

APPENDIX A

TERMS OF REFERENCE

**Terms of Reference:
North Korean Policy Elites**

We require an analysis focused on issues that will support the assessment of alternative courses of action in Defense Department planning. We are particularly interested in any differences that might exist among various North Korean (NK) elites and how each may respond to U.S. initiatives.

Our study focuses on North Korean elites, their personal and ideological priorities; their potential response to various initiatives related to U.S. military planning; and how they may learn about these initiatives. We request an assessment that will, at a minimum, address the following questions:

1. *What are the factions and potential factions that exist within the NK leadership?* It is understood that the NK regime is extraordinarily centralized. Even so, potential divisions among NK elites could result, for example, from:

- Familial links and personal relationships developed through one's career;
- The fact that different individuals, groups, and organizations with the NK elite would be affected differently by U.S. actions; and
- The fact that the welfare of different individuals, groups, and organizations are dependent on different sources of income.

2. *What information sources and channels do each of these individuals and factions depend on?* Because of their roles and responsibilities, different members of the NK elite have access to different sources of information. Most NK elites have access to the controlled domestic media. In some cases, though, individuals may also have access to external media, broadcasting, and Internet. Some individuals may also acquire information one-on-one (e.g., from interlocutors in foreign commercial, diplomatic, and military dealings). With this in mind, we wish to know:

- The paths through which this information passes, and the degree to which they are monitored;
- The sources of the information; and
- Organizational or technical filters that block or shape information at each step.

3. *What are the contextual factors that could affect how NK elites receive, assimilate, and interpret information from outside sources?* These could include, for example:

- Interrelationships among NK elites—the organizational or social network—that facilitate sharing of information; barriers that restrict specific information in specific conditions; or factors that ensure information passed through certain channels has a particular “spin;”
- Channels outside the direct control of the NK regime (e.g., communications and information sources available to NK officials working abroad) that permit elites to bypass barriers;
- Cultural and ideological factors that impose constraints.

APPENDIX B

BRIEF BIOGRAPHIES

Joseph S. Bermudez Jr. is an internationally recognized analyst, author and lecturer on North Korean defense and intelligence affairs and ballistic missile development in the Third World. He is currently a senior analyst for *Jane's Information Group*. He has authored five books and more than 100 articles, reports and monographs on these subjects. His two most recent books: *Shield of the Great Leader: The Armed Forces of North Korea* and *North Korean Special Forces- 2nd Edition* are considered by many to be the definitive "open source" works on their subjects and have been translated into Korean and Japanese. His forthcoming book, *Scud: Weapon of Terror*, promises to follow this tradition. Mr. Bermudez has lectured extensively in the academic and government environments and worked as a consultant, both in the U.S. (e.g., Columbia University, Federal Bureau of Investigation, U.S. Army Intelligence, U.S. Naval Intelligence, etc.) and the Republic of Korea (e.g., National Defense College and National Intelligence Service). He has also testified before Congress as a subject matter expert concerning North Korea's ballistic missile and nuclear, chemical and biological warfare programs and ballistic missile development in the Third World.

Ken Gause is a senior research analyst at the Center for Strategic Studies of the CNA Corporation in Alexandria, VA. He has spent the last 20 years focusing on issues related to leadership structures around the world. He has done extensive research on the Stalinist regime and its influence on the leadership architectures of similar regimes, such as North Korea and Iraq. Mr. Gause has written over 200 articles, which have appeared in *Jane's Intelligence Review*, RUSI's *China Military Update*, *SP Military Yearbook* (India's premier defense journal), and *The Worldwide Government Report*. He is the author of the recent study *The North Korean Leadership: Evolving Regime Dynamics in the Kim Chong-il Era*.

Ralph C. Hassig is the principal of Oh & Hassig, where he specializes in North Korean studies. He is also an adjunct associate professor of psychology at the University of Maryland University College. He received a Ph.D. in social psychology from UCLA and an MBA in marketing from the University of San Francisco. He is the co-author of *North Korea through the Looking Glass* (Brookings, 2000) and co-editor of the *Korea Briefing* (Asia Society, 2002). His most recent articles are "The Great Switchover Debate" (*The Journal of East Asian Affairs*, Fall/Winter 2003), and "The North Korean Military as a Security Threat" (*East Asia: An International Quarterly*, Summer 2003).

