

**Dealing with Pyongyang –  
Containment of Engagement?**

**By**

**Dr. C. Kenneth Quinones**

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## **INRODUCTION**

For more than one century, the Korean Peninsula and Northeast Asia have been, and remain today, the setting for globally significant and potentially highly disruptive developments. The legacy of a divided Korea, the Korean War and the Cold War continue to haunt the region with the possibility of yet another war. Like the Korean War a half century ago, the primary antagonists remain the United States and North Korea (the Democratic People's Republic of Korea). Fifty years ago the concern was how best to halt the spread of communism in the wake of China's "fall to communism," and North Korea's invasion of South Korea. Today, the focus has shifted to how best to halt the spread of nuclear weapons and associated technology while simultaneously deterring war and pursuing national reconciliation in a divided Korea. Despite changing circumstances, the options for dealing with this increasingly complex and potentially volatile situation remains limited to: engagement, containment or armed confrontation.<sup>1</sup>

A central and continuing theme of North Korea's foreign policy has been the belief that its fate is linked to the normalization of its diplomatic and commercial relations with the United States. Pyongyang alleges that the United States' "hostile policy" toward it is the primary impediment to the normalization of relations. The Bush Administration counters that North Korea's refusal to give up its nuclear weapons development programs and arsenal of weapons of mass destruction it impeding reconciliation. Here we examine the possible extent to which the Bush Administration's reversion to a strategy of containment, or "neo-containment" is obstructing a "peaceful diplomatic solution" to the nuclear impasse, President Bush's avowed goal, and North Korean "Supreme Commander" Kim Jong Il's priorities of regime survival and economic revitalization.

### **Containment**

Containment was the corner stone of US national security strategy during the Cold War, 1947 to 1991. Beginning in 1947, US strategy concentrated on containing the "global threat of communism." The goals were to:

- deter aggression by the Soviet Union and its allies by confronting them with superior nuclear and conventional military force possessed by a network of collective alliances,
- isolate diplomatically "communist" nations by discrediting their legitimacy and blocking their entry into international and regional associations, while also
- erode their economic vitality using economic sanctions and embargoes.

Containment's "deterrence capability" was sustained by a triad of nuclear equipped bombers, submarines and ballistic missiles. But containment's basic orientation was defensive and reactionary, not offensive and pre-emptive. Also, containment accented collective military alliances and multilateral diplomacy.

## **Transition**

President Nixon and Secretary of State Henry Kissinger, however, initiated a gradual conversion of containment into engagement. In 1971, they began to diplomatically and commercially “engage” China (then commonly known in the US as “Red” or “Communist” China.) Their aim was to defuse China’s hostility toward the United States. Using diplomatic and commercial inducements, they sought to transform China into an internationally respected nation that would gradually become increasingly democratic and capitalistic. At the same time, the United States would maintain the military potency of its deterrence capability to defend itself and its East Asian allies from possible armed assault by China. The combination of collective armed deterrence with multilateral diplomatic and commercial exchange became the hallmarks of the engagement strategy.

Subsequent U.S. presidential administrations retained and refined engagement. Presidents Ford and Carter pursued a similar strategy vis a vis “Communist bloc” nations of eastern Europe. President Reagan extended the approach to the Soviet Union during the 1980s. President Bush then applied the engagement strategy to “North Korea” beginning with his administration’s “most initiative” of 1988. Even the traumatic events of the Tiananmen Incident of 1989 did not weaken Bush’s commitment to engagement with China. In 1993, President Clinton also continued engagement as the United States’ preferred global strategy.

## **Engagement**

Engagement became the preferred strategy for promoting United States national interests during the three decades between 1971 and 2001. A Republican president had initiated the transition from containment to engagement, and subsequent Republican presidents had refined and extended the strategy around the world. Presidents Carter and Clinton, both Democrats, also adopted the strategy. Regarding North Korea, President Bush senior initiated engagement with North Korea and his successor merely continued the strategy.

Since taking office in January 2001, the younger President Bush and his closest advisers have sought to fundamentally alter US national security strategy. Engagement’s success had contributed to the demise of the Soviet Union and communism. The new Bush Administration declared that the spread of weapons of mass destruction (or WMD which include nuclear, biological, and chemical weapons plus ballistic missiles) to a few “rogue” nations had become the foremost threat to national security. President Bush called for a “national missile defense system” to neutralize the threat. Then the trauma of “9/11” quickly convinced the Bush administration to put global terrorism atop its national defense agenda, but linked it to its earlier preoccupation with the proliferation of WMD.

The president then identified America’s worst enemy as “the Axis of Evil.” Its members included Iraq, North Korea, Iran, Syria and Libya. President Bush claimed that these nations, despite their small size, threatened the United States and world peace because of

their alleged collaboration with international terrorism and their development and proliferation of weapons of mass destruction.<sup>2</sup>

### **Neo-containment**

To better secure the United States from attack, the Bush Administration formulated a variation of containment. Whereas “Cold War” containment aspired to deter invasion and war, Bush unilaterally declared that the United States had the sovereign right to launch pre-emptive military strikes against any nation that it deemed a potential threat to its security. Cold War containment had accented collective defense arrangements and multilateral diplomacy to deal with adversaries. President Bush, however, deemphasized multilateral diplomacy in favor of assertive unilateralism. He also distanced himself from collaboration with international organizations. Instead, he determined that the United States would lead while all other nations could either follow it or stand aside and be counted as an adversary.<sup>3</sup>

Here our concern is with the Bush Administration’s application of this “neo-containment” strategy to North Korea. Of particular interest is the strategy’s impact on North Korea and the reaction to it of Pyongyang and other nations in Northeast Asia.

### **“HARD” VERSE “SOFT” LANDING**

A combination of factors convinced the Bush Administration in 2001 to revert to containment in its dealings with North Korea. The reasoning behind this shift dates from 1994. The contributing factors include: Republican control of the US Congress and the increasingly adversarial bipartisan politics of the 1990s, shared suspicions between Americans and South Koreans about North Korea credibility and intentions, and similar shared concerns among conservatives in Seoul and Washington about the Clinton Administration’s allegiance to the long standing US-Republic of Korea alliance.

The first diplomatic accord between the United States and the Democratic People’s Republic of Korea (DPRK), the Agreed Framework, stood at the center of a growing controversy during the 1990s over how best to deal with North Korea. Signed in October 1994, the accord promptly encountered a chorus of protest. The Republicans, having just won control of the US Congress, challenged the wisdom of giving North Korea material aid in exchange for promises that it would forego further development of nuclear weapons capability. These critics contended that the annual shipment of 500,000 metric tons of heavy fuel oil to North Korea would strengthen its army’s ability to attack South Korea and the 37,000 US troops stationed there. Critics also alleged that North Korea’s promise to halt its pursuit of nuclear weapons was hollow.<sup>4</sup>

Similar concerns were voiced in South Korea. The administration of President Kim Yong-sam deeply distrusted North Korea, but also had reservations about the Clinton Administration. Seoul’s critics of the Agreed Framework felt that the Clinton Administration had not given South Korea’s concerns due consideration during the negotiations with North Korea. Also, the Seoul government alleged that the United

States, by giving aid to North Korea and engaging it in diplomatic dialogue and negotiations, was undercutting the long standing US-South Korea defense alliance. Republicans in the U.S. Congress echoed these same concerns.

