, although South Korea is an alliance partner of the United States, it is not part of an alliance structure aimed at containing China. Seoul’s decision not to participate with the United States in the development of missile defenses has reassured Beijing. In part, it is also attributable to a confidence that the North has stabilized and that the status quo on the peninsula is sustainable for an indeterminate future.

McVadon, however, does argue that, for China, the buffer concept has validity with respect to the peninsula as a whole and to the influence of external powers, in particular Japan and the United States. In this context, the United States should assume that Beijing sees the limiting of external influences on the peninsula as being in its national interest. Historically, Japanese strategists have viewed the Korean Peninsula as “a dagger pointed at
the heart of Japan.” Thus, it is not unreasonable to assume that their counterparts in Beijing today may see the peninsula through a similar but reverse optic.

Tokyo’s increasing diplomatic activism, its participation in the U.S.—ROK–Japan trilateral coordinating mechanism, and its proposals for a 2+4 structure to discuss Korean Peninsula-Northeast Asian security issues all underscore Japan’s traditional interest in developments on the peninsula. Almost all unification scenarios posit a major Japanese economic and financial role—giving Tokyo political leverage. For China, the limiting of Japanese influence on the peninsula continues to have policy relevance. While Beijing has supported the American 2+2 initiative and South-North dialogue, it has consistently opposed Japan’s 2+4 proposals.

Over the long term, Beijing will continue to work against the development of a strong ROK-Japan relationship. Since Kim Dae Jung’s historic 1998 visit to Japan, relations between the two countries have been on the mend, led by their respective defense establishments. However, as demonstrated by recent controversies over Japanese history textbooks and Prime Minister Junichiro Koizumi’s visit to the Yasukuni Shrine, Japanese-Korean relations remain politically volatile. Minimizing Japanese influence on the peninsula represents a likely shared Chinese and Korean long-term goal.

Despite the current correspondence of American and Chinese interests in stability on the peninsula, Washington should expect that Beijing also would work to lessen its influence in a reconciled or united Korean Peninsula. The future of the U.S.—ROK alliance and the U.S. interest in continuing a military presence on the peninsula after reunification will be issues on which American and Chinese national interests likely will diverge.

Administration Policy

The Bush administration has inherited and utilized a well-functioning U.S.—ROK–Japan trilateral coordinating mechanism on policy toward North Korea. Both Seoul and Tokyo support efforts to engage North Korea, as does Beijing. Meanwhile, the administration has made clear its commitment to strengthening and adapting alliances with the Republic of Korea and Japan. The two U.S. objectives—dealing with North Korea and strengthening the alliance structure—are mutually reinforcing. As diplomacy moves ahead, deterrence also should be strengthened, and the administration, as well as allies, should be comfortable standing on deterrence if diplomacy stalls.

Successive administrations in Washington have aimed at promoting a direct South-North dialogue, based on the conviction that such dialogue is key to reconciliation and peaceful reunification. American policy should allow Seoul to take the lead on engaging the North and should make clear this priority to Pyongyang; in fact, this policy should remain central even as the Bush administration develops its own approach to North Korea. Careful coordination with Seoul will be critical, and it will require dedication and persistence as the South enters its election cycle.

On June 6, 2001, the White House released a Presidential statement on policy toward North Korea. The statement refers to a “broad agenda” and mentions specifically the Agreed Framework, the North Korean missile program, and its conventional force posture. Over the long term, U.S. willingness to negotiate on the basis of the June 6 agenda, based squarely on principles of transparency, reciprocity, and verification, can contribute to a dynamic that will result in a fundamental structural change in North Korea’s economic and political system.

Agreed Framework

The United States should clarify that it will both honor its commitments under the Agreed Framework and oppose any unilateral change in the instrument. At the same time, the United States should express its willingness to accelerate implementation of the agreement, given the energy shortage now affecting North Korea. To this end, the administration should propose early International Atomic Energy Agency (IAEA) inspections. Verification of the history of North Korea’s nuclear program is central to the conclusion of a U.S.-North Korea Nuclear Cooperation Agreement, which is a legal prerequisite to the installation of the light-water reactors specified in the Agreed Framework. North Korean agreement to accelerate implementation would help both to advance its economy and suggest a willingness to work constructively with the United States.

