Warning!

• Views on North Korea are highly contested. People look at the same set of “facts” and draw very different conclusions.

• This is only one person’s view. Others would probably take issue with what I have to say.
Good Books

- Don Oberdorfer, *The Two Koreas*
- Helen Louise Hunter, *Kim Il-song’s North Korea*
- Barbara Demick, *Nothing to Envy*
- Jonathan Pollack, *No Exit*
- Mike Chinoy, *Meltdown*
- Bruce Bechtol, Defiant Failed State
- Jeffrey Bader, *Obama and China’s Rise*
Introduction

• South Korea (SK) is a success story. North Korea (NK) has few achievements to its credit. That makes the Korean Peninsula is of a real-world science experiment.

• The two states have much in common: those similarities cannot be the cause of these contrasting outcomes. To explain those, we focus on how they are different.
Introduction

- What the NK and SK have in common:
  - Geography (fairly mountainous with western coastal plain; similar size).
  - Ethnicity.
  - Language.
  - Traditional culture.
  - Geopolitics (fish among whales).
Introduction

» History

– Unified political system, 1392-1910.
– Japanese colonial rule.
– Devastation of the Korean War.
– Locked in CW alliance system (on different sides); received CW external assistance.
– Strong desire for national unification.
Comparison

- Consider this economic baseline: four decades ago, the per capita GDP of North and South Korea was virtually the same.

- Despite this equality, and despite the similarities of geography, culture, and history, the post-1972 different trajectories of the two sides is stunning.
Comparison (DPRK-ROK)

- Population       24.6 m     48.9 m
- Median age       32.9        38.4
- Infant mortality 26.21/1000 4.08/1000
- Life expectancy at birth 62.9    79.3
- Health expen (%GDP) 2.0       6.5
- Kids under 5 underwt. 20.6%
Comparison (DPRK-ROK)

- GDP: $40 billion, $1.55 tril.
- GDP/cap: $1800, $31,700
- Electricity cons.: 18.9 bkwh, 455.1 bkwh
- Exports: $2.6 b, $556.5 b
- Imports: $3.5 b, $524.4 b
- Govt. expenditures: $3.3 b, $242 b
Comparison (DPRK-ROK)

- North Korea’s trade is concentrated on a few major trading partners: China (46.5%); South Korea (40.8%).

- South Korea is more diverse: China (16.5%); Japan (13%), US (8.5%). These three shares combined are less the share of NK’s total trade with China, its top partner:
Comparison (DPRK-ROK)

• In short, over the last forty years, North and South have experienced a fundamental divergence.

• 1972: equal GDP per capita.

• 2012: on economic measures, the South exceeds the North by one or two orders of magnitude.

• 2012: the South has a much better quality of life, even taking into account all the problems that come with being an advanced industrial society.
Critical Factors

• If history, culture, geographic endowment and developmental starting point don’t explain this divergence, what does? *Why is North Korea a weak or failing state?*

• Two sets of answers:
  » The DPRK’s policy set.
  » The DPRK’s political system.
Economic Policy

- Since the 1950s, the DPRK has pursued economic policies associated with a Stalinist system. To oversimplify:
  
  » The state owns or controls the virtually all economic assets. Private property is rare to non-existent, as is the rule of law.

  » The state controls the allocation of resources, the internal distribution of goods and services, and regulates NK’s interface with the external economy. Markets had little or no role.
Economic Policy

- North Korea has suffered all the pathologies of a Stalinist economic system: misallocation of resources; shortages, etc.
- It missed the wave of export-led growth that powered economic development in South Korea, Japan, Taiwan, and China.
- North Korea is now missing the wave of growth powered by globalization. So it is no surprise that South Korea has outperformed it.
Economic Policy

• Exacerbating matters, the DPRK relied on economic assistance from its major Communist allies/partners – even as it proclaimed a constant adherence *juche* (self-reliance, preserving independence).

• Chickens came home to roost when the Soviet Union collapsed in the early 1990s and China put repayment of its loans on a hard-currency basis.
Economic Policy

- NK suffered a serious economic downturn. Industrial capacity declined over 25%. Much factory equipment was neglected and is now beyond repair.

- There was a serious famine in the mid-1990s in which at least a tenth of the population died. Serious malnutrition still exists in some parts of the country.

- Despite this disaster, NK ignored the alternative of the post-1979 Chinese model.
Grand Strategy

• NK’s economic policy is not simply the adaptation of a Stalinist template. It is part of a larger grand strategy (Juche is more than not just an economic strategy).

• What mix of policies have North Korean leaders undertaken to ensure a) the survival of the DPRK regime and b) achievement of its other goals?

• NB: Whatever the rhetoric, North Korea has had to abandon goals like unification on its terms.
Grand Strategy

- NK’s grand strategy has included:
  
  » Militarily, reliance on mixed deterrence against the US (designated as the key adversary):
    
    - preserving the conventional capability to destroy Seoul;
    
    - Developing nuclear weapons, ballistic missiles; special operations forces.
    
    - To fund this mixed deterrent, the military gets priority in budget allocations;
Grand Strategy

» Politically, extract benefits where possible and avoid a) isolation, and/or b) dependence on any one power when necessary.

- Shift the blame for instability on the US (especially in Chinese eyes).
- Engage in calculated provocative behavior (missile and nuclear tests, conventional actions) to keep adversaries off-balance.
- Manipulate SK politics.
Grand Strategy

- Preserve regime control over the economy to ensure access to resources for the regime.
- Impose tight control on the population to defend against internal “enemies,” deter opposition, limit embarrassing information, and maximize mobilization potential.
- Seize the banner of Korean nationalism: reveling in the purported ability to stand up to the US danger (exaggerated for effect); denigrate SK as “lackeys” of the US.
Grand Strategy

- On the nuclear aspect of NK’s grand strategy.
  - Creation of a nuclear infrastructure began decades ago under Kim Il-sung.
  - NK has three mutually reinforcing reasons to go nuclear: insecurity, domestic politics, and national identity.
Grand Strategy

• Thus, it is unlikely to de-nuclearize through negotiations.
  » The price it would likely seek – end of the US-ROK alliance – is not one Washington or the ROK would be willing to pay.
  » The supposed benefits (economic assistance, diplomatic normalization) have their downsides.
Political System

• North Korea looks like a “typical” communist system:
  » Party, state, and military.
  » Dominant leader.
  » Regime control of the economy.
  » Demobilization of the population; abuse of human rights.
  » Use of propaganda to shape thinking.
Political System

• However, NK also looks like an old-style monarchy. In this sort of system, a family clan:
  » Dominates the regime.
  » Co-opts other power centers.
  » Creates and enforces a social hierarchy (often based on heredity).
  » Fashions a cult of the ruler and places the royal family at the center of the national myth.
Political System

The manipulation of the image of Kim Jong Un, to evoke his still beloved grandfather Kim Il-sung, is the best evidence that this is a monarchical system.
Political System

- In such a monarchical system, preservation of the power of ruling clan is more important than the welfare of the people as a whole.
- The key constituency for the ruling clan are key individuals and power centers within the elite.
- Regime politics is essentially palace politics.
Political System

- We do not yet know how much Kim Jong-un has inherited his father’s power (as opposed to his positions):
  - Already dominant?
  - Resigned to playing factions off?
  - Figurehead for a unified regency?
  - Taking sides in a factional conflict?
The Future

• Possible futures:
  » Continue the KJI grand strategy and monarchical system.
  » Assess realistically the failures of Kim family rule and its grand strategy and cut the best deal possible.
  » Preside over creeping failure.