Meanwhile, North Korea between 1994 and 2000 struggled to survive as an independent nation. By 1994, its economy was in steep decline. Pyongyang no longer could turn to its former benefactors, China and Soviet Union, for assistance. China was preoccupied with revitalizing its own economy and the Soviet Union had collapsed. Russia, its successor lacked both the political commitment and economic ability to aid North Korea. North Korea appeared on the verge of following the other Soviet “satellite” nations into history’s dust bin.

### **Collapse Imminent?**

By the fall of 1995, North Korea’s collapse seemed imminent. Near famine conditions prevailed. For the first time, the Pyongyang government sought international humanitarian assistance. The response was prompt, positive and profound. Between 1995 and 2001, the international community delivered more than one billion dollars worth of food aid to North Korea. Additional millions of dollars of aid in the form of basic human needs such as medical supplies, household equipment, sustainable development projects and training were and still are being provided.

Conditions in North Korea gave rise to an intense and continuing debate whether North Korea would experience a “hard” or “soft” landing. An underlying assumption of both schools remains the belief that economic conditions in North Korea will determine the regime’s political fate. In other words, economic collapse would bring political collapse, i.e. a “hard” landing. Gradual transformation of the economy would facilitate political liberalization, i.e. a “soft” landing.<sup>5</sup>

### **Contending Factions**

Those who forecast a “hard” landing claimed the regime was a “failed system” on the brink of collapse both politically and economically. These observers tended to be politically conservative and critical of the Clinton Administration. Many were affiliated with Washington’s conservative think tanks such as the American Enterprise Institute (AEI), the Heritage Foundation, the Hudson Institute and CSIS Pacific Forum. They generally agreed that North Korea’s economy had collapsed and that Kim Jong Il was both reluctant and politically unable to carry out a systemic reform program. They argued that North Korea was doomed to collapse, and that the sooner the United States stopped propping up the regime with the aid providing under the Agreed Framework and in the form of humanitarian aid, the sooner the ruthless regime in Pyongyang would disappear.<sup>6</sup>

Advocates of the “soft” landing tended to align themselves with the Clinton Administration and its strategy of engagement. They argued that North Korea could be transformed slowly from a “rogue” nation into a responsible member of the international

community. They argued in favor of continuing the Agreed Framework and humanitarian aid, claiming these endeavors were transforming North Korea into a more open society. Advocates of a soft landing were concentrated inside the Clinton Administration, but many others were scattered at Washington think tanks and throughout academia.

Some of Washington's think tanks endeavored to accommodate both views. These included the Brookings Institute, Council on Foreign Relations, Carnegie Endowment for Peace, and the US Institute for Peace.

In South Korea, the political atmosphere during the Kim Yong-sam administration favored advocates of the "hard" landing school, but it then shifted when the liberal Kim Dae-jung became president early in 1999. Several quasi-governmental and other, more independent academically oriented centers debated the issue of North Korea's fate. These included: the Korea Institute for National Unification (KINU), Sejong Institute, Kyungnam University Institute for Far East Studies (IFES), and the graduate programs in international relations at Seoul National and Yonsei Universities.

The change of administrations in South Korea set the stage for two significant developments regarding US strategy for dealing with North Korea. The election of Kim Dae-jung, the first politically and economically liberal oriented politician to win election to the presidency, altered South Korea's political landscape. His victory greatly diminished the political influence of South Korea's long entrenched conservative anti-communist politicians. They had long favored containment of North Korea and were highly critical of President Clinton's emphasis on engagement when dealing with North Korea. The conservative defeat in South Korea also undercut the political influence of those who advocated North Korea's "hard" landing. At his inauguration, President Kim Dae-jung proclaimed that he would initiate a comprehensive strategy of engaging North Korea.

But in the United States, political trends were flowing in the opposite direction. Advocates of a "hard" landing, in addition to already widespread support in the Republican-controlled Congress, found new support in the re-invigorated and increasingly assertive Republican Party. The shift from the Clinton to the Bush Administrations confirmed the ascendancy of the "hard" landing school regarding the new administration's thinking about North Korea.

## **DRIFT BACK TO CONTAINMENT**

Once in office, the new Bush Administration conducted a review of policy toward North Korea. It turned to the "North Korea experts" at Washington's politically conservative think tanks where confidence in the "hard" landing view was strongest. In private meetings and academic papers, these experts described North Korea as a "failed system." They argued, with support from Republicans in Congress, that Clinton's engagement strategy resembled "appeasement." That is to say that the use of material aid and conciliatory diplomacy "rewarded" North Korea for its "past misdeeds." They argued

that North Korea would inevitably collapse because of the poor condition of its economy. In their view, the sooner the “Agreed Framework” was discarded and humanitarian aid halted, the sooner Kim Jong Il’s rule would end.<sup>7</sup>

It would be simplistic to suggest that everyone in the Bush Administration promptly lined up against engagement and for containment. On the contrary, the State Department became a bastion for promoters of engagement and even a few who preferred a “soft” landing in North Korea. Secretary of State Colin Powell, a close adviser to Presidents Reagan and Bush, learned about engagement from these presidents and continues to prefer it over containment. Powell’s Deputy Secretary of State Armitage and Assistant Secretary for East Asian and Pacific Affairs James Kelly also advocate engagement with North Korea. Kelly had served in the former Bush Administration’s National Security Council and was an early architect of engagement toward North Korea. Kelly also retained as a close adviser on North Korea Colonel Jack Pritchard, a career army officer who had served in the Clinton Administration and was an advocate of engagement.

But these so-called “moderates” had to contend during the policy review with the Republican Party’s political “heavy weights.” These included Vice President Chaney, Secretary of Defense Donald Rumsfeld and his deputy Paul Wolfowitz, National Security Adviser Condoleezza Rice, and at the State Department Undersecretary of State for International Security Affairs John Bolton, a close personal friend of President Bush’s key political fund raiser and former Secretary of State James Baker.

This powerful group liked what it heard from the “Korea” experts in Washington’s conservative think tanks. A “hard” landing would end North Korea’s ability to threaten the US and world peace. Also, it would open the way to end the “evil” despotism of Kim Jong Il, facilitate Korea’s unification and the spread of democratic government to the northern half of the Korean Peninsula. These possibilities were certainly compelling given intelligence reports that North Korea was covertly pursuing a new nuclear weapons program.

