

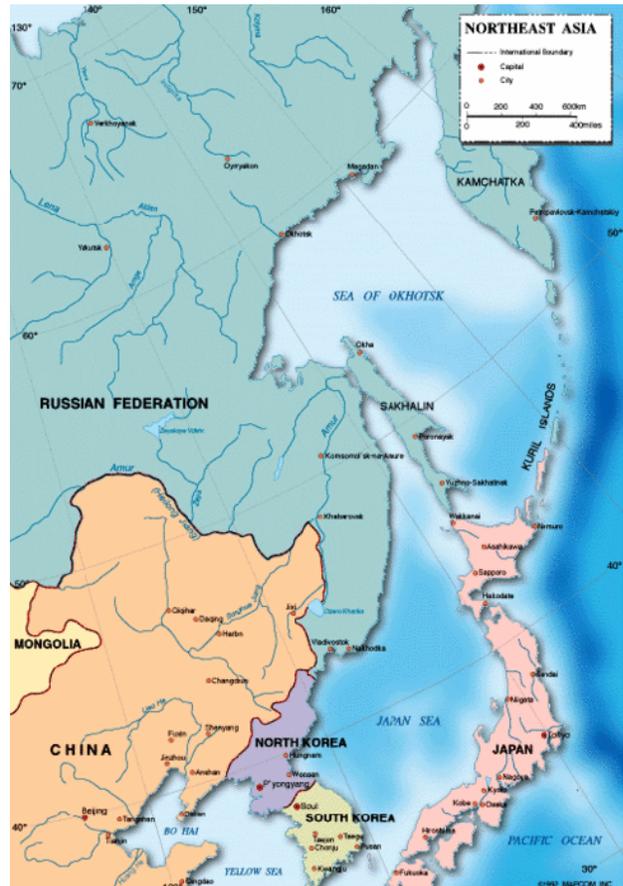
Engaging the DPRK: A “Deferred Delivery” Option?

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Regardless of rhetoric, there is little doubt that North Korea is not prepared to give up its nuclear capability any time soon. Although it might simply be a bargaining position, Pyongyang has even made it clear that there can be no such outcome until the whole world becomes free of nuclear weapons.¹ That creates a new strategic reality – even if we do not recognize North Korea as a nuclear power, we will have to live side by side with it as a de-facto nuclear possessing state for a considerable period of time. While the United States is separated from it by an ocean, for Russia, China and South Korea there is just a river or a border. How are all the parties concerned going to deal with this country?



Although the risk of conflict has probably not increased with the DPRK becoming a de-facto nuclear power, a further escalation of tensions is a serious threat. Nuclear proliferation and the emergence of new regional nuclear powers also constitute serious threats. To avert such threats, the diplomatic process, even when seemingly fruitless, must be maintained. Additional pressure on North Korea would only be likely to result in further provocative actions by Pyongyang, including new WMD programs, increased risk of proliferation, and even military actions near the southern border (although probably limited) meant to

discourage its opponents from stepping up the pressure. Such spiraling tensions, with the potential of leading to open conflict, should be avoided by re-engagement of the de-facto nuclear North Korea. The choice is between a hostile and cornered nuclear North Korea and a nuclear North Korea engaged in a search for compromise and acting responsibly.

The current cycle of tensions leading to the emergence of the DPRK as a de-facto nuclear weapons state started when North Korea became disappointed concerning the lame-duck Bush administration's true intentions in the Six Party talks. North Koreans grew frustrated as their actual gains from the diplomatic process were marginal - they did not come much closer to obtaining substantial security guarantees. Even a largely symbolic (and easily reversible) "delisting" of DPRK as a terrorist state caused much controversy in the US and abroad, and when the US demanded new concessions in exchange from North Korea, they saw this as a breach of trust. As to the modest economic assistance promised when the accord was sealed, only the US and Russia actually fulfilled their obligations (200,000 tons of heavy oil), while other countries either totally abstained (Japan) or dragged their feet (ROK). For its part, the DPRK felt that its concessions were not fully recognized and valued. "Hawks" in Pyongyang might have suspected that these concessions were perceived in the West as a sign of weakness and testimony to its pressing need to normalize relations. Kim Jong Il probably considered that the incoming Obama administration would not take North Korea seriously enough and that he would not get the regime sustainability guarantees he needed by continuing tit-for-tat bargaining. Pyongyang therefore decided to "tame" the new US leaders and "teach them a lesson". The new message was that Obama would have to talk to an established nuclear state. The strategy of increasing tensions to raise the stakes was adopted.

Now that yet another round of negotiations (first US-DPRK bilateral "contacts", to be followed, if those are reasonably successful, by talks in a broader format) is about to begin, it is worth considering the objectives and evaluating different ways of attaining them.