The administration also should be prepared to address recent North Korean requests for conventional energy. In early 2001, Pyongyang asked Seoul to provide 2 million kilowatts of conventional power, the equivalent of the energy to be provided by the Agreed Framework’s light-water reactors. The original target date for completion of the light-water reactor project, approximately 2003–2004, will not be met and is likely to slip to the end of the decade, thus complicating North Korea’s energy future. Today, the North’s energy capacity (18.6 billion kilowatts) is approximately 50 percent of total demand, and its energy infrastructure is both outdated and inefficient.

Any substitution of conventional energy should be tied to an accelerated implementation of the Agreed Framework—in this instance, a willingness to advance IAEA inspections and to begin the transfer from North Korea of the fuel rods from the Yongbyon reactor complex. (The fuel rods are estimated to contain enough plutonium for 4–5 nuclear weapons.) In addition, supplemental conventional energy should be supplied through the Korean Peninsula Energy Development Organization, not on a bilateral basis. This tradeoff would meet Pyongyang’s interim energy needs and satisfy American interests in verifying the status of the North Korean nuclear program.

Missile Program

Since former Secretary of Defense William Perry’s review of Clinton administration policy toward North Korea (1998–1999), reining in the North Korean missile program has been a priority for American policy. President Bush underscored long-standing U.S. concerns with North Korea’s proliferation of missiles and missile technologies in his 2002 State of the Union address.

During the last months of the Clinton administration, a series of negotiations aimed at concluding a missile deal with Pyongyang took place. However, time ran out on the effort. The deal on the table at the end of the Clinton administration reportedly included an agreement by Pyongyang not to produce, test, or deploy missiles with a range of more than 300 miles; an offer to suspend the sale of missiles,
missile components, missile technologies, and training; a commitment to suspend export of missiles now under contract; and an agreement to accept in-kind payments of approximately $1 billion in lieu of cash compensation.

Unresolved issues, however, included the deployment of existing missiles and verification of North Korean commitments. Capturing missiles presently capable of striking Japan is critical for Tokyo and central to the effective continuation of trilateral coordination. Any deal leaving Japan at risk while protecting the United States is one that the Bush administration should advance with great caution. While a comprehensive, verifiable missile pact will not resolve all of Tokyo's outstanding issues with Pyongyang, it should allow Japan to provide in-kind support for North Korea.

This leads to verification. While the administration could contemplate a spectrum of outcomes, the bottom line must be a verification regime that satisfies Congress. Without it, there simply is no deal. This reality must be communicated to the leadership in Pyongyang by making the point that the United States is prepared to be forthcoming in terms of needed in-kind support and assistance in reforming—not simply propping up—the North Korean economy, but verification is critical.

Conventional Forces

Two perennial problems for South-North reconciliation—military confidence-building measures and conventional force reductions—must also be addressed as part of a comprehensive strategy.

For close to a decade, an extensive list of transparency-enhancing measures, outlined in the Basic Agreement of 1992, has been on the table. These steps include the establishment of a South-North Joint Military Commission to discuss and take steps:

- to build up military confidence and realize arms reduction, in particular, the mutual notification and control of large-scale movements of military units and major military exercises, the peaceful utilization of the Demilitarized Zone, exchanges of military personnel and information, phased reductions in armaments, including elimination of weapons of mass destruction and attack capabilities, and verification thereof.

That the North has refused to move ahead with such measures reflects its obsessive preoccupation with the military instruments of security and regime survival. Without moderation in this mindset, little progress should be expected in this area.