### **Neo-Containment Justified**

President Bush in June 2001 announced his new policy for dealing with North Korea. It consisted of a two prong strategy. His avowed goal was to disarm North Korea of its weapons of mass destruction. His unspoken, personal goal was to end the Kim Jong Il regime. Kim Jong Il would be confronted with a dilemma: either forego his entire arsenal of weapons of mass destruction (nuclear, biological, chemical and ballistic missile), or face his regime’s inevitable demise. Bush also demanded that Kim demonstrate greater respect for the North Korean people, a diplomatically worded call for political liberalization and respect for human rights.<sup>8</sup>

As an inducement for cooperation, Bush held out the promise of a “bold initiative” that could include humanitarian assistance to the people of North Korea. The Bush Administration also claimed then and repeatedly afterward that it would “talk” to North Korea. Not until June 2002, however, did it become clear that the administration had

drawn a line between diplomatic “dialogue” and “negotiation.” The purpose of bilateral US-DPRK dialogue was to clarify the US position. Bilateral negotiations could become possible, but only after Pyongyang had fulfilled the administration’s pre-conditions. Bush’s “bold initiative” was a “take it or leave” offer. Kim Jong Il could take advantage of it only if he were to unilaterally, completely and verifiably discard his WMD arsenal, among other pre-conditions.

North Korea promptly rejected Bush’s proposal. It subsequently and repeatedly threatened to break the Agreed Framework and to resume its nuclear weapons program. The Kim regime sought to mirror image Washington’s rhetoric and actions. Pyongyang’s political elite, like some of its counterparts in Washington, appear unable or unwilling to escape the legacies of the Korean and Cold Wars. North Korea’s “Supreme Commander” and his closet civilian and military advisers seem to view their perpetuation of past practices, such as “saber rattling,” to be a test of their loyalty to their nation and its founder, Kim Il Sung. Any break with past precedent is deemed disloyal. In other words, past precedent in bilateral US-DPRK dealings has imposed a mental strait jacket on their present and future decisions, rhetoric and actions. Consequently, when either Pyongyang or Washington is confronted with an assertive posture or policy by the other side, the predictable response is to mirror what the other side has said and done.

When Pyongyang finally had the opportunity to engage the United States in diplomatic dialogue, it botched the chance in October 2002. First a ranking North Korean diplomat reportedly admitted to North Korea’s possession of a uranium nuclear weapons program, but then his superior denied the admission the next day. The US delegation departed Pyongyang even more suspicious of North Korea’s real conduct and actual intentions regarding its nuclear ambitions.<sup>9</sup>

In Washington, the foes of engagement seized the opportunity to promote containment. In the words of a National Security Agency official, who spoke off the record to US journalists at the end of October 2002, North Korea was guilty of a “material breach” of the US-DPRK 1994 Agreed Framework. A stunned international community aligned with Washington and publicly censured North Korea. The Bush Administration promptly won Congressional approval to halt any further aid to North Korea. By November 2002, even more strident actions were being considered in Washington.<sup>10</sup>

North Korea’s subsequent escalation of tensions made it politically impossible in Washington for any one to advocate continuing engagement with North Korea. North Korea quickly pronounced the Agreed Framework null and void, expelled the International Atomic Energy Agency’s (IAEA) nuclear inspectors, restarted its 5 megawatt plutonium reactor at Yongbyon Nuclear Research Center and then announced that it no longer belonged to the Treaty on the Non-proliferation of Nuclear Weapons (NPT).

What North Korea hoped to gain from these steps is unclear. Possibly Kim Jong Il was intent upon showing his supports in Pyongyang that he was not afraid to stand up to Washington. That may have been an appropriate reaction in the context of North Korea’s



internal affairs, but internationally, the series of steps estranged North Korea from the international community, undercut engagement and played into the hands of those in Washington who sought a reversion to containment and the Kim Jong Il regime's ultimate demise.

In short, until the fall of 2002, the Bush Administration demonstrated some pragmatism and flexibility in its dealing with North Korea. Early on, it had revealed a preference for coercive diplomacy, but it did not close entirely the door to eventual engagement. Rather, it conditioned its future strategy on North Korea's response. North Korea erred when it pompously and dangerously escalated tensions in the winter of 2002-2003. In doing so, it North Korea, at least as much as "hard" landing school in the Bush Administration, compelled the administration's reversion to a variation of containment with North Korea.

### **NEO-CONTAINMENT AND NORTH KOREA**

Since the fall of 2002, the Bush Administration has pursued a modified form of containment, or neo-containment regarding members of the "Axis of Evil." The practice of Neo-containment has blended elements of orthodox containment with a few adapted from engagement, plus the concepts of pre-emptive and unilateral military action against a perceived foe. The goals are essentially those of containment: maintain military superiority to deter hostile action while concentrating diplomatic and economic pressure on it to coerce a foe into submitting to US demands, or else face forceful regime change. This later possibility fell into disfavor during the transition from containment to engagement. The Bush Administration, however, as restored it as evident in the US invasion of Iraq.

Since its beginning, the Bush Administration has applied this strategy to North Korea. Diplomatically, it has pinned numerous derogatory labels on North Korea, calling it a member of the "Axis of Evil" ruled by a "ruthless" leader of a "despotic" political system with a "a failed" economy. The Bush Administration has intensified efforts to isolate North Korea from the international economy, as detailed below. It has accused North Korea "nuclear blackmail" and claimed it unworthy of being the United States negotiating partner.<sup>11</sup> Meanwhile, the US was endeavored to ensure South Korea's armed superiority over North Korea. North Korea has worked intensely to respond in kind.

### **Return to "Smile Diplomacy"**

The Bush Administration has converted diplomatic intercourse from a necessity, as practiced in engagement, to a "carrot" or incentive. Most of the restrictions on contact between US and North Korean diplomats had been phased out beginning with the first Bush Administration and continuing during the Clinton Administration. The second Bush Administration has re-instated all of them. It has reverted to the rules of so-called "smile diplomacy," a practice the US adopted in 1982. Then and now it allows US diplomats to respond politely, but not substantively when approached by a North Korean

diplomat. The exchange of greetings or commenting on the weather, using polite language, is permitted. Any form of bilateral negotiation, however, is ruled out.<sup>12</sup>

Ranking US diplomats, acting on instructions, can respond to substantive inquiries about US policy, but not their subordinates. Similar encounters are permitted at gatherings hosted by a third party, such as the Six Party Talks in Beijing, and at other international gatherings at the United Nations, its agencies and similar for a like the Asian Regional Forum (ARF). Secretary of State Colin Powell has made it a practice to have a cup of coffee and to chat briefly at the annual ARF gathering. These fifteen minute encounters hardly facilitate substantive discussion.

Assistant Secretary of State for East Asian and Pacific Affairs James Kelly can chat with his counterpart at the Six Party Talks so long as he respects the above guidelines. The longest diplomatic exchange between the two countries occurred at the June 2004 Six Party Talks. Then the two sides' delegations exchanged views for approximately two hours and twenty minutes. Prior to that meeting, the two nations had not engaged in any substantive dialogue since the confrontational exchange in October 2002 in Pyongyang.

The Agreed Framework provided for the opening of liaison offices in each nation's capital. Implementation of this portion of the accord faltered and was never fully realized. Instead, the United States commissioned the Swedish government to represent its interests in Pyongyang. North Korea, on the other hand, chose to attach its liaison office to its diplomatic mission to the United Nations. Since 1997, two North Korean diplomats have performed this responsibility in New York.