Could the talks yet again be perceived (as some in Washington, Seoul and Tokyo do perceive them) simply as a tool to prevent further provocations and increase of WMD and military capabilities on the North Korean side while waiting for the regime "to collapse"? Such a strategy would mean that no significant concessions would be granted to Pyongyang, while North Korea would be kept at bay by promises, while the possible expansion of cooperation with the West and South Korea would be used to soften and undermine the regime. Such thinking seems to me delusory. Over-suspicious North Koreans will see these dangers and will not accommodate such treatment from their adversaries. In such a case tensions and provocations are almost certain to re-emerge periodically.

I believe that a totally different "gambit" is called for. Actually the only chance for denuclearization is to promote a substantial evolution in North Korea that would enable it to become a "normal" country that could live without nuclear weapons. The often-repeated declaration that NK should be "rewarded" by economic assistance and strategic reassurances *after denuclearization* is taken seriously neither by North Koreans nor its allies. If a chance to achieve the de-weaponization of DPRK is not to be lost, the sequencing should be reversed. That means that engagement, both political and economic, should precede phased denuclearization. The current political and economic system of the DPRK should be *assisted* in its positive evolution, ensuring the smooth transition to a new generation of leaders and "conventionalization" of the country. Such a changed North Korea would feel that

militarization (including WMD) as a deterrent and guarantee of preserving its statehood is redundant. This would lead to a natural conclusion of the need to renounce WMD and decrease military potential.

Such a vision presupposes that denuclearization of the Korean Peninsula should remain a vital final goal, but it cannot become the sole issue to be discussed with North Korea. As prior experience has shown, no progress from such a discussion can be expected without taking into consideration the legitimate interests of the DPRK. No “denuclearization first, cooperation later” scenario is plausible. The agenda for future talks should be comprehensive, including the issue of a Korean and regional security and peace regime, non-proliferation and economic cooperation. If we are to take seriously North Korea’s position that “the DPRK will never participate in the talks any longer nor it will be bound to any agreement of the six-party talks”², the convening of completely new talks will probably have to be considered, with a broader agenda, provided all parties proclaim their adherence to the agreements reached in the course of the Six-Party talks, including the September 19, 2005 Statement. However, the format should be the same - the original six parties, plus, perhaps, UN representative and observers from the EU and other interested parties. The talks should discuss the modalities of phased denuclearization and new security regime building.

Such an approach, or a similar one, has long been advocated by specialists in member countries of the Six-Party talks, including Russia, and it has sometimes served as a basis for practical policies. Those policies were moderately successful in freezing and at times even halting DPRK nuclear programs, although so far they have only led to false starts for a variety of reasons. The single most important reason for these failures has been the absence of any genuine commitment by the opponents

of North Korea to coexist with the regime. Insincere and half-hearted “partial” engagement, with an underlying intention of regime change, does more harm than good. A “strategic decision” on coexistence with the DPRK’s existing regime needs to be taken in the capitals of Pyongyang’s adversaries - to be followed by Pyongyang’s own “strategic decision” to forego nuclear weapons when relations are normalized. This could be the basis for a future “package deal” or “grand bargain”.

If we analyze the results of the DPRK leadership’s recent strategy (demanded by the military and ideologues) of closing up and tightening the screws when frightened by Kim Jong Il’s sudden illness, we notice that efforts to reestablish centralized control on the population were not equally successful in all spheres. The hardening of political and ideological pressure caused no major opposition, and even the number of those seeking to leave the country seems not to have increased. However, attempts (perceptible from 2005 but reinforced since 2008) to limit “marketization from below”-which began following the economic crisis of the 1990s-failed. Strangely, the restoration of Kim Il-Song era governance methods augmented by militarization (*songun* ideology) is proceeding against a background of grassroots economic liberalization, which tends to become irreversible. As signs of the times, cell phones, “Kentucky” chicken and pizza are in vogue in Pyongyang, while markets thrive with imported goods regardless of sanctions.

Such a development could be for the DPRK’s own good. Transformation is needed unless North Korean leaders want to risk cornering the country into a geopolitical impasse and eventually a catastrophe.

The country has all the possibilities for economic advance. It is located at the very center of the world’s most vibrant and

dynamically developing region and it possesses labor and mineral resources, a history of industrial and technological development (unlike, say African countries with a comparable national income). The changes should start with gradual “marketization” of the economy, first on the microeconomic level (already happening), later extending to the macroeconomic level under state control. This could lead to a “guided market economy”, and the evolution of multi-sectoral production and trade conglomerates (resembling South Korean *chaebols*).³ These actors could become the centerpiece of engagement, which could continue irrespective of periodic setbacks in the diplomatic process. Economic sanctions only impede the return to normality. As the Kaesong zone experience showed in 2008-2009, unreasonable politicized demands from ideology-dictated North Koreans tend to subside, leaving room for sounder economy-based approaches even if ideologues are not happy with it.

