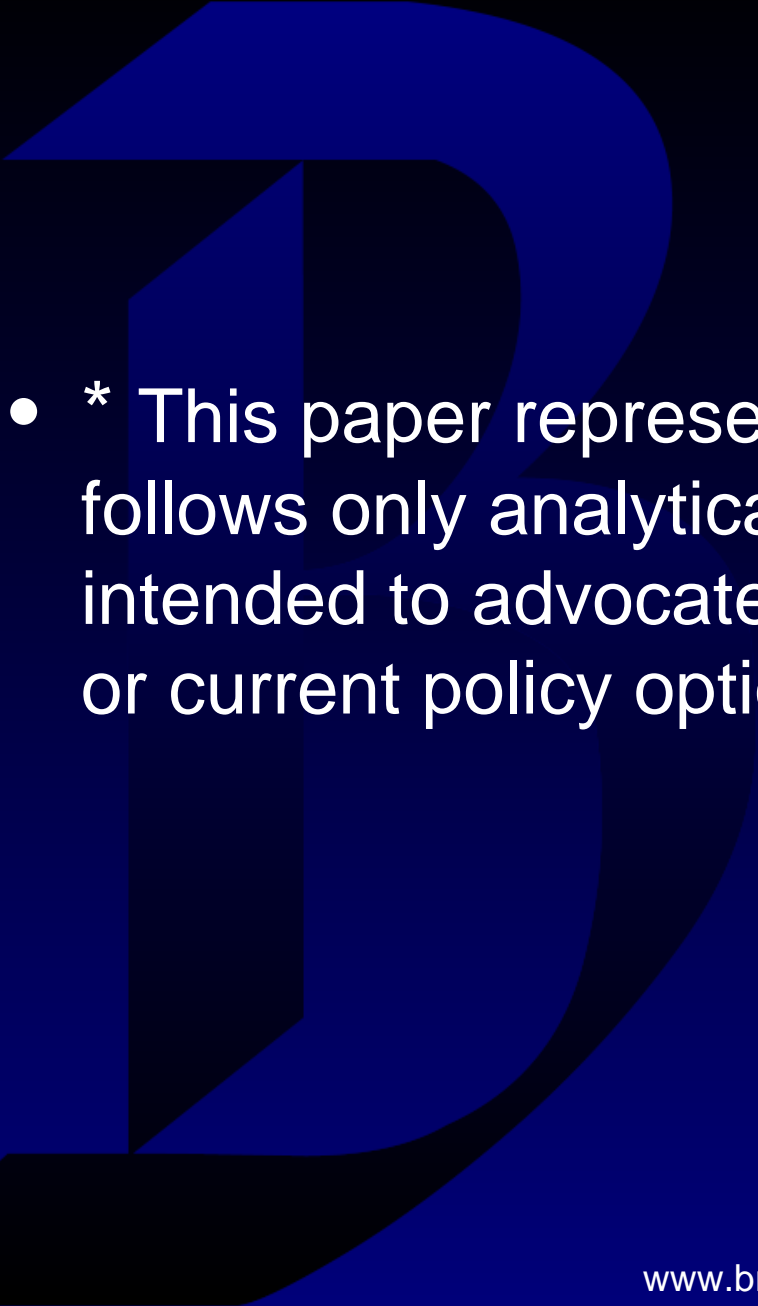


North Korea after the Nuclear Test*

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*This paper represents just a personal view, follows only analytical imperatives, and is not intended to advocate or criticize certain past or current policy options.

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The basic question

- How will the nuclear test and the international sanctions influence the internal situation in North Korea?

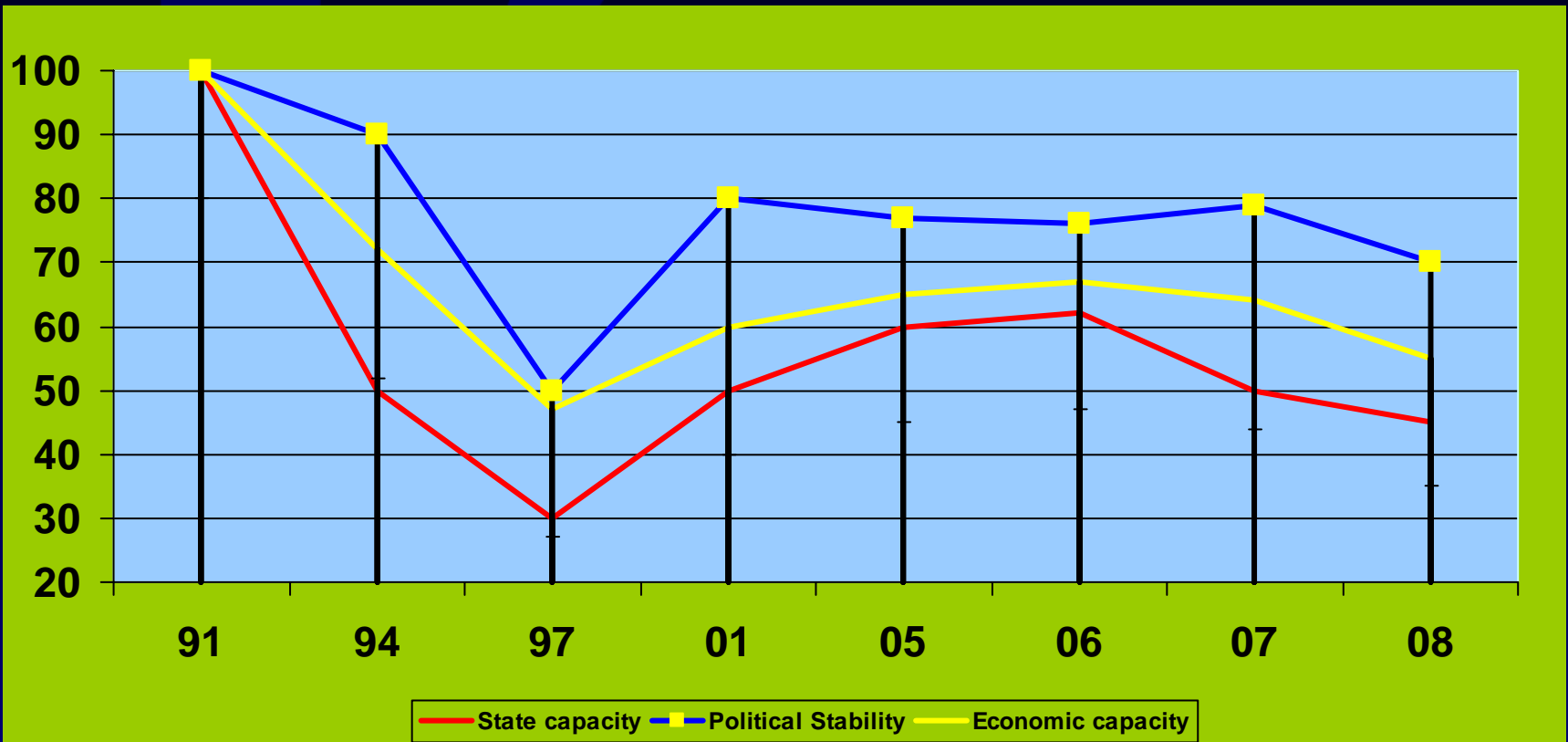
Three parts of the presentation

1. Graphic summary of political and economical trends and their interactions
2. Brief historical overview of North Korea since the early 1990s
3. Prospects for the near- and mid-term future in North Korea
 - Based on extrapolation of past and current trends and policy choices of the U.S., China, and South Korea

General Assessments

1. Despite having experienced a virtual breakdown and significantly weakened capacity of control, the regime still succeeds, on the whole, in keeping the people terrorized and atomized.
2. The regime has been stuck in the contradiction of totalitarian intention and the imperatives of diminishing resources and pragmatic adaptation.
3. The crucial weakness of the regime is that it is not able to sustain itself economically and so its internal configuration has been fluctuating depending upon the level of foreign assistance.

