Bush’s Bipolar Disorder and the Looming Failure of Multilateral Talks With North Korea

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I. Introduction

Peter Hayes, Executive Director for the Nautilus Institute, writes that in the mid-1990s, Ukraine-which had possession of approximately 1,900 former Soviet nuclear warheads-agreed to get rid of them all in exchange for security assurances, economic support, and energy assistance. Hayes argues that this model could be applied to North Korea as well. Through energy assistance, economic aid, and security guarantees, China, Russia, South Korea, and the United States could cooperatively engage North Korea in exchange for accelerated and verified dismantlement of Pyongyang's nuclear capability.

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Readers should note that Nautilus seeks a diversity of views and opinions on contentious topics in order to identify common ground.

II. Essay by Peter Hayes

"Bush's Bipolar Disorder and the Looming Failure of Multilateral Talks With North Korea"
By Peter Hayes
Executive Director of the Nautilus Institute

Many U.S. "experts" and the Bush administration believe that the United States came out of the

August 2003 six-party talks aimed at halting North Korea's nuclear weapons program in a stronger position than it went in-not least because the D.P.R.K. (North Korea) upset the other states, particularly Russia and China, by threatening to test nuclear weapons while the United States lined up with the other states to advocate a non-nuclear Korean Peninsula.

Unfortunately, these pundits and the White House are wrong. A more nuanced assessment of the talks indicates that the outcome may be far less favorable to the United States-and for nonproliferation-than the Bush administration asserts. Rather than shore up Chinese support for the U.S. position, the talks drove a wedge between Washington and Beijing. These discussions also served to highlight the disarray in U.S. policy toward Pyongyang.

Contrary to the blithe talk of hard-liners, the lack of the progress to date and the poor prospects for future talks have revealed the limits of political and military coercion to achieve nonproliferation goals in Korea. They also point to the failure of U.S. policymakers to exploit North Korea's economic dilemmas in ways that increase mutual security and reduce and eventually eliminate the proliferation threat. Unless the United States shifts gears and develops a more practical and realistic set of proposals for a verifiable end to the North Korean plutonium and highly-enriched uranium programs, Kim Jong Il is likely to walk free with nuclear weapons before the end of President George W. Bush's current term.

U.S. Policy Disputes

Unfortunately, U.S. policy is hamstrung by the president's unwillingness to resolve the relentless internal policy turmoil that pits hardliners who want to squeeze Kim Jong Il's regime with undeclared sanctions until it falls against those who favor pragmatic engagement and bargaining.

Indeed, the Bush administration suffers from bipolar disorder. The administration's erratic swings from limited diplomatic engagement one day to "personal" statements by Undersecretary of State for Arms Control and International Security John Bolton prefiguring the collapse of North Korea the next, and then back to engagement the day after that reveals a real lack of strategic coherence on the Bush administration's part. However, recent trends favor engagement-partly because the hard-liners have been forced to pull in their horns by the deteriorating situation in Iraq. Nonetheless, it is evident that the Bush White House is not yet ready to accept any answer from North Korean, short of complete surrender. Certainly it would take presidential leadership to do so-as former North Korea negotiator Ambassador Jack Pritchard emphasized when he resigned on the eve of the six-party talks.

Underlying these contending policy currents are very different views on the nature of the political-economic processes underway in North Korea. Rather than standard strategic calculi relating to deterrence and "compellence," the pivot of the Korean nuclear issue turns on economic rather than military power, a reality lost on many pundits.

Many hard-liners in Washington doubt the plausibility of any scenario whereby North Korea ultimately relinquishes its nuclear weapons as part of a trade-in scenario. They appear to believe the following.

- The Kim Jong-Il clique is irrevocably committed to its corrupt economic base and to obtaining nuclear weapons at any cost, even of having an economy. Therefore, the only U.S. policy options (embodied in the Proliferation Security Initiative) are either to induce a coup, squeeze it to collapse, or ratchet up sufficient pressure to force outright capitulation.

