

Dealing with North Korea: A Russian Perspective
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Executive Summary

A new U.S. policy toward North Korea must now be forged after the failure of the Bush administration to solve the nuclear problem and reduce tensions on the Korean peninsula. Expectations run high (especially in Pyongyang) for a breakthrough that, despite the current North-South tension, would open a new chapter in bilateral U.S.-North Korea relations and set a new order on the peninsula. Pyongyang wants to squeeze Lee Myung-bak's government and Japan out of the talks, but this is unrealistic. The Six-Party Talks will most likely remain the chief instrument that could eventually bring about North Korea's denuclearization and the normalization of its relations with the outside world (although no one yet can say anything about a possible timeframe). In working toward these goals, the United States and the other parties concerned must face three key issues: the future of the North Korean state, the basis of its long-term security, and the shape of a new regional security order. So far, there is no accord on these issues, but without a basic or at least partial consensus, both inside the U.S. and internationally, it will be almost impossible to move forward.

A threshold question is whether the Democratic People's Republic of Korea (DPRK) will give up its nuclear weapons early in the process of the exchange of benefits, as the Six-Party Talks envisage. That is highly unlikely, in my view. North Korea's profound sense of insecurity, born of the peninsula's troubled history and a sense of victimization at the hands of foreign powers, plus the dynamics of negotiations in a climate of mutual mistrust (which has recently increased because of the policies of the new conservative ROK government) make denuclearization improbable. But that is not a reason to forego the future-oriented diplomatic process that the Six-Party Talks provides. There is no other feasible option.

Denuclearization might not be totally out of reach, as pessimists suggest. But it is more likely to come at the later stages, when the regime is confident of its own survival, that the security of the state is no longer at risk, and that the country is on a path to at least some prosperity. Therefore, China, the United States, Russia, Japan, and South Korea should together work out modalities to foster such an outcome. They should not leave North Korea in the dark about these plans.

Progress toward denuclearization and normalization of North Korea's relationship with the international community will likely occur simultaneously with the transformation of the DPRK system. The increasing confrontation with Seoul unfortunately is delaying the process, but the change has actually begun. Three scenarios come to mind.

The first is **radical regime change** either through the military overthrow of Kim Jong Il's regime or its implosion by an external stimulus. Because either outcome would have disastrous consequences, they should be taken off the table. Even a "peaceful" collapse of the regime (say, due to internal turmoil after Kim Jong Il's departure) would mean the loss of North Korean statehood. Although a possibility of Chinese intervention and creation of a puppet state exists, occupation by South Korea is more probable. That could create conditions for long-term instability, even civil war due to a combination of historic and psychological factors. Most importantly, the North Korean elite and military-security

apparatus have no exit strategy and are now making preparations to fight an invasion and an occupation. To what extent these plans would be implemented in case of extreme circumstances is an open question, but terrorism and subversion activities are almost certain to happen. The use of weapons of mass destruction cannot be ruled out.

The second scenario is **system conservation**. The current North Korean leaders wish to preserve the system as it is or even “turn back the clock,” eliminating “market deviations” which took root in the 1990s. They are afraid of change and feel that conservation is the safest way to guarantee the stability of the regime. Indeed, there is no conservative-pragmatist split inside the leadership. It is more accurate to say that every member of the ruling circle embodies both approaches, although to different degrees. And they think that the DPRK’s new status as a nuclear power gives them the immunity to do just that (therefore this status cannot be easily discarded). A possible transfer of power from Kim Jong Il to a “collective leadership” would probably strengthen the conservative sentiment for fear of a collapse of the regime should reforms be undertaken.

But conservation is a non-starter and will not work. The population is sticking to the habits which it developed during the last decade of economic difficulties. Although they do not actively oppose the regime, the grass-roots do ignore the regime’s most radical crackdown measures. The authorities will have to adjust their policies accordingly and change its mentality to get out of this impasse. The current reality gives hope that the authorities will be forced to gradually adopt a more sound and pragmatic strategy, in fear that an alternative (including the status quo) would lead to a catastrophe. (However it would be a mistake to try to use the emerging situation to subvert the regime. That would lead to the disastrous consequences described above. Rather the DPRK’s leadership should be encouraged to be more responsive to popular needs, and pursue policy experimentation accordingly.)

The third scenario is **positive and gradual transformation**, leading to the “conventionalization” of the country. That could happen if policy change did not contradict the interests of the North Korean elite but still had the effect of changing its mindset and the methods of governance.

North Korean leaders (unlike, say, some of those in Islamic countries) seem to be ready for at least some form of “modernization,” even if only subconsciously. (Japan’s pre-Meiji reform period comes to mind as a historic parallel). They pay lip service to “our brand of socialism” but in fact they are looking for a new national idea, as long as it can be portrayed as in full accordance with the Kim Il Sung’s “*juche*” (self-reliance) approach. They now rely more on nationalism and a military-dictatorship style system in their stated goal of building “a rich and powerful country.” Actually the developmental path of South Korea before democratization offers North Korea a reassuring model of national regeneration and de-militarization.

Marketization has already taken root and cannot be easily discarded despite the recent crackdown. A larger part of the population now depends on day-to-day market activities. The international sector of the economy (including joint ventures, free economic zones) is increasing its input of market fluids into the economic organism. The economy has changed from centrally planned to multi-sectoral, combining the state sector (largely non-operational, except for the military which is quite separate and in fact constitutes a “state within the

state”), the capitalist sector (joint ventures and trading companies, free economic zones), the semiprivate sector (especially in agriculture and services), and the shadow (criminalized) sector as well as a very unique “palace economy.”

