



# SPECIAL REPORT

## North Korea's Nuclear Program: Challenge and Opportunity for American Policy

*A Report of the North Korea Working Group of the  
United States Institute of Peace*

### KEY POINTS

■ In a public atmosphere of heightening confrontation over North Korea's nuclear program, the United States Institute of Peace conducted an intensive five-month review of Pyongyang's proliferation activities. Our objectives have been to help clarify public understanding of a complex issue with serious security concerns for the U.S. and key allies, and to assess negotiating strategies for dealing with the North Korean challenge.

— Our deliberations were facilitated by dialogue with government officials and private-sector experts similarly grappling with approaches to eliminating the nuclear threat from Pyongyang without either acquiescing in its proliferation activities or precipitating armed conflict.

■ The North Korean nuclear program presents a major challenge to the security of two treaty allies—South Korea and Japan—and to our interest in an effective global nuclear nonproliferation regime. It would be inappropriate, however, to view Pyongyang's program to construct nuclear weapons in its current state of development as constituting an immediate military crisis.

■ That said, essential to an effective negotiating position is the maintenance of a credible U.S./South Korea military deterrent, including maintenance of a prudent readiness posture. Given Pyongyang's long history of the use of violence, it is necessary to convince the North Korean leadership that pursuing its military buildup—conventional as well as nuclear—is a losing course of action. Deterrence, however, is only the

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foundation of a policy; it is not a strategy for eliminating Pyongyang's nuclear challenge.

■ We have potent diplomatic and economic assets for dealing with Pyongyang, based on a strong international coalition (including China), which can be brought to bear at the negotiating table.

— North Korea's economic decline, its international isolation, and its impending domestic political transition present opportunities to persuade it to abandon the path of confrontation in favor of a course of military stabilization, tension reduction, and political and economic engagement.

■ North Korea's self-imposed isolation, demonstrated willingness to use force, and on-again, off-again negotiating tactics easily lead to misreading of the circumstances it faces and of the risks and opportunities we face. Current public commentary on the situation implies either the hopelessness of efforts to negotiate an end to the North Korean nuclear weapons program, or the possible degeneration of the current confrontation into military conflict. We believe that the prospects for conflict, while not to be taken lightly, are not so stark, and that the options for negotiation are potentially more productive.

■ The working group identified nine questions now shaping the public debate on this issue. Each is subject to misperceptions that impede development of a more effective Korea policy. These issues, which the group sought to clarify, include:

- Does North Korea have "the bomb"?
- Is "the bomb" THE security threat?
- Do we face an imminent military crisis in Korea?
- Is the North Korean leadership unpredictable or irrational?
- Is Pyongyang really in control of the negotiation?
- Will Pyongyang alter its behavior only when pressured?
- Is time on North Korea's side?
- Does North Korea want to join "the family of nations"?
- Is U.S. policy clear to North Korean officials?

■ Given the complexity and sensitivity of the North Korean challenge, the Administration could strengthen the policy-making process by appointing a senior coordinator to oversee the bureaucracy, be a public spokesperson on this issue, and coordinate policy with key allies. The coordinator could also be the point-person in dealing with North Korea in what without question will be a protracted and frustrating process.



■ A negotiating strategy is the most effective approach to mobilizing U.S. and allied strengths in dealing with Pyongyang. In recent years North Korea has appeared somewhat responsive to negotiating options that played to North Korean needs. The North Korean leadership faces a difficult set of decisions about how to deal with its parlous circumstances. A well-cast U.S. negotiating position can influence Pyongyang's approach to dealing with its policy dilemmas.

■ The working group concluded that the most useful negotiating position would be a package proposal which clearly spelled out for Pyongyang a strategic choice of two paths to its future: either to face increasing isolation and relentless international pressure if it persists in its current policy of confrontation and military buildup; or to take steps to defuse the military confrontation, build confidence and gradually engage the world economically and politically. North Korean actions down either of these paths should be responded to by proportionate U.S. and allied incentives or by actions to heighten deterrence and Pyongyang's isolation, as appropriate.

■ What if Pyongyang won't deal? It must be recognized that the North Korean leadership may not be willing now to reach a negotiated resolution of international concerns about its nuclear program. The working group concluded, however, that standing pat is not a viable long-term option for the North given its domestic difficulties and international pressures. Hence, the Pyongyang regime will in time either opt for survival by giving up its nuclear program, or it will continue down the path of self-isolation and confrontation. This latter course carries with it some significant risks and dangers for which our strategy must be prepared. However, we believe that if Pyongyang follows this path it will eventually succumb to its own internal weaknesses.