- The more the North Koreans play with nuclear fire, the more it will hurt itself by alienating its vital

economic partners China and Russia.

- If North Korea goes nuclear, then the United States, allies, and friends will contain North Korea until it disarms or collapses.

- The only way to contain North Korea is for other states to share the burden and to maximize U.S. leverage over Pyongyang by building a global coalition-the construction of which will require much time and effort. This edifice would be built on principles of anti-terrorism, elimination of criminal exports (drugs, arms), nonproliferation, human rights, etc. Until it is built, which principle or set of principles will lead to multiple agreements between North Korea and external powers (including the United States) remains unknown. Far from preparing to engage, therefore, the hard-liners have maneuvered furiously to block pragmatic moves by the Department of State, specifically those that would engender an urgent bilateral deal (for example, putting a refreeze of plutonium activities first, followed closely by a declaration and freeze of enrichment activities).

Economic Transition or Stasis?

The hard-liners view of North Korea stems from a fundamentally flawed analysis of the North Korean economy and Kim Jong Il's motivations.

The North Korean economy may be at rock bottom now, but it is slowly on the way up. In the meantime, Kim Jong Il's most important dilemma is maintaining momentum and political-military control of his territory and populace. In particular, the conventional North Korean military wants a growing economy in order to modernize. An unhappy conventional military does not serve Kim Jong Il's rule.

The most important recent development in North Korea has not been Pyongyang's bluster about its nuclear arsenal but quiet moves priming the North Korean economy for future growth and insulating it from any international sanctions or quasi-sanctions. First, many rural, provincial, and border communities have shifted to a local make-shift economy from whatever resources they can mobilize. Second, the big nationals-the cities, the national leadership, and the military-rely on extracting a surplus from these local make-shift economies and on external support-especially from China. Third, these players also charge rent on trade, investment, and financing arrangements with third parties such as Taiwanese and South Korean firms, labor exports to Russia, subvention from overseas Koreans in Japan, etc. The Bush administration's Proliferation Security Initiative2 can chase missile-carrying airplanes or ships around the world, but it cannot make a dent in these fundamental dynamics.

Relatedly, the "marketization" of the North Korean economy, at least at the local level, and the breakup of state monopolies and creation of proto-markets and competition between national agencies is underway. The combination of thousands of local survival initiatives and the national dynamics of institutional reform ensure the permanence and irreversibility of the present economic transition. So long as absolute living standards do not crash again, increasing productive efficiency suggests that Kim Jong Il's totalitarian pyramid of power will be politically stable for the foreseeable future. It is anticipated that this trend will accelerate over the coming years as the North Korean economy continues to gradually shift toward markets. In this way, Pyongyang is likely to follow a course first charted out by its two most influential neighbors, South Korea and China.

Much more likely than collapse or a coup dreamed about by hawks in Washington is the possibility that, within a decade, big party bosses and players in North Korea will be operating vertically and horizontally in integrated trading empires that look, feel, and sound like South Korean chaebols, such as Hyundai and Daewoo, with global operations but concentrated on a zone of urban-industrial

commerce and manufacturing along the northern side of the DMZ. There will be at least a dozen or so North Korean billionaires selling real estate at Panmunjon. The big question is: Will they be armed with nuclear weapons? How this question is answered will depend on whether the United States is willing to play a constructive role in this nascent economic reform process or stand aside while it happens.

China's Role

So far, the Bush administration has been unwilling to do so. Hard-liners assume that time is on their side, with economic pressure squeezing the North Korean economy while Pyongyang's obduracy costs it the support of key regional players, most importantly China. But the hard-liners are not only wrong about the North Korean economy, they are also wrong about China. Far from consolidating China's determination to hold North Korea accountable for its violations of the nuclear Nonproliferation Treaty, the recent talks have actually widened the distance between Beijing and Washington. China has played a key role as host of the Beijing talks, first with just the United States and North Korea and then with six parties including Russia, Japan, and South Korea. It also serves as North Korea's economic lifeline, providing most of its food and fuel. The hope among Washington's hard-line critics is that Pyongyang would behave so dangerously as to drive Beijing to its knees. This analysis rests on false assumptions about China and overlooks key elements shaping its strategy toward Pyongyang- most critically how it views events on the peninsula through the prism of its own foreign policy goals, especially reunification with Taiwan. These Chinese goals actually give North Korea more leverage over China than many hard-liners appreciate.