Dr. Alexandre Y. Mansourov is an Associate Professor at the Asia-Pacific Center for Security Studies in Honolulu, HI. He is a specialist in Northeast Asian security, politics, and economics, focusing primarily on the Korean peninsula. Dr. Mansourov received his Ph.D. in Political Science from Columbia University. He has co-edited "*The North Korean Nuclear Program: Security, Strategy, and New Perspectives from Russia*" and published numerous book chapters and academic articles on Korean and Northeast Asian affairs.

Ambassador David J. Smith is Chief Operating Officer of the National Institute for Public Policy, a nonprofit research center located in Fairfax, VA. There he directs projects on South Caucasus security, arms control and North Korea, and also serves as the Editor of Comparative Strategy. He is also the U.S. representative to the International Security Advisory Board (ISAB). ISAB assists newly independent states of the former Soviet Union to build democratic national security establishments. From 1993 to 2002, Ambassador Smith was President of Global Horizons, Inc., consulting on defense, international affairs and overseas business development. His earlier career included work in the Intelligence community, Pentagon, State Department and both houses of Congress. He has served on three diplomatic delegations, one of which he headed as Chief Negotiator for the U.S.-Soviet Defense and Space Talks. He was a major in the U.S. Air Force, serving on active duty and in the reserve.

Kongdan (Katy) Oh Hassig is a Research Staff Member at the Institute for Defense Analyses and a Non-Resident Senior Fellow at the Brookings Institution. She is a member of the Korea Task Force of the Council on Foreign Relations, the Korea Working Group of the United States Institute of Peace, the Council on US-Korea Security Studies, and the Co-Founder and Co-Director of The Korea Club in Washington, D.C. She received her B.A. at Sogang University and her M.A. at Seoul National University. She subsequently earned an M.A. and Ph.D. in Asian Studies at the University of California, Berkeley. Her recent publications include *Confronting North Korea's Nuclear Ambitions: US Policy Options and Regional Implications* (IDA, 2003), *Korea Briefing 2000-2001: First Steps Toward Reconciliation and Reunification* (Asia Society, 2002), and *North Korea through the Looking Glass* (Brooking, 2002).

APPENDIX C

**ASIAN VIEWS OF NORTH KOREA: A FIELD TRIP REPORT
KONGDAN OH HASSIG**

The author made a trip to Tokyo, Beijing, and Seoul from December 8 to December 23, 2003, to get an update on current information and attitudes regarding North Korea from regional researchers, members of the news media, and business persons. Thirteen interviews or meetings were held in Tokyo, seven in Beijing, and 29 in Seoul. The discussions addressed three topics: the nature of the Kim Jong-il regime, North Korea's economic reforms since July 2002, and the problem of North Korea's nuclear activities.

View from Tokyo

Tokyo is the only city in Asia seriously worried about North Korea's nuclear and missile development. In the view of a prominent Japanese security expert, the South Koreans, the Chinese, and the Russians believe that whatever nuclear weapons North Korea may have are for negotiating purposes and will be bargained away for the right price. On the other hand, most Japanese and American experts on North Korea believe that the Kim regime wants to develop nuclear weapons as a deterrent, and will not give them up under any circumstances. (Interestingly, both of these views have been expressed by North Koreans.)

Some people interpret North Korea's July 2002 market economy measures as a sign that the Kim regime is more concerned with improving its economy and doing business with the international economic community than it is in building a stronger military deterrent and thereby further alienating the international community. Others believe the economic initiatives are merely a temporary measure to stem economic decline. Many Japanese economists who study North Korea initially believed the reforms were only a minor correction factor designed to make North Korea's socialist system run better, but more economists are coming to believe that the reforms signal a serious and irreversible attempt to adopt market mechanisms. These market measures primarily involve giving individuals and organizations production incentives by paying them according to their output. A need for money has been created by virtually eliminating the public distribution system that supplied daily necessities, thereby forcing the people to make their purchases on the semi-open economy. The major stumbling block encountered by these measures so far is that production plans and resources remain under the control of the state. The consensus among the Japanese (and most other foreign economists) is that the reforms have lowered the standard of living for many North Korean people because goods are so scarce that they are priced out of their reach. Many Japanese believe that the Kim regime's motivation for making these economic changes is not a desire to give people freedom from state control, but rather to force them to provide for their own welfare now that the state industries can no longer do so.