Relationship between capacity and stability





Control and Penetration

1990

2001

2005

2006

2007

Atomization

Freedom of Association

1994

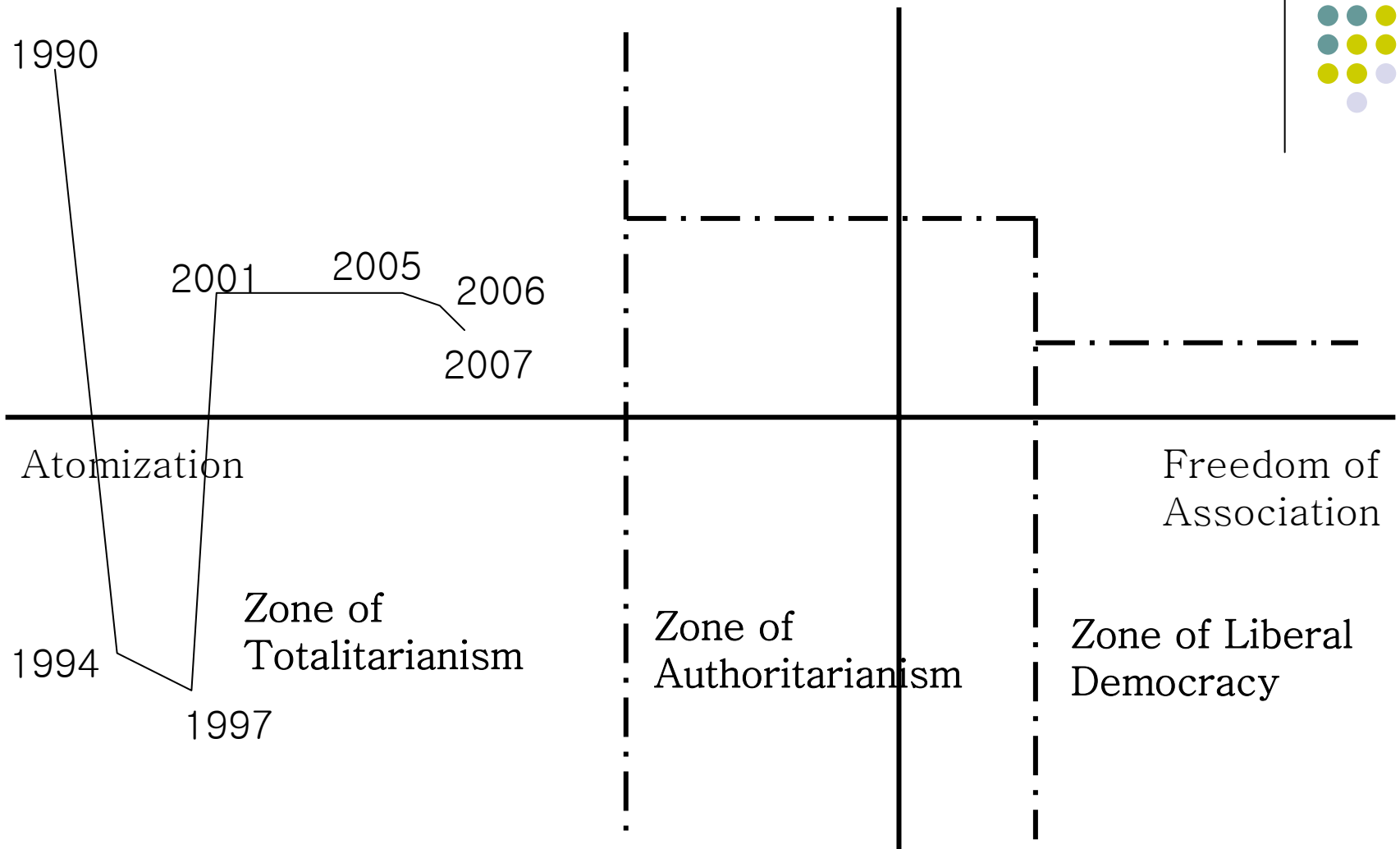
1997

Zone of
Totalitarianism

Zone of
Authoritarianism

Zone of Liberal
Democracy