On June 8, 2001, in response to Secretary Powell's statement of concern about the North's buildup along the DMZ and the consequent need to discuss its military posture, Pyongyang charged that the focus on North Korean forces was simply an excuse to keep American forces on the peninsula. This reflects the North's

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approach to inter-Korean arms control. Conceptually, it operates in three sequential steps:

- realignment of the external security environment, involving the withdrawal of American forces and cessation of U.S.–ROK exercises
- inter-Korean arms reduction and limitation
- confidence-building measures, facilitated by implementing the above steps.

This North Korean approach means that the administration should seek to address the issue of conventional force reductions with North Korea—but with only minimal expectations at best. But it also means that an opportunity to make progress on other security issues, such as missile proliferation, should not be held hostage to conventional force reductions.

If the Bush administration does raise the issue of a KPA pullback from the DMZ, it should expect Pyongyang to insist that the U.S. presence be put on the table. If Pyongyang ever seriously engages on force reduction, thin-out, or pullback from the DMZ, the United States should be prepared to deal with issues related to American presence and deployments. These are issues that the United States and South Korea should be addressing now in policy planning discussions.

However, the Korean People's Army remains the praetorian guard of the regime, and the leadership, given its focus on internal stability, is not prepared to put itself at risk. North Korea will approach all military-related talks with the view that the outcome should ensure the security of the regime and its military life-support system—an outcome that the United States cannot assure.

Given Pyongyang's preoccupation with its own survival, attempting to address conventional military issues directly may be too much to ask. Instead, the Bush administration should consider the possibility of a more indirect, asymmetrical approach. It should use Pyongyang's primary concerns with regime survival and a failed economy to induce transparency and verifiable change in its military posture in exchange for real economic benefits aimed at economic reform. In other words, force reductions or changes in threatening deployment patterns along the DMZ could yield economic benefits, such as in-kind resource transfers or technical support for a North Korean economic reform program.

Again, principles of reciprocity and verification should inform administration strategy. This is potentially a diplomatic trifecta. If the North plays, real threat reduction may ensue and could lead to an opening of the North's closed economy. If Pyongyang refuses, the administration would have demonstrated its commitment to diplomacy, assumed the moral high ground, and strengthened its standing with key allies. In terms of public diplomacy, this commitment is particularly important in managing relations with Seoul and Tokyo if, as expected, South-North relations are in for a period of protracted stagnation.

Humanitarian Assistance

North Korea remains incapable of meeting its food requirements. The World Food Program estimated a food shortfall of 1.5 million tons for 2001, and even with less severe weather, North Korea will face food shortages for an indefinite future. In recent years, humanitarian groups, such as CARE, and Doctors Without Borders, suspended activities in North Korea because of restrictions placed on their work by Pyongyang.

North Korea’s food shortage and the need to verify that any assistance provided by the United States goes to the intended recipients are key issues that the administration must address. Proof of humanitarian relief distribution is central to sustain political support for any long-term commitment to an assistance program. This is another instance where Washington should make clear to Pyongyang that it is prepared to help, but that something is
expected in return—that, as a starting point, verification is a sine qua non.

The administration also should be prepared to address the fundamental challenge at the core of the current approach to Pyongyang: to the extent that assistance comes without strings, it serves only to reinforce the status quo in the North’s economic and agricultural system. It amounts to international welfare, which serves only to reinforce North Korea’s aid-dependent status and cushions it from the necessity of addressing longer-term needs.

American policy should be aimed at moving North Korea from welfare to workfare. The approach of the Bush administration must emphasize that the United States is prepared to help but that the North also must move to address its economically distressing problems. In the first instance, this should entail the marketization of the North Korean agricultural sector with technical and environmental assistance from the United States. The administration should be prepared to build international support for this approach.

The administration should recognize that unreciprocated humanitarian assistance not only serves to reinforce the status quo in the North but also is fungible with respect to North Korean budget outlays. That is, money saved on food can be spent to advance its “military first” policy, allowing Pyongyang to have a “guns and butter” policy. In 2001, the North Korean Defense Minister visited Moscow looking for military equipment while Seoul was announcing a new aid package of food and fertilizer for the North. In democracies, it will be difficult to sustain a policy that allows the North to have its cake and eat it, too.