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The members of the working group, listed above on page 1, all concurred in the overall assessment of the report, although not necessarily with each and every point. The views expressed in the report do not necessarily reflect views of the United States Institute of Peace, which does not advocate particular policies, or the views of the organizations of which the participants are members.

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North and South Korea, including the capitals, the demilitarized zone (DMZ), and the nuclear facility at Yongbyon



## Background to a Nuclear Confrontation

For more than forty Cold War years, almost two million heavily armed and fortified troops have faced each other in close proximity across the demilitarized zone (DMZ) that has divided the Korean Peninsula since the armistice of 1953. Despite periodic violent provocations by the Democratic People's Republic of Korea (the DPRK, or North Korea), the U.S. and the Republic of Korea (ROK, or South Korea) have maintained sufficient deterrent forces to preserve a stable, yet tense confrontation.

During the 1980s this standoff began to change. In contrast to double-digit economic growth in South Korea, the North's economy began to decline. Nonetheless, the North Korean leadership in Pyongyang began to modernize its substantial conventional military forces and to accelerate a nuclear program which had been under way since at least the 1960s. At the same time, profound changes in the Communist world led to a breakdown in North Korea's relations with its long-time ally the Soviet Union, and strains developed in Pyongyang's ties with China. Both Moscow (in 1990) and Beijing (in 1992) granted diplomatic recognition to North Korea's rival government in Seoul over the North's strong objections. The Soviet Union and China also supported the dual admission of the two Korean states to the United Nations in September 1991—a position long opposed by Pyongyang. And Moscow began to phase out its long-standing economic subsidies to North Korea—especially the large-scale supply of oil at “friendship prices”—thus accelerating the North's economic decline.

In this context, the United States made several significant moves that helped to facilitate a range of diplomatic activities. Modest reductions in the U.S. military presence in South Korea were undertaken between 1990 and 1992 as the first phase of a post-Cold War adjustment of the American security posture in East Asia;<sup>1</sup> and President Bush announced in September 1991 that all U.S. ground- and sea-launched tactical nuclear weapons deployed worldwide would be withdrawn.

These developments encouraged the acceleration of a dialogue between Pyongyang and Seoul which had been under way sporadically for some years. Two major agreements—on political reconciliation, and on denuclearization of the Korean Peninsula—were reached between North and South Korea in December 1991;<sup>2</sup> and in early 1992, six years after it signed the Nuclear Non-proliferation Treaty (NPT), North Korea finally reached agreement with the International Atomic Energy Agency (IAEA) on an inspection program designed to confirm that its nuclear program was for peaceful uses only. U.S. and North Korean officials met at a policy level in January 1992—the first time since the end of the Korean War; and starting in April 1992, IAEA

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*For more than forty years . . . the U.S. and South Korea have maintained sufficient deterrent forces to preserve a stable, yet tense confrontation.*

<sup>1</sup> Under the Defense Department's April 1990 East Asia Strategy Initiative (EASI), approximately 7,000 U.S. forces were withdrawn from South Korea by the end of 1992, lowering the total from approximately 44,000 to about 37,000. Plans for further withdrawals under EASI after 1992 have been suspended until the North Korean nuclear issue is cleared up.

<sup>2</sup> The December 13, 1991, North-South Agreement on Reconciliation, Non-Aggression, Exchanges and Cooperation; and the December 31, 1991, North-South Declaration on a Non-nuclear Korean Peninsula.

*Pyongyang agreed to "suspend" its withdrawal [from the NPT, but this has] left the situation in a tense limbo, with neither fully effective international control over the North's nuclear program nor movement toward North-South reconciliation.*

officials conducted six inspections of North Korean nuclear facilities.<sup>3</sup>

These signs of progress in reducing tensions on the Korean Peninsula began to dissipate, however, after only a few months. Although the North and South reached some agreements on paper that advanced the 1991 accords, efforts to agree on implementing protocols stalled. Moreover, by the fall of 1992, as the IAEA tried to reconcile discrepancies found in nuclear data submitted by the North Koreans, Pyongyang resisted "special inspections" of nuclear waste disposal sites that the IAEA believed could help clarify the history and purposes of the North's nuclear program. Confrontation escalated on a number of fronts, including over the scheduled resumption of the joint U.S.-ROK "Team Spirit" exercise that had been suspended in 1992 in the context of the recently signed nuclear accords. In the end, the North announced on March 12, 1993, its intention to withdraw from the Nuclear Nonproliferation Treaty, apparently to avoid the inspection requirements of the treaty verification regime.