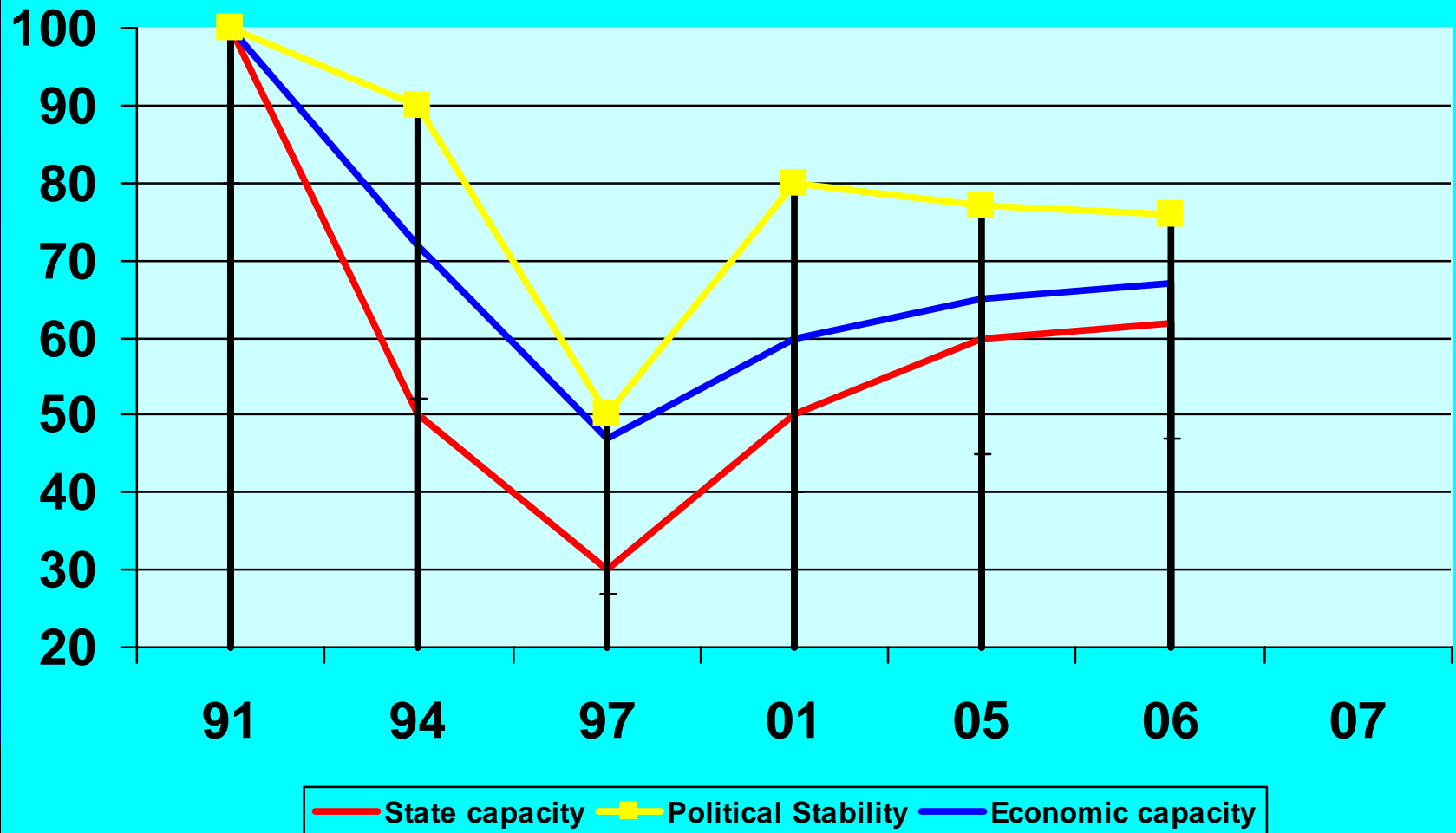
Disintegration





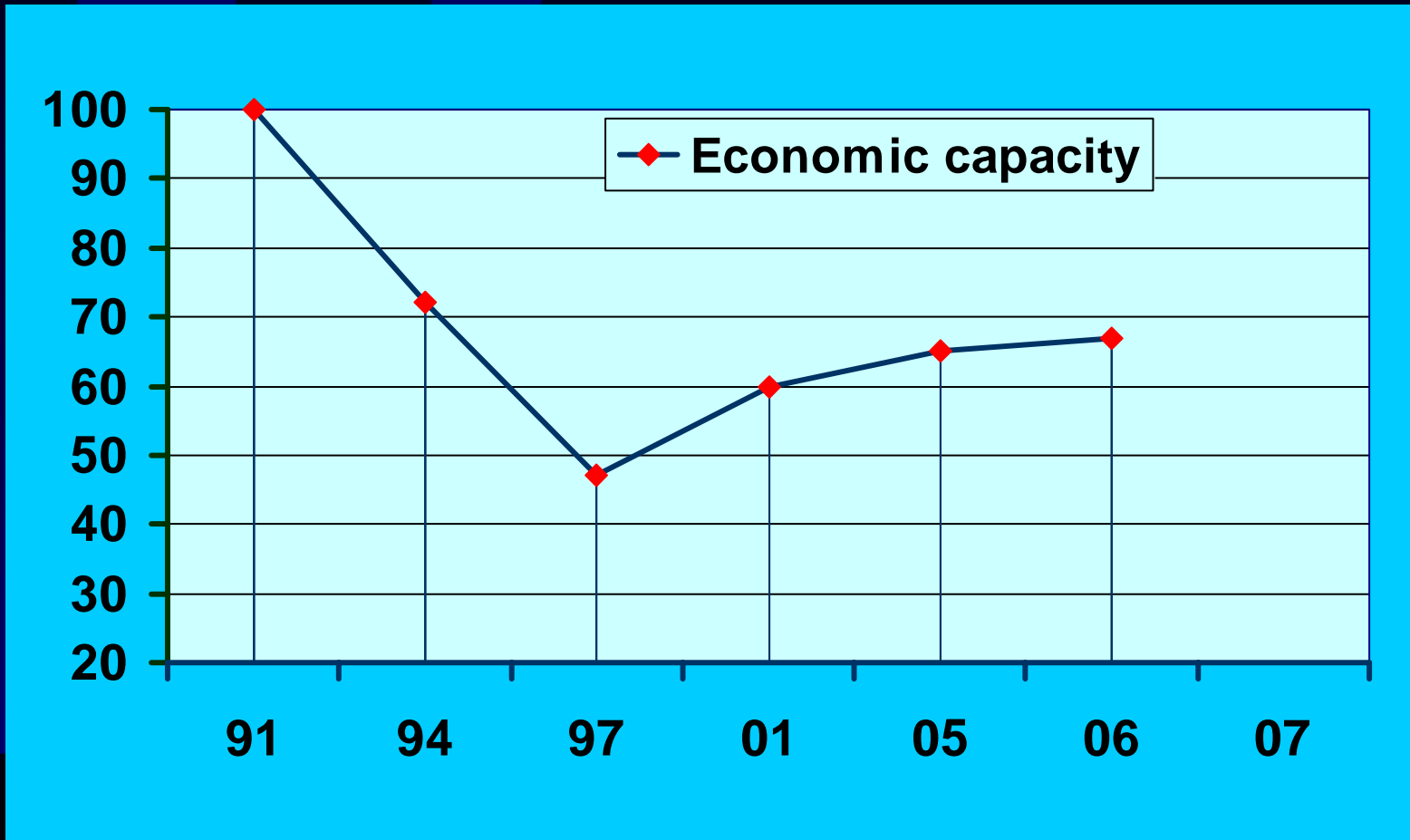
Graphic Summary of Economic and Political Trends

Relationship between capacity and stability



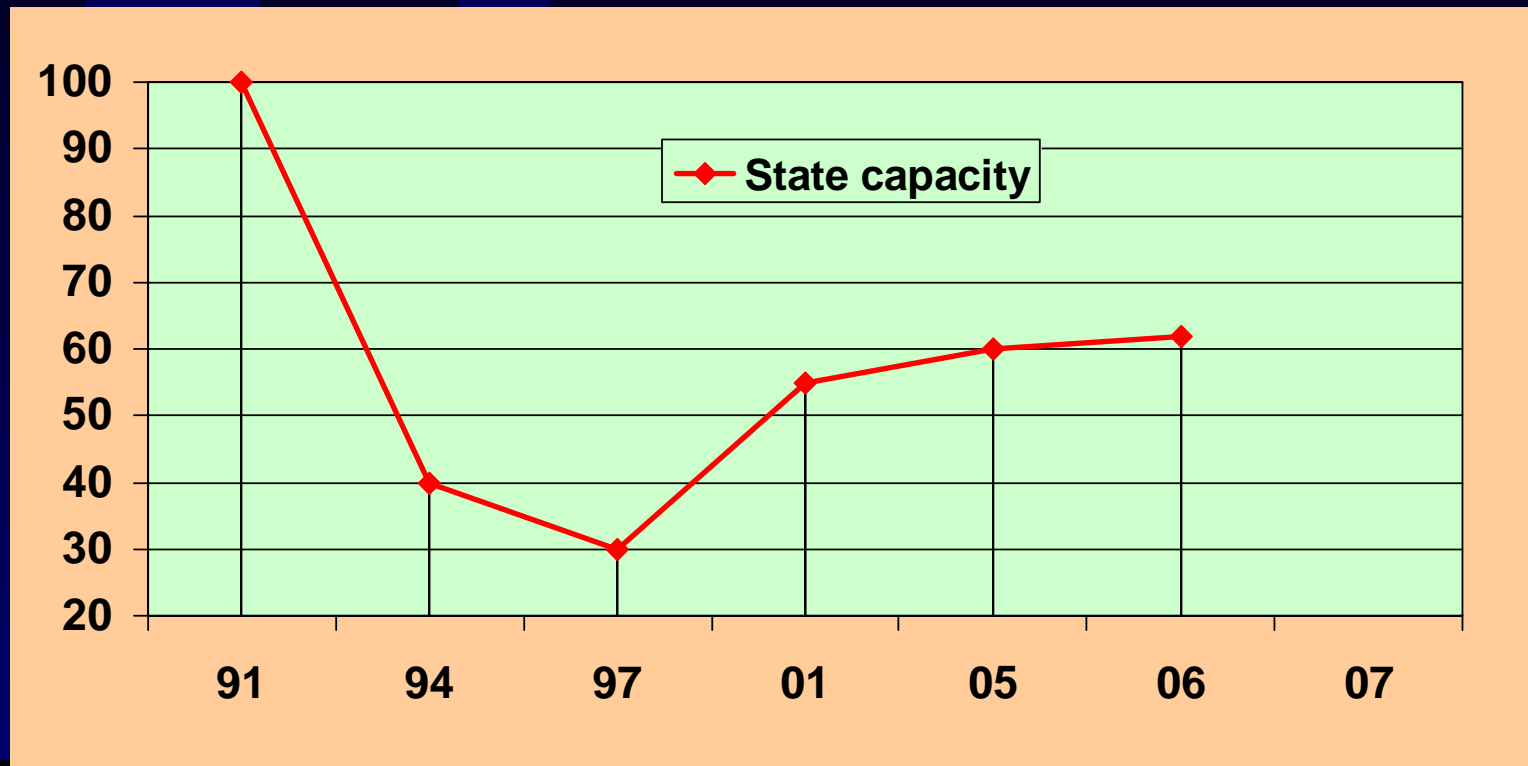
Relative volume of aggregate production (1991=100)

