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**NAVAL  
POSTGRADUATE  
SCHOOL**

**MONTEREY, CALIFORNIA**

**THESIS**

**UNITED STATES' ENGAGEMENT STRATEGY FOR NORTH  
KOREA**

by

Lones B. Seiber III

June 2007

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**UNITED STATES' ENGAGEMENT STRATEGY FOR NORTH KOREA**

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Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS**

from the

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## **ABSTRACT**

Much debate exists in the international community about the most effective way to deal with the threat of North Korea. A look back in history, especially in the case of United States' past policies, will serve as an analogy and historically based perspective to apply to the North Korean problem.

The United States has employed both military engagement and economic engagement in various countries. Because of the regional parallels between the Korean and Vietnamese nations, our approach to the Vietnamese problem after the end of the Vietnamese war, a constructive engagement approach, was useful. Expanding diplomatic and economic ties with an authoritarian government is the most effective way to help move it in the direction of free markets and democracy.

This same strategy should be tried with North Korea. A military engagement of this country would be hard fought at the very least with no clear evidence that the results would not destroy the South Korean economy. Military belligerence by the United States reinforces the dogma and perception of necessity of the current regime. Economic engagement would slowly transform the current state in North Korea. A well thought out historically based engagement strategy for countries that threaten to dominate other states is critical for the correct formulization of a viable U.S. foreign policy in this ever-volatile world.



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## I. INTRODUCTION

What is the relative effectiveness of military and economic strategies to contain states perceived to be threats to dominant powers? The world community is faced with a continuous dilemma of how to deal with threatening states. At various times Iran, Syria and North Korea inject themselves on to the world stage forcing the dominant power to make tough, foreign policy choices. Iran and Syria support the growing insurgency in Iraq, prolonging the United States in military engagement. Iran has nuclear ambitions and supports the Taliban in Afghanistan and Palestinian resistance movements in the Gaza Strip and the West Bank. Syria supports Hezbollah in Lebanon creating what seems to be a never-ending tragedy in that war-ravaged country.

Endless diplomatic missions and military threats keep most of these states compliant for the short term. This, however, does not solve the issue of long-term policies toward these states. The issue then is not how to deal with them in the short-run but how to formulate a correct engagement strategy to contain the threat.

North Korea for many years has frustrated the international community with its nuclear ambitions and propensity to export missiles to other problem states.<sup>1</sup> As early as 1965, with the Korean War still a troublesome memory, the "Great Leader" Kim Il-sung established the

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<sup>1</sup> Bertil Lintner, "Korea, The Long Reach of North Korea's Missiles," *AsianTimesOnline*, June 21, 2006, <http://www.atimes.com/atimes/Korea/HF21Dg02.html>, accessed September 6, 2006.



Hamhung Military Academy to conduct research into missile technology. In his inaugural speech before the academy, he stated,

If war breaks out, the US and Japan will also be involved. In order to prevent their involvement, we have to be able to produce rockets, which fly as far as Japan. Therefore, it is the mandate of the Military Academy to develop mid and long-range missiles.<sup>2</sup>

Much debate exists in the international community about the most effective way to deal with the North Korean problem. Two distinct camps of opinion have emerged: military engagement and economic engagement. Using historical analogies of past United States conflicts, it will be demonstrated that the economic engagement strategy, not military engagement strategy, is a correct strategy in the North Korean case.

"The lessons of history are never simple; whosoever thinks he sees one should probably go on with his reading."<sup>3</sup> History is an important factor to consider when deciding on which course of action to follow. History, however, must be used in context with all evidence available to make the right choices. This is especially true of United States foreign policy. It is critical to keep in mind the possible impact of history on policymaking. I will use historical examples to determine which engagement strategy is correct, but it is important to note the limitations and

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<sup>2</sup> Bertil Lintner, "Korea,, The Long Reach of North Korea's Missiles," *AsianTimesOnline*, June 21, 2006, <http://www.atimes.com/atimes/Korea/HF21Dg02.html>, accessed September 6, 2006.

<sup>3</sup> John K. Fairbank, "The Meaning of Vietnam," *New York Review of Books*, XXII, June 12, 1975, 3.

dangers of this approach. This impact of history used for policymaking can be summarized in four points outlined by Ole R. Holsti,

1. The propensity to rely upon history as a strategy for coping with complexities and uncertainties in decision making is rather widespread;
2. An inadequate understanding of history can result in costly policy errors, but it does not follow that the introduction of historical thinking into policy deliberations will necessarily improve the quality of either decision making process or the resulting choices;
3. Some types of historical episodes, such as traumatic events that have been experienced first-hand, are especially likely to live on in "the reality world of the mind";
4. A particular dramatic (or traumatic) episode may indeed be the crucial formative event for those who experience it, but they will not necessarily interpret its significance in an identical manner.<sup>4</sup>

Acknowledging the limitations of a historical approach, this thesis will focus on which engagement strategy is appropriate to contain the threat of North Korea. To do this, I will compare historically two of the United States foreign policy engagement strategies; military engagement and economic engagement. These comparisons will then be applied to the North Korean problem and will help define a clear direction for the United States' North Korean engagement policy.

#### **A. LITERATURE REVIEW**

In reviewing available literature, two distinct camps have emerged on how to deal with this problem: military

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<sup>4</sup> Ole R. Holsti, *Making American Foreign Policy*, New York: Routledge, Taylor and Francis Group, 2006, 107.

engagement and economic engagement. The first advocates military engagement to solve the North Korean problem. They argue that North Korean state power is armament and military power and can only be overcome by superior forces. They believe that military power should be used more quickly, with fewer self-imposed constraints.<sup>5</sup> Victor Cha, and David Kang, (co-authors), *North Korea: A Debate on Engagement Strategies*<sup>6</sup> and Taik-young Hamm, *Arming the Two Koreas*<sup>7</sup> are two primary leaders of this view. The military engagement camp feels the United States is faced with a continuous dilemma of how to deal with rogue states. At various times Iran, Syria and North Korea inject themselves on to the world stage forcing the United States to make tough foreign policy choices. North Korea for many years has frustrated the United States with its nuclear ambitions and missile exports and by counterfeiting United States currency. This camp contends, especially with North Korea and its failure to respond to economic incentives in the past, that military engagement is the appropriate method in North Korea's case regardless of the consequences.

The counter view supports economic engagement with North Korea, like South Korea's now defunct "Sunshine Policy." Economic engagement strategies are favored by such prominent figures as former President Jimmy Carter, "Engaging North Korea,"<sup>8</sup> and Ambassador Robert Gallucci,<sup>9</sup>

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<sup>5</sup> Ole R. Holsti, *Making American Foreign Policy*, 139.

<sup>6</sup> Victor D. Cha and David C. Kang, eds., *Nuclear North Korea, A Debate On Engagement Strategies*, New York: Columbia University Press, 2003, 88-92.

<sup>7</sup> Taik-young Hamm, *Arming the Two Koreas, State Capital and Military Power*, New York: Routledge , Taylor and Francis Group, 1999, 4.

<sup>8</sup> President Jimmy Carter, "Engaging North Korea," *New York Times*, October 27, 2002.

"Negotiating with Nuclear North Korea," and from authors like Paul French, *North Korea: The Paranoid Peninsula*,<sup>10</sup> and Aidan Foster Carter, *Korea's Coming Reunification*,<sup>11</sup> who all clearly support this point of view. Classic examples of this economic strategy are Vietnam, after the guns had been silenced,<sup>12</sup> and China, the Ukraine, Georgia, Croatia Bosnia and Kazakhstan.<sup>13</sup>

## **B. METHODOLOGY**

This thesis will focus on which engagement strategy is most effective to mitigate or minimize the threat of North Korea. To do this, I will do a comparative analysis of the results of the United States' military and economic engagements in Vietnam. Vietnam was chosen because of the parallels between the domestic unpopularity in the United States of the Korean War and Vietnam War and because of the cultural links, based on Confucian legacies, between the Korean and Vietnamese nations. This analysis will then be applied to the North Korean problem and will help define a clear direction for the United States' North Korean engagement policy. Using historical comparisons of Vietnam, it will be demonstrated that the economic

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<sup>9</sup> Robert Gallucci, "Negotiating with Nuclear North Korea," *Washingtonpost.com*, <http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=&contentId=A10405-2002Nov5&notFound=true>. November 6, 2002, A 21, accessed September 8, 2006.

<sup>10</sup> French, *North Korea The Paranoid Peninsula, A Modern History*, New York: Zed Books, 2005.

<sup>11</sup> Aidan Foster Carter, "Korea's Coming Reunification," [http://www.iie.com/publications/chapters\\_preview/26/3iie2555.pdf#search=%22Aidan%20Foster%20Carter%2C%20Korea's%20Coming%20Reunification%22](http://www.iie.com/publications/chapters_preview/26/3iie2555.pdf#search=%22Aidan%20Foster%20Carter%2C%20Korea's%20Coming%20Reunification%22), accessed September 8, 2006.

<sup>12</sup> John R. Dodsworth et. al., *Vietnam: Transition to a Market Economy*, Washington D.C.: International Monetary Fund, 1996, 18-26.

<sup>13</sup> Joseph Nye, "America's Information Edge: The Nature of Power," <http://usinfo.state.gov/journals/itgic/0996/ijge/gjcom6.htm>, March 2006, accessed March 28, 2007.

engagement strategy, not military engagement strategy, is a correct strategy in the North Korean case.

A word of caution: this thesis will focus only on the North Korean problem. Each situation the United States faces in the world community should be reviewed differently. A North Korean blueprint cannot necessarily be applied to Iran or Iraq for example. This thesis is not an indictment of current United States policy in the Middle East despite the parallels between unpopular wars.

As an intelligence professional for more than 24 years, I have some knowledge of the North Korean situation and will employ this experience in this thesis. My assumption is that economic engagement is the correct strategy for the problem state of North Korea. As Americans, we often times look at world issues through American eyes and apply our standards, morals, and backgrounds to arrive at prejudged solutions. It is helpful to look at an issue from the perspective of those involved.

I believe that North Korea is a threat, and the only way to engage them is through economics. American companies in China and Vietnam helped to open these Communist countries. My rationale is while North Korea is certainly more closed than these two countries, the same strategy will work. With this said, more acknowledgements must be made. Many believe that introducing western style consumer goods is not something that would easily evolve the North Korean government. The problem with the North Koreans is Kim Il-sung and his son Kim Jong-il who are the sole focus of the North Korean people. The cult of personality is so strong and so ingrained in the North

Koreans that no amount of economic persuasion can break the grip of the "Great Leader" and "Dear Leader." North Korea's history has shown that it has never responded to attempts to bring them into the world community. North Koreans live in a world so detached from reality that it possibly can only be changed by the destruction of its regime and a period of re-educating the youth of North Korea. The older generations are so indoctrinated that they are probably forever lost. In this case, South Korea would be left to deal with the remnants of a shattered society and, it would take several generations for the North Koreans to function in a society such as South Korea.

Even though this pessimistic view of North Korean prospects is a real possibility, the fact remains that economic engagement could work, but in a subtle less threatening way than perhaps in other countries. This is the only option that could work without destroying North Korea and much of South Korea. My thesis will attempt to show that Vietnam, more than the other examples noted above, gives us strong parallels to the Korean situation and may provide the answers desperately needed for North Korea.