This development led to intense discussions between U.S. and North Korean officials in mid-1993 in an effort by Washington to sustain Pyongyang's adherence to its obligations under the NPT, including acceptance of IAEA inspections. In June, one day before the North's withdrawal from the NPT was to take effect, Pyongyang agreed to "suspend" its withdrawal, but its continuing resistance to either IAEA "special inspections" or substantive dialogue with South Korea has left this situation in a tense limbo, with neither fully effective international control over the North's nuclear program nor movement toward North-South reconciliation.

A major element of ambiguity has been created by North Korea's claim to a special status with respect to the NPT and IAEA. Pyongyang has "volunteered" to accept those inspections "necessary to assure the continuity of safeguards" already in place, but it asserts that so long as its withdrawal from the NPT is merely "suspended" it has no legal obligation to accept the full range of regular ("routine and ad hoc") inspections required by its agreements with the IAEA. Only after a negotiated settlement with the United States, Pyongyang has said, will it again assume its full NPT obligations.<sup>4</sup>

In recent months the standoff between North Korea and the international community over the nuclear inspection issue has generated a public mood of impending crisis. Given Pyongyang's past use of violence and its efforts to modernize its large military establishment, the anticipation of a military confrontation with nuclear possibilities has increased. Although officials in Washington and Seoul have searched for an effective diplomatic strategy to eliminate the North's nuclear challenge, the obstacles raised by Pyongyang have

<sup>3</sup> These inspections confirmed that Pyongyang has had an active program aimed at producing plutonium. The conclusion that the plutonium was intended for use in nuclear weapons is supported by reports from various sources that only beginning in 1992 has there been any activity at the North's known nuclear facilities that can be ascribed to possible future electric power production.

<sup>4</sup> Although North Korea has said it will accept the inspections necessary to maintain continuity of safeguards, and the IAEA has said it will limit its inspection requirements to only those activities necessary to verify—or restore—continuity of safeguards and not the full panoply of "routine and ad hoc" inspections, their definitions of what inspections are required or are acceptable differ in significant ways. It is



eroded the credibility of negotiations. Press reporting has focused on the possibility of hostilities resulting from the confrontation. A number of political commentators have urged the Administration to be tough with Pyongyang, some suggesting a military blockade against North Korea or even an attack on the nuclear facilities at Yongbyon. This has highlighted the difficulty of managing a complex issue with great consequences for U.S. and allied security interests.

While the crisis that would have resulted from an IAEA declaration of a break in the continuity of safeguards may have been averted by the announcement on February 15 of an agreement between the DPRK and the IAEA on the next round of inspections, it is virtually certain that there will be further complications and periods of heightened confrontation as efforts persist to negotiate the elimination of North Korea's nuclear weapons program and promote a North-South dialogue. It is highly uncertain whether Pyongyang will, in the end, give up its nuclear program. Even if it is reluctantly moved to do so, not only might the IAEA inspections run into trouble because of North Korean resistance to their intrusiveness, but given the high level of mutual distrust and the inherent complexity of the issues, setbacks are almost inevitable. Thus, although a sense of imminent military crisis may not be justified today, the underlying dispute is far from resolved.

### **Framing the North Korean Challenge**

North Korea's long-standing efforts to develop nuclear weapons and an associated missile delivery system present a serious challenge to U.S. and allied security interests in the post-Cold War era. At stake are:

- the security of a treaty ally—the Republic of Korea—and 37,000 American troops stationed in South Korea in support of our treaty commitment;
- the credibility of our defense commitment to Japan, which is the linchpin of the U.S. security presence in the Asia-Pacific region;
- stability throughout the economically dynamic Northeast Asian region where the interests of the major powers intersect;
- the integrity of the global nuclear non-proliferation regime, which would be badly weakened by North Korea's withdrawal from the NPT, its non-compliance with IAEA inspection requirements, and DPRK exports of nuclear materials or technology.

Thus, the current challenge has two dimensions—international (both global and regional security), and peninsular (inter-Korean security and political relations). U.S. policy must simultaneously take both dimensions into account if it is to be effective in the service of U.S. and allied interests.

