Policy Forum 01-02: DPRK Economic Reforms and U.S. Security Policy in Northeast Asia

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DPRK Economic Reforms and U.S. Security Policy in Northeast Asia

By Daniel A. Pinkston

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I. Introduction

This essay is by Daniel A. Pinkston, a Senior Research Associate at the Center for Nonproliferation Studies at the Monterey Institute of International Studies. This is the second in a series on the future of US relations with Northeast Asian countries under the administration of incoming US President George W. Bush.

Pinkston argues that among the first steps the Bush administration must take is to specify its position on the 1994 Agreed Framework, negotiated with the DPRK under former President Bill Clinton, and then state its position on the deal nearly negotiated by Clinton to end the DPRK's missile program. Pinkston states that the US must support the DPRK's current reform policies if it is to combat proliferation of nuclear weapons and their delivery systems in Northeast Asia.

II. Essay by Daniel A. Pinkston

"DPRK Economic Reforms and U.S. Security Policy in Northeast Asia"

By Daniel A. Pinkston

The Bush Administration will soon have to make some decisions on how to deal with the nuclear weapons and ballistic missile programs in the Democratic People's Republic of Korea (DPRK). Eliminating these programs is in the United States' national interest; however, there has been significant disagreement over the methods employed to achieve this objective. Fortunately, a new opportunity may now be emerging because of policy changes in Pyongyang.

First, the Bush Administration must signal its intentions towards the implementation of the "Agreed Framework," which was signed with the DPRK in October 1994 to end the DPRK's nuclear bomb program in exchange for two light water nuclear reactors and heavy fuel oil. The Agreed Framework, as well as the Nuclear Nonproliferation Treaty, obliges the DPRK to come into full compliance with its nuclear safeguards responsibilities. However, the International Atomic Energy Agency (IAEA) has indicated that inspections must begin soon if the Agreed Framework is to proceed.

Many have hailed the Agreed Framework as a Clinton foreign policy achievement, but others have criticized the agreement as rewarding gross violations of nonproliferation norms. Bush foreign policy advisors have hinted that the Agreed Framework will be reviewed and possibly renegotiated. However, the issue of renegotiation and substituting six conventional power plants for one of the light water reactors (LWRs) was already raised last year at the Trilateral Coordination and Oversight Group (TCOG), and in the Republic of Korea (ROK) National Security Council, but the ROK and Japan are against this proposal. Furthermore, the DPRK was unwilling to accept conventional power plants in 1994, and recent public statements give no indication that the DPRK is willing to accept them in exchange for one or both of the LWRs now. These constraints will almost certainly prevent the Bush Administration from unilaterally abandoning the Agreed Framework as the new administration has stated it plans to strengthen bilateral alliances with Japan and the ROK.

Second, the Bush Administration must address the missile deal nearly completed by the Clinton Administration. DPRK National Defense Commission Chairman Kim Jong Il suggested last year that the DPRK would give up its missile program in exchange for compensation that would include satellite launches. A deal was nearly reached before President Clinton left office, but complex details remain to be worked out. Critics argue that no deal is necessary for several reasons, and that the DPRK must unilaterally end its missile program.

Security issues are the priority in dealing with the DPRK, but Washington should pay close attention to Pyongyang's changing economic policies and DPRK domestic politics if American security objectives are to be achieved. Failure to do so could even result in a catastrophic war. Any negotiated settlement of the missile issue will partially depend on Kim Jong Il's political constraints in Pyongyang, which will be framed by a coalition based upon the military and defense industry.

Although Kim Jong Il may be viewed as an autocratic despot in the West, domestically he has marketed himself as a progressive, hi-tech modernizer ready to lead his country out of economic ruin. The greatest symbol of modernization in the DPRK is the missile program, which is considered a space program by nationalistic DPRK citizens. Politically, it is costly for Kim Jong Il to abandon the program because this would undermine his coalition, and it would be contrary to the image he has projected as a leader. But now Kim has signaled that he will implement market-style economic reforms, which may eventually offer away out for his country's nuclear and missile programs.

Last month, Kim Jong Il spent six days in China. Although Kim discussed various issues with Chinese leaders, the focus of his visit was to examine China's economic reforms. While in Shanghai, Kim paid visits to the Shanghai stock market, and branches of foreign-invested joint ventures such as General Motors, NEC and Dell. Kim even returned to the stock market for a second day to learn more about capital markets and foreign direct investment.

Kim last visited Shanghai in June 1983, but last week he was awestruck by the rapid development and changes. He remarked that the only thing he still recognized was the Huangpu River that flows through the city. Reports now indicate that Kim has decided to adopt market-style economic reforms and open the North Korean economy. Critics may argue that Kim is only taking these measures to preserve his autocratic rule, and that liberal democracies should refuse to deal with Pyongyang. However, the problem is not that simple.

If Kim dismantles the nuclear and missile programs, he must be able to provide an alternative to his supporters in the military and defense industries. However, alternative employment can only be provided through economic reforms, market opening and foreign investment. The U.S. should support Kim's reform effort, as distasteful as it may be, because it will be necessary for the long-term implementation of the Agreed Framework and any missile agreement. Critics will argue this is appeasement-in other words, "a repeat of the failed Clinton policy." But if Kim Jong Il's reform effort fails, the outcome will probably be even worse. A failed reform drive could result in the empowerment of hardliners in Pyongyang who will only abandon the nuclear and missile programs through military force.

III. Nautilus Invites Your Responses

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