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## II. BACKGROUND: A CONCISE HISTORY OF NORTH KOREAN COMMUNISM

How did we arrive at this point? To understand this we must look briefly at the Korean War and at North Korea to see how it evolved into its current state. The official name of North Korea is the Democratic Peoples Republic of Korea, (DPRK).<sup>14</sup> Technically, it became a country on 9 September 1948 even though the country was effectively under the control of occupying Soviet forces.<sup>15</sup> In 1946, the Soviets installed Kim Il-sung as head of the North Korean Provisional People's Committee.<sup>16</sup> Kim would eventually become the General Secretary of the Korean Workers Party, (KWP), Prime Minister and President of the Democratic People's Republic of Korea. Kim had spent most of World War II in or working with the Soviet Union, and, because of this, he introduced a Soviet style government in the DPRK with power concentrated mostly in the KWP.<sup>17</sup>

After the Korean War, there were many versions of the communist party in the DPRK. There was a Chinese leaning faction as well as a Soviet faction competing for power in the newly formed country.<sup>18</sup> The Soviet Union, because of its occupation used its leverage to ensure that North

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<sup>14</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 8, 2006.

<sup>15</sup> Ibid.

<sup>16</sup> Kong Dan Oh and Ralph C. Hassig., *North Korea Through the Looking Glass*, The Brookings Institute, Washington D.C.: 2000, 4-24.

<sup>17</sup> Ibid., 24.

<sup>18</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 8, 2006.



Korea's new leaders were those who followed the Soviet model and had spent time in the Soviet Union during the Second World War.

#### **A. THE KOREAN WAR**

After World War II, some latent hope remained of a unified Korea.<sup>19</sup> It soon became apparent that this would not happen with the consolidation of Kim's power in the North and Syngman Rhee coming to power in the South. Kim Il-sung believed that the only way to reunify Korea was through force and actively pursued both Chinese and Soviet support for an invasion. This in combination with a war weary United States' withdrawal of forces from South Korea gave Kim Il-sung the opportunity he needed to launch an invasion.

The South had a marginal army while Kim, with the assistance of the Soviets, had spent the early years of his regime building up the heavy industries and producing a military that could overwhelm South Korea by 1949.<sup>20</sup> North Korea possessed a core of revolutionaries in its armed forces that had seen combat time against the Japanese during World War II. The South was inexperienced and had less proficient armed forces.

Stalin initially had reservations about Kim's plans, but once the Soviets had developed an atomic weapon, his opposition to an invasion had moderated. A Chinese communist takeover in China and an emboldened, nuclear-armed Soviet Union gave Kim's invasion plans renewed life. In 1950, Stalin approved an invasion of the South by Kim's

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<sup>19</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 8, 2006.

<sup>20</sup> Taik-young Hamm, *Arming the Two Koreas, State Capital and Military Power*, Routledge, Taylor and Francis Group, New York: 1999, 62-65.

"People's Army." North Korean forces attacked on 25 June 1950, moving quickly toward Seoul, driving South Korean forces into a tiny section of the country around Pusan.<sup>21</sup> The United Nations intervened, driving the North Koreans north across the 38<sup>th</sup> parallel and capturing the North's capital, Pyongyang, by October of 1950. The Chinese soon joined the fight driving the UN forces out of North Korea recapturing Pyongyang and then Seoul by January of 1951. By March, United Nations forces had recaptured Seoul and established a stable front along the 38<sup>th</sup> parallel where the Armistice Line was established in 1953 and has remained since.<sup>22</sup>

After the war, Kim Il-sung moved rapidly to consolidate his power once again with massive show trials and executions of potential rivals. Kim was able to do this because of continued Soviet and North Korean military support. Pak Hon-yong, the leader of South Korea's communist party, was put on trial in the North and blamed for the failure of a popular uprising by the people of South Korea to support their North Korean brothers in the liberation of Korea.<sup>23</sup> He was executed along with most of the leftists who had defected from the South to North Korea during the war. In this way, Kim paved the way for his immortality in the eyes of the North Korean people.

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<sup>21</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 6, 2006.

<sup>22</sup> Richard W. Stewart., General Editor, *Volume II The United States Army In A Global Era, 1917-2003, The Korean War, 1950-1953, of Military History*, Center American Military History, United States Army Washington, D.C.: 2005, 218-249.

<sup>23</sup> *Ibid.*, 220-248.

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### III. NORTH KOREA VS. SOUTH KOREA MILITARY STRENGTH



Before assessing in greater detail the societal differences between the two Korean states, it is important to succinctly examine both sides of the strategic issue when deciding the correct course of action for North Korea. The table below shows that South Korean vs. North Korean military strength in manpower and materials seems to favor the DPRK.

Table 1. North Korea vs. South Korea military strength<sup>24</sup>

Bbl = Barrel of Oil (1 bbl = 42 US Gallons or 159 liters)

NR = Not Reported

#### South Korea Military Strength North Korea Military Strength

South Korea	Country	North Korea	
	 Flag		
✓	\$21,060,000,000	\$5,217,400,000	
	<u>Yearly Military Expenditure</u>		
	18	17	
	<u>Minimum Enlistment Age</u>		
✓	12,458,257	5,851,801	
	<u>Available Military Manpower</u>		
	5,209,000	5,995,000	✓
	<u>Total Military Personnel</u>		
	687,000	1,106,000	✓
	<u>Active Frontline Personnel</u>		
	1,481	1,624	✓
	<u>Aircraft</u>		
	4,650	6,560	✓
	<u>Armor</u>		
	5,528	21,400	✓
	<u>Artillery</u>		

<sup>24</sup> GlobalFirePower.com, "World Military Strength," [http://www.globalfirepower.com/countries\\_comparison\\_detail.asp](http://www.globalfirepower.com/countries_comparison_detail.asp), accessed August 31, 2006.

## South Korea Military Strength    North Korea Military Strength

	South Korea	Country	North Korea	
	7,032	<u>Missile Defense Systems</u>	16,075	✓
✓	13,000	<u>Infantry Support Systems</u>	9,200	
	85	<u>Navy Units</u>	708	✓
✓	650	<u>Merchant Marine Units</u>	284	
		5 <u>Major Ports</u>	11	✓
	0 (bbl per day)	<u>Oil Production</u>	0 (bbl per day)	
	2,168,000 (bbl per day)	<u>Oil Consumption</u>	25,000 (bbl per day)	✓
	NR	<u>Proven Oil Reserves</u>	NR	
✓	\$14,000,000	<u>Arms Exports</u>	\$NR	
✓	\$103,000,000	<u>Arms Imports</u>	\$NR	
✓	97,252 Km	<u>Roadways</u>	31,200 Km	
	3,472 Km	<u>Railways</u>	5,214 Km	✓
	1,608 Km	<u>Waterways</u>	2,250 Km	✓
	98,480 Sq Km	<u>Land Area</u>	120,540 Sq Km	✓
✓	108	<u>Airports</u>	79	
✓	23,530,000	<u>Labor Force</u>	9,600,000	
✓	\$956,300,000,000	<u>Purchasing Power</u>	\$40,000,000,000	
✓	\$210,400,000,000	<u>Gold Reserves</u>	\$NR	

This data, however, does not tell the entire story. North Korea has an active 1.1 million soldier army with most of it poised along the Demilitarized Zone (DMZ) running along the 38<sup>th</sup> parallel.<sup>25</sup> North Korean artillery

<sup>25</sup> *Jane's Sentinel Security Assessments*, s.v. "North Korea," [http://www4.janes.com/subscribe/sentinel/CNAS\\_doc\\_view.jsp?Sent\\_Country=Korea,%20North&Prod\\_Name=CNAS&K2DocKey=/content1/janesdata/sent/cnasu/nkors100.htm@current](http://www4.janes.com/subscribe/sentinel/CNAS_doc_view.jsp?Sent_Country=Korea,%20North&Prod_Name=CNAS&K2DocKey=/content1/janesdata/sent/cnasu/nkors100.htm@current), accessed August 24, 2006.

pieces number in the thousands with many of them aimed at Seoul, just a few miles south of the DMZ. South Korea as well has a capable standing military, but it is much smaller than North Korea's. However, a small number of United States troops, in and around the Demilitarized Zone, would slow an attack until reinforcements arrive. This balance of power has remained virtually unchanged since the Korean War truce in 1953.

Militarily, North Korea was supplied with some of the Soviet Union's most advanced weaponry. In the 1980's North Korea received advanced fighter aircraft such as Mig-29s, front-line tanks, and superior surface to air missile systems such as the SA-5 from the Soviets. This presented a substantial threat to the Republic of Korea.<sup>26</sup> North Korea continued to develop long-range missiles and embarked on a nuclear program that has the world concerned to this day. In the 1980s, North Korea presented a formidable military force.<sup>27</sup> After the fall of the Soviet Union, the fortunes of the North Korean military declined rapidly. Soviet weapon systems no longer were repaired by Soviet technicians, spare parts became non-existent and military readiness declined because of a series of floods and subsequent poor crop yields that caused mass starvation of the North Korean population. While the regime supplies the military first for everything including food, the effect

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<sup>26</sup> *GlobalSecurity.org*, "Korean Peoples Army," <http://www.globalsecurity.org/military/world/dprk/army.htm>, accessed September 8, 2006.

<sup>27</sup> *Ibid.*

was still felt on the armed forces. Today, North Korea, while still a powerful military force is severely weakened and vulnerable.<sup>28</sup>

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<sup>28</sup> *GlobalSecurity.org*, "Korean Peoples Army," <http://www.globalsecurity.org/military/world/dprk/army.htm>, accessed September 8, 2006.

#### IV. COMPARISON OF NORTH KOREA VS. SOUTH KOREA SOCIO-ECONOMIC STATUS

The two Koreas could not be more polarized on the socio-economic scale. The South after years of military dictatorships has emerged as a burgeoning Asian economic power. By 2000, the South's economy was more than thirty times the size of the North's where its policies of self-reliance have produced even greater desperation. The South has emerged as one of the world's top economies. In Gross Domestic Product, South Korea ranks 13<sup>th</sup> in the world. Since the 1980s, South Korea has become a functioning democracy.<sup>29</sup> This democratic system has shown the capability of electing opposition candidates such as the one-time dissident, Kim Dae-jung. The South Korean people enjoy a standard of living rivaling those of Japan, the United States, and Europe. Education levels and literacy are high as well in the southern portion of the peninsula. South Korea has unfettered freedom of religion, in fact, South Korea is an Asian center for Christian evangelism and some of the largest protestant churches in the world are located in Seoul.

The North is a closed state with a communist dictatorial government in complete control. North Korea is a country isolated from the realities of the world community, and a regime desperate to stay relevant to its people. "The North Korean regime and its practices are an anathema to nearly every civilized value. The starving of children; the relative deprivation that forces farmers to sell their daughters for Chinese cattle; the physical

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<sup>29</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 6, 2006.



handicaps that a generation of youth will bear due to a basic lack of nutrition and medicine all occur while the political regime and military survive in relative splendor."<sup>30</sup>

How did it go wrong for North Korea? Following the Soviet model, Kim established complete control of all aspects of the country to include instituting a command economy and nationalizing large percentages of indigenous North Korean industry. This allowed the KWP to control all of the country's manufacturing for both export and internal consumption. All aspects of the economy from money flow to infrastructure upgrades and improvements were carried out only by the state. Agriculture followed the communist policy as well. Land was seized and redistributed to the peasant classes, and the command economy dictated production goals and quotas. Following the example of China and the Soviet Union, collectivization was instituted in the 1950s, and by 1960, almost all agricultural production had reverted to collectivization.