The Bush Administration, however, to convey its displeasure with North Korea has reverted to pre-1993 arrangements. A Swedish diplomat still resides in Pyongyang, but Washington no longer relies on him to look after its interests. In the United States, the so-called "New York channel" at the DPRK Mission to the United Nations has been rendered inoperative as a channel of diplomatic dialogue and negotiation. At the same time, DPRK diplomats assigned to the United Nations in New York are no longer allowed to travel to Washington, D.C., although they can go anywhere else in the United States.

### **Economic Sanctions**

The Bush Administration maintains an extensive regime of economic sanctions. Most date from the Korean War and fall under the Trading with the Enemy Act. Others were imposed when North Korea earned a place on the US "terrorist" list by blowing up a South Korean civilian passenger aircraft in 1987, North Korea's last know act of terrorism which killed almost 200 people. These sanctions prevent US investment of any in North Korea, including US government aid of any kind which could facilitate "sustainable" development. As provided for in previous Bush Administration's 1988 "limited initiative," Americans are allowed to obtain licenses to sell and export to North Korea items classified as "basic human needs." These include food, clothing, medicines and similar materials required to sustain normal life. North Korea is barred from

acquiring “Most Favored Nation” (MFN) status. Without it, all goods imported from North Korea into the United States are subject to prohibitively high custom duties.<sup>13</sup>

The small number of sanctions lifted by previous administrations has not been restored. US citizens may travel to North Korea, a barrier lifted in 1982. Telecommunication contact between the two nations is still allowed. US ships and aircraft are still allowed to deliver humanitarian goods to North Korea, and the US government allows citizens to use US credit cards in North Korea. North Korea, however, does not accept any American credit cards.

### **International Organizations**

The US, with the continuing cooperation of Japan and other key allies, blocks North Korea’s entry into all international financial organizations and selected international organizations like the World Trade Organization and OPEC. Consequently, North Korea is not able to enter the World Bank, Asian Development Bank (ADB) and the International Monetary Fund (IMF). These organizations are the potential source of large, low cost loans and other assistance vital for North Korea’s economic modernization. Membership in the United Nations and its related agencies, first acquired during the previous Bush Administration, remains unaffected.

### **Proliferation Security Initiative**

The United States, beginning in December 2002, moved to increase the economic impediments to North Korea’s economic development. Relying on the published research of a few conservative think tanks in Washington, D.C., the Bush Administration claimed that the Kim Jong Il government relies heavily on various illegal and unsavory exports to sustain itself. These include: mind altering drugs, counterfeit currency, and weapons of mass destruction, particularly ballistic missiles.<sup>14</sup>

To make its point, the US Department of Defense, with the assistance of a Spanish warship, seized a shipment of North Korean produced Scud C short range ballistic missiles in December 2002 while en route aboard a Cambodian registered cargo ship bound for Yemen. The US, however, had to release the shipment because the seizure occurred on the high seas, which is an illegal act under international law. Also, international law does not ban the sale of ballistic missiles.<sup>15</sup>

Undeterred, President Bush declared in June 2003 the formal launching of the Proliferation Security Initiative (PSI). The initiative aims to deter and obstruct international trade in illegal drugs, counterfeit money and equipment, materials and technology related to weapons of mass destruction. PSI integrates current international law and advanced technical means to identify and track ships carrying undesired cargo.

The Bush Administration claims that PSI is a global effort aimed at proliferators of WMD, not any particular nation. Several nations are known to be responsible for the spread of WMD technology, specifically President Bush’s so-called “Axis of Evil.”

Since PSI began in earnest in 2003, the list of targeted nations has decreased. Iraq's former leader has been toppled and thorough searches of Iraq have yet to turn up any significant evidence of WMD stockpiles. Libya has acted upon its pledge to rid itself of all WMD and the US has normalized relations with it. This leaves Iran and North Korea as the primary focus of PSI. North Korea remains convinced that PSI is a "blockade" aimed at impeding its efforts to revitalize its economy.

Meanwhile, Pakistan has escaped the Bush Administration's condemnation and imposition of sanction despite its prior long term record of being the world's leading proliferators of nuclear weapon's technology. Instead, the Bush Administration has taken at face value the Pakistani government's promise that it has discontinued and will not resume its prior proliferation activities.<sup>16</sup>

### **Japan and PSI**

Japan has become a key participant in PSI. In June 2003, Japanese Maritime Police began inspections of all North Korean ships entering Japan's territorial waters and ports. The intent is to deter any possible North Korean effort to covertly position a nuclear device or other type of weapon of mass destruction in Japan's territorial waters. On a more practical level, the inspections also aim to block the alleged flow of counterfeit currency and mind altering drugs from North Korea into Japan and to other nations in East Asia.<sup>17</sup>

New laws passed in the summer of 2004 give the Japanese government authority to block the entry of all North Korean ships into Japanese territorial waters and make them and their cargoes subject to seizure. Japanese Maritime Self Defense Forces already have the authority to board, and even fire on uncooperative North Korean ships. Japan's Diet, much to the approval of the Bush Administration, gave the Japanese cabinet extensive new authority to impose comprehensive economic sanctions on North Korea, if Tokyo deems necessary. All of these activities strengthen PSI's potency and, if implemented, would most directly affect North Korea.

### **South-North Korea Economic Cooperation**

The Bush Administration has also pressed South Korea to restrain its strategy of economic cooperation with North Korea. Seoul has agreed to suspend all public and private commercial investment in North Korea. South Korea, however, continues to supply North Korea with large amounts of humanitarian aid. In the spring of, 2004, Seoul sent Pyongyang 200,000 metric tons of chemical fertilizer and promised to provide 400,000 metric tons of rice and corn.<sup>18</sup>

Washington has failed to convince Seoul to end completely the construction of two light water nuclear reactors (LWR) in North Korea. The project was initiated at part of the 1994 Agreed Framework. After the October 2002 diplomatic collision between the US and DPRK in Pyongyang, Washington halted its annual shipment of 500,000 metric tons of heavy fuel oil to North Korea, another provision of the Agreed Framework. North

Korea declared the accord no longer operative. But the governments in Seoul and Tokyo refused to shut down the project entirely. Instead, despite Washington's keen displeasure, both US allies agreed to "suspend" the LWR construction project. Nevertheless, the US Congress in June 2004 voted to end all support for the project.

### **Neo-containment's Effectiveness**

The extensive array of impediments to diplomacy, economic sanctions and international ostracism and condemnation are indeed impressive, but are they effective. Relative to the Bush Administration's goals, its neo-containment strategy as applied to North Korea has fallen short of promoting the US national interests. North Korea's attitude toward the United States remains intensively hostile. One might even venture to say that it has become virtually belligerent since the Bush Administration assumed office in 2001. Nor has the strategy halted North Korea's nuclear weapons development programs nor caused it to consider giving up ambitions of possessing a "nuclear deterrence capability." On the contrary, North Korea since the commencement of neo-containment has significantly increased its supply of weapon's grade plutonium and possibility fabricated several more nuclear weapons. Meanwhile, North Korea still maintains a huge conventionally armed military force of more than one million personnel. "Supreme Commander" Kim Jong Il has declared a "military first" national strategy aimed that ensuring that his armed forces receive preference over the civilian sector in all areas.