(source: The Bank of Korea)



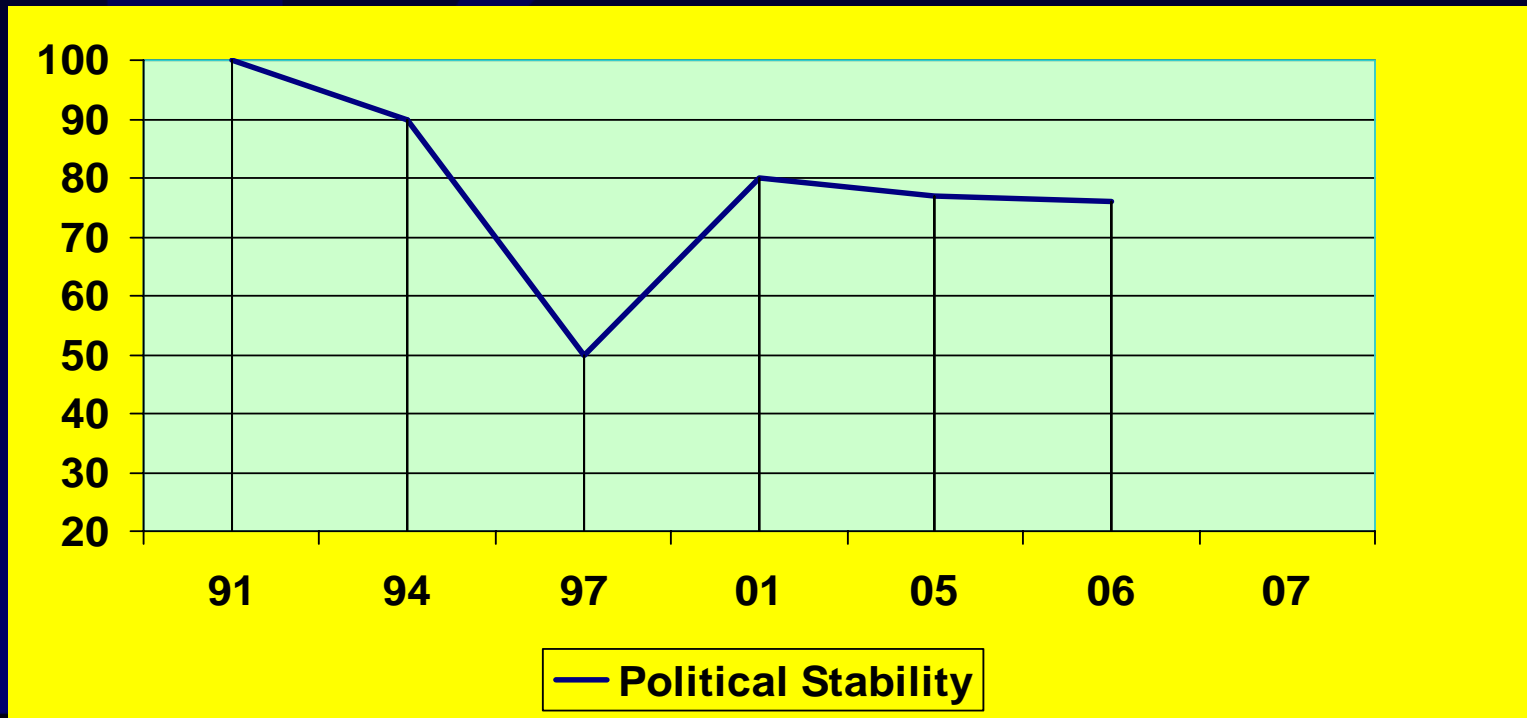
Relative state capacity (1991=100)

(size of budget, operational ratio of state enterprises, stability of institutions etc.)

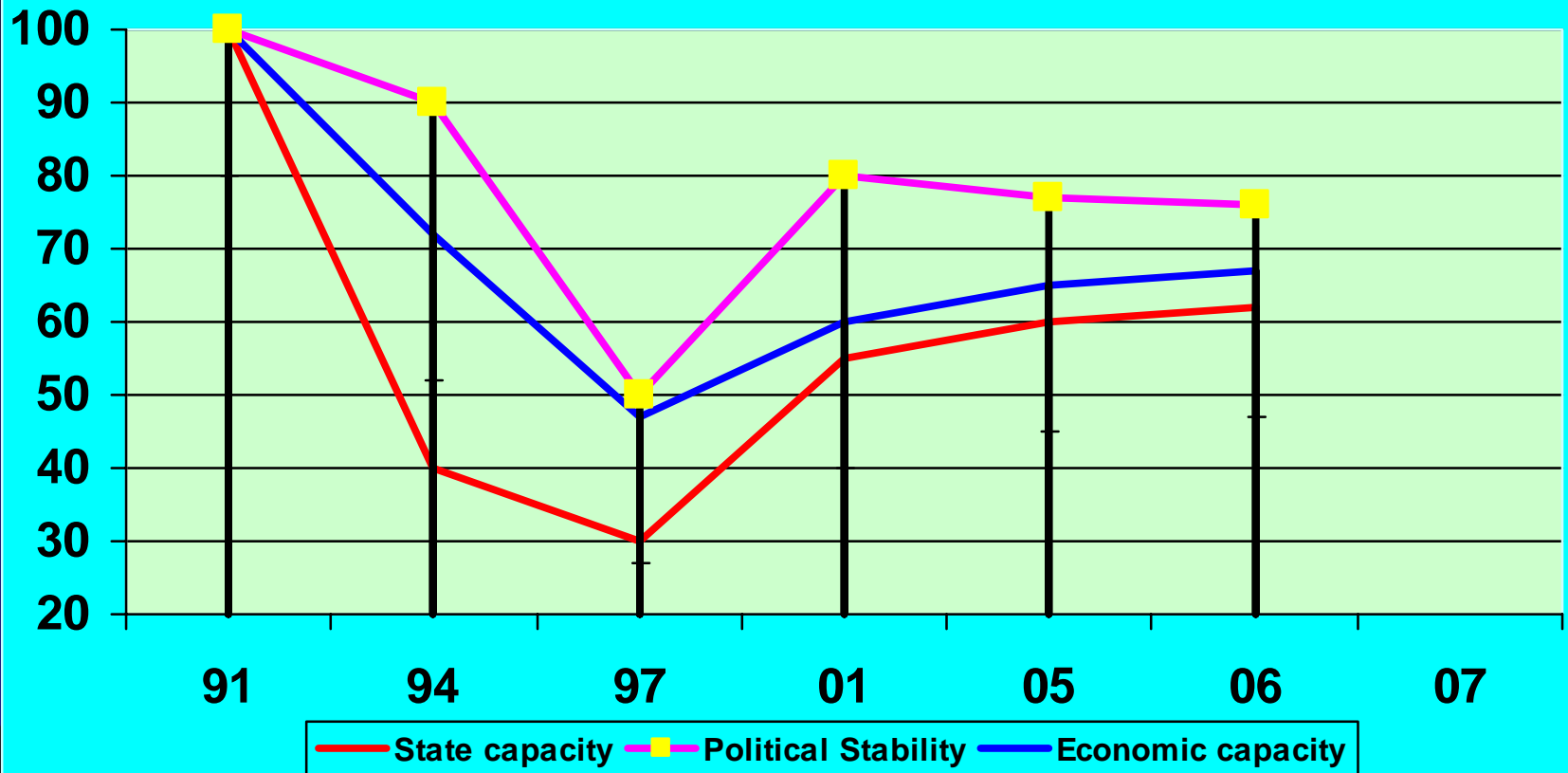


Relative political stability (1991=100)

(degree of indoctrination, techniques of domination, symptoms of discontent, etc.)