North Korea followed the communist theory of diverting all available resources into heavy industries; military production became one of its highest priorities. Products for the benefit of its people, such as consumer goods, were neglected in deference to the state. North Korea's command economy paid workers a low fixed rate for wages and products and used the surplus to finance its industrialization effort.<sup>31</sup> In short, North Korea followed the classic communist command economic model during its

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<sup>30</sup> Elizabeth Rosenthal, "In North Korean Hunger, Legacy is Stunned Children," *New York Times*, December 16, 1998.

<sup>31</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 6, 2006.

early years. The results of this industrialization increased the living standard of its population up through the 1960s.<sup>32</sup> The economy produced great quantities of heavy machinery for agriculture and manufacturing but lacked the capacity to produce consumer goods for its expanding workforce. Following the Korean War, the North Korean economy and industrial production was restructured to prewar levels. The destruction that occurred during the war resulted in many opportunities for the North to continue its heavy industry focus. However, by the 1960s the North Korean economy was beginning to become sluggish much like most communist command economies of the period. The difference in income distribution between rural and urban areas became greater because of stagnation in the production of agriculture.

North Korea's continued massive spending on military procurement and crumbling existing infrastructure led to economic stagnation and increasing debt. This military-first thinking was shaped by the world that confronted North Korea. Kim Il-sung's thinking was outlined in a report entitled, 'Current Situation and the Task for Our Party'. In his speech on October 5<sup>th</sup> 1966, Kim criticized 'American imperialists' and 'Japanese militarism'.<sup>33</sup> He then issued an address titled 'On the Construction of Socialism and Reinforcement of Our Socialist Bastion'; Kim argued...

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<sup>32</sup> J. Barkley Rosser, Jr., *Comparative Economics in a Transforming World Economy, Second Edition*, Cambridge, Massachusetts: MIT Press, 2004, 517-520.

<sup>33</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 73-74.

For the unification of our country and the victory of Korean revolution, it is necessary to build socialism and revolutionary energy in the northern part of the Republic. We need to promote the construction of socialism and to strengthen our revolutionary bulwark politically, economically and militarily, by mobilizing all efforts of the party and the people. The most critical point in our task of revolutionary struggle is to promote economic development and military buildup simultaneously for the purpose of reorganizing socialist construction and national defense against the possible attack from the enemy... We have to maximize economic development as well as to reinforce our defense capability by all means.<sup>34</sup>

North Korea's self-guiding philosophy of self-reliance and its resistance to foreign interferences only compounded its problems. The guiding self-reliance philosophy of the North Korean state is called "Juche." What is Juche? The 1998 revised version of the DPRK's constitution, which reinforced Juche, stated unequivocally in Article 20 that "the means of production are owned solely by the State and co-operative organizations."<sup>35</sup> Juche is an original theory by Kim Il Song, the Soviet installed father of modern North Korea. This theory maintains that North Korea will move to independence economically without the help of foreigners. It follows Marx's theory of economic growth except for one important point: according to Marx, capitalism is a necessary stage in the evolution of socialism to communism. The workers will be key to eventually evolving the country to a communist utopia. Marx felt that technological change was the major factor of the whole economic system.

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<sup>34</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 73-74.

<sup>35</sup> 1998 DPRK Constitution, [http://210.145.168.243/pk/061st\\_issue/98091708.htm](http://210.145.168.243/pk/061st_issue/98091708.htm), accessed August 13, 2006.

Technological change would allow capitalists to exploit workers fully until they were completely useless and eventually displaced. This would cause great social change. He felt that capitalism was just a part of the evolution toward socialism. Each stage of technological advancement created a different stage of class struggle which led to a higher form of social order. He felt capitalism brought a very high stage of technological advancement, which would lead to a class struggle between workers and capitalists. The workers would win and lead the nation and economy into a full socialist society. The consequences are that poverty would disappear and the state would eventually disappear as well in this socialist state.<sup>36</sup> In the Juche theory, "The process toward independence involves the development of an independent national economy through Charip or self-sustainability, and a nation capable of its own self-defense through Chawi or (self-defense)."<sup>37</sup>

There is no capitalist stage in the Juche theory of North Korea. This theory has enabled North Korea to equivocate between the Soviet Union and China, allowing Kim Il-sung to favor either side as needed. Kim saw no need for the capitalist phase of the Marxist cycle. The power of the people would be enough to move into the stages of communism envisioned by Marx, without class struggles. Kim did, however, keep some of the Marxist tenets he liked but with a North Korean twist. Kim skillfully combined Confucian tradition, Marxism, Leninism, and Maoism to form

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<sup>36</sup> Benjamin Higgins, "The Concept of Secular Stagnation," *American Economic Review*, Vol. 40, No. 1 (March 1950), 160-166.

<sup>37</sup> Paul French, *North Korea The Paranoid Peninsula, A Modern History*, Zed Books, New York: 2005, 30-31.

his Juche philosophy, without acknowledging the contributions of each. He applied these revolutionary ideas to Korean social structures to form the economic and military philosophy to guide his country.<sup>38</sup>

North Korea's economic fortunes continued to decline and were complicated by the Sino-Soviet split in 1960. The modest improvement to political discourse has not been accompanied by a shift in military readiness. Trade certainly has a positive impact on the North Korean economy, but the extent is difficult to determine because it is a closed system, and the DPRK does not report its numbers. Additionally, South Korean reporting is inconsistent because it views its dealings with North Korea as inter-Korean trade and does not report its interactions as foreign trade, which is more easily tracked.<sup>39</sup> The DPRK also engages in illegal arms sales, drug trafficking, and narcotics, which provide a stream of hard currency income, that is difficult to trace. Yet another source of income comes from its diasporas living in other countries, including the Chosen Soren group living in Japan<sup>40</sup>.

While Kim attempted to seek assistance from both sides, the Soviet Union believed that Kim had moved toward supporting the Chinese and began to severely reduce military aid, technology transfer and credit granting to Kim's DPRK. This forced North Korea to rely on a less technically advanced China for aid and technical expertise.

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<sup>38</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 71-74.

<sup>39</sup> Economist Intelligence Unit. "Economic Structure," *Country Report: North Korea* (February 2006), 8.

<sup>40</sup> Dick Nanto and Emma Chanlett-Avery. "The North Korean Economy: Background and Policy Analysis," *CRS Report to Congress* (Updated January 24, 2006), RL32493: 18-20.

Kim, in fact, was not an enthusiastic supporter of Mao Zedong's policies during the early years of the People's Republic of China and felt that his policies, such as the Great Leap Forward, Hundred Flowers Campaign, and the Cultural Revolution were foolish and dangerous. These factors pushed the North Korean economy further into oblivion.

In the 1970s, North Korea's Soviet style economy, which relied on heavy industry, had declined and was no longer able to produce enough to support the floundering North Korean economy. Capitalist areas of the world were outstripping command economies by moving into advanced stages of industry, moving away from heavy coal burning industries. Countries, such as the North's mortal enemy South Korea, were reaping the benefits of an aggressive market economy. The entire Soviet block was being left behind both economically and socially. South Korea's economic prosperity led to the formation of a stable democratic government with an emerging capitalist market driven economy in stark contrast North Korea. South Korea instituted major economic reforms starting in 1970 that led progressively to it passing North Korea economically and militarily by the mid 1970s.<sup>41</sup>

North Korea and its leader Kim Il-sung found it difficult to respond to its prosperous neighbor and became increasingly alarmed that this well armed economic giant undermined the legitimacy of the North Korean leadership. Kim realized that he had to do something. In China, Deng Xiaoping was instituting reforms by opening China to

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<sup>41</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 156-157.

foreign investment and instituting a dual track economic system, but because of Kim's distrust of Chinese economic methods and his own Juche philosophy, he did not follow the Chinese model. Kim opted instead to focus his country back on his Juche or self-determination path. This exacerbated North Korea's isolation from the world, discouraging investment and preventing needed technological upgrades to his faltering industrial production and agricultural sector. By 1980, North Korea had defaulted on all of its foreign loans, and by the end of the century; its industrial output was in a perpetual decline.

Today the North Korean economy is described as "the possibility of Perestroika, the impossibility of Glasnost."<sup>42</sup> This means that North Korean leadership, out of desperation, has explored the process of economic liberalization without any hint of political liberalization. This seems to imitate China's initiatives in the 1990's to open a dual track economy. Deng Xiaoping decided to open China economically, slowly by allowing foreign direct investment first while maintaining a state controlled command economy. Slowly other sectors of the economy were opened allowing market pressures to change the economy without the economic and social upheavals that occurred with the breakup of the Soviet Union. The results have been a steady economic transformation of the Chinese economy without any significant changes to the political reality in China.<sup>43</sup> This appears to be the model that North Korea is trying to pursue. Granted, North Korea has not instituted the reforms that the Chinese have, and this has

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<sup>42</sup> French, *North Korea The Paranoid Peninsula, A Modern History*, 73.

<sup>43</sup> Mary E. Gallegher, "Reform and Openness," *World Politics* 54, no. 3 (2002), 338-72.

led to some serious economic problems for this isolated country. The North Korean economy is a command directed economy. Because of this, reform is extremely difficult.

Even though North Korea has looked at the Chinese example, its economy is structured like that of the former Soviet Union. In China, only about 20% of the population was working in the industrialized sectors when Deng began his reforms. In North Korea, over 90% of the work force is engaged in highly industrialized State Owned Enterprises, (SOEs). While China could make economic reforms and affect only 20% of its population, major reforms in North Korea would affect the social benefits of over 90% of its workers; this puts North Korea in a precarious position, much like that of the former Soviet Union and Eastern European countries.<sup>44</sup> Another crucial difference between North Korea and China is FDI. Because of North Korea's Juche philosophy, foreign investment has been viewed as something unnecessary by this self-sufficient workers paradise. In fact, in 1980 Kim Il-sung declared, "North Korea was a self sufficient socialist economy with no need for foreign capital."<sup>45</sup> China's economic experiment was characterized by massive amounts of foreign investment, while North Korea experienced very little direct investment from abroad. Any potential investment was stifled by the regime's habit of defaulting on foreign debts and its propensity to put rigid controls of any foreign endeavor in North Korea. Kim Jong-il has begun to realize that foreign

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<sup>44</sup> French, *North Korea The Paranoid Peninsula, A Modern History*, 84-85.

<sup>45</sup> *Ibid.*, 86-87.



investment is essential to improving the economy, but the track record of the regime leads to caution and hesitance of potential investors.

According to South Korean observers, North Korea classifies its citizens into three ranks and fifty-one categories based on their ideological orientation. The categories are then used to allocate rations for daily necessities, jobs, and housing. The North Korean military and political elite enjoy privileges far above that of the average citizen. While starvation plagues the provinces, the elite drive foreign cars, acquire imported home appliances, and buy imported food, medicines, and toiletries at special hard currency stores.<sup>46</sup>

North Korea seems unable to rid itself of its Juche philosophy. This is slowly strangling the country, placing it in a desperate economic situation. The leadership recognizes that a liberalization of the economy is necessary. This, however, in North Korea is not as easy as it may seem. To adopt economic openness would be like admitting that Kim Il-sung and his philosophy of Juche were wrong. This is not possible in today's North Korea. Kim Il-sung is the god of the North Korean people. Unlike Mao and Stalin in China and the former Soviet Union, Kim Il-sung is forever the savior of the North Korean people. Mao and Stalin were seen as great leaders but they were never looked upon as gods. In fact, once they moved on, succeeding leaders of both countries blamed their predecessors for failed economic policies and used this as an excuse to pursue other economic paths.