On the other hand, neo-containment has certainly frustrated North Korea's efforts to revitalize its economy. The nation's civilian industrial infrastructure remains dilapidated and incapable of producing goods capable of competing in the international market place. The agricultural sector persists in its inability, despite some steady improvement in food production, to supply the nation's food needs.<sup>19</sup>

Economic sanctions have achieved mixed results regarding technology. Sanctions seem to adversely affect only the civilian sector. Meanwhile, North Korea's munitions and WMD programs do not appear to want for access to advanced technology. What the United States and its allies have refused to supply, North Korea has been able to obtain from through a global network of covert dealers in arms and technology.

### **FRUSTRATED EXPECTATIONS**

Neo-containment's extensive impediments to diplomacy and commercial engagement, plus fifty years of US economic sanctions, have neither compelled North Korea to succumb to US demands, nor cause the regime to collapse. This is a source of intensifying frustration for the Bush Administration and other advocates of neo-containment. Predictors of North Korea's "immanent" "hard landing" must now scramble to explain the delay.

One school accents North Korea's covert trade in the weapons of mass destruction, dealings in the counterfeiting of hard currency and illegal international contraband such as opium. This highly profitable trade, it is claimed, is propping up the regime. Another

school elaborates this view by point to external “aid” as another economic crutch. Of particular interest here are: international humanitarian, South Korea’s “economic cooperation” with North Korea, China’s economic assistance to North Korea and the flow of hard currency from Japan to North Korea.

Another possibility is that confidence in neo-containment’s success is based on several untested assumptions, at least regarding North Korea. The strategies advocates assume that North Koreans will react to their economic plight the same way as Americans, i.e. withdraw their support of the incumbent government. Secondly, the Bush Administration, and the “Korea” experts at Washington’s conservative think tanks believe that North Korea’s economy is on the brink of collapse. They are convinced that external “crutches,” particularly trade in illegal drugs and ballistic missiles, humanitarian aid, and the flow of financial resources from South Korea and Japan into North Korea are collectively propping up Kim Jong Il’s regime. Remove these “crutches,” and the regime would collapse. Quite possibly, these assumptions do not accurately reflect reality regarding North Korea.

### **The North Koreans**

Obvious though it is, it needs to be stated: North Koreans do not think like Americans. Given similar circumstances, we should not expect the people of North Korea to respond in the same manner as Americans.

Given the pervasive shortages of basic human needs and impoverished condition of North Korea’s economy, why do the people endure such conditions? Americans and other foreign visitors to North Korea understandably ponder this question. But the North Korean people do not. Having been born and raised in a closed society, they have known nothing else.

For them the harsh reality they endure is a consequence of the United States hostile policy toward their nation. That is what their government has taught them to believe. This belief is reinforced with a keen sense of nationalism, a pervasive fear of foreigners and their governments, especially the “imperialistic United States, a respect for their national leaders and a fear of social ostracism.

Culturally, North Korea is most closely aligned with Confucianism. The family remains the central social entity. An individual is raised to subordinate one’s self for the promotion of the group’s common good, be it an individual’s family or the society as a whole. Just as one’s father dominates the family, so to does the national ruler dominates society. Both hold their positions because it is believed their primary concern is to foster the common good and to preserve harmony in the family and society.

Any individual who breaks with the group disrupts social harmony. In traditional Confucian societies, such grievous misconduct was punished by social ostracism. North Korea’s rulers have intentionally perpetuated similar values and punishments in their

domain. In short, the majority of North Koreans either see little reason to challenge their rulers or else prefer not to risk the inevitable punishment should be break with society.<sup>20</sup>

### **External Crutches – Illicit Trade**

The Heritage Foundation, a leading conservative think tank in Washington, D.C. published a study in 2002 that identified North Korea as a world leader in the sale and distribution of illegal, mind altering drugs. Much of the study was based on an earlier publication of the Congressional Research Service. The long list of “drug deals” contained in both studies is indeed impressive. There is no denying that on numerous occasions North Korean officials have engaged in the smuggling and sale of illegal drugs. But there are two other facts evident from this same data but not stated in either study. First, the total value of these transactions is hardly sufficient to sustain even a poor nation like North Korea. Also, the number of drug related incidents has steadily declined over the years.<sup>21</sup>

Similarly, it is often claimed that North Korea’s rulers rely on ballistic missile exports for a steady income. Again, the facts do not sustain this contention. North Korea’s ballistic missile exports began to decline in the early 1990s and have continue to dwindle ever since. Firstly, North Korea’s failure to upgrade to more advanced and longer range missiles has curtailed their competitiveness in the international market. This became evident when North Korea’s test of a three stage ballistic missile named the “*Taepodong*” failed in September 1998. Also, the market for North Korean missiles has collapsed. Egypt, Libya and Iraq stopped importing North Korea missiles many years ago. Pakistan now has developed its own missile technology. Only one new customer, Yemen, has been identified in recent years.<sup>22</sup>

North Korea for many years was a supplier of counterfeit US currency, but modern technology is eroding even this market. Sophisticated color copying and computers have made the once highly complex art of counterfeiting a widespread small scale industry. No longer does the world’s outlaw community feel compelled to turn to North Korea for its supply of fake paper money.

### **Japan’s Pro- DPRK Community**

Japan’s large ethnic Korean community, until 1998, has been predominately pro-North Korean in its political allegiance. Several developments in 1998, however, have altered this, but perceptions in the United States have yet to reflect the changing reality. Since 1998, North Korea’s launching of a ballistic missile through Japan’s air space and the election of Kim Dae-jung to the presidency of South Korea permanently re-configured the political dynamics of Japan’s resident Korean population.<sup>23</sup>

Shortly after the end of the Korean War in 1953, Koreans resident in Japan formed their own association, the *Chosen soren*, or *Chongnyon* in Korean. When the government of South Korea labeled Koreans in Japan as traitors, members of the Korean residents’ association shifted their political allegiance toward North Korea. Beginning in 1958,

several tens of thousands of Koreans emigrated from Japan to North Korea, although upwards of 80 percent of the Korean population in Japan claimed ancestral origins in South Korea.

A steady flow of Japanese hard currency to North Korea developed between 1960 and 1998. Japan's Korean population shared in Japan's increasing prosperity during those years. Some Korean residents in Japan became rich enough to invest in North Korea. Other sent money to relatives living in North Korea. Precise data on the value of this currency flow have yet to be made public, if in fact they exist. The over all value of the investments and various contributions is known to have become quite substantial.

Since 1998, however, the flow of currency has steadily subsided. The post World War II generation of Korean residents in Japan has become much more acculturated than their parents. The Japanese government aided in this process by steadily removing impediments to their acculturation. North Korea's development and testing of long range ballistic missiles, combined with Pyongyang's increasingly hostile attitude toward Japan, convinced the Japanese people that North Korea had replaced the Soviet Union as their nations number one enemy.

Most Korean residents in Japan agreed and distanced themselves from North Korea and the pro-North Korea *Chosen soren*. This association had long facilitated the flow of hard currency from Japan through its banking system to North Korea. Further eroding membership in the associations was South Korean President Kim Dae-jung's decision to allow Koreans living in Japan to visit their ancestral homes in South Korea. The overture was warmly welcomed in Japan.