Relationship between capacity and stability



Periodization

1. 1990-1993/4: Rapid downturn
2. 1994-1997: Internal collapse
3. 1998-2001: Reconsolidation
4. 2002-2005: Stability and adaptation
5. 2006- : Start of a new crisis?

Period 1

1990-1993/4

Rapid Downturn

- Rapid breakdown of traditional structure of domination and production
 - Gradual collapse of party's control and penetration system and capacity
 - Collapse of centrally directed economic management (1993) and public distribution system (1993/4)
 - Chaotic coping strategies of individuals and state entities

Period 2

1994-1997

Internal Collapse

- Internal collapse and military rule
 - The “arduous march” (1994-1998) and the military first policy (1995-)
 - General breakdown of party-state political and administrative structure and societal fabrics
 - Triage of Northeastern provinces and hunger deaths of maximally 1-2 million
 - Military took over production and public security(1995-), widespread public executions, etc.
 - Start of foreign assistance to North Korea (1995-)

Digression

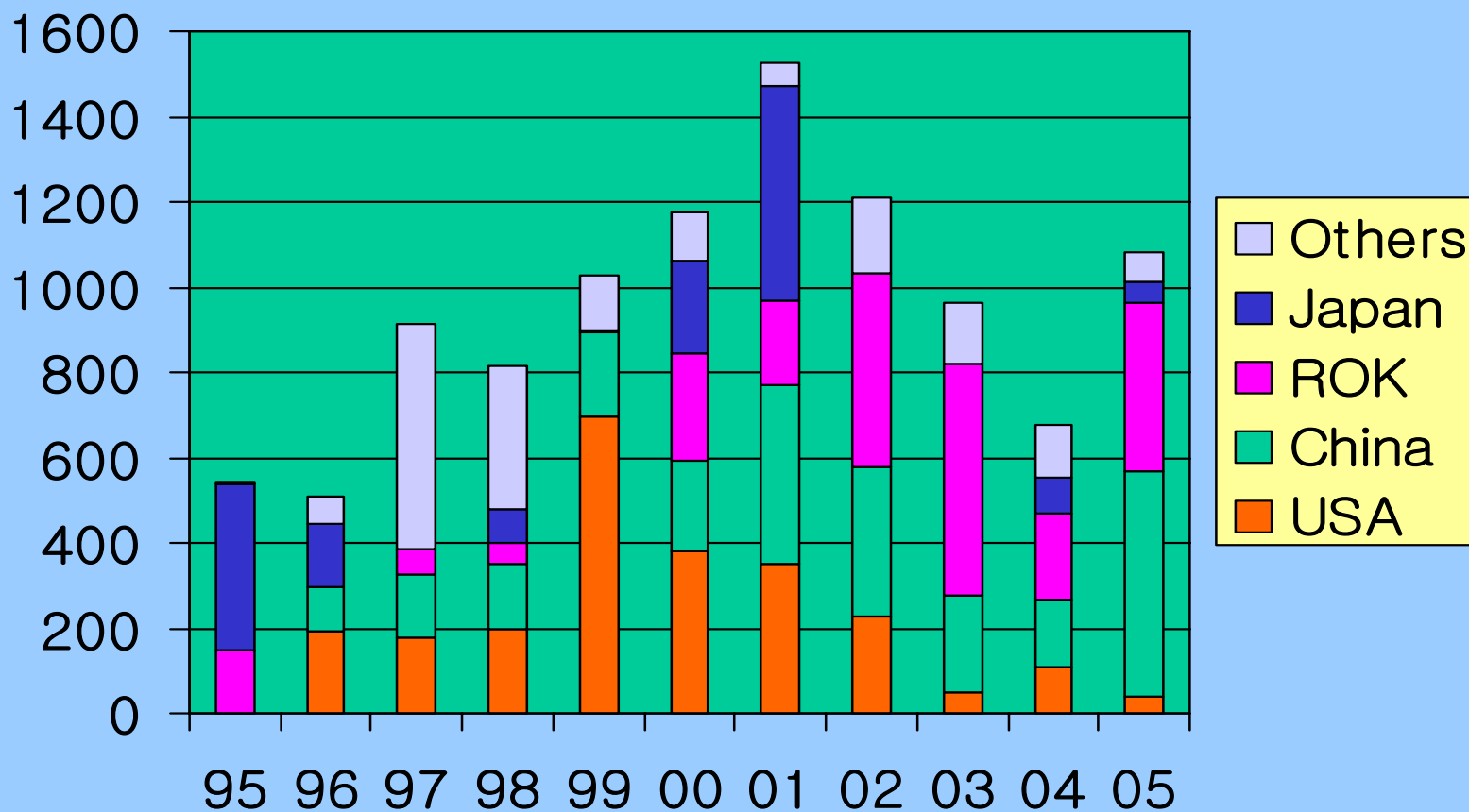
- In 1997, a CIA panel predicted a North Korea collapse in 5 years (Oct.27, NYT)
- One ex-panel member recalls:
 - “Maybe I just don’t have a great imagination, but the idea that South Korea and Japan and other countries would come to North Korea’s rescue wasn’t one of the hypotheses that I was entertaining.”

Digression: Self-unfulfilling prophecy?

- While American experts predict the demise of the regime, the U.S. government has rescued the regime from its collapse
 - During the critical years between 1997-1999, at the same time the North Korean regime tried to reconsolidate itself, the U.S. government was the biggest donor to North Korea.