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<sup>46</sup> Dick Nanto and Emma Chanelett-Avery. "The North Korean Economy," 4-5.

In North Korea, Kim Il-sung is the foundation of the North Korean state. A 1981 KWP editorial may have said it best.

Kim Il-sung ... is the great father of our people....Long is the history of the word father being used as a word representing love and reverence ... expressing the unbreakable blood ties between the people and the leader. Father. This familiar word represents our people's single heart of boundless respect and loyalty.... The love shown by the Great Leader for our people is the love of kinship. Our respected and beloved Leader is the tenderhearted father of all the people.... Love of paternity ... is the noblest ideological sentiment possessed only by our people. His heart is a traction power attracting the hearts of all people and a centripetal force uniting them as one.... Kim Il-sung is the great sun and great man ... thanks to this great heart, national independence is firmly guaranteed.<sup>47</sup>

He is the president forever for the DPRK. Kim Jong-il's legitimacy is based on his father's legacy and continued worship within the country. Kim Il-sung's ancestors are revered revolutionaries dating back to the 1800s. North Korean propagandists claim the entire family to be of noble birth. This propaganda machine fabricates every aspect of North Korean society. Children learn stories and accounts of the Kim family's exploits; they are taught that North Korea could not exist without the guidance and benevolence of Kim Il-sung and his family. The people believe that while their lives are desperate, they live in the only functioning society in the world. To change economic philosophies from Juche would admit that the "The Great Father," was wrong. This is not possible and not something the current North Korean regime could

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<sup>47</sup> U.S. Library of Congress, *North Korea: A Country Study*, <http://countrystudies.us/north-korea/2.htm>, accessed September 6, 2006.

consider. "Even if a serious reform program were attempted, it is by no means preordained that such a program would be successful. The three robust predictors of success in reforming centrally planned economies are the degree of macroeconomic stability at the time that reform is initiated; the legacy of a functional pre-socialist commercial legal system; and the size of the agricultural sector."<sup>48</sup>

The North Korean people suffer a continuing deterioration of living standards. The results of the communist dictatorship and its ruinous policies of self-determination and isolation have placed North Korea in the ranks of one of the poorest and most backward countries on earth. The gap between the living standards of the citizens of South Korea compared to those in the North is immeasurable. A comparison of the two German nations prior to reunification is not analogous to the Korean situation. Such a gap in socio-economic status has unforeseen ramifications for a unification of the Korean peninsula. This adds to the idea that economic engagement will lessen the shock of a future reunification of the Korean people.

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<sup>48</sup> Simon Johnson. "How To Stabilize: Lessons from Post-Communist Countries," *Brookings Papers on Economic Activity* 1: 217-313 (1996).

## V. EVOLVING ENGAGEMENT OF NORTH KOREA: PAST, PRESENT AND FUTURE

The leadership of the DPRK regards "survival" as the first in a lexicographic set of preferences, and the regime has a history of confounding predictions of its demise. Moreover, for the last decade it has been enabled by neighbors who, for their own reasons, prefer its continued existence to its disappearance. The amount of external assistance necessary to keep it on "survival rations" is not large.<sup>49</sup>

For more than twenty years after the Korean War ended in 1953, contacts between the two Koreas were virtually non-existent except for the military confrontations outlined in the DMZ incidents table located at the appendix. North Korea at one time was one of the most feared militaries in Asia. It showed the propensity to take military action to achieve its aims. The capture of the USS Pueblo, the shooting down of a U.S. reconnaissance plane, and the killing of an U.S. army officer in the DMZ, all demonstrated the hostility of the North Korean regime. The USS PUEBLO was a U.S. Navy vessel sent on an intelligence mission off the coast of North Korea. On January 23, 1968, the USS PUEBLO was attacked by North Korean naval vessels and MiG jets. One man was killed and several were wounded. The eighty-two surviving crewmembers were captured and held prisoner for eleven months.<sup>50</sup>

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<sup>49</sup> Anthony Michell, "The Current North Korean Economy," in Marcus Noland ed. *Economic Integration on the Korean Peninsula*, Washington: Institute for International Economics (1998).

<sup>50</sup> USS Pueblo Veteran's Association, <http://www.usspueblo.org>, accessed August 29, 2006.

Aside from Panmunjom meetings, official contact between North and South Korea did not occur until 1971, consisting mainly of Red Cross contact to try and reunite separated families as a result of the Korean War.<sup>51</sup> "In 1991, the South North Basic agreement acknowledged that reunification was the goal of both governments. However divergent positions of the process of reunification and North Korean weapons programs, compounded by South Korea's tumultuous domestic politics and the 1994 death of North Korean leader Kim il-sung, contributed to a cycle of warming and cooling relations."<sup>52</sup>

Relations entered a zenith with the election of Kim Dae-Jung as the Republic of Korea's president in 1997; he favored a dove-like approach toward North Korea. This led to a historic inter-Korean summit in June of 2000; however, revelations of continued North Korean nuclear activity and North Korean opposition to the United States' policies in the Middle East have led to a steady decline in relations on the Korean peninsula.

North Korea has not reduced the number of its troops along the DMZ. There have been a number of incidents, including an attack on a South Korean patrol boat that left four dead and 19 wounded in June of 2002. Another incident was an exchange of small arms fire across the DMZ in July of 2003 followed by a South Korean patrol boat firing warning shots at North Korean boats in violation of South

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<sup>51</sup> U.S. Department of State, *Bureau of East Asian and Pacific Affairs*, October 2006, <http://www.state.gov/r/pa/ei/bgn/2792.htm>, accessed October 26, 2006.

<sup>52</sup> Ibid.

Korean territorial waters in August 2003. Both governments dismissed these incidents and continued on the sunshine path.

In 2003, North Korea withdrew from the Nuclear Non-Proliferation Treaty. They then expelled all International Atomic Energy Agency inspectors and announced a decision to resume its nuclear weapons program. Six party talks resumed in 2005 for a fourth round where all agreed to a denuclearization of the Korean peninsula. The Joint statement committed North Korea to "abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards."<sup>53</sup> The statement additionally committed the United States and the other parties to certain actions as North Korea began to denuclearize. "The United States offered a security assurance, specifying that it had no nuclear weapons on South Korean territory and had no intention to attack or invade North Korea with nuclear or other weapons. Finally, North Korea and the United States were to take steps to normalize relations, subject to North Korea implementing its denuclearization pledge and resolving other longstanding concerns."<sup>54</sup>

At the time this seemed to be a major breakthrough that all parties had sought for almost fifty -years, but North Korea failed to return for continued talks. Most recently, on July 5, 2006, North Korea test fired a ballistic missile despite widespread requests not to; these

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<sup>53</sup> U.S. Department of State, *Bureau of East Asian and Pacific Affairs*, October 2006, <http://www.state.gov/r/pa/ei/bgn/2792.htm>, accessed October 26, 2006.

<sup>54</sup> Ibid.

requests came from many nations including its top three trading partners, China, South Korea, and Japan. The latest six-party talks that took place in China in February of 2007 have produced a possible agreement for North Korea to suspend nuclear activity in exchange for monetary and fuel considerations.<sup>55</sup> This agreement sounds strikingly similar to the failed agreements of 1994. North Korea has shown an unwillingness to abide by international agreements such as the 1994 Agreed Framework in respect to its nuclear ambitions.<sup>56</sup> Whether this agreement holds in 2007 remains to be seen.

Given the checkered history of the North Koreans, many in the world community ask what will be the next step in dealing with Kim and his regime in the North. Two basic groups have emerged. Some believe North Korea must be dealt with as a country that must be forced to conform to international standards as a civilized nation before any appeasement can be considered. They point to the fifty plus years of South Korean and American engagement and the North Korean's resistance to change as a reason to be hawkish. Others feel that the reason for the continued problems with the North is our lack of meaningful engagement that will change the North once and for all. Both a hawkish view and economic view will be outlined in the following chapters.

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<sup>55</sup> U.S. Department of State, *Bureau of East Asian and Pacific Affairs*, <http://www.state.gov/p/eap/regional/c20819.htm>, February 2007, accessed March 28 2007.

<sup>56</sup> David C. Kang, *Nuclear North Korea, A Debate On Engagement Strategies*, New York: Columbia University Press, 2003, 88-92.

## VI. ENGAGEMENT STRATEGY: HAWKISH

"United States intelligence has detected signs that the North Korean military is preparing an underground test site for a possible nuclear explosion."<sup>57</sup> The pro-military engagement camp views North Korea as a threat that can only be dealt with militarily. North Korea cannot be coped with by using soft power engagement models.

This camp feels that North Korea must be changed before its nuclear capabilities mature. A nuclear-armed North Korea would be beyond a military solution and past history has demonstrated the irrationality of North Korean leadership. An unprovoked nuclear attack on Tokyo or Honolulu is not beyond the realm of possibilities.

On the humanitarian side, the United States is obligated to relieve the suffering of the North Korean people. The starvation of millions is inhumane, and as the remaining superpower, we must act. If we can liberate the people of Iraq, why do we not do the same for the people of North Korea? An argument can easily be made that the North Koreans are more oppressed than the Iraqis were, and that Kim Jong-il is a far greater threat to the world than Saddam Hussein was.

Military proponents point out that South Korea today is ready to take on the economic impact of reunification. South Korea's economy is one of the strongest in the world. It is in a much stronger position economically than West

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<sup>57</sup> CNN Headline News, August 18, 2006.



Germany was when it reunified with the East.<sup>58</sup> Most South Koreans would disagree but the economic numbers prove it.<sup>59</sup> Militarily, North Korea is the sixth largest Army in the world.<sup>60</sup> Its capital Pyongyang is the most heavily fortified city in the world. Surface to air missiles surround the country's industries, transportation, and leadership. A cult leadership under Kim Jong-il runs the country. Nearly all able-bodied males between the ages of 18-30 are in uniform.<sup>61</sup> The United States estimates that North Korea's defense expenditures have been at least 30 per cent of its total budget, or 20-25 per cent of its GNP.<sup>62</sup> War would accomplish the demolition of the current North Korean regime and would probably lead to many desirable consequences. It would provide relief for the multitude of starving North Koreans who cannot wait until economic engagement improves their plight.

When Kim Il-sung died in 1994, his son Kim Jong-il succeeded him as General Secretary of the Korean Workers Party. The post of President was eternal, but Kim Jong-il also became the Chairman of the National Defense Commission, the nation's highest administrative authority. With these two positions, Kim Jong-il became the de facto head of the North Korea. He immediately began a campaign of military appeasement to ensure its support, which was essential for the survivability of his regime. The armed

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<sup>58</sup> J. Barkley Rosser, Jr., *Comparative Economics in a Transforming World Economy, Second Edition*, Cambridge, Massachusetts: MIT Press, 2004, 570-71.

<sup>59</sup> Ibid, 570.

<sup>60</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 2.

<sup>61</sup> *GlobalSecurity.org*, "Korean Peoples Army," <http://www.globalsecurity.org/military/world/dprk/army.htm>, accessed September 8, 2006.

<sup>62</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 3.

forces, headed by Defense Minister Oh Jin-wu, supported the younger Kim by late 1994. Under Kim Jong-il, North Korea continued a program of military buildup, spending more than a quarter of its GNP on armaments, including development of nuclear weapons alarming the world community. Kim Jong-il's military buildups and nuclear ambitions cause the military engagement camp to point out the need to prepare to confront North Korea militarily. They feel this will occur sooner than later, and the world should be vigilant and not be dissuaded by North Korean feints at becoming a functioning member of the world community.