By 2000, membership in the pro-North Korean *Chosen soren* had declined by half. In 2001, its primary bank had collapsed into bankruptcy. The annual pilgrimage of Koreans from Japan to North Korea dwindled by an estimated 75%. As of June 2004, the *Chosen soren*'s active membership dropped from its high of nearly 400,000 in the late 1950s to about 10,000. Surely, this small group is unable to sustain a flow of currency to North Korea sufficient to prevent the collapse of Kim Jong Il's government.<sup>24</sup>

### **Humanitarian Aid**

Some champions of neo-containment have vented their frustration by blaming humanitarian aid for North Korea's continued contrariness and survival. Champions of neo-containment seem to differ over how international humanitarian aid actually sustains the Kim Jong Il government. Some see the aid as an economic wind fall that enables the regime to shift scarce resources from sustaining the population to providing for the military. Others contend that the central government's control of the aid's distribution perpetuates the population's allegiance to Kim Jong Il. All of these generalizations, however, are untested assumptions awaiting empiric proof.<sup>25</sup>

The United States has not moved to halt the flow of international humanitarian aid to North Korea, but the Bush Administration has significantly reduced the amount of food



aid it has supplied to North Korea since 2001. If the US tried to block humanitarian aid to North Korea, it would encounter opposition from its allies and friends. South Korea and China long ago replaced the United States as the primary provider of food aid. Japan in June, 2004, promised to resume its long suspended food aid to North Korea with a pledge of 250,000 metric tons of surplus rice. Japan's shipment of this rice to North Korea will have double benefits. The amount of surplus rice in Japan will decline, which will help stabilize the price of rice in Japan to the monetary benefit of the Japanese farmer. On the other hand, North Korea's civilian population will be able to consume, at least temporarily, high quality rice.

Meanwhile, there has been a steady change in the nature and value of international aid to North Korea. Basically, the total value and volume of this aid has dwindled steadily over the past five years. Also, it has changed from predominately food to medical aid. The primary reason for this is North Korea's efforts, with extensive international assistance, to increase food production. The results have been impressive. Since 1995, domestic grain production has doubled. At the same time, the diet has been greatly diversified by increasing husbandry of small animals (fowl, rabbits, and goats), the introduction of fish farming, increasing potato cultivation and improvements in food preservation and distribution. Dependency on foreign food aid steadily declined. Consequently, the composition of humanitarian aid has shifted dramatically from food to medicine, medical equipment, water and sanitation projects, educational materials, etc.

Several characteristics of this aid prevent it from benefiting North Korea's military. The number of foreign aid workers visiting North Korea and their access inside the country has steadily increased relative to 1995. Most of the material aid is delivered by the aid workers directly to the hospitals and clinic where they will be used. UN World Food Program monitors the delivery of its food aid to priority recipients at hospitals and schools where the food is consumed. Foreign aid workers have endeavored to upgrade civilian sector food production and preservation. Improvements in clean water supply and sanitation are directly benefiting the civilian population.<sup>26</sup>

An abrupt end of humanitarian aid would not necessarily undermine North Korea's government, either economically or politically. At the present time, the aid is not of sufficient magnitude to undermine an economy that is already said to be on the verge of collapse. At the worse, the end of international humanitarian aid would cause North Korea's internal situation to revert to conditions pervasive in 1995 and 1996, conditions that the population and government both had endured and survived.

Politically, the withdrawal of aid would not necessarily alienate the population from their government. On the contrary, the government most likely would concentrate the population's frustration and anger on the United States and blame it on its "hostile policy" and alleged efforts to "strangle" North Korea. If anything, North Koreans' reaction would be hostile and directed toward the United States.

## **Economic Cooperation**

Foreign investment in North Korea remains meager. Political and economic conditions in the country, irrespective of US sanctions, are a potent deterrent to would be investors. The governments of South Korea and China have programs designed to induce commercial investment in North Korea. China is currently building a large glass factory near Pyongyang. South Korea's government is developing yet another industrial free trade zone near the south central city of Kaesong in North Korea. But to date no South Korea firm has stepped forward to invest in the park and similar endeavors in the northeast (Najin-Sonbong) and near Nampo have attracted very limited interest and investment.

## **THE BOTTOM LINE**

Thus far, neo-containment has failed to promote the US national interest regarding North Korea. The strategy has not deterred North Korea's pursuit of nuclear weapons and other weapons of mass destruction programs. On the contrary, if anything, it has inadvertently stiffened Pyongyang's resolve to shed itself of all international impediments to such activities. North Korea may well have disregarded some elements of its pledges under the Agreed Framework, North-South Joint Declaration on the De-nuclearization of the Korean Peninsula, and Treaty on the Non-proliferation of Nuclear Weapons (NPT). But these commitments at least restrained North Korea. Since January 2003, however, North Korea is no longer bound by any of them.

Nor has North Korea demonstrated any inclination to submit to US economic and diplomatic pressure. The Bush Administration's more than three year diplomatic campaign has failed to convince other nations that North Korea is unworthy of diplomatic negotiations. Instead, China felt compelled to intervene in the US-DPRK dispute and initiate the so-called Six Party Talks process. In those talks, North Korea has convinced its neighbors to scrutinize the US and its intentions just as much as they have done to North Korea. One consequence is that North Korea's neighbors have determined that the United States neo-containment strategy is as much to blame for the nuclear impasse and continuing tensions in Northeast Asia as is North Korea's reversion to coercive diplomacy and resumption of its nuclear weapons programs.

Belief that North Korea's government relies on illicit trade to sustain itself appears unsustainable. North Korea's trade in drugs and ballistic missiles has declined in recent years, but without having had any apparent negative impact on an economy long on the verge of collapse. Nor can it any longer be claimed that the hard currency contributions of the small Korean ethnic community in Japan is propping up Kim Jong Il's regime. That community has distanced itself from North Korea both politically and economically.

Similarly, The Bush Administration's effort to erode the North Korean regime's survivability has failed. The United States' extensive economic sanctions, plus the Proliferation Security Initiative, have limited North Korea's ability to rebuild its economy. Since the Bush Administration initiated its neo-containment strategy, however, North

Korea has made significant economic progress. Relative to 1995, food production in North Korea continues to make impressive gains. Also, with international assistance, the quality of health care and sanitation continue to steadily improve. Despite the pervasive shortage of basic human needs and relatively poor quality of life in North Korea, the population does not appear to be on the verge of rising up to overthrow their government.

The rebuilding of North Korea's civilian industrial infrastructure lags far behind, but North Korea's diplomatic efforts have set the stage for rapid progress, once the nuclear issue is resolved. China and South Korea already are investing, in a limited manner, in the improvement of selected areas of North Korea's commercial infrastructure. International aid organizations and the European Union continue to invest in the improvement of North Korea's agricultural and public health infrastructures. South Korea, Japan and Russia are prepared to contribute substantially toward North Korea's energy and transportation needs.