Given its vital interests, China places first priority on stability of the Korean Peninsula. Beijing wants to avoid a flood of North Korean refugees and needs South Korean investment, trade, and finance. The Chinese are also aware that there are limits to their ability to coerce North Korea, as Pyongyang can just as easily deploy its nuclear weapons to target Beijing as Seoul, Tokyo, or Washington. That comes on top of their continued need to reassure North Korea that China will oppose regime change and, if necessesary, even support the North Korean military against unilateral U.S. attacks. Most critically, they want to prevent Washington from successfully using coercion to get its way in Northeast Asia, fearing this would set a precedent for the United States to militarily intervene in a reunification war should Taiwan declare independence.

The Chinese have made it absolutely clear that they will militarily back the North Koreans if they judge the United States, not North Korea, to have escalated tension in Korea to the point of war. As noted above, the Chinese see everything in North Korea through a prism related to Taiwan. Americans should be under no illusion that China has "abandoned" its interest in North Korea, provided Pyongyang keeps its nuclear capacities suffiently quiet and underground so that they are not perceived as an immediate threat by North Korea's neighbors.

Indeed, if the Chinese needed any reminding of the stakes involved, the North Koreans provided it. Those conversant with North Korea's long-standing distrust of China, especially since Beijing recognized Seoul without insisting on U.S. cross-recognition of Pyongyang in the early 1990s, were not surprised by North Korea's threat to test at the end of the talks. This was a deliberate poke in China's eyes designed to bring home Pyongyang's frustration that Beijing had not reined in U.S. unilateralism. It underscored North Korean views that further talks were pointless.

It was no accident that China quickly moved to hold the United States accountable for the lack of progress in the talks. Beijing blamed the United States for dragging its feet and insisting on an unrealistic "North Korea acts first, we negotiate later" stance.

To be sure, the Chinese have also read the riot act in Pyongyang, telling North Korea that Beijing

will view any North Korean nuclear activities (such as a test) as dangerous and provocative. This "advice" may have led the North Koreans not to display their latest missile on North Korea national day in September.

Still, the Chinese now are letting policymakers in Washington know that the United States has to shape up in the next round of talks or there may not be one, at least not with China as host. Thus, China's support for the U.S. position has become more contingent on a major shift in U.S. policy toward pragmatism. At a minimum, the United States will have to put enough tangible, new proposals on the table to keep the talks alive.

Thus, the burning question for all parties (which could number seven as the European Union may join) at the next round of talks is whether the United States will unfold its own road map that all parties can sign onto in different ways.

A Ukrainian Solution?

The failure to offer a U.S. initiative would risk the collapse of the talks and any hope of constraining the North Korean nuclear program. Fortunately, the empirical evidence of irreversible change in North Korea combined with authoritative policy statements and rational self-interest indicates that North Korea may accept an affordable trade-in price paid by the U.S. and others for North Korea's nuclear capacities. There is an important precedent for such an outcome. In the mid-1990s, Ukraine-which had possession of some 1,900 former Soviet nuclear warheads-agreed to get rid of them all in exchange for security assurances, economic support, and energy assistance. Such a result did not come easily or cheaply and required the dedicated attention of President Bill Clinton and international partners. There were numerous members of the Ukrainian leadership who feared giving up their nuclear deterrent force, who saw the missiles as symbols of Ukrainian status and power. But in the end, Ukraine agreed to relinquish the weapons and embrace Europe and the world.