These feelings sum up the passion of those who advocate a military first, hawkish stance in dealing with North Korea. The argument is that with a morally bankrupt regime any engagement, especially economic engagement, is, tantamount to supporting the regime. Countries such as North Korea should be regarded not as moral deviants to be reprimanded, but as security problems that must be solved.<sup>63</sup> Many people cannot accept the thought of compromising the moral high ground even to the extent of risking all out war.

So will this United States' policy of military engagement work for North Korea? Looking at the sunshine period of 1998-2006, the military engagement camp feels it is clear that while there were some modest gains in relations between North Korea and South Korea, it seems economic engagement and trade are not significant deterrents to North Korean acts of aggression. (See appendix)

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<sup>63</sup> Leon Sigal, *Disarming Strangers: Nuclear Diplomacy With North Korea*, Princeton New Jersey: University Press, 1998, 51-62.

North Korea is a country that only responds to superior force. Its view of self-reliance, Juche, prevents it from integrating or opening itself to the world and the influences it brings. This camp believes a necessary precondition to force North Korea to change is to have a coalition of participants willing to use military force. Without a consensus, implementing any other form of coercion to put pressure on North Korea is unworkable. The hawks believe that North Korea needs to be dealt with from a militarily threatening position to end the regime once and for all.

The proponents of the military first option point to three key reasons why this is the correct engagement policy for North Korea. First, economic engagement or appeasement of North Korea places blind faith in the DPRK's ability to reform and does not build a coalition with the ability to respond to North Korea when needed. Choosing engagement strategies such as South Korea's "Sunshine Policy" toward North Korea buys time for the regime and fails to expose the North's unchanged intentions. Second, if the DPRK reverts to "attention-inducing" behavior, then the likely American response will be a punitive one.<sup>64</sup> It is better to recognize the intentions of North Korea early and deal with them rather than procrastinating. Third, if all other engagement strategies fail, military responses like preemptive action, massive retaliatory strikes (in response to a DPRK missile launch or artillery barrage), creating food distribution centers off DPRK shores and borders, and offering guarantees of safe havens for refugees should be

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<sup>64</sup> Chuck Downs, *Over the Line: North Korea's Negotiation Strategy*, Washington D.C.: The AEI Press, 1999, 27.

taken.<sup>65</sup> Implicit in this view is the conviction that early unification of the peninsula should be viewed as an investment in the future. This is considered the only strategy for North Korea because of its track record of non-compliance and deception. This camp points out that the time is now to deal with North Korea. The United States and the Republic of Korea should undertake a reorientation of their military posture on the peninsula, focusing more on long-range deep-strike capabilities to force the DPRK to scale back forward deployments in defense of Pyongyang.<sup>66</sup>

Millions of its people have died and countless other deaths are imminent. Its military is degraded and the regime has adopted policies that cannot be tolerated by the world: entrance into the nuclear club of nations. Clearly, these proponents of the military option embrace the current U.S. administration. President George W. Bush in his January 2002 State of the Union speech stated in regard to states like Iran and North Korea;

States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger ... In any of these cases, the price of indifference would be catastrophic ... Time is not on our side. I will not wait on events, while dangers gather. I will not stand by, as peril draws closer and closer.<sup>67</sup>

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<sup>65</sup> Downs, *Over the Line: North Korea's Negotiation Strategy*, Washington D.C.: The AEI Press, 1999, 28.

<sup>66</sup> Cha, *Nuclear North Korea, A Debate On Engagement Strategies*, 98.

<sup>67</sup> United States White House, <http://www.whitehouse.gov/news/releases/2002/01/20020129-11.html>, accessed, August 18, 2006.

Those who favor military action to resolve the North Korean problem feel now is the time to engage it militarily. A weakened military force, with a population starving and in desperate need of help, all contribute to an opportunity for military action that cannot be squandered. This perspective has some merits, but it must be considered in the context of societal engagement alternatives that are evaluated in the next section.

## VII. ENGAGEMENT STRATEGY: SOCIO-ECONOMIC

Before making the case that an economic engagement strategy is the most effective way to reduce the threat of problem states, an acknowledgment must be made. Often, economic reforms lead to a delay in political reforms. Economic liberalization allows an authoritarian regime to remain legitimate in the eyes of its people because it is seen as bringing increased prosperity to the country. Over time, however, the competitive pressure inherent in the liberalization of economies leads to increased convergence with capitalism.<sup>68</sup> Similar to the Chinese Communist Party in the Peoples Republic of China, the Vietnamese Communist Party has survived intact despite a declining commitment to core principles of state ownership, elevated role of the working class, and ideas of economic justice. These core principles have been rejected in favor of nationalism and Vietnam's ability to compete in the world economy. This points out that in transitioning economies like China and Vietnam there may be benefits of continued authoritarianism until a democratic change naturally occurs via the pressures of the marketplace. This stability of government and economic change permits development of broader social foundations for future democratization, including a growing middle class and legal institutions created to deal with societal conflicts. The authoritarian state supports this as a way of delaying demands for further political liberalization and to force societal demands into areas which it can control. Reform and economic openness produce economic change without political liberalization in the

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<sup>68</sup> Mary E. Gallegher, "Reform and Openness," *World Politics* 54, no. 3 (2002), 338-72.

short term but it also produces a reduction of societal resistance to reform, buying the existing regime time to implement politically difficult reforms and to reformulate the ideological foundation of their legitimacy to rule. In short, economic openness slowly evolves an authoritarian regime by forces of the market.<sup>69</sup>

In 1998, South Korean President Kim Dae Jung initiated his Sunshine Policy of engagement with the DPRK, which includes economic incentives in the form of trade. On its northern border, China remains North Korea's top trading partner and provider of aid although its contributions are less than requested.<sup>70</sup> The natural question that arises is whether the trade is having the desired effect of making North Korea more stable and less likely to initiate conflict.

North Korea's primary security concern is a military strike by the United States with the goal being regime change. At the same time South Korea extended offers of economic benefits and increased ties, President Bush labeled North Korea a part of the "Axis of Evil."<sup>71</sup> For Kim Jong-il, continued existence has to take precedence over economic enticements. As long as the United States has troops on Korean soil and refuses to renounce the preemptive use of force as an option, North Korea will

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<sup>69</sup> Mary E. Gallegher, "Reform and Openness," *World Politics* 54, no. 3 (2002), 338-72.

<sup>70</sup> According to Andrew Scobell on page 5 of "China and North Korea: From Comrades-in-Arms to Allies at Arms Length," in 1996 North Korea requested a large amount of grain and China only offered one tenth of the requested amount. North Korea responded by threatening to improve relations with Taiwan. China increased its offer, but it still did not reach the requested levels.

<sup>71</sup> President George W. Bush. "State of the Union Address," January 29, 2002, accessed September 8, 2006.

continue to view socio-economic measures as secondary to the United States military threat. "America's trade leadership can build a coalition of countries ... Open markets are vital for developing nations, many of them fragile ... that rely on the international economy to overcome poverty and create opportunity; we need to answer for those who ask for economic hope to counter internal threats to our common values."<sup>72</sup>

The socio-economic engagement camp argues there is potentially an immense power of United States' economic forces to change cultures and minds of people and governments. American businesses have the same effect on countries once they are established. Corporations sense untapped markets for consumer goods and do everything possible to placate host governments. The result is to make those countries less hostile to the United States by subtly changing the minds of the populace, which eventually influences the government. They believe this economic strategy is what changed the rogue state of Vietnam after the guns had been silenced. "A strong world economy enhances our national security by advancing prosperity and freedom in the rest of the world. Economic growth supported by free trade and free markets creates new jobs and higher incomes. It allows people to lift their lives out of poverty, spurs economic and legal reform and the fight against corruption, and reinforces the habits of liberty."<sup>73</sup>

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<sup>72</sup> Kevin Sullivan, "US Relations Change Suddenly for Mexico," *Washington Post*, September 20, 2001.

<sup>73</sup> National Security Strategy of the United States, Washington, DC, Office of the White House, September 17, 2002, at [www.whitehouse.gov/nsc/nss6.html](http://www.whitehouse.gov/nsc/nss6.html), accessed September 8, 2006.



United States foreign policy that does not take into account the results of past military lessons learned is unwise in today's increasingly complicated environment. The former Soviet Union collapsed not because of a United States' invasion, but by economic forces that overcame and undermined the communist government's legitimacy and ability to govern.

The economic engagement camp sees broad benefits from engaging totalitarian regimes in the marketplace. As in the former Soviet Union and China's case, economic prosperity is an unquenchable drive for people of oppressed societies to demand change. As an example, Elisabeth Rosenthal, a *New York Times* reporter, described driving her kids to soccer practice in China.

We drove in a sport-utility vehicle (most probably made by Beijing Jeep, a joint venture with Chrysler), loading up on toilet paper at Price Smart, and stopping by one of 40 McDonald's for a Big Mac and then Dairy Queen or Baskin-Robbins for a sundae. Therefore, this is what the Communist Party means by 'socialism with Chinese characteristics'! But isn't this what it's like in Des Moines?<sup>74</sup>

Once closed command economies cannot survive the pressures of the market place. Big Macs, DVD players, computers and other consumer goods push people toward a demand for change that Marx or Engels, and economic systems inspired by them cannot hope to overcome. Changes occur naturally, sometimes without the authoritarian regimes realizing it. On occasion, the state does realize that the only way to survive is by instituting changes to ensure its survivability. Today, China and Vietnam, while still

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<sup>74</sup> Elisabeth Rosenthal, "Funny, I Moved to Beijing and Wound Up in Pleasantville," *New York Times*, 15 November 1998, 7.

Communist, are not imminent threats to the United States. They argue that this strategy reduces or eliminates the threat while military engagement creates many more problems.

The conclusion on Vietnam seems to be apparent today and is salient because of the cultural and regional parallels with North Korea. The current Vietnamese Prime Minister is not a democratic leader, and there have been only a few democratic reforms in the government. My argument that increasing economic engagement slowly evolves governments by economic pressure into more democratic regimes does not seem to be happening in Vietnam yet. But, the fact remains that this country is a major trading partner and not a threat to the United States. The United States made a decision to engage and open Vietnam even though it remains a tightly controlled political Communist state. The Vietnamese Communist Party that led the war against the United States a few decades ago is being welcomed without reservations by America's political and business leaders. "The United States President and Secretary of Defense have met the Prime Minister of Vietnam. Business leaders such as Microsoft head Bill Gates have hosted Vietnamese delegations and the country recently signed an agreement to purchase four Boeing jetliners."<sup>75</sup> The potential exists for similar progress in U.S.-North Korean relations.

The success of socio-economic engagement can be clearly seen in the Chinese and Vietnamese cases. On the one hand, when dealing with Iraq, Iran, North Korea, and

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<sup>75</sup> Leon Hadar, "Trading, Not Invading: US Hums a Different Tune In Vietnam," AntiWar.com, <http://antiwar.com/hadar/?articleid=6457>, accessed August 31, 2006.

Cuba, the United States has insisted that economic sanctions, diplomatic isolation, and the use of military power ("regime change") is an approach that can be described as U.S. "destructive disengagement"<sup>76</sup> toward these governments. The belief is this the only way to transform totalitarian systems and authoritarian regimes into democracies and free-market economies.

