

SOLDIERING ON: NORTH KOREA AS A NUCLEAR WEAPON STATE.
REGIONAL AND INTERNATIONAL IMPLICATIONS

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1. INTRODUCTION

Thank you, Ms. Chairwoman, and thanks to the organizers for this timely opportunity to discuss the regional and international implications of the security situation on the Korean Peninsula. I was asked to give you a broad overview of the security situation linking economic, political and security related aspects of the regime crisis in North Korea. Since there are sessions dealing with the roles of different actors as well as a set of distinguished experts on the economic and political situation I will focus my remarks on the following three areas: the interdependence between economic, political and security dynamics, the status of North Korea's Weapons of Mass destruction programs (emphasizing the nuclear and delivery system issues), and the prospects for a peaceful resolution of the crisis after the US presidential elections.

To begin with (*Transparency 1*), let me briefly outline the argument before I delve into these three areas more deeply: First, I posit that today it is probable that North Korea is the ninth nuclear weapons state which has accumulated enough weapons grade plutonium for a significant arsenal, i.e. 6-8 warheads and mastered the necessary techniques to weaponize this material into deliverable nuclear devices. Second, I hold that this weapons program, and other WMD programs as well, has been driven and condoned by both internal and external dynamics. The internal driving forces are economic considerations (trade in threat reduction), political (regime survival, stabilization of power position within the regime) and security considerations (nuclear weapons as strategic equalizers). External factors which facilitate regime stabilization and the advancement of the weapons program are the willingness of the international community to accept nuclear ambiguity under the Geneva Agreement and its inability/-unwillingness to commit to a plausible negotiated resolution. Thirdly, and based on the assumption that ending the WMD programs requires a substantial change in the internal structure of the regime and the external security situation on the Peninsula I argue that assisted regime transformation that includes an end to all WMD programs is desirable and (still) possible, but that this course of action is also not very probable. Hence, the short-term prospect is that the current North Korean regime will soldier on as a nuclear weapon state and that concerned (regional) actors are obliged to manage the already visible effects of this development.

I will proceed as follows (*Transparency 2*): first I tackle the internal and external dynamics that led to the current situation. Second, I will assess the current state of the North Korean Nuclear programs. Third, I will surmise from my analysis the prospects for a peaceful

solution.

2. IMPLOSION, EXPLOSION, PROLIFERATION: INTERNAL AND EXTERNAL DYNAMICS?

When talking about regime change it is important to distinguish between different levels of change; i.e. the policy, the regime and the state level. Whereas a status quo situation refers to a continuation of existing policies by the ruling regime, system modification entails either the pursuit of new policies by an existing regime (i.e. the Chinese model under Deng) or new policies in combination with a new regime type (i.e. a military developmental dictatorship, Park Era). Collapse can then be defined as either the forceful end of a political regime or the demise of a sovereign state as such. In this scenario the collapse of political structures can originate within a state (Romanian model), be imposed from outside (the Iraqi model) or feature a confluence of both factors that result in a de facto rule by an outside power (trusteeship) for an extended period of time (Moon 2004).

With regard to North Korea, most analysts probably agree that during the 1990s the governing regime under both Kims faced a severe and sustained regime crisis that might well have led to a forceful implosion (regime change) or explosion, that is an offensive military campaign by North Korea resulting in a subsequent regime change. However, as Marcus Noland in a recent study suggested, the probability of regime change today is low (Noland 2004). That does not mean that the country and its people do not suffer enormously from the structural deficits of the command economy and political repression. What it does mean is that Kim Jong Il has been able to cope.

2.1 THE POLITICAL ECONOMY OF REGIME STABILIZATION UNDER KIM JONG IL

Since the severe crisis in the mid-90s, Kim Jong Il has been able to consolidate his rule and to stabilize the food supply through a two-pronged strategy: he has increasingly relied on the military as a source of power and legitimacy and he has opened up the country to international exchange, that is to extracting resources from the international community. This has led to the somewhat schizophrenic situation where Pyongyang is the largest recipient of US aid in Asia and its most ardent enemy.