It is possible that this model could work for North Korea as well. As with Ukraine, energy assistance, economic aid, and security guarantees are at the heart of North Korea's diplomatic goals. China, Russia, South Korea, and the United States are all, for the first time, on relatively good terms; together, they could engage North Korea in a way that assured its goals would be met, but only in exchange for an accelerated and verified dismantlement of Pyongyang's nuclear capability.

Underlying this view is the observation that North Korea's leadership faces multiple, conflicting trade-offs and dilemmas and that nuclear weapons are a means, not an end. An appreciation of the real pressures on Pyongyang, plus a differing estimate of the willingness of the Kim Jong-Il clique to make the shift from a corrupt, criminal economic base to a normal commercial national economy, are at root the difference between doctrinaire hard-liners and tough-minded pragmatists. Following the former's policy prescriptions risks becoming a self-fulfilling prophecy.

Of course, there is no way to provide "proof positive" that North Korea's leadership can survive the roller-coaster ride if such a transition is underway, or to refute the view that Kim Jong Il's clique is unable to make the shift from a corrupt, criminal economy toward a normal one nested in world markets. But as bad as an "actually existing" North Korea may be, the replacement could be worse, including possibly more motivated nuclear export racketeers or civil war and loss of central control over fissile material or actual nuclear weapons. The stakes are so high that it is imperative that the United States fully test the proposition that North Korea's nuclear weapons program can be bought out while precision-guided markets and nongovernmental programs transform North Korea from the inside out.

The North Koreans continue to probe U.S. intentions and the mood in Washington to see what the traffic might bear. It is still not too late to test North Korean intentions in return. The United States holds the key to this door. So long as it lists North Korea as a terrorist state, international institutions such as the World Bank will not allow it to join. Without such intermediaries, countries such as Japan and major corporations will not kickstart and invest in North Korea's economy.

Bipolar Disorder in Washington

Provided the United States is willing to put something new on the table, it is likely there will be a third round of talks. North Korea has shifted slightly from insisting on a written nonaggression pact, and U.S. officials are working on nontreaty ways of offering a security guarantee to North Korea that would save face but mean little given the realities at the DMZ.

But fundamentally, until and unless the United States is willing to drive a set of stakes in the ground that indicate what it is willing to do for Pyongyang and when, and what North Korea must do in reciprocal, interdependent fashion, the talks will not achieve President Bush's goal of peacefully resolving the nuclear issue in Korea. There is no shortage of pragmatic visions for dealing with Pyongyang, including grand schemes for comprehensive settlements,3 lesser steps forward one foot at a time,4 and detailed technical schemes for the hardest question of all- monitoring and verifying the lack of clandestine enrichment activity.5 What is missing is political will from the White House.

Meanwhile, North Korea may be pursuing feverishly its nuclear weapons and thereby increasing their political-military value and their potential trade-in price. By now, Pyongyang may have successfully reprocessed the spent fuel stored at Yongbyon since 1994, in which case it already has the fissile material to manufacture up to eight plutonium-based nuclear weapons.

Given the slow pace of past and future multilateral talks relative to possible North Korean proliferation activity, the Bush administration is stunningly serene about the prospect that North Korea will simply play its nuclear hand once and for all. Some officials say that, if it were to do so, then the international response would be overhelming. When asked for a game plan or precedent to this effect, they are silent. Similarly, the administration has no specific format in mind for a multilateral pact with North Korea.

In fact, the White House appears to be relying on Kim Jong Il to slice his nuclear salami paper-thin, rather than cut off big chunks by testing and deploying. This is risky as it places the initiative in Pyongyang rather than Washington.