In the cases of China and Vietnam, the exact opposite appears to be true. Our approach to the Vietnamese problem, given its tenuous ties with China that are similar to PRC-DPRK tensions, was based on constructive economic engagement and on the idea that expanding diplomatic and economic ties with an authoritarian government is the most effective way to help move it in the direction of free markets and democracy. Coming in the wake of normalized U.S.-PRC relations in the Nixon, Ford and Carter years, diplomatic relations between the United States and Vietnam were restored in 1995 under President Clinton. Since then, two-way trade has risen to \$6.4 billion in 2004 from \$451 million in 1995. After a bilateral trade pact in 2001, the United States has become Vietnam's key trade partner.<sup>77</sup> Many of the United States' key allies in the region joined in this economic engagement strategy for Vietnam. This could occur in North Korea too. Japan is now one of Vietnam's top trading partners and investors.<sup>78</sup> Given

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<sup>76</sup> Leon Hadar, "Trading, Not Invading: US Hums a Different Tune In Vietnam," AntiWar.com, <http://antiwar.com/hadar/?articleid=6457>, accessed August 31, 2006.

<sup>77</sup> Leon Hadar, "Trading, Not Invading: US Hums a Different Tune In Vietnam," AntiWar.com, <http://antiwar.com/hadar/?articleid=6457>, accessed August 31, 2006.

<sup>78</sup> Associated Press, "Vietnam Leader to Visit Japan," Thursday, October 12, 2006, [http://biz.yahoo.com/ap/061012/vietnam\\_japan\\_trade.html?.v=1](http://biz.yahoo.com/ap/061012/vietnam_japan_trade.html?.v=1), accessed October 17, 2006.

Japan's proximity to North Korea and interest in North Korean issues, Japan might apply that paradigm to the DPRK too.

At the same time, Vietnam has taken small steps toward opening its economy and political system and has made commitments to implement new legislation on religious practice, allowing churches to open and ending detention of religious leaders. According to opinion polls, most Vietnamese, especially young people, admire American culture and business. This may suggest that perhaps the United States ended up winning the Vietnam War after all.<sup>79</sup>

What is almost certain is diplomatic and economic engagement with Vietnam has made it more likely that the Americans, not the communists, are now winning the hearts and minds of the Vietnamese people, while American businesses make money and American consumers have access to cheap products. In short, economic engagement in Vietnam is a cost-effective strategy.<sup>80</sup> Moreover, the lessons the United States has learned about socio-economic engagement in Vietnam reinforces the lessons learned in China, with post-Soviet central Asian states, in the Balkans and in post-World War II reconstruction efforts in Europe and Asia.

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<sup>79</sup> Leon Hadar, "Trading, Not Invading: US Hums a Different Tune In Vietnam," AntiWar.com, <http://antiwar.com/hadar/?articleid=6457>, accessed August 31, 2006.

<sup>80</sup> Associated Press, "Vietnam Leader to Visit Japan," Thursday, October 12, 2006, [http://biz.yahoo.com/ap/061012/vietnam\\_japan\\_trade.html?.v=1](http://biz.yahoo.com/ap/061012/vietnam_japan_trade.html?.v=1), accessed October 17, 2006.

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## VIII. DEVELOPING A UNITED STATES SOCIO-ECONOMIC STRATEGY TOWARD NORTH KOREA

What is the answer for North Korea? The initiation of the Sunshine Policy marked the first positive trend in the North Korean economy since the collapse of the Soviet Union. Some progress in cross-DMZ relations has been made, but progress is slow and marked with minor crises. Official and unofficial contact is increasing in level and frequency, including the South Korean President's visit to Pyongyang in 2000, the first leader-to-leader summit since Korea's division in 1945<sup>81</sup>.

Since it is impossible to accurately determine North Korea's actual GDP, it is useful to look at its legal trade and its estimated GDP growth rate to estimate its dependence on foreign trade. Examination of Figure 1 and Table 1 reveals that in recent years North Korea exports about \$1 billion and imports about \$2 billion, leaving it with a \$1 billion trade deficit annually. The degree of North Korean reliance on trade becomes apparent when viewed against the backdrop of the 2003 estimate of the DPRK's annual GDP as \$23 billion.<sup>82</sup> Based on the information presented here, North Korea is highly dependent on foreign trade to maintain positive (though meager) GDP growth.

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<sup>81</sup> Wan Ming. "Economic Interdependence and Economic Cooperation: Mitigating Conflict and Transforming Security Order in Asia," in *Asian Security Order: Instrumental and Normative Features*, ed. Muthiah Alagappa. Palo Alto, CA: Stanford University Press, 2003, 295.

<sup>82</sup> *Ibid.*, 2.

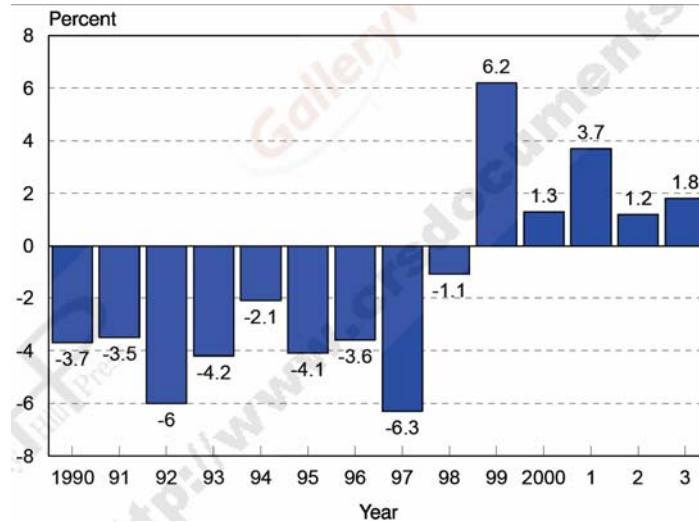


Figure 1. Growth in Real GDP in the DPRK, 1990-2003 (From: Bank of Korea<sup>83</sup>)

Table 2. North Korean Trade by Selected Trading Partner. Selected Years, 1994-2003 (\$ in millions) (From: Bank of Korea<sup>84</sup>)

North Korean Exports								
	1994	1996	1998	1999	2000	2001	2002	2003*
World	1,039	1,201	965	892	995	1,047	1,274	1,066*
China	181	69	51	42	37	167	271	395
Japan	328	291	219	203	257	226	234	174
S. Korea	176	182	92	122	152	176	272	289
Russia	44	347	8	7	8	15	10	3
Germany	57	32	24	20	20	21	26	15
North Korean Imports								
	1994	1996	1998	1999	2000	2001	2002	2003*
World	1,286	2,055	1,300	1,436	2,047	3,272	2,436	2,049*
China	467	497	357	329	451	571	467	628
Japan	171	226	175	148	207	1,065	133	92
S. Korea	18	70	130	212	273	227	370	435
Russia	70	525	56	48	36	56	47	112
Germany	59	33	24	32	53	91	148	63
Balance of Trade	-247	-854	-335	-544	-1,052	-2,225	-1,162	-983

South Korean data from Republic of Korea, KOTRA (Korea Trade-Investment Agency) Overseas Offices. World Trade data from International Monetary Fund, *Direction of Trade Statistics*. Country data from World Trade Atlas. World sum is the total North Korean trade plus trade with South Korea. \*World Total for 2003 estimated by KOTRA.

<sup>83</sup> As cited in Dick Nanto and Emma Chanlett-Avery. "The North Korean Economy," 5.

<sup>84</sup> As cited in Dick Nanto and Emma Chanlett-Avery. "The North Korean Economy," 12.

The literature on how to deal with North Korea is split in opinion, but it appears that economic engagement is the appropriate policy for the North Korean problem. South Korea has easily surged ahead of North Korea economically. The good news is that peaceful unification is certainly possible as both Koreas are deeply nationalistic.<sup>85</sup> "Their economies are in a broad sense complimentary and could fit together if the political and economic difficulties of transition could be handled. That the latter would be serious is seen by the high costs of reuniting East and West Germany, where the income gap was not as great as it is between the two Koreas."<sup>86</sup>

Even though there seems to be some common ground economically between the two Koreas, other factors would diminish the shock of reunification. Both share a competitive spirit and a strong Confucian identity. Another key that could provide a rallying of both peoples is a common disdain for the Japanese. While problematic for the United States, this would be a nationalist uniting point for both Koreas. Both Koreas possess two of the hardest working labor forces as measured by the length of the workweek.<sup>87</sup> They also share a respect for education that has led to nearly universal literacy, as well as very rapid growth rate of high-tech education among their populations. South Korea has a higher percentage of its

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<sup>85</sup> Rosser, *Comparative Economics in a Transforming World Economy*, Second Edition, 517-520.

<sup>86</sup> Ibid., 570.

<sup>87</sup> Alice H. Amsden, *Asia's Next Giant*, New York: Oxford University Press, 1989, 205.



student-age population in college (36 percent, 23 percent in North Korea) than any other country except the United States and Canada.<sup>88</sup>

The bad news is the North Korean economy is in a shambles; millions of people have starved because of famine and mismanagement by the current regime. "North Korea is already experiencing significant macroeconomic instability and in terms of the sectoral composition of output and employment, the North Korean economy more closely resembles Romania and parts of the former Soviet Union than the agriculture-led Asian reformers."<sup>89</sup>

In the midst of a crisis, that threatens its existence, North Korean leaders have not tried serious reform or an open-door policy. They fear that it would bring the regime to an end, i.e. the 'reunification by absorption', and they are probably correct.<sup>90</sup> Military belligerence by the United States reinforces the dogma and perception of necessity of the current regime. Economic engagement, much like what happened in China and Vietnam, could slowly weaken the current leadership in North Korea if they do not respond to it creatively.

Kim Dae-jung, a one-time dissident, was elected president of South Korea and in 1998 instituted the "Sunshine Policy." This contradicts the military engagement literature, which believes unification is the key to the success of Korea, even if it is done via force.

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<sup>88</sup> Byoung-Lo Kim, *Two Koreas in Development: A Comparative Study of Principles and Strategies of Capitalist and Communist Third World Development*, New Brunswick, N.J.: Transaction Press, 1992, 91.

<sup>89</sup> Marcus Noland, *Avoiding the Apocalypse: The Future of the Two Koreas*, Washington: Institute for International Economics, (2000).

<sup>90</sup> Hamm, *Arming the Two Koreas, State Capital and Military Power*, 87.

Sadly, Kim's Sunshine Policy was stopped because of corruption that occurred during his administration in early 2002.<sup>91</sup> The pro-military camp points to this corruption as proof that only a military solution is possible for North Korea. A different version of the "Sunshine Policy" has been tried by Kim Dae-jung's successor as Republic of Korea president, Roh Moo-hyun, since 2002 without concrete success. President Roh's policy is called "Policy of Peace and Prosperity." The modest improvement to political discourse has not been accompanied by a shift in military readiness.

The economic engagement camp believes the United States should take the initiative and institute its own Sunshine Strategy. They feel we must convince the North Koreans that it is in their best interest to open its doors to the West. "Trade policy as anti-terror weapon is an understandably appealing idea. It doesn't put American soldiers in harm's way. It is nonviolent, market friendly, and holds the promise of draining the swamp of hostility. And it doesn't require a funding line in the federal budget."<sup>92</sup> Historical examples of military and economic strategies reveal the correct policy to deal with states, such as North Korea, is economic engagement.