Successful engagement is one in which the country experiences the benefits of economic development and a more peaceful environment. Unconditional economic assistance is not the answer. Assistance should be aimed at developing the marketized sector of the economy, which should not be perceived by DRPK leaders as a threat to their power. Rather, this sector should be brought out of the shadows and produce resources (via taxation, increased employment and incomes, and corresponding growth in demand and in other forms) for the development of strategic industries, which are typically unprofitable and which the government wants to keep state-owned and controlled.

This could lead to a transformation of the structure of the economy: the decline of outdated and non-competitive branches and the emergence of industries based on comparative advantage—cheap and comparatively well-educated labor, mineral resources, and

location/transit potential—thanks to foreign capital (chiefly South Korean, Chinese, perhaps eventually Japanese). Economic growth would bring about socio-political stabilization, which, while alleviating DPRK security concerns, would enable the authorities to soften their grip on the population. Communist ideology might eventually give way to “social-nationalism” and “patriotism” (with a sacral role for the founder of the state) as the foundation of the societal mentality. The political system in the long run might evolve into a sort of “constitutional monarchy” or a “collective leadership” with much greater feedback from the grassroots for Kim Jong Il's successor. A corresponding decrease of tension and confrontation between the DPRK and the outside world would set the stage for military confidence-building measures and eventual creation of a multilateral system of international arrangements for Korean security (a system of checks and balances guaranteed by the US, Japan, China, and Russia). Of course, this is a long time off. However, embarking on this road offers the only opportunity for North Korea to recognize that it no longer needs the absolute strategic deterrent. This would enable it to voluntarily abandon its nuclear and other WMD ambitions (following a variant of the “South African model”) and reduce its level of militarization within a broader agreement.

Such an option, however long it might take (one or two decades at least) is the only realistic peaceful path to achieve the goals of denuclearization and peace in Korea for the international community to pursue. This also corresponds with North Korea's own interests. The responsibility to embark on this road largely rests with the US. There seems as yet to be no clear concept of what policy the US should adopt regarding the Korean issue. No strategic decision on a US commitment to co-exist with the present DPRK leadership is in sight. On the contrary, there seem still to be expectations of possible turmoil in the country

due to the succession issue leading to implosion and a South-led unification, thus solving all the problems.

Such expectations date back to Clinton's failed 1990s approach. So far the Obama administration, enraged by North Korean provocations (the "slap in the face", "a fist in exchange for a hand outstretched") and unable to decipher their meaning, have chosen a wait and see approach, enforcing sanctions without offering any coherent vision. Yet such a vision is a pre-requisite for meaningful talks. The October-November bilateral "contacts" thus far seem to be just "talks about talks" on the US side, while North Koreans present a fairly clear view of what they want US to do. Even if positive results might be viewed as extending well beyond its term in office, the Obama administration should take a new, bolder approach and spearhead these efforts without letting unrealistic "prior denuclearization" theory block the way. A new strategy should include assurances that the US will undertake a strategic commitment to coexist with the DPRK regime. As proof, North Korea should feel the benefits derived from its cooperation with the world community, both political (normalization of relations without prior conditions) and economic. The aid, however, should help change, with the consent of the North Korean authorities, the political economy of the country in ways that allow it to develop on its own basis while taking advantage of the international division of labor. These policies should not have a "hidden agenda" of undermining the regime. As a result the economic reality of the country would change.

However idealistic it might sound, strategic reassurances and international assistance may be granted in exchange for a promise (probably a summit-level public commitment) to completely denuclearize by a target date, say 2012, in exchange for multilateral security guarantees. By that time the Pyongyang leadership (perhaps with a larger group of a

new generation of reformists and pragmatists resulting from the above-mentioned changes) will have to face a choice: either to lose all the achievements resulting from normalization of international standing and economic cooperation, while keeping its nuclear weapons, or accept the bargain. The two decades long experience of half-hearted attempts to get the goods (denuclearization) first and pay later should prompt us to try this "deferred delivery" approach for a change. After all, 2012 is much closer than 1993 when the bargaining over nuclear issue started. And even if not totally successful such a policy (which could easily be reversed if North Koreans did not keep their word) could at least keep a lid on North Korean military programs, including nuclear and missile ones.

Georgy Toloraya is Director of Korean Programs, Institute of Economy, Russian Academy of Science.

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¹ The Pyongyang media stated in October 2009, "In order to make the Korean Peninsula nuclear-free, it is necessary to make a comprehensive and total elimination of all the nuclear weapons on earth, to say nothing of those in and around south Korea. A prerequisite for global denuclearization is for

the U.S., which tops the world's list of nuclear weapons, to cut down and dismantle them, to begin with."

Link (<http://www.kcna.co.jp/index-e.htm>)

² DPRK Foreign Ministry Vehemently Refutes UNSC's "Presidential Statement" (<http://www.kcna.co.jp/index-e.htm>), KCNA, 14 April 2009.

³ For details see Georgy Toloraya, 'The Economic Future of North Korea: Will the Market Rule?' *KEI Academic Paper Series on Korea* Vol.2, (Washington, 2007).