The two-pronged strategy had two contradictory effects: first, the more the regime relied on the military domestically the less it was able to neglect the military's interest in powerful weapons systems internationally. Second, the more the regime opened up internationally thereby learning about the structural defects of its command economy, the less it was able to sustain its concept of self-reliance (Juche).

Facing this two-fold dilemma the regime has modified its policy both in style and name. In

1998 it revised the constitution. In summer 2002 it introduced more far-reaching reforms that centered around the asymmetrical increase of wages and prices for basic goods, but also included macroeconomic measures such as the partial abolition of the rationing system, of exchange coupons and an increase of the autonomous distribution rate of agricultural products (Frank 2003, Beal 2004; Gey 2004). While the jury is still out on the substance of the reform, it is already obvious that the reforms have led to substantial inflationary pressures and a widening gap in income distribution thereby intensifying the existing inequalities. It also appears that the government had to devalue the won as well as issuing “People’s Life Bonds” to extract additional resources for the state (Noland 2004a) and it has been further suggested that the reforms are beginning to shift the balance between the official economy (which is contracting), the military economy (which is stagnating), and the private economy (which is growing) (Lee/Yoon 2004). As a consequence of these substantial changes in the economic make-up of the country, a clear shift in the ideological posture can be discerned: in March and April 2003 the Rodong Shimun proclaimed a new “Military First Doctrine” that holds that the military precedes the working class which loses its privileged status as the leading revolutionary group in North Korean society (Frank 2003a).

In sum, what we see in North Korea today is system modification on a policy level that has some potential for more substantial change on the regime level. Contradictions in the economic reform process may well lead to an ever widening gap between different groups in North Korean society so that the function of the military as an instrument to quell social unrest may grow. This prospect does not bode well for a negotiated end to WMD programs, because the political leadership, i.e. Kim Jong Il, will have to convince his Generals, on whom he increasingly depends, that they can live and prosper without WMD (Quinones 2004).

2.2 EXTERNAL REGIME STABILIZATION: THE FAILURE TO RESOCIALIZE THE “ROGUE”

By now it is clear that the international effort to moderate North Korean security policy behaviour, in particular its quest for WMD and their export, through engagement has failed *to some degree*. Let me be clear about this: engagement is still our best option! However so far engagement has failed to resocialize, that is to change the basic foreign policy outlook of North Korea in congruence with international norms so that it does not need WMD for extracting foreign aid to pep up its failed economy or to ensure regime survival internally or externally. This may not be surprising because some policy makers in the US, Asia and

elsewhere thought that KEDO would not have to deliver the two LWRs because North Korea would collapse in the meantime. While I do not think that this is an accurate description of the thinking of the time, I hold that the United States, its Asian and European allies plus China failed to signal that they were prepared to peacefully change the regime by addressing the underlying structural causes.

Let me briefly sketch out what I mean by this: starting with China I think it is obvious that Beijing preferred a policy of benign neglect that focussed on regime stabilization before engaging in serious diplomatic negotiation in 2003, because it felt that a more or less predictable status quo was better than an unpredictable future (Ming 2004). Still, today I do not see any Chinese effort to facilitate the necessary concerted initiative that would provide for a plausible scheme of peaceful regime change, possibly along the lines of the Chinese model. With regard to South Korea and Japan my sense is that domestic considerations have pulled apart their approaches towards North Korea in the last two years: the Roh administration has at times used policy differences with Washington to bolster domestic support; the Koizumi government and the LDP in particular have used the abduction issue for domestic purposes. Since the Bush Jr.-administration has come into office both governments have undertaken several independent initiatives to jump-start serious bi- and, or multilateral negotiations. But Seoul and Tokyo have failed so far in launching a concerted initiative including China that would provide for a viable alternative to the US plan of June 2004. Instead Washington's Asian allies neither publicly endorsed nor criticised the US Plan so that Pyongyang could infer that this plan would certainly not be the last word (Niksich 2004).