Vietnam gives us a clear picture of both strategies put into action. The United States entered the Vietnam conflict in the early 1960's as military advisors to the then South Vietnam government engaged in a conflict with communist North Vietnam. United States policy makers

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<sup>91</sup> Paul French, *North Korea The Paranoid Peninsula, A Modern History*, 250-251.

<sup>92</sup> Alan Tonelson, "There's Only So Much That Foreign Trade Can Do," *Washington Post*, June 2, 2002, B1.

believed that military force could defeat the communists from the North.<sup>93</sup> As a result of the Gulf of Tonkin incident in 1964, the advisory role of Americans escalated into direct military action upon orders of President Lyndon B. Johnson to target enemy military installations. Year after year American troop levels were increased in an attempt to eliminate the North Vietnamese threat. Following the Tet offensive in 1965 until 1975, the United States eventually committed some three million troops in an attempt to defeat the communist insurgency into the South. Military support from the communist North and material and logistical aid from the Soviet Union prevented the United States from defeating this insurgency. By 1970, the United States steadily turned over combat roles to the South Vietnamese and began to withdraw its forces from the country. All American troops were withdrawn from Vietnam by 29 March, 1973. The Paris Peace Accords in January of 1973 formally recognized the sovereignty of both the North and the South. United States advisors and support troops stayed in South Vietnam until April of 1975. After 14 years and 58,000 dead, the United States withdrew from Vietnam<sup>94</sup>. The war continued however until the North overpowered the South and reunified the country on 30 April 1975. The Socialist Republic of Vietnam was born. This tragic chapter in United States military history demonstrated that military engagement had failed to change the threat of North Vietnam and actually created a communist united Vietnam stronger than before the war.

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<sup>93</sup> Stanley Karnow, *Vietnam, A History*, New York: The Viking Press, 1983, 18.

<sup>94</sup> Karnow, *Vietnam, A History*, 9.

In 1986, the communist leadership of Vietnam implemented economic reforms known as "Doi Moi," (renovation). During the 1990s, economic growth was rapid and the United States, driven by business pressures, allowed American corporations to start to explore economic ventures into the communist country of Vietnam.<sup>95</sup> An eager Vietnamese government searching for answers to communist manifested economic woes, allowed American companies to invest capital into the Vietnamese economy and American products flooded the market from cigarettes to American movies. Vietnam's French Colonial period and familiarity with Western culture only facilitated this move toward economic reforms.<sup>96</sup> This started to expose the Vietnamese to many of the West's ideals and created a demand among the population for consumer goods supplied only by the West. This evolution not only arose in the population, but to leadership as well. Vietnamese leaders were able to create for the first time in its history, real economic growth and rise in per capita income. Diplomatic relations were established between the Socialist Republic of Vietnam and the United States in 1995.<sup>97</sup> The once centrally planned, failed economy changed gradually to a market economy due to the influences of economic engagement. An economic engagement strategy accomplished the effective removal of Vietnam as one of the world's threatening states.

United States' economic policy is formally outlined in the National Security Policy of the United States.<sup>98</sup> I contend that economic engagement is the appropriate policy

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<sup>95</sup> Karnow, *Vietnam, A History*, 11.

<sup>96</sup> Karnow, *Vietnam, A History*, 9.

<sup>97</sup> *Ibid.*, 10.

<sup>98</sup> National Security Strategy of the United States.

for the North Korean problem. "Neither foreign investments nor trade will greatly flow to the decrepit DPRK because other states offer economic freedom and prospects for better financial returns. But ceasing economic conflict will remove the United States as a scapegoat for its economic backwardness and can help smooth its eventual integration into the global economy. Otherwise, when communism does expire in North Korea, the United States, as the sole superpower and a major adversary, could face the economic equivalent of a toxic dump. Modest economic growth will lighten our load, help the people of North Korea, and pave the way for a peaceful reunification of the two Koreas."<sup>99</sup>

The North Korean economy is in a shambles, millions of people have starved because of famine and mismanagement by the current regime. A blueprint for this, but on a much grander scale, is the South Korean government instituted "Sunshine Policy" for North Korea. Kim Dae-jung's Sunshine Policy had three guiding principles: (1) no toleration of armed provocation of any kind; (2) no unification by absorption (i.e. no German-style process); and (3) the active promotion of inter-Korean reconciliation and cooperation, starting first with those areas of mutual interest on which both could readily agree. What South Korea hoped to accomplish is to slowly open up North Korea through an economic engagement policy, thus minimizing the impact of a future reunification economically. The United States should institute its own "Sunshine Strategy." We must convince the North Koreans that it is in their best

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<sup>99</sup> Thomas H. Henriksen, "It's Time to End Sanctions against North Korea," *Hoover Digest* No. 4, 1998, Hoover Institute, <http://www.hooverdigest.org/984/henriksen.html>, accessed August 31, 2006.

interest to open to the West but in a way that is subtle with a long-term view. Economic engagement works in its own way at its own pace. It may not be immediate, but history shows it works eventually.

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## IX. IMPLEMENTATION OF THE UNITED STATES' NORTH KOREAN ENGAGEMENT POLICY

The obvious question is will the North Koreans be receptive to economic engagement. The simple answer is nobody knows because it has not been tried before. The legacy of the Korean War and continued hostility with the world's lone superpower influences every aspect of North Korean behavior. The DPRK historically does not respond to overt actions. They feel any encroachment is a threat to their "Juche" philosophy. We must convince the North Koreans that it is in their best interests to open to the West but in a way, that is patient with a long-term view. "Moreover, successful diplomacy will require a decisive move by Pyongyang to open and reform its moribund economy. The continued deterioration of North Korea is reflected in the floods and structural damage to its agriculture, food shortages, and six years of negative economic growth averaging about -5% annually. In official statements, foreign investment laws, and the creation of the Rajin-Sonbong free trade zone in the far Northeast corner of the country, there is indeed ample evidence that Pyongyang recognizes the need to embark on a new course."<sup>100</sup>

So how can the United States facilitate this? How do we implement economic engagement with North Korea? How can we make it work? A key factor is an economic coalition. All regional players, South Korea, Japan and China, have a vested interest in a prosperous Korean peninsula. The demise of a North Korean regime would lead to a period of

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<sup>100</sup> Robert A. Manning, "Desperation Focuses the Mind: What Next on the Korean Peninsula?" *Global Beat Issue Brief 19*, Center for War, Peace and the News Media at New York University, <http://www.bu.edu/globalbeat/pubs/ib19.html>, accessed October 26, 2006.



economic sacrifice that South Korea is not prepared for.<sup>101</sup> China has begun to lay the groundwork for a Tibet like buffer state to rule North Korea if the Kim regime does not survive.<sup>102</sup> Japan fears a united Korea for both military and economic reasons.<sup>103</sup> The United States must act to prevent the consequences of a collapsed North Korea.

So what must the United States and South Korea do in order to bring North Korea into the world economy, to engage it economically? I suggest the best way is to start simply, to give the North Koreans a chance to be successful. Allow the Koreans, both North and South, to work on improving relations with each other. As an example, during the 2000 Inter-Korean Summit, a joint statement provides us a blueprint on how to proceed.

The South and the North have agreed to resolve the question of reunification on their own initiative and through joint efforts of the Korean people, who are the masters of the country ... Acknowledging that there are common elements in the South's proposal for a confederation and the North's proposal for a federation of a lower stage as the formula for achieving reunification, the South and the North agreed to promote reunification in that direction ... The South and the North have agreed to consolidate mutual trust by promoting balanced development of the national economy through economic cooperation and by stimulating the cooperation and exchanges in civic, cultural, sports, public health, environment and all other fields.<sup>104</sup>

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<sup>101</sup> Robert D. Kaplan, "The Menace of North Korea," *The Atlantic*, October 2006, 72.

<sup>102</sup> *Ibid.*, 72.

<sup>103</sup> *Ibid.*, 72.

<sup>104</sup> Selig Harrison, *Korean Endgame: A Strategy for Reunification and U. S. Disengagement*, Princeton New Jersey: University Press, 2002, 47-49.

Let the two Koreas begin the engagement without interference. To facilitate this, the United States needs to retool its approach toward North Korea. Kim Dae-jung the former South Korean President summed it up best,

The issue of the Korean Peninsula goes beyond inter-Korean relations. It is an issue that concerns the whole of Asia and the world. Moreover, peace on the Peninsula is not just limited to the military level, but directly linked to economic prosperity, human rights and democracy. I believe the Six-Party framework, (United States, Russia, China, Japan, South Korea and North Korea), should not restrict itself to being just a temporary meeting to resolve the North Korean nuclear issue. I believe it should develop into a permanent multilateral organization for the promotion of peace and democracy on the Korean Peninsula and in East Asia.<sup>105</sup>

A bellicose United States stance toward North Korea compels the Kim regime to become even more radical. The North Koreans detonated a nuclear warhead on September 9<sup>th</sup> 2006 for the stated purpose of urging the United States back to the negotiating table. North Korea for the first time was straightforward and honest about their intentions. This honesty is a desperate cry from a dying country and regime. Kim Jong-il realizes his plight and is trying to leverage the only advantage he has. Now is the time for the United States to act in a positive way toward North Korea. A continued adversarial stance, increased sanctions, and further condemnation will only entrench the North Korea regime into an irrational defensive position and condemn the North Korean people to more suffering.

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<sup>105</sup> Kim Dae-jung, "Regionalism In The Age Of Asia," *Global Asia, A journal of the East Asia Foundation*, Volume 1, Number 1, September 2006, [http://globalasia.org/issue/issue01.php?idx\\_chk=A](http://globalasia.org/issue/issue01.php?idx_chk=A), accessed, February 21, 2007.

The first step for the United States is to end the armistice that has kept the United States, South Korea, and North Korea at war for over fifty years. A peace agreement would allow the North Koreans to feel, for the first time in their history, as if they are a real country not subject to the continuing threat of the lone superpower.

A second step would be to continue the development ties that exist or resume initiatives that have been started and ended for some reason. These include reconnecting the Seoul to Sinuiju Railroad and highway, continuing the joint Imjin River flood prevention project, and enhancing the development of foreign investment areas such as the Gaeseong Industrial Complex. The Gaeseong Industrial Complex is especially appealing because it is an example of corporations with a profit motive moving into North Korea and beginning the economic engagement process. This project was the result of an agreement between South Korea's Hyundai Corporation and North Korea. This complex once completed would use South Korean technology and capital with North Korean labor to help North Korea develop small businesses needed to enter into world markets.<sup>106</sup> "As of September 2006, 13 South Korean firms were manufacturing goods with North Korean labor in the Gaeseong Industrial Complex (KIC). Most of the goods are sold in South Korea; a small quantity is being exported to foreign markets. South Korea has been pushing to include Kaesong-produced goods in its free trade agreements with other countries, including the United States, although the U.S. Trade Representative has been clear that such an arrangement would be

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<sup>106</sup> Byung Chul Koh, *Korea: Dynamics of Diplomacy and Unification*, Monograph Series, Number 12 (Claremont McKenna College: Keck Center for International and Strategic Studies, 2001) 34.

unacceptable to the United States. Ground was broken on the complex in June 2003, and the first products were shipped from the park in December 2004. Plans envision 250 firms employing 350,000 workers by 2012."<sup>107</sup> These efforts by both South Korean and United States corporations are critical for economic engagement working in North Korea.

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<sup>107</sup> U.S Department of State, *Bureau of East Asian and Pacific Affairs*, October 2006, <http://www.state.gov/r/pa/ei/bgn/2792.htm>, accessed October 26, 2006.