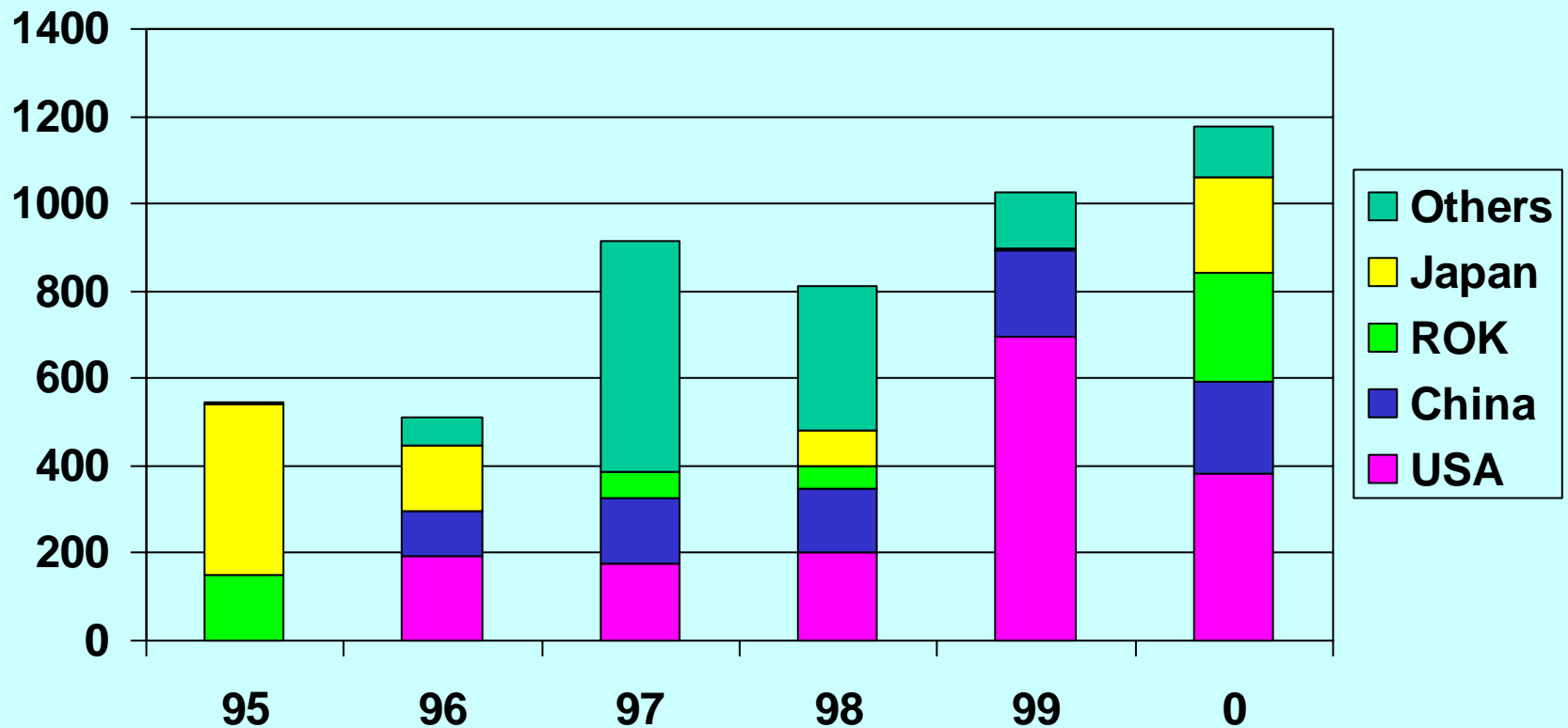
Food aid to North Korea 1995-2005

(Source: WFP and others; in 1,000 tons)



Food aid to North Korea 1995-2000

(Source: WFP and others; in 1,000 tons)



Period 3 1998-2001

Reconsolidation

- Reconsolidation of the regime aided by foreign support
 - Massive increase of int'l aid (1997-2001) and positive growth of the economy from 1999
- Reasserting central control over state enterprises and reestablishing administrative structures
 - Kim Jong Il became the party general secretary (1997) and promulgated a new constitution (1998)
 - Institutionalization of the primacy of the defense commission and revitalization of ministries and local administrative structures
- Taepodong missile launch(1998) and the Perry process(1998-2000)
 - Direct talks with Kim Jong Il bolstered his domestic hold on power
 - Visits by W.Perry(1999), Kim Dae Jung, V.Putin, M. Albright(2000), Jiang Zemin, G.Persson (2001), Koizumi(2002)

Period 4 2002-2005

Stability and Adaptation

- Relative economic stability based on S. Korean and Chinese aid
- Reconstituting internal relations of domination cum production
 - through adaptation to the economic reality (“economic reform” in July 2002)
 - through consolidation of the rectangular system of power (the military, the central party, the cabinet, political police)
 - recentering the ideology around the “military first” principle
- Strengthening the center, core institutions, and loyal population groups for regime survival
 - by downsizing and decentralization of state responsibilities
 - through favoring them by selective bank loans, discriminatory rationing, easier access to foreign currency

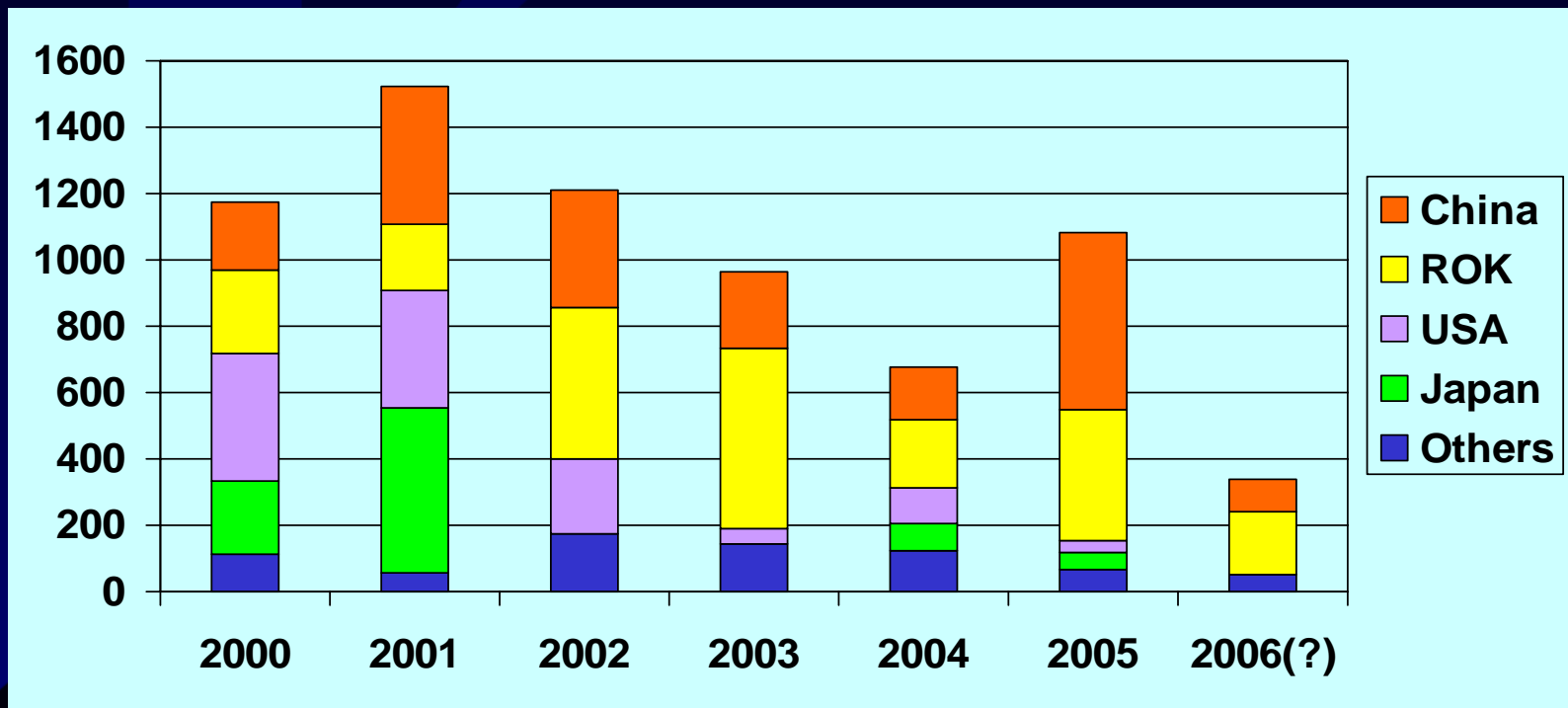
Digression:

S. Korean aid, 2002-2005

- An inter-Korean bargain was concluded in 2002
 - That of exchanging South Korea's supply of a certain amount of economic aid for North Korea's cooperation in maintaining inter-governmental relations as well as its permitting of temporary reunion of separated families
- S. Korean governmental aids have been stabilized
 - on the level of 500,000 tons as mainly rice loan plus 300,000-350,000 tons fertilizer from 2002 to the first half of 2006
- Through the expanded inter-Korean contacts, based on the deal
 - each side has tried to increase political and cultural influence in the other
- Under the condition of no effective monitoring
 - North Korea could use the aid mainly to support the state administrative structure, including major state enterprises

Food aid to North Korea 2000-2005

(Source: WFP; in 1,000 tons)



Digression:

How big is 100,000 tons of food?