When it comes to Washington's complicity in stabilizing the Kim regime European and Asian commentators tend to argue that we have seen too much US hegemonic behaviour. My own feeling is that we have seen too little! For different domestic reasons the US executive over the last 10 years has been unable or unwilling to provide a plausible and comprehensive diplomatic solution for the North Korean problem. Having said this, the US should be credited for at least trying to come up with such a solution while other nations including the European Union have undertaken only partial and mostly uncoordinated efforts to do so.

As a consequence, if my analysis is correct, our best hopes reside with the US executive learning from the past failure and being vigorously supported by its allies. The crucial question is thus: what went wrong? First, the Clinton administration was right in setting up the KEDO process to forego an immediate and significant nuclear weapons capability. However, the Clinton administration got it wrong when it underestimated the necessity to engage Congress pre-emptively to ensure sustained US compliance with the Geneva Agreed

Framework. Also the Clinton team, despite the initial rogue state rhetoric, failed to address the whole range of deviant North Korean behaviour, most importantly missile production and exports, so that Middle Eastern countries denied their support for the Geneva agreement through oil shipments. When the Perry Process started in 1998 that offered a more comprehensive tool to facilitate peaceful regime change, the Agreed Framework was already in deep trouble (Harnisch 2003). By then, as we now know, but as we knew from open sources in March 1999, the North Koreans had already started procurement for their uranium enrichment program. Second, and even more obviously the Bush administration has been a dysfunctional hegemon with regard to North Korea (and Iran for that matter), because different factions within the administration could neither agree on a plausible negotiating position nor on a plausible containment or strangulation strategy (Harnisch 2002). What we got in the last four years from Washington was policy cacophony that sent two important signals to Pyongyang: first, even if there is willingness on Pyongyang's side to strike a deal and stick to it, it is not clear whether the Bush administration (or a Kerry administration with a Republican Congress at its throat) is able to uphold its commitment. Second, given the rhetoric from parts of the administration and given its policy vis-à-vis Iraq, it is better to prepare for the worst. Let me be crystal clear on this point: I am not suggesting that the Bush administration caused North Korea to develop nuclear weapons, this was started long before. What I am saying is that certain actions and rhetoric made it rational for the regime to quickly advance and publicly acknowledge their (weapons) existence.

Now, this is a serious allegation. Therefore I want to give you a concrete example: In a news conference on September 16th 2002 Secretary of Defense, Donald Rumsfeld, pointed out, that the administration has come to view the three member states of the "axis of evil" differently when it comes to pre-emptive strikes. Rumsfeld indicated that the U.S. military may take pre-emptive military action only to prevent countries from getting nuclear weapons, but will not attack them if they already have them.¹ Given the timing during the run-up to the Iraq intervention this statement could, and in fact I believe was, as evidenced by North Korea's subsequent behaviour, interpreted in Pyongyang as an invitation to arm itself and talk about it.

To sum up this argument about the internal and external dynamics (*Transparency 3*): Internal factors explain why North Korea developed WMD and will probably continue to do so. External factors explain why engaging North Korea stabilized the regime and quickened its

¹ Cf. *DoD News Briefing – Secretary Rumsfeld and Gen. Pace*, September 9, 2002, <http://www.defenselink.mil/news/Sep2002/t09162002_t0916sd.html>; *Rumsfeld Indicates Nuclear Status Key to Pre-Emption Policy*, September 19, 2002, <http://www.stratfor.com/fib/fib_view.php?ID=206276>.

extension.