Nor is there reason to believe that removal of so-called regime "crutches" like humanitarian aid and economic cooperation with South Korea and China would necessarily bring about the regime's collapse. Again, on the contrary, such a move could just as easily motivate the population to rally around its government against their perceived primary enemy, the United States.

Similarly, the Bush Administration has increasingly relied on the nations of Northeast Asia to contain North Korea. Washington first turned to China to serve as its hammer in pressuring North Korea into unilateral disarmament. Since February 2004, China has increasingly reverted to pressuring the Bush Administration to demonstrate flexibility. In May, 2004, President Bush turned to his friend Japan's Prime Minister Koizumi to increase the pressure on North Korea. But Koizumi, like South Korea's President Roh Moo-hyun, increasingly prefers a strategy of engagement and inducement regarding North Korea.

Preoccupied with Iraq and the war on terrorism, the American people have generally ignored North Korea and the impending crisis in Northeast Asia. Largely ignored has been the over all ineffectiveness of the Bush Administration's neo-containment strategy in Northeast Asia. A candid assessment of the strategy's underlying assumptions about North Korea and impact on US allies and friends in Northeast Asia is long overdue.

Meanwhile, North Korea seems no closer to collapse in June 2004 than it did in January 2001. If anything, Kim Jong Il's government is improving prospects for its survival because of its preference for a strategy of engaging the international community on an unprecedented basis while conducting a program of cautious economic reform at home.

## End Notes

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<sup>1</sup> For in depth discussions of US Cold War strategies see: Henry Kissinger, *Diplomacy*. New York: Touchstone, 1994, and *Years of Renewal*. New York: Touchstone, 1999. Also see: George P. Shultz, *Turmoil and Triumph*. New York: Charles Scribner's Sons, 1993. Regarding the transition from containment to engagement in US policy toward North Korea, see: C. Kenneth Quinones, "North Korea: From Containment to Engagement," in Dae-sook Suh and Chae-jin Lee, editors, *North Korea After Kim Il Sung*. London: Lynne Rienner Publishers, 1998.

<sup>2</sup> C. Kenneth Quinones, "Dualism in the Bush Administration's North Korea Policy," *Asian Perspective* (2003) Vol. 27, No. 1. pp. 197-224.

<sup>3</sup> U.S. State Department, *National Strategy to Combat Weapons of Mass Destruction*. Washington, D.C.: Department of States, December 2002, online at [www.whitehouse.gov](http://www.whitehouse.gov). White House, *National Security Strategy of the United States of America*. *Ibid.* Bob Woodward, *Bush at War*. New York: Simon & Schuster, 2002.

<sup>4</sup> For insight into ROK President Kim Young-sam's term, see: Donald Kirk, *Korean Crisis*. New York: St. Martin's Press, 1999. President Kim's policy toward North Korea is discussed in: C. Kenneth Quinones, "South Korea's Approaches to North Korea: A Glacial Process," in: Kyung-ae Park and Dalchoong Kim, editors, *Korean Security Dynamics in Transition*. New York: Palgrave, 2001. Leon Sigal addressed the tension between the Kim Young-sam and Clinton Administrations during the first US-DPRK nuclear negotiations. See: Leon Sigal, *Disarming Strangers – Nuclear Diplomacy with North Korea*. Princeton, Princeton University Press, 1998.

<sup>5</sup> The debate among "Korea" experts peaked between 1997 and 2001. A concise summary of these divergent views appears in: Warren I. Cohen, "Compromised in Korea Redeemed by the Clinton Administration?" *Foreign Policy* (May/June 1997) 106-112. The views of those who advocated engagement and a "soft" landing can be found in: Kim Kyung-wan and Han Sung-joo, editors, *Managing Change on the Korean Peninsula*. Seoul: Seoul Press, 1998. The opposite view point appears in: Henry Sokolski, editor, *Planning for a Peaceful Korea*. Carlisle, PA: U.S. Army War College's Strategic Studies Institute, 2001.

<sup>6</sup> Nicholas Eberstadt of the American Enterprise Institute and Michael Green, formerly with the Council on Foreign Relations and currently in the Bush Administration as the senior Asia adviser on the National Security Council, championed the "hard landing" scenario. Nicholas Eberstadt, "Hastening Korean Unification," *Foreign Affairs* (March/April 1997), "Prospects for Inter-Korean Economic Cooperation in the Sunshine Era," in: *To the Brink of Peace*. Stanford: Stanford University Press, 2001. Michael Green, "North Korean Regime Crisis: U.S. Perspectives and Responses," *Korean Journal of Defense Analyses* (Winter 1997). Marcus Noland of the International Institute of Economics in Washington has maintained a middle position between "hard" and "soft" landing scenarios. His thesis is that North Korea will "muddle through." Marcus Noland, "Why North Korea Will Muddle Through," *Foreign Affairs* (July/August 1997). Selig

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Harrison is one of the more outspoken advocates of a “soft” landing. Selig Harrison, “Promoting a Soft Landing in Korea,” *Foreign Policy* (Spring 1997). Also see: C. Kenneth Quinones, “Beyond Collapse – Continuity and Change in North Korea,” *International Journal of Korean Unification Studies*. (February, 2002) Vol. 11, No. 2.

<sup>7</sup> Leading Congressional critics of the Clinton Administration’s engagement policy toward North Korea formed the North Korea Advisory Group. The Republican group was chaired by Congressman Benjamin Gilman, Republican, New York and Chairman of the House Committee on International Relations. Members of Congress on the committee came from c House committees on International Relations, Foreign Operations, Intelligence and Armed Services. Selected Congressional staff, working with the Congressional Research Service (CRS) and Government Accounting Office (GAO) produced a lengthy and detailed assessment of Clinton’s engagement strategy. The report was made public in 1999. The report warned that North Korea’s nuclear and missile capabilities “have improved dramatically.” The Clinton Administration was faulted for unsatisfactory monitoring of its food and heavy fuel oil shipments to North Korea. Also the aid “frees other resources for North Korea to divert to its WMD and conventional military programs.” Key members of the working group subsequently shifted to other jobs. Peter Brookes first accepted an appointment as a deputy assistant secretary in the Department of Defense’s Bureau of Asian Policy, but soon after became vice president of the Heritage Foundation. Chuck Downs moved to the American Enterprise Institute. Mark Kirk was elected as a Republican member of Congress.

One year later, the Council on Foreign Relations North Korea Working Group reached similar conclusions. The group’s Republican co-chairman Richard Armitage became Deputy Secretary of State in the new Bush Administration, James Kelly of CSIS (Pacific Forum) became Assistant Secretary of State for East Asian and Pacific Affairs, Paul Wolfowitz (then dean of John Hopkins School of Area and International Studies [SAIS]) became Deputy Secretary of Defense and Torkel Patterson (CSIS Pacific Forum) and Michael Green (Council on Foreign Relations) were appointed to the National Security Council.

<sup>8</sup> George W. Bush, “Statement by the President on North Korea Policy,” White House Press Release, June 6, 2001, online at [www.whitehouse.gov](http://www.whitehouse.gov). Colin Powell, “Remarks at the Asia Society Annual Dinner,” New York City, June 10, 2002, online at [www.state.gov](http://www.state.gov). For further background, see: C. Kenneth Quinones, “The United States in North Korean Foreign Policy,” forthcoming in: Byung-chol Koh, editor, *North Korea and the World*. Seoul: Institute for Far East Studies, 2004.

