

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

# North Korea

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# 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.