3. THE STATE OF THE NORTH KOREAN NUCLEAR WEAPONS AND MISSILE PROGRAMS AND THEIR REGIONAL AND GLOBAL IMPLICATIONS

The question of the state of the North Korean nuclear arsenal has always been a tricky one: during the 1990s, estimates from various countries ranged from weapons grade plutonium for 1 to 2, to 1 or 2 crude nuclear devices or fully functioning nuclear war heads (Niksich 2003, Squassoni 2003; Kim 2003; Norris/Kristensen/Handler 2003). Against the background of the Iraq experience some analysts suggest that recent US estimates of DPRK capabilities may be overstated too (La Montagne 2004). As a consequence, the easy answer therefore would be, we just don't know. My answer is: when it comes to predicting how actors may behave in the future, more important is what policy makers believe to be the North Korean potential rather than what actually materially constitutes this capacity. Thus, with due respect for the uncertainties concerning data on North Korea and WMD I base my judgement on the following criteria: 1) What does the US government or rather intelligence community claim to constitute the North Korean nuclear weapons capacity; 2) What does the North Korean government claim to have; 3) What kind of material and circumstantial evidence do we have in open sources; 4) What is the rational course of action given the diverse motives for the program derived from the previous analysis (*Transparency 4*).

North Korea has more probably than not advanced its plutonium weapons capacity from 1-2 (crude) nuclear weapons (up to 2003) to 6-8 nuclear weapons since reprocessing the 8017 fuel from January to Jun 2003. It has a running 5 MW reactor and an operational reprocessing plant. These facilities could, under optimal conditions, produce material for one additional nuclear warhead each year. Additional reactors (50 and 200 MW) are in a bad state of repair so that is difficult to estimate when they could become operational. If so they have a huge potential for additional weapons grade material. In sum, the plutonium program has a moderate growth rate if those two reactors stay offline and no additional material is imported. However, from a military and proliferation point of view its status has turned from an ambiguous to a significant status, which means that North Korea now has the capacity to deploy these weapons and to export some of them without losing deterrence capacities.

In addition to the plutonium program, North Korea has probably an uranium enrichment program. That means that so far there is not sufficient evidence to prove the existence of a *highly enriched uranium program* (HEU) to produce weapons grade material (cf. Harnisch 2003; personal communication with US intelligence official). This is significant in two

respects: depending on the state of the program a disclosure of the related activities could show that North Korea has not violated the letter of its international non-proliferation obligations, although it most likely violated the intent of those agreements. Second, even if the program became operational as a HEU program by mid-decade as a CIA estimate assessed in November 2002, his program has a (much) lower growth rate and potential than the plutonium program from today's perspective. However, from a proliferation point of view this assessment changes somewhat. As you all know, North Korea has been part of a clandestine Proliferation Network that centered around A.Q. Khan that may not have become totally dysfunctional after Khan's withdrawal in 2003 (Albright/Hinderstein 2004; Kampani 2004). Since uranium enrichment technology and related weapons design has been traded in this network with North Korea on the receiving end and with Pakistan gone as the primary supplier, it is plausible to deduce conjecture that North Korea may try to take the place as the supplier for uranium material, enrichment technology and weapons design.²

North Korea has been the primary proliferator of ballistic missile technology for more than a decade. It has reportedly exported systems or components to Pakistan, Iran, Libya, Egypt, Yemen, Syria (Bermudez 2000; Harnisch 2002a). As for the range of operational and thus exportable systems it is more plausible than not to assume that the program has not exceeded 1,500 km at this stage. While North Korea test-fired an inter-mediate ballistic missile (IRBM), the Taepo-Dong I, in 1998 – the test failed – it is now reportedly working on another IRBM system (based on Russian technology, the R-27), that could be launched both from land-based launchers or submarines (Bermudez 2004). If accurate, these reports may indicate that the DPRK tries to put the continental US within range of prepositioned submarine or ship-based IRBMs in addition to, or as a substitute for advancing the intercontinental ballistic missile system Taepo-Dong II. However, it is plausible to assume that North Korea would use unconventional delivery means in a crisis situation (such as special forces, agents or commercial ships) to position unconventional weapon systems on foreign territory beyond the range of its operational but inaccurate missile force.