In any case, the reforms provide a measure of freedom for people to move around and look for side jobs (after “buying out” their state-assigned jobs) and to establish small businesses. Visitors to Pyongyang report the appearance of small stores and kiosks (many owned by state companies) and busy marketplaces where purchase and barter take place under the surveillance of the authorities. People in Pyongyang (all of whom are members of the elite) seem to be better fed now than before the reforms. The government also seems to be relaxing its control over information. For example, Pyongyangites are now aware that they are eating rice imported from South Korea.

But the picture of conditions in North Korea remains fuzzy. Most Japanese experts admit that they do not have reliable information channels into North Korea. The best information comes from defectors or from visitors to North Korea (e.g., Korean-Chinese traders), and from material smuggled out of the country by them. In a number of cases, official North Korean documents marked “only for party cadres” (*tang’ane hnaham*) or “only for internal distribution” (*taeane hanham*) have been sold to Japanese on the black market. These materials provide a window into the Kim regime’s thinking and intentions. For example, these documents show how the government is trying to indoctrinate people to remain loyal to the regime in the face of greater exposure to outside influences. It is interesting to note that the paper on which these documents are printed is of extremely poor quality; for example, paper made from corn husks, which is difficult to read but surprisingly durable.

North Korea is developing an intranet system to disseminate news and instructions from the government and to coordinate activities. People are urged to read the party newspaper *Nodong Sinmun* on their office computers “first thing in the morning.” Although the intranet is supposed to reach down to the village (*li*) level, it is not clear if village cadres actually have access to working computers, given North Korea’s severe electricity shortage. The military has its own intranet network, but the Japanese do not have much information about it. Paper documents still serve as the main channel of communication.

View from Beijing

China’s official position on North Korea’s nuclear weapons program is conservative: “We have not yet seen actual bombs.” Some Chinese researchers accept that North Korea has become a virtual nuclear weapons state, but they do not seem to have any concrete information. The Chinese are frank in expressing their national goals: peace and wealth. Some scholars express a very negative attitude toward Kim Jong-il and his bizarre rule, noting for example that he eats well while his people starve. Nonetheless, the Chinese advocate either a peaceful

resolution to the North Korean nuclear issue or even living with the status quo of nuclear uncertainty, rather than pushing North Korea to the brink of war.

In regard to North Korea's economic reforms, the Chinese interlocutors say they believe the reforms are having a positive impact and are moving faster than they expected. Given this assessment, they believe other countries should be patient with the North Koreans, giving them time to make the reforms work. "It took us 20 years after Deng Xiaoping decided to pursue a socialist market economy in 1978 until we had built a solid base for our economy."

The bottom line offered by most Chinese is that, although Kim Jong-il is not respected in China, and although his country remains in bad shape economically, allowing the Kim regime to pursue its own changes will be the best way for the United States and other countries to improve relations with North Korea and avoid making the situation worse. The Chinese note that China was once very much like North Korea in the sense that it had many starving people and its government was unpopular in the international community, but now China has redeemed itself. Some day, North Korea will be like we are today, say these Chinese. In any case, the Kim regime has a right to protect its sovereignty. Economic engagement with the regime is the best way to change it, because the regime cannot be destroyed without starting a war on the peninsula, and such a war could easily turn into a regional conflict.

Chinese researchers get much of their information about North Korea from contacts along the border area, for example in the cities of Jilin, Yanbian, and Dandong. Yanbian University is a good place to converse with Korean-Chinese minority students who are in close touch with relatives living in North Korea and are eager to do anything that will improve relations with North Korea and make their relatives' lives better. Through official government contacts, the Chinese can learn much about North Korea, but foreigners must settle for information from semi-official contacts made in the economic sector, for example with North Korea traders.

Another avenue of information about North Korea is Chinese-North Korean exchange programs. The Chinese Academy of Social Sciences (CASS) has numerous centers where North Koreans can come to study. For example, in 2001 and 2002 North Korea sent 10-member study teams to CASS to take one-week courses on topics such as energy cooperation and banking. But as is usually the case when dealing with North Koreans, this program has been occasionally interrupted by the North Korean side, which cancels and delays delegations.