**First Principles**

The United States should pursue an activist diplomacy in anticipation of continued uncertainty and volatility in South-North relations over the next 12 to 18 months. Secretary Powell’s meet-anywhere-anytime approach allows the United States to claim the moral high ground—a particularly important stance as South Korea enters its election cycle. If little is accomplished in the coming period, the United States should not be seen as the reason for stagnation in South-North relations. By the same token, bad behavior by Pyongyang should not be rewarded. Threats should not be met with invitations to meetings, with food as the payoff for attendance.

Policy toward North Korea should be shaped by willingness to discuss outstanding issues and informed by the principles of transparency, reciprocity, and verification. At the same time, the administration should be prepared to say no to Pyongyang if it perceives that the North is not prepared to negotiate constructively. The administration should act with confidence in its negotiating position and the strength of deterrence.

South Korea should be recognized as having the lead in South-North relations. This policy toward North Korea should be shaped by willingness to discuss outstanding issues and informed by the principles of transparency, reciprocity, and verification principle has been a central tenet of U.S. diplomacy, and efforts should be aimed at promoting direct South-North contact. There should be no summit meeting with the North until Kim Jong II honors his commitment to visit the South for a return summit.

Close coordination with South Korea and Japan is central. As President Kim Dae Jung’s historic presidency draws to a close, legacy diplomacy could put U.S. strategic interests at risk. Last year, when a return summit was anticipated for the spring, there was much talk in Seoul about a South-North peace declaration to replace the armistice. However, coordination between Washington and Seoul was lacking over the contents of such a statement. A peace declaration that fails to alter the threat posed by the North but simply evokes a mood of reconciliation is one that could jeopardize the continuing presence of U.S. forces on the peninsula.

In this regard, President Kim Dae Jung, following the June 2000 summit, announced that Kim Jong II had told him that North Korea would accept a continuing American presence on the peninsula even as the reconciliation process advanced. Kim Jong II, however, has never put this attributed statement on record. During his visit to Russia, Kim explained to President Putin the North Korean position that U.S. forces should be withdrawn from the peninsula. Should a second summit take place and yield a peace declaration, Kim Jong II should be asked to put his commitment on a continuing U.S. presence in writing.

At the close of 2001, South-North relations had not developed in the way that many thought possible following the historic June 2000 summit in Pyongyang. Moreover, the road ahead, weaving as it does through the South Korean election cycle, probably will be marked by slow going and even stagnation in relations between Seoul and Pyongyang. Concurrently, administration diplomacy must be prepared to deal with the possibility of strategic surprise in South-North relations.

Given these uncertainties, the Bush administration should pursue an activist diplomacy toward North Korea. President Bush should miss no opportunity to reaffirm his support for South-North dialogue and the willingness of his administration to undertake wide-ranging discussions with North Korea. In this regard, transparency, reciprocity, and verification should define the parameters of U.S. policy with respect to security as well as economic issues. Overall, the objective of American policy should be to move North Korea toward an economic and political opening. Should Pyongyang prove reluctant to respond to Washington’s call for talks, the administration should be prepared to stand firm on deterrence, having demonstrated where the obstacle to progress lies.

**Notes**


2. In each of these specific areas and beyond in the broader agenda, the Bush administration should focus on ways of inducing change in North Korea—to make the North externally less threatening to the United States and its allies and internally a more open economy and society.

3. Under the Terms of the Agreed Framework, signed by the United States and North Korea on October 21, 1994, North Korea agreed to freeze and eventually dismantle its graphite-moderated reactors and related facilities in exchange for the construction and financing of light-water reactor power plants. In the interim, pending completion of the first light-water reactor, the United States agreed to supply 500,000 tons of heavy oil annually for heating and electric power generation.

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