In sum, North Korea's nuclear weapons program advanced significantly over the last twelve months but its prospective medium-term growth (until 2007) is moderate. It is plausible to argue that this advance does not fundamentally change the deterrence situation on the Peninsula or in Northeast Asia. However, if successfully tested this advanced program will

² A 2004 report by David Sanger that the DPRK had already sold uranium hexafluoride to Libya in 2002, David Sanger/William Broad, Evidence Is Cited Linking Koreans to Libya Uranium, NYT, 23.05. 2004.

have significant political repercussions. In addition, from a non-proliferation perspective this advancement entails a significant export potential if a customer is found. North Korea's history of exporting missile technology and its involvement in the A.Q.-Khan network lend credibility to this scenario.

4. PROSPECTS FOR A PEACEFUL SOLUTION AFTER THE US PRESIDENTIAL ELECTIONS

To begin with, the North Korean leadership has persistently offered to negotiate an end to its plutonium program, to its missile program and to dispel concerns about its uranium enrichment activities. In the last several weeks there have been indications that Pyongyang may be willing to return to the 6-party talks after the November elections. By now it should be obvious that I am sceptical as to the ability of the political leadership to convince the military leadership to abandon these formidable deterrence weapons and instruments which bolster the military's standing in the political system. North Korea is the most militarized country of the world, its military eats up about 20 % of GDP, WMD technology export, and illicit trade (counterfeiting, drugs etc.) is a major source of foreign currency and a primary source of military technological innovation. As a consequence, any negotiated solution must address this internal dynamic quest for WMD technology of a full blown garrison state.

Of course, Kim Jong Il's leadership should be tested with regard to striking a deal and implementing it. As I have argued, the United States and its allies have not tried hard and consistently enough in the past. Instead, as I see it, especially America's Asian allies have quietly condoned North Korea's nuclear advancement. So far this strategy has worked, but it may well "explode into the public" if a nuclear test occurs in the North. Then, policy makers will be under tremendous pressure "to do something" about this advancement. While I still think that it is unlikely that this will initiate a "nuclear chain reaction" in Northeast Asia, I would argue that we can already detect a "secondary ripple effect" of North Korea's nuclear advancement in Northeast Asia. The deterioration of the nuclear crisis under the Bush administration and the changing domestic political environment in South Korea have led to a widening perception gap in the US-ROK alliance which in turn has fuelled calls for a more independent South Korean defense policy. In contrast, the growing North Korean potential has drawn Japan closer to the US leading to TMD cooperation, more congruence in strategic thinking and operations (pre-emption and foreign deployment). As a consequence, both bilateral military cooperation between Japan and South Korea has not prospered as in the past, and trilateral coordination in TCOG has suffered considerably (IFPA 2004).

Finally and coming to the prospects for a negotiated solution after the US election next week I would argue the following. If there is a Bush II administration and a Republican Congress a lot depends on whether those who still see room for a negotiated solution can dominate the

However, there are questions as to the validity and plausibility of these claims, cf. Brent Choi, A Blunder from the NY Times?, http://nkzone.typepad.com/nkzone/2004/06/brent_choi_on_n.html [20.10. 2004].

policy process both in the State Department and the NSC. If this were to happen, the Vice Presidency and neo-conservatives in the Pentagon could be marginalized by a coalition of the willing including Japan and South Korea. In comparison, a Republican Presidency has a better chance of implementing a negotiated solution under a Republican Congress than a democratic one. If Kerry wins, it will depend on whether he can also tip the balance in Congress, which seems unlikely. While Kerry seems more inclined to vigorously pursue a negotiated settlement a lot depends on whether he can gather the necessary congressional support for any comprehensive deal. Last but not least, if European nations turn out to be able to negotiate a feasible end to suspicious Iranian enrichment and reprocessing activities in the coming days and weeks, this may well have a positive spill over effect in Asia. Thus, Europe may indirectly initiate a peaceful settlement in Korea, but it will most likely play only a supportive role when it comes to funding and facilitating the necessary peaceful regime transformation in North Korea.

Thank you very much for your attention! (*Transparency 6*)

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