What could the future hold? If the country’s external security is guaranteed and the internal political situation remains stable, the world community could encourage an emergence of a variant of an East Asian “guided market” economy, with a strong role for the state and large conglomerates (reminiscent of South Korean *chaebols* of the 1960s) as the major agents of modernization. The economy would undergo structural changes and become export-oriented, with strong linkages to South Korean and regional economy. The corresponding rise in living standards would help solve most acute humanitarian problems and would gradually lead to liberalization—first from totalitarian to post-totalitarian then to an authoritarian state—which are the necessary transit steps for further democratization. Deepening integration with South Korea and increased interaction with the rest of the world would help overcome insecurity and lead to de-militarization to a reasonable level, and eventually enable a denunciation of WMD and malicious practices. More exchanges and eventual integration with South Korea are to follow. That will not come tomorrow, but I believe this is the only way for North Korea to regain its statehood.

One condition for beginning such a painstaking and unfortunately lengthy process is a change of attitude by the world community, specifically whether the United States is able to find a mode of peaceful coexistence with North Korea. The Six-Party Talks prove that dialogue and mutual concessions work. The DPRK is eager to normalize relations with the United States, if only to preserve its independence by balancing off growing Chinese influence. Normalization of relations and economic assistance would bring even more positive changes in North Korean behavior, both external and eventually internal. A new generation of North Korean leaders, now being forged within the system, would be much more receptive to liberal values and ideas and would not be happy with isolation and pariah status caused by the previous policies.

Russia, actually still perceived in the DPRK as a continuing state of the USSR - “mother” of the regime - could be useful to the United States on the road to such a solution. Russian capabilities and the goals of Moscow’s policies are not fully understood in America and the policy itself is viewed with suspicion. However, Russia’s goals in Korea are actually not to increase its influence *per se*, but to forge a “concert of powers” to ensure peace, demilitarization and creation of prerequisites for development on the neighboring Korean peninsula. Unlike in other areas it is not a zero sum game. Of course Russia would not accept attempts to overthrow or undermine the North Korean regime, however much it might dislike it, for fear of negative geopolitical consequences. Policies aimed at this purpose could bring about yet another irritant in Russia-U.S. relations. At the same time Russia does not want to be perceived as merely supporting China in Northeast Asian politics, let alone accepting a Cold War-like 3+3 structure in the area.

In the framework of the Six-Party Talks, Russia-Chinese consultation has progressed considerably over the last years, but can we say the same about Russia-U.S. coordination? It should be noted that Russia’s goals with respect to North Korea are not incompatible with mainstream U.S. goals. The Korean problem is one of the few international problems where Russia and the United States see things similarly and can fruitfully cooperate.

- The dialogue between Moscow and Washington should become deeper, multifaceted and more sincere early in the term of the Democratic administration. A working-level permanent consultation channel in addition to that at the Assistant Secretary level could be set up, maybe through Embassies. Track 2 discussions, now sporadic, should be widened considerably.
- An idea of setting a trilateral U.S.-China-Russia consultation mechanism on Korean affairs – first an informal one, and later turning more formal – is worth exploring.
- Russian expertise and capacities could be used for eventual dismantling of North Korean nuclear infrastructure and materials, deactivation, verification, nuclear expertise, re-training of specialists and other aspects of a possible Nunn-Lugar program implementation in North Korea. In a later stage, this type of interaction could probably include other North Korean WMD based on relevant Russian post-Cold War experience. In the later stages of the demilitarization of the peninsula, the issue of conventional armament and a CBM regime could become an area of U.S.-Russian cooperation.
- Russia should join hands with the United States to provide impetus to the process of the creation of a multilateral Northeast Asia mechanism. Moscow is still hesitant lest a full-fledged OSCE-type structure might only increase the U.S. hold on the region without tangible benefits for Russia, as well as other regional actors. A concept of what the agenda of the multilateral forum (apart from North Korean question) could be and what would be the sequence of stages for establishing such a structure is still lacking and most countries do not feel any urgency in developing one. One can speculate that the mood in Asia is that America and Russia should take the lead in providing a blueprint, as the controversies among the Asian members of the club would prevent them from setting up a charter of Northeast Asian security and cooperation. In 2003 the U.S. picked up the idea of multi-party talks, for years promoted by Russia, and used its leadership to implement it. If the same type of pragmatic Russia-U.S. partnership could be created this could become a historic chance for Russia to be accepted as a responsible stakeholder in the region.
- Coordination of economic issues related to the economic assistance and development of North Korea should be undertaken. The United States might take the lead in the coordination of future economic assistance to North Korea in the six-party format. Projects that have the potential to benefit Russia's economic interests (such as a connection to the Trans-Siberian Railroad, Russian companies' participation in the reconstruction of the North Korean energy sector and parts of the industrial sector, probable participation in a light-water reactor construction and/or maintenance) are to be promoted.

A possible pause in Russia-U.S. cooperation on Korean affairs associated with the recent change of governments should be avoided. The expert communities of the two countries should prevent that from happening. A good start might be a bilateral discussion (which is now lacking) on the ways of North Korea's future evolution and on the involved countries' long-term strategies associated with it, with the purpose of preparing joint recommendations to the new leadership.