

# **Policy Forum 00-06A: North Korea and Moral Hazard: Eyes Wide Shut?**

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## **Recommended Citation**

"Policy Forum 00-06A: North Korea and Moral Hazard: Eyes Wide Shut?", NAPSNet Policy Forum, August 02, 2000, <https://nautilus.org/napsnet/napsnet-policy-forum/nautilus-institute-pfo-00-06-north-korea-and-moral-hazard-eyes-wide-shut/>

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PFO 00-06A: August 2, 2000

## **North Korea and Moral Hazard: Eyes Wide Shut?**

By Aidan Foster-Carter

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## I. Introduction

This essay was contributed by Aidan Foster-Carter, an honorary senior research fellow in sociology and modern Korea at Leeds University, England. Looking at the Bangkok meeting of the ASEAN Regional Forum, Foster-Carter questions whether past and current problems with the DPRK should be simply ignored in the process of improving relations with the DPRK. Foster-Carter cites the DPRK's unwillingness to acknowledge or apologize for terrorist acts in Burma or for kidnapping ROK and Japanese citizens, not to mention using blackmail to gain economic assistance. He argues that this creates a moral hazard for other countries. A shorter, edited version of this essay was published by the International Herald Tribune on July 27.

## II. Essay by Aidan Foster-Carter

"North Korea and Moral Hazard: Eyes Wide Shut?"

The generals who run Burma are not often accused of principles. But on one unlikely issue, they are standing firm. Since the Philippines established diplomatic ties with North Korea on July 12, Burma is the last ASEAN member state to refuse relations with Kim Jong Il's regime. That may spoil the party on July 27, when the DPRK's foreign minister Paek Nam Sun will be welcomed in Bangkok at the ASEAN Regional Forum (ARF), to which North Korea has lately been admitted. Mr Paek may even shake hands with U.S. Secretary of State Madeleine Albright.

One might expect Asia's two most inward-looking states to be friends. Indeed they were, until October 9, 1983. That was when North Korean commandos (one of whom was captured and confessed) blew up the Martyrs' Mausoleum in Rangoon, in a bid to assassinate the visiting South Korean president, Chun Doo Hwan. Chun escaped, but 17 senior South Koreans and 4 Burmese died. Naturally, Burma broke off relations.

With the DPRK currently on a diplomatic offensive - relations have been opened this year with Italy, Australia and Kuwait, as well as June's epochal inter-Korean summit - it is pressing Burma to let bygones be bygones. Rangoon's response is simple. North Korea must first admit its act of terrorism, and officially apologize. But being Kim Jong Il means never having to say you are sorry - so the breach remains.

Burma's firm stand contrasts with the ARF host nation. Thailand has long sold rice to North Korea - or given it, as Pyongyang rarely pays. But even Thai tolerance snapped last year, when North Korea sent a hit squad to kidnap a defecting diplomat and his family - who only escaped when the car that was to spirit them across the Lao border crashed. Bangkok was furious; but it did not break off ties, nor even seek an official apology. The cocktail chat at the ARF will doubtless avoid such unpleasant topics.

Should it? Much as one welcomes North Korea's current smiling face in the hope that it signals real and irreversible changes in behavior, that inference is not yet certain. In any case, the process of forging better ties with Pyongyang throws up all kinds of past and lingering problems. Should these

just be swept under the carpet - or should North Korea be required to make amends, or at least reciprocate in some tangible form?

Another example. One of the few countries not currently in dialogue with the DPRK is Japan. Talks in April were canceled in May, because the two sides' agendas were miles apart. High on Tokyo's list is the curious case of a dozen suspected abductions of Japanese by North Korean agents in the 1970s and 1980s. Pyongyang's response is akin to Bart Simpson: didn't do it/nobody saw me/can't prove a thing. This issue sank an earlier round of talks in 1990-92, and may well do so again. Japan will not back down, not least because the families, media and politicians will not let the matter rest.

Seoul takes another tack. Thousands of South Koreans have languished for decades in the north, from prisoners of war to kidnapped fishermen. A 1999 ROK white paper on human rights in North Korea lists 442 (excluding POWs) by name. The bonhomie when Kim Jong Il hosted Kim Dae Jung in June was not disturbed by any mention of these unfortunates. Instead, the south agreed to trade its own equivalent - up to 80 ex-prisoners still loyal to the north - in exchange for two-way family reunions in August. Kim Dae Jung's tactic is to start with easier issues; abductees are evidently a hard one.

When ROK opposition leader Lee Hoi Chang pointed out the asymmetry here, North Korean radio called him a "bastard ... and national traitor" whose "vicious remarks are gibberish." In similar vein, the Chosun Ilbo, Seoul's leading daily and long a thorn in Pyongyang's side, was threatened with being "blown up" - remembering Rangoon, no idle threat - and its reporter barred from covering Red Cross talks in the north. The ROK response to this bullying has been mild, so anxious is Seoul not to rock the boat.

The United States faces similar dilemmas. In recent talks in Kuala Lumpur on North Korea's missile program, DPRK diplomats demanded a cool billion dollars to stop exporting missiles. End of talks - for now. The U.S. negotiator, assistant secretary of state for non-proliferation Robert Einhorn, riposted that "North Korea should not [get] cash compensation for stopping what it shouldn't be doing in the first place".

Quite so. But as Mr. Einhorn well knows, Washington set a fateful precedent with the Geneva Agreed Framework of October 1994. Under this, a U.S.-led consortium is giving North Korea half a million tons of fuel oil annually, and building new light water reactors worth over \$5 billion. All this rewards the DPRK for freezing nuclear activity illegal under the Nuclear Non-Proliferation Treaty (NPT), of which it is a member. (By contrast, Pyongyang's missile exports to the likes of Pakistan and Iran, while not exactly contributing to world peace, break no international law.) In similar vein, despite Washington's denials, the timing of U.S. food aid - it is North Korea's biggest donor, remarkably - clearly correlates with concessions by Pyongyang.

Little wonder that Kim Jong Il finds militant mendicancy such a lucrative game. But for North Korea's interlocutors, it may be the only game in town. Despite its moral hazard, the Agreed Framework headed off a second Korean War. One can only wish Kim Dae Jung well in his efforts to transcend half a century of conflict. Yet like any peace process, but more than most, dealing with North Korea entails difficult choices about priorities, compromise and reciprocity - with moral hazard lurking at every turn. While pragmatism is the watchword, principle must not be sacrificed. Must the price of peace be eyes wide shut, not rocking the boat, and both literally and metaphorically letting Pyongyang get away with murder? The Burmese don't think so.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

Produced by The Nautilus Institute for Security and Sustainable Development  
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Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

[nautilus@nautilus.org](mailto:nautilus@nautilus.org)