View from Seoul

The single most important and vexing strategic policy challenge for South Koreans is how to deal with North Korea, which is at once part of a homogeneous Korean race and a sworn enemy of South Korea's major ally, the United States. It is safe to say that almost no Koreans are willing to accept the fate of becoming involved in a Korean conflict provoked by a third party, even if the alternative is to accept North Korea as a virtual nuclear state. The overwhelmingly favored policy to deal with North Korea is dialogue and persuasion designed to alleviate the Kim regime's perennial concerns about the hostile intentions of other powers in the region.

Many younger generation Koreans, who are taking control of the political destiny of their country, oppose the U.S. policy of toughness toward North Korea and feel bitter about the U.S.-forced decision to suspend KEDO. They doubt that the United States is committed to the peace and welfare of the entire Korean people. The U.S.-ROK security alliance is becoming increasingly unpopular, and many young Koreans believe that China will become South Korea's primary economic and political partner in the future, replacing the United States.

Among a group of South Korean researchers in the intelligence community, the consensus about how South Korea could prevent another Korean war includes the following points: (1) speed up inter-Korean cooperation and reconciliation, for example, in trade and investment; (2) introduce information about the outside world into North Korea; (3) prevent other states from adopting aggressive policies toward North Korea; and (4) encourage the international community to engage and teach North Koreans market mechanisms and the norms of international cooperation. In the face of resistance from Kim Jong-il, who is recognized as the only important decision maker in North Korea, South Koreans advocate trying to convince him that opening and adopting reforms are the only way to save his regime and keep North Korea an independent state. One member of the South Korean intelligence community advised that negotiations with Kim Jong-il should be designed to allow him to "save face." The high-level defector Hwang Jang-yop has said that South Korea should employ policies to make Kim "feel proud" and feel like he is acting in a bold and broad-minded manner, because this is the picture of himself that has been promulgated by the North Korean propaganda machine. Kim seems to be very proud of his success at the June 2000 inter-Korean summit and the August 2000 meeting he had in Pyongyang with South Korean media heads, and more such successes might improve his disposition toward the outside world.

Although the South Koreans are trying to be optimistic about North Korea's recent economic reforms, they are not sure that the reforms will succeed under the Kim regime. Most economists believe that successful reform will require Kim to dramatically change his attitudes

and behaviors. A case in point is the construction of a Chinese-built power plant in North Korea. Chinese engineers and North Korean cadres looked for the optimal site, but as a “man of all knowledge,” Kim had to choose the site himself. He chose to build the plant literally on sand, and construction required ten times more money and effort than it should have. When asked if Kim has any firm ideas about what direction to take his country economically, a South Korean economist said he believes that Kim does indeed know what he would like to do, but keeping control of his people and dealing with the nuclear issue are big stumbling blocks in the way of making important changes in the economy. Yet the changes that have begun are likely to ultimately bring political and system changes in North Korea.

South Koreans are very interested in the leadership dynamics and decision making process of the Kim regime. They agree that it would be exaggerating to say that there are factions among the North Korean elite. When asked about decision making, they admit they do not have “complete” knowledge of how internal meetings with Kim proceed, but the intelligence community believes it has better information than anyone else. Their view is that at a first meeting on an issue, Kim welcomes different opinions. As debate progresses, once Kim speaks and offers his viewpoint, everybody else falls into line and individual views disappear. In short, anyone who cannot read Kim’s mind or intentions is not likely to have gotten into a meeting with him in the first place.

On the issue of information channels into North Korea, the consensus among South Koreans is that whereas some top cadres trusted by Kim have access to considerable information, nobody can match Kim’s comprehensive knowledge because he ultimately controls the information channels. Although not all the top cadres have the same information, they are all quite knowledgeable about domestic and foreign affairs. In the past, the top elite read *Chamgo tongsin* or *Chamgo sosik* [Reference News] to learn about important issues, but it appears that these publications may now be available only on the intranet.

There was some discussion with the South Koreans about how the war in Iraq is viewed in North Korea. The party line among the North Korean elite is that Iraq’s defeat was attributable to a failure of Iraqi morale. South Koreans have learned that immediately after news of the defeat became known, North Korean government officials contacted owners of short wave radios and asked each owner to sign a statement promising never to lie to the authorities about listening to enemy news of information. At about the same time, the North Korean government officially asked the South Korean government to halt propaganda broadcasts targeted at North Korea, with the understanding that North Korea would stop its own broadcasts, presumably reflecting the Kim regime’s opinion that the North Korean people would be more susceptible to South Korean broadcasts than vice versa.

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