Wild Cards

Unfortunately, American history in Korea is full of rude surprises and strategic miscalculations. Pushed hard enough, the North Koreans may conduct an underground, low-yield subcritical test that would keep everyone guessing and increase the ambiguity created by their nuclear weapons. In this "Green Flash" scenario, North Korea would walk free with nuclear weapons while the U.S.-led Proliferation Security Initiative chases their exports.6 Just to complicate the situation, Pyongyang might invite inspectors back into North Korea at this juncture or if the situation on the peninsula veered back toward war, as it has in the past with little notice,7 they could export a nuclear weapon, perhaps the most dangerous outcome of all.8

Or North Korea could conduct a transparent, above-ground nuclear test and hang tough, the so-called Boom Boom scenario. This outcome might suit the hard-liners in that it would justify their previously-held views. Yet, it might prompt unilateral U.S. military strikes that would risk all-out war on the Peninsula and even with China. More likely, it would portend the United States drifting away

from the Korean Peninsula while other powers cut their own deals with Pyongyang and respond to a chain reaction of nuclear proliferation in other Asian states. Should President Bush be reelected, and should Iraq be stabilized, it is conceivable that he would then decide to take action seeking to reverse the North Korean rush across the nuclear redline. But by then, U.S. power to affect the situation will have dwindled while our uncertainty as to what North Korea actually has will have increased greatly.

If these outcomes are unacceptable to the White House, then some other factor must trigger President Bush's attention between now and the elections, preferably earlier rather than later. Perhaps the Democratic presidential candidates will start to beat the administration publicly for a failed North Korea policy rather than ducking for cover on the issue. Perhaps Pyongyang will simply collapse and go away. However, wishful thinking is a poor basis for breaking the link between weapons of mass destruction and terrorism in the case of North Korea.

NOTES

1. The term compellence was devised by the scholar Thomas C. Schelling, Arms and Influence (Greenwood Press, Wesport, Ct. 1976). It describes a more complex strategy than simple "deterrence." A compelling threat is an active or offensive strategy taken on the initiative of the threatener while a deterrent threat is described as a promised reaction to an adversary whose potential action evokes a specified response.

2. Announced May 31 by President George W. Bush in Poland, the Proliferation Security Initiative seeks to bolster the resolve and capabilities of participating countries to intercept shipments of WMD, missiles, and related technologies to terrorists and countries of proliferation concern. The United States has made no secret that North Korea is a primary target of the initiative even though it is ostensibly not aimed at any specific countries. Washington has enlisted 10 other countries-Australia, France, Germany, Italy, Japan, the Netherlands, Poland, Portugal, Spain, and the United Kingdom-in the initiative and says that it will seek to broaden the effort as much as possible.

3. M. O'Hanlon, A 'Master Plan' to Deal with North Korea , January 2003, Brookings Institution, available at https://nautilus.org/publications/books/dprkbb/uspolicy/dprk-briefing-book-a-master-plan--o-deal-with-north-korea/.

4. M. Armacost, D. Okimoto, G.W. Shin, Addressing the North Korea Nuclear Challenge, Asia-Pacific Research Center, Stanford University, April 15, 2003, available at https://nautilus.org/publications/books/dprkbb/uspolicy/dprk-briefing-book-addressing-the-north-korea-nuclear-challenge/.

5. Carnegie Endowment for International Peace and Nautilus Institute, Verifying DPRK Nuclear Disarmament, A Technical Analysis, 2003, available at https://nautilus.org/wp-content/uploads/2015/02/CEIPWP_38_Nautilusfinal.pdf.

6. See Nautilus Institute, A Korean Krakatoa? Scenarios for the Peaceful Resolution of the North Korean Nuclear Crisis, August 2003, available athttps://nautilus.org/wp-content/uploads/2015/02/DPRKscenarios2003.pdf.

7. See Robert G. Rich, "U.S. Ground Force Withdrawal From Korea: A Case Study in National Security Decision Making", Executive Seminar in National and International Affairs, 1981-82,

released to Nautilus Institute under US Freedom of Information Act, available at www.nautilus.org/foia/richwithdrawl.html.

8. See P. Hayes, "Plutonium Pineapples: Avoiding Awful Choices OVer North Korean Nuclear Exports," PFO 03-40, August 20, 2003, available at https://nautilus.org/napsnet/napsnet-polic--forum/nautilus-institute-policy-forum-online-plutonium-pineapples-avoiding-awful-c-oices-over-north-korean-nuclear-exports/.

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