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## X. CONCLUSION

Why does it matter whether the United States chooses an economic strategy or military strategy? A historically based engagement strategy for states that threaten dominant powers is critical for the correct formulization of a viable United States foreign policy in this ever-volatile world. The United States is the last superpower, and because of this, it carries an obligation to act appropriately on the world stage. In 2004, a survey conducted among South Korean citizens found that South Koreans viewed the United States as a bigger threat than North Korea to South Korea.<sup>108</sup> Why is this? Perhaps it is our failure to view the lessons of history as glimpses into the future. History gives the United States valuable insights into the consequences of its policies. On a practical note, the United States cannot sustain military action to counter every threat that occurs in the world. Financially it would be ruinous and democracy would suffer by the example of a military first policy. It is critical that the United States determines the best engagement policy for each threat. The North Korean situation is heart rending. Millions have died and will continue to die until the threat posed by the current North Korean state is reduced or changed. An economic engagement strategy makes sense. What is stopping the United States? Is it lack of proof that economic engagement works, or is it lack of an historical perspective applied to today's problems. Clearly, economic engagement should always be considered.

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<sup>108</sup> Choe Song-won, "S. Koreans: U.S. a Bigger Threat than N. Korea," Stars and Stripes (Pacific ed). January 16, 2004. <http://www.estripes.com/articleprint.asp?section=104&article=19067&archive=true> accessed August 24, 2006.

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## APPENDIX.

Table 3. Korea Demilitarized Zone Incidents.<sup>109</sup> Serious Incidents in the DMZ 1967 - 2004

DATE	INCIDENT	NUMBER KILLED	NUMBER CAPTURED
21 Jan 68	31 nK armed agents intruded into Seoul in an attempt to assassinate President Park	29 (nK)	1 (nK)
23 Jan 68	nK gunboats seized the USS Pueblo in the Sea of Japan, over 15 nautical miles off the nK coast. 82 crew members released on 23 Dec 68	1 (US)	
14 Apr 68	nK intruders ambushed a UNC JSA security guard truck enroute to JSA	2 (US)	2 (ROK)
20 Aug 68	nK agent boat intercepted off Cheju Island	12 (nK)	2 (nK)
30 Nov 68	nK landed approximately 120 nK commandos near Samchok, ROK	107 (nK)	2 (nK)
1969	More than 150 nK agents were killed while attempting to infiltrate into the ROK from the sea	150 (nK)	
15 Mar 69	nK fired upon a UNC work party that finished replacing MDL marker 0022	1 (US)	2 (US) 1 (ROK)
15 Apr 69	USN EC-121 recon aircraft was shot down by two nK MIGs 90 miles off the nK east coast	31 (US)	
5 Jun 70	A ROK Navy "1-2" ship was fired on and sunk by nK naval vessels in the Western Sea	20 (ROK)	
7 Mar 73	nK armed attack on UNC work party replacing MDL marker 0654	2 (ROK)	1 (ROK)
15 Feb 74	nK naval vessels attacked ROK fishing boats in international waters	12 (ROK)	
28 Jun 74	Three nK gun-boats attacked and sank a ROK Maritime Police craft (863) in the Eastern Sea near the MDL-extended	26 (ROK)	2 (ROK)

<sup>109</sup> "Korea Demilitarized Zone Incidents," *GlobalSecurity.org*, <http://www.globalsecurity.org/military/ops/dmz-list.htm>, accessed August 29, 2006.



DATE	INCIDENT	NUMBER KILLED	NUMBER CAPTURED
30 Jun 75	nK guards attacked Maj Henderson, acting commander of UNC Joint Security Force in JSA		1 (US)
18 Aug 76	nK guards attacked UNC guards during "tree-trimming incident" in the JSA	2 (US)	4 (US) 4 (ROK) 5 (nK)
3 May 77	nK intruders attacked ROK Army personnel in the central sector	1 (ROK)	1 (ROK)
14 Jul 77	US Army CH-47 shot down after it accidentally crossed MDL into north near east coast. (US casualties were returned via Panmunjom several days later)	3 (US)	1 (US)
28 Apr 78	nK agent boat attacked ROK National Police maritime patrol boat	1 (ROK) 4 (nK)	4 (ROK)
21 Jul 78	nK agent boat attacked ROK National Police patrol boat	2 (ROK) 6 (nK)	1 (ROK)
7 Dec 79	US DMZ patrol accidentally crossed MDL and stepped on nK mines. Body of US soldier returned by nK at 461st MAC Secretaries meeting. US wounded returned safely to UNC side after incident	1 (US)	2 (US)
23 Mar 80	Three nK agents infiltrating through the Han River Estuary were killed by ROK defenders	3 (nK)	
27 Mar 80	nK intruders fired on ROK Army patrol in Central Sector	1 (ROK) 1 (nK)	1 (ROK) 1 (nK)
21 Jun 80	nK agent boat attacked ROK Navy patrol boat	9 (nK)	2 (ROK) 1 (nK)
3-6 Nov 80	nK agents landed on Hoenggan Island killing one ROK civilian and wounding five others before being caught	3 (nK)	
1-6 Dec 80	nK agents landed on Namhae Island	3 (ROK) 3 (nK)	3 (ROK)
4 Jul 81	nK agent infiltrated through DMZ	2 (ROK) 1 (nK)	
15 May 83	nK agents landed on east coast of ROK	1 (nK)	
19 Jun 83	nK agents discovered near Munsan in the Western Corridor	3 (nK)	
5 Aug 83	nK agents attempted to land near Kampo on the SE coast	5 (nK)	
13 Aug 83	nK agent boat sunk east of Ullung Island in East Sea	5 (nK)	

DATE	INCIDENT	NUMBER KILLED	NUMBER CAPTURED
3 Dec 83	nK agents landed at Tadaepo beach near Pusan	3 (nK)	2 (nK)
23 Nov 84	nK guards fired on a Soviet defector and UNC JSA guards at Panmunjom	1 (ROK) 3 (nK)	1 (US) 1 (nK)
20 Oct 85	nK agent boat sunk near Pusan	At least 2 (nK)	
24 Apr 86	nK armed vessel failed to stop after crossing the MDL extension line in the East Sea. nK vessel sunk in exchange of fire	2 (nK)	4 (nK)
21 Nov 87	nK guard fired on ROKA post in the Central Sector		1 (ROK)
22 May 92	nK armed intruders were intercepted in the central sector of the DMZ. UNC called 460th MAC meeting, but nK rejected the meeting.	3 (nK)	2 (ROK)
17 Dec 94	U.S. Army OH-58A+ helicopter accidentally strayed across the MDL about 10 km into nK territory and were shot down by nK forces. Of the crew of two, one was killed; the other was held for 13 days.	1 (US)	
17 Oct 95	Infiltration attempt by KPA soldiers near Imjin River. One infiltrator was killed, one believed to have made his way back to north Korea.	1 (nK)	
06 Apr 96	More than 100 North Korean troops entered the northern sector of the Joint Security Area (JSA) at Panmunjom the day after North Korea announced it had "dismissed" the armistice with the South. Both ROK and US forces were put on a higher state of alert-Watchcon 2-although there was no change in defense readiness, which was maintained at Defcon 4. (The CFC reverted to Watchcon 3 several weeks after the April armistice violation.)		
16 Jul 97	nK armed intruders were UNK (nK) UNK (nK) intercepted about 100 M in the ROK. Subsequent firefight took place between two nK and two	unk (nK)	

DATE	INCIDENT	NUMBER KILLED	NUMBER CAPTURED
	ROK guard posts. nK intruders returned north.		
9 Sep 97	nK soldier intruded south into the ROK, threatened a ROK guard, and was shot in self-defense.	1 (nK)	
17 Oct 97	nK soldiers apprehend two ROK farmers at the MDL, east of Panmunjom. The nK released the farmers unharmed on 21 Oct. nK soldier intruded south into the ROK, threatened a ROK guard, and was shot in self-defense.	1 (nK)	
3 Feb 98	In Panmunjom, a KPA Captain crossed the MDL from KPA GP#2 and surrendered himself at UNC CP#4. He expressed his desire to defect to the ROK and remained, despite KPA protests claiming he was abducted.		
11 Jun 98	The KPA fired 3-4 rounds at UNC GP#247. One round hit the top of UNC GP#247. No casualties reported.		
22 Jun 98	A North Korean midget submarine was seized after it was spotted entangled in South Korean fishing nets off the South Korean town of Sokcho, south of the DMZ. When brought to shore three days later, the nine crew aboard were found dead inside from an apparent group suicide.	KPA-9	
12 Jul 98	A body of a North Korean frogman was found on a beach south of the DMZ, along with paraphernalia suggesting an apparent infiltration/espionage mission.	KPA-1	
18 Dec 98	In a firefight, the South Korean navy sank a North Korean Improved Semi-Submersible Landing Craft (I-SILC) some 150 kilometers southwest of Pusan. The body of a North Korean frogman was recovered near the site. The vessel was first spotted two kilometers off the port city	KPA-1	

DATE	INCIDENT	NUMBER KILLED	NUMBER CAPTURED
	of Yosu.		
4-15 Jun 99	nK ships provoked a nine-day naval confrontation off ROK's western coast in disputed waters in the Yellow sea over disputed border known as the Northern Limit Line (NLL). When the confrontation ended in exchange of fire each blamed the other for starting the firefight	KPA-30-34 ROKN-0  One torpedo boat sunk; 5 naval vessels damaged	KPA-unknown ROKN-9 5 naval vessels damaged
26 Sep 00	Two KPA soldiers cross the MDL in vicinity of Tae-Song-Dong. When challenged by ROK soldiers, one of the KPA soldiers told them their weapons are designed "to kill Americans." No shots fired.		
26 Oct 00	Two U.S. aircraft participating in an exercise in the ROK accidentally fly over the DMZ.		
2-4 Jun 01	Three "commercial" naval vessels from the DPRK cross the Cheju Strait in both an easterly and westerly direction. The ROK Navy issued verbal warnings not to pass without approval, but the ships captains ignore the warnings.		
8 Jun 01	A "commercial" naval vessel from the DPRK crossed the Northern Limit Line (NLL), entered the contiguous waters of the ROK, and passed north to the port of Nampo, despite warnings not to enter the prohibited area.		
19 Sep 01	A three-man KPA patrol armed 12 Oct 01 with AK-47 rifles was observed passing through the KPA forward fence line. A UNC Guard Post (GP) issued two verbal warnings. The UNC GP fired 24 warning shots. The KPA soldiers returned to the north.		
20 Sep 01	10 KPA soldiers crossed 50 meters south of the MDL UNC issued 13 voice warnings and five warning shots. The KPA retreated to the north.		

DATE	INCIDENT	NUMBER KILLED	NUMBER CAPTURED
27 Nov 01	North and South Korean troops briefly exchanged fire in the DMZ. North Korean troops fired three rounds toward a UNC guard post prompting the ROK Army unit to return fire. One bullet hit and shattered a windowpane of a South Korean bunker that serves as a guard post. No casualties.		
17 Jul 03	At 6:10 AM North and South Korean soldiers exchanged machine-gun fire near Yonchon, 35 miles north of Seoul. The North Koreans fired four 14.6mm rounds from a distance of 1,100 meters at ROKA soldiers who responded with 17 shots from a K-3. Warning announcements were made on the ROKA loudspeaker. ROKA soldiers along the DMZ were put on alert. Three of the four DPRK rounds struck a ROKA guard post. No ROKA casualties were reported.		

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