- According to the World Food Program:
 - A person needs 567g/day or 167 kg/year for the satisfaction of minimum daily calorie needs
- With 100,000 tons of food:
 - About 600,000 people can live a year
- With South Korea's loan of 500,000 tons of rice :
 - About 3 million North Koreans can live for a year

Period 4

2002-2005

Amplified contradictions since 2002

- Between the intention of maintaining totalitarian control and the reality of diminishing capacity and need for practical adaptation
 - Continued emphasis of military first ideology, vigilance of outside influences, rule based on internal terror, brinkmanship in security policy and to execute the 'defense industry first policy'
 - Not being able to block an increase of outside contact and import of consumer goods for the 'new rich,' attempts to increase exports, to induce foreign capital, to send delegations to learn market economy, to allow discussion of innovative economic ideas, and to earn foreign currency by inviting tourists, etc.

Period 4

2002-2005

Increasing efforts to maintain internal control (1)

- Since late 2003, the regime has started to take measures to contain internal indiscipline caused by reforms and increased contacts with the outside world
 - Measures for increased control were: change of ID cards, search operations for South Korean video tapes especially in the border cities; introduction of a new criminal code; ban on the use of cellular phones; increased regulation of farmer's markets by security organizations; strengthening ideological work; sending inspection teams against anti-socialist phenomena; limitation of activities of foreign humanitarian agencies, etc.
- The futile attempt to re-enforce the comprehensive state rationing of food in October 2005
 - Shows how unrealistic the regime's intention to recapture the state control could be

Increasing efforts to maintain internal control (2)

- Some incidents and decisions since 2004 seemed to have reinforced the trend
 - Ryongchon train explosion in April; preparation for and enactment of Human Rights Act in August in the U.S.; Mass entry of 468 refugees to South Korea in July
 - Deterioration of relations with Japan; Mr. Bush's reelection as well as his avowed foreign policy objective of spreading freedom and democracy
 - The decision by North Korean leadership to resort nuclear blackmail of the U.S. and the others in the six-party talks
 - The need to control contacts with the South by limiting direct personal experiences and indirect acquaintances through audio/visual materials

Period 5

2006 (1)

Start of a New Crisis?

- Signs of economic down turn
 - In the first half of 2006: Reduced report on plan fulfillment; decreased ratio of growth of trade between China and NK; decreased NK export to China for the first time since 2000
- Economic sanctions brought about by missile and nuclear tests
 - Reduced import of food from China (one third of 2005); No rice loan from SK (500,000 tons in 2005)
 - Disruptions in trade with China and South Korea
 - Reduced aid and cash flow from China and South Korea
- Food deficit for 2007: about 0.8 million tons (WFP)
 - The average yearly deficit between 1994-1998 was about 0.9 million tons

Period 5 2006 (2)

Start of a New Crisis?

- North Koreans are bracing for economic hardship
 - After missile launches in July, the military has been under semi-war preparation status and
 - Rumors of economic sanctions and tightening food situation spread, and hoarding of food and foreign currency
 - In July, severe flood damage affected 1.3-1.5 million people (a NGO estimation) and a loss of 100,000 tons of food (WFP)
 - In August, NK military units were ordered to secure food reserves for the next year by themselves
 - After the fall harvest, the price of rice did not fall, but rose from 1,000 won/kg in Sept. to 1,500 won/kg in Oct.; is expected to be 2000 won/kg in the future

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Prospects for the future

An extrapolation of current trends

2007-2008

Economy and Society

- Return to negative growth in 2006 (positive growth in 1999-2005)
- Next spring and summer will be a critical period for the North Korean people
- Much more accelerated inflation: above 400%
 - Spread of hoarding and speculation of food and foreign currency
- Food situation for the poor will be aggravated in disproportion to the overall deficit because of increased income disparity
 - The number of people who were taken care of by WFP will diminish from 6.5 million to 1.9 million
- Deepening societal breakdown and polarization
- Increased numbers of people will try to escape hunger to China and be blocked by the Chinese army

2007-2008 Politics(1)

- Kim Jong Il will be confronted with significantly diminished resources for use in insuring loyalty of the top elites
- Giving up of the S. Korean food loan of about 500,000 tons of rice will weaken NK's administrative structure
 - The state organizations and party-state officials will attempt to plunder and extort the population for their own individual survival
- General deterioration of relations between the regime and the people
 - In comparison to mid-1990s, North Koreans are much more informed of outside world and much more critical of the regime
 - With rapid inflation and a deteriorating food situation, discontent with the current situation will increase
- With increased outside support, clandestine anti-Kim organizations will try to expand influence in North Korea

2007-2008 Politics (2)

- Still almost-total atomization of the population
 - will not be overcome in the short term
- The illusory vision of a great and invincible nation with nuclear weapons
 - will be emphasized and appeal to upper and middle officials and, to some extent, to the ordinary people

2007-2008

Politics (3)

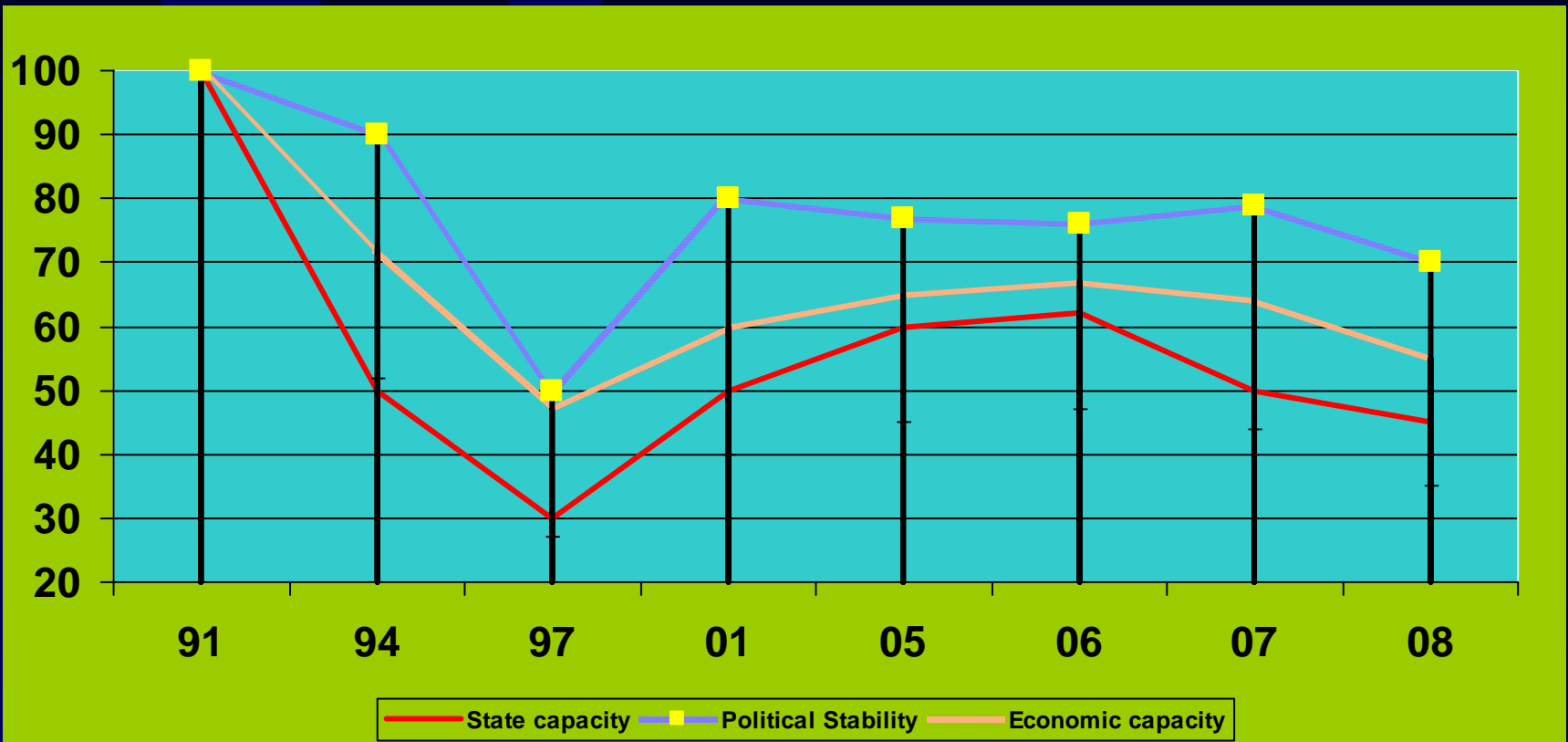
- With organizational and ideological penetration and control through the party undermined:
 - the regime must resort more and more to outright terror, i.e. surveillance by political police, public executions, and deportation to concentration camps
- NK's renewed predicament requires explanations, scapegoats, and counter measures through:
 - Vividly staging imaginary threat of attack or intervention from the foreign powers and the need for sacrifices and unity around the “great Leader”