<sup>9</sup> James Kelly, “Remarks at the Woodrow Wilson Center,” Washington, D.C., December 11, 2002, on line at [www.state.gov](http://www.state.gov). “Statement of the Foreign Ministry Spokesman,” October 15 and 25, 2002. [www.kcna.co.jp](http://www.kcna.co.jp).

<sup>10</sup> The material breach comment is based on a confidential conversation with a journalist. Regarding the Bush Administration’s reaction, see: Richard Boucher, U.S. Department of State spokesman, “North Korean Nuclear Program” October 16, 2002. [www.state.gov](http://www.state.gov).

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George W. Bush, "Remarks by President Bush and Polish President Kwasniewski," Washington, D.C., January 14, 2003.

<sup>11</sup> Bob Woodward, *Bush at War*. New York: Simon & Schuster, 2002. George W. Bush, "Remarks by President Bush and Prime Minister Koizumi in Joint Press Conference, Tokyo, Japan," February 18, 2002; and "Remarks by President Bush and President Kim Dae-jung in Press Availability, Seoul, Republic of Korea," February 20, 2002, on line at [www.state.gov](http://www.state.gov).

<sup>12</sup> "Smile Diplomacy" originally was the name South Korea's government gave to new US guidelines issued in 1982 regarding meetings between US and DPRK diplomats. Descriptions of the more recent version of "smile diplomacy" reflects the authors numerous conversations with US and North Korean diplomats since 2001.

<sup>13</sup> Rinn-sup Shinn, *Korea: Procedural and Jurisdictional Questions Regarding Possible Normalization of relations with North Korea*. Washington, D.C.: Congressional Research Service, 1994. Dianne E. Rennack, *North Korea: Economic Sanctions*. Washington, D.C.: Congressional Research Service, 2003 Congressional Research Service, "Memorandum on "Terrorism List" Sanctions," Washington, D.C. (March 5, 2004).

<sup>14</sup> "G8 Action Plan on Nonproliferation," Text of Joint Statement by G8 Participants, Evian, France, June 2003. John Bolton, Under Secretary of State for Arms Control and International Security, "The Bush Administration's Non-proliferation Policy: Successes and Future Challenges, Testimony to the House International Relations Committee," Washington, D.C. (March 30, 2004). On line at: [www.house.gov/international\\_relations/108/bolto33004](http://www.house.gov/international_relations/108/bolto33004). James Cotton, "The Proliferation Security Initiative and North Korea: Persuasion or Pressure?" Seoul: *IFES Forum*. June 14, 2004.

<sup>15</sup> "Spain, U.S. Seize N. Korean Missiles," *Washington Post*, December 11, 2002, and, "Scud Missiles Found on Ship of North Korea (sic)," December 11, 2002, p.1. (the *New York Times* carried a similar story but it was less accurate than the *Post*'s report. Ari Fleischer, Presidential Spokesman, "Press Briefing," December 12, 2002, online at [www.whitehouse.gov/news/releases](http://www.whitehouse.gov/news/releases).

<sup>16</sup> Leonard Weiss, Pakistan: It's *Déjà vu* All Over Again," *Bulletin of the Atomic Scientists*. (May/June 2004) 52-59.

<sup>17</sup> Based on discussions with Japanese officials in the Japan Defense Agency, and Ministry of Foreign Affairs and Ministry of Economy, Trade and Industry, June 2003, November 2003 and June 2004.

<sup>18</sup> *Agence France-Presse*, "South Korea to Ship 400,000 tonnes of Rice to North," (July 6, 2004). UN Office for the Co-ordination of Humanitarian Affairs, "DPR Korea Situation Bulletin, March through May, 2004."

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<sup>19</sup> Bradley Babson, “Economic Cooperation on the Korea Peninsula,” Berkeley, CA: The Nautilus Institute, 2003. [www.nautilus.org/DPRKBriefingBook](http://www.nautilus.org/DPRKBriefingBook). C. Kenneth Quinones, “Abducted Japanese Issue Blocks North Korea’s Entry into Asian Development Bank,” *Asahi Monthly* (Tokyo, in Japanese) April 2004. Joseph Winder, “Promoting Cooperation on the Korean Peninsula and in Northeast Asia,” *Cooperation and Reform on the Korean Peninsula*. Washington, D.C.: Korea Economic Institute, 2002. Bernhard Seliger, “Economic Reform in North Korea,” *Korea’s Economy 2004*. Washington, Korea Economic Institute and Korea Institute of International Economic Policy, 2004. Eliot Jung, Youg-soo Kim and Takeyuki Kobayashi, “North Korea’s Special Economic Zones: Obstacles and Opportunities,” *Confrontation and Innovation on the Korean Peninsula*. Washington, D.C.: Korea Economic Institute, 2004.

<sup>20</sup> C. Kenneth Quinones, *Understanding North Korea*. New York: Penguin Group, 2003. Chapter 12.

<sup>21</sup> North Korea Advisory Group, *Report to the Speaker U.S. House of Representatives*. Washington, D.C.: U.S. Congress, 1999. pp. 13-22, 36-50. Balbina Hwang of the Heritage Foundation is credited with having compiled a study of North Korea’s trafficking in illegal drugs. Her study is essentially a repetition of the data contained in the North Korea Advisory Group’s report. Regarding North Korea’s ballistic missile threat, see pp. 33-35.

<sup>22</sup> National Intelligence Council, “Foreign Missile Developments and the Ballistic Missile Threat to the United States Through 2015.” (2002 Annual Report). This is an unclassified summary of a National Intelligence Estimate regarding foreign ballistic that is distributed annually by the U.S. Central Intelligence Agency (CIA). In 2002, only Iran and Pakistan are listed as markets for North Korea’s ballistic missiles. Also see: Defense Intelligence Agency, *North Korea – The Foundations for Military Strength – Update 1995*. Washington, D.C.: Defense Intelligence Agency, 1996. See page 7 where a chart shows the dramatic decline in North Korea’s arms exports between 1998 and 1994.

<sup>23</sup> Sonia Ryang, *North Koreans in Japan – Language, Ideology and Identity*. Boulder, CO.: Westview Press, 1997.

<sup>24</sup> Based on June 2004 discussion with *Chosen soren* (Chongnyon) official in Tokyo.

<sup>25</sup> Edward Reed, “Unlikely Partners: Humanitarian Aid Agencies and North Korea,” Paper presented at the American Enterprise Institute, Washington, D.C., February 12-13, 2004. William Brown, “Prospects for North Korea’s Economy: Its All About Money,” undated manuscript. Aidan Foster-Carter, “North Korea Chooses Guns over Butter,” *Asia Times* (March 31, 2004) [www.atimes.com](http://www.atimes.com).

<sup>26</sup> C. Kenneth Quinones, “The American NGO Experience in North Korea,” *Proceedings of the Academy of Korean Studies First World Conference*. Seoul: Academy of Korean Studies, 2002.