2007-2008

Politics (4)

- With Kim standing alone at the top:
 - rivalry among Kim's lieutenants in the military and the central party will be intensified
- With strengthened multiple political police organizations (military and civil police, intelligence, party etc.):
 - inspections for picking up 'American spies' among top elites and hunting down 'anti-socialist elements' among the population will be intensified

Relationship between capacity and stability





Control and Penetration

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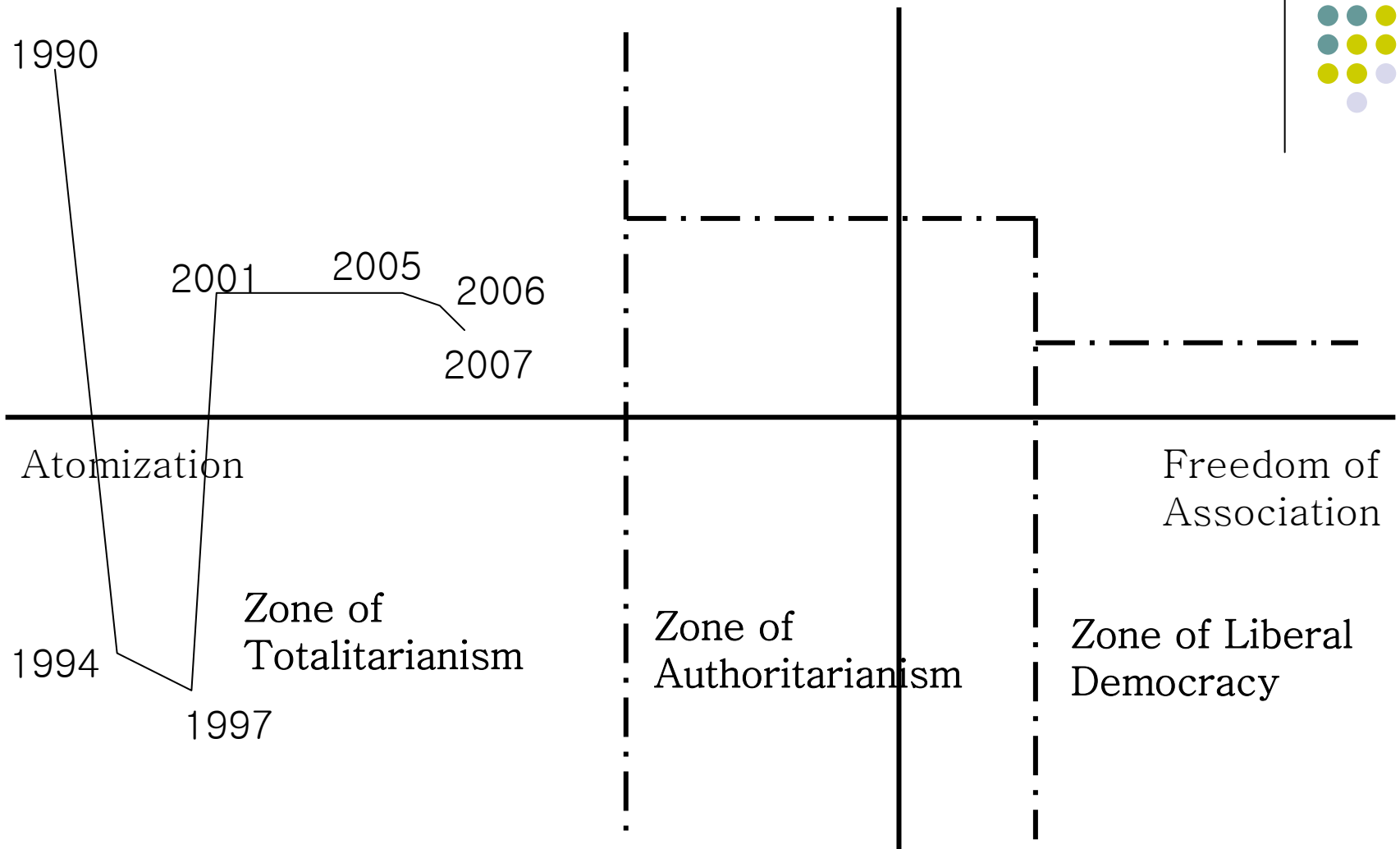
1997

Zone of Totalitarianism

Zone of Authoritarianism

Zone of Liberal Democracy

Disintegration



Mid-term prospects (1)

- With its people and elites terrorized and atomized and no economic self-sustainability:
 - *the regime's future is essentially a dependent variable of interaction of American, Chinese, and South Korean intentions*
- Convergent or divergent influences from the outside:
 - will determine the level of internal strain and the likely mode of internal evolution of the totalitarian regime in decay

Mid-term prospects (2)

Eight scenarios for the future

- The U.S., China, and South Korea each have two options for North Korea policy
 - The U.S.:
 - Containment or hawkish/constructive engagement
 - China:
 - Containment or appeasement/constructive engagement
 - South Korea:
 - Containment or appeasement/constructive engagement
- We get 8 situations
 - and simultaneously 8 different likely modes of North Korea's evolution

A convergence of American and Chinese interests?

- The Chinese option is well known:
 - China is, in the end, more likely intent on keeping stability than regime change or determined enforcement of non-nuclear North Korea
- Will the U.S. truly pursue the regime change?
- Or must it accept the de facto same option as the Chinese on nuclear North Korea?
 - Because “too much pressure on North Korea risks making the situation worse than now...perhaps collapse, refugees, economic collapse, and no control of North Korea’s nukes and missiles.”
 - Because of the risk of collapse, “there must be caution about how much pressure, how much we can squeeze North Korea. The US-Japan alliance plays a key role on this, and we will have to figure it out.” (from the Nelson Report Oct. 24-25)

Back to the future?

- The regime has survived and will survive:
 - not because of its inbuilt magic strength
 - but because of the interaction of the intentions of its neighbors

General Assessments Renewed

1. Despite having experienced a virtual breakdown and significantly weakened capacity of control, the regime still succeeds, on the whole, in keeping the people terrorized and atomized.
2. The regime has been stuck in the contradiction of totalitarian intention and the imperatives of diminishing resources and pragmatic adaptation.
3. The crucial weakness of the regime is that it is not able to sustain itself economically and so its internal configuration has been fluctuating depending upon the level of foreign assistance
4. In the mid-term future, we will continue to deal with a North Korea not much different from the current one, but with a progressive level of totalitarian regime decay, i.e. with its people gradually overcoming atomization

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The End

Many thanks for your attention!