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this difference that led to the brink of an IAEA decision to declare that the continuity of safeguards had been broken and to refer the issue back to the UN Security Council for consideration of sanctions. Although that crisis may have been averted for now, the crisis could arise again if Pyongyang reneges on its recent agreement, or when succeeding rounds of inspections are due to be scheduled.

## Important Opportunities for Future Security Arrangements

At the same time, the North Korean situation offers the United States and the entire international community new and very challenging opportunities for shaping key post-Cold War security arrangements:

- IAEA success in monitoring the North Korean nuclear program would help restore credibility to the process of controlling the proliferation of nuclear weaponry through international agencies—a process that was seriously eroded by the experience with Iraq.
- Conducting a special inspection of North Korean nuclear facilities would mark the first time the IAEA has used its dormant authority.
- Reliable termination of the DPRK's nuclear program would help facilitate the process of North-South reconciliation (and eventual reunification), and help North Korea normalize its relations with the international community.
- Enterprising regional diplomacy would also reaffirm U.S. leadership in Asia, enhance our two key bilateral security treaties in the region (with Japan and the ROK), foster new patterns of policy coordination among the U.S., South Korea, Japan, China and Russia, and promote broader multilateral political cooperation in Northeast Asia.

## The Challenge Is Also to U.S. Decision-Making

Prior to the current impasse, the new Clinton and Kim Young-sam administrations had concluded that a piecemeal approach to dealing with North Korea was not adequate, and that resolution of the nuclear issue required a more comprehensive policy that addressed the full range of security and political issues underlying the nuclear challenge.

Drawing on working-level diplomatic exchanges at the UN between American and North Korean officials, Washington and Seoul evolved the concept of a "broad and thorough" policy which would maintain military deterrence in the face of the undiminished North Korean military threat while offering Pyongyang a clear political choice: to relinquish its nuclear weapons program in exchange for a process of expanding political and economic engagement as a member of the international community; or to face growing international isolation and confrontation if it continues down the path of its nuclear and conventional military buildup.

Implementing this general approach has been impeded by a number of factors. Fundamental to the current impasse has been a clash between what Pyongyang has characterized as American and South Korean pressure tactics, and what Washington and Seoul have seen as North Korean foot-dragging. Although U.S.-DPRK diplomatic exchanges in recent months have succeeded in inducing North Korea to put a temporary hold on its threatened withdrawal from the Nuclear Nonproliferation Treaty regime, there has been no progress in resolving the issue that precipitated the current dispute—the IAEA demand to inspect the two suspect nuclear waste sites. And while Pyongyang belatedly agreed to allow the IAEA to resume monitoring of its

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declared nuclear facilities for the limited purpose of restoring the continuity of safeguards as required by the NPT, it should be assumed that the North will continue to resort to stalling tactics designed to maintain some control over its negotiations with the United States and the IAEA, and that it will resist as much as possible international intrusions into its society and military systems, including its nuclear program.

Pyongyang has also resisted resumption of a political dialogue with officials from Seoul to implement the bilateral denuclearization and reconciliation agreements of late 1991. There has been a prevailing assumption that such bilateral North-South talks would resume once the other aspects of the nuclear impasse with the IAEA have been resolved—a presumption that may soon be tested. But it should also be assumed that Pyongyang will do all it can to minimize contacts with the ROK that would undercut its decades of propaganda about an impoverished society in the South and give legitimacy to the government in Seoul.

At the same time, it is clear from the surfeit of press leaks that the complexity of the issues and the diversity of perspectives within the U.S. government and the broader policy community over priorities, strategy and tactics have made it difficult for the United States to develop and articulate a clear policy position.

The consequence of this difficulty is that our public debate is now confusing the issues rather than clarifying them or providing a clear sense of how to deal with the nuclear problem. The credibility of negotiating with the North Koreans is also being undermined by Pyongyang's on-again, off-again behavior reinforced by the perception—justified or not—of an administration being outmaneuvered by a recalcitrant North Korean regime that will respond only to threats of sanctions. The alternatives that are thus emerging in press characterizations of the situation are capitulation or confrontation. An effort must be made to foster a more realistic public awareness of the dimensions of this challenge and of appropriate ways of dealing with it. Otherwise, the next time there is an impasse, the Administration may be pressured into taking actions that could be highly counterproductive for U.S. and allied interests.

The recent government experience of many in the study group leads us to believe that, given the complexity and sensitivity of this issue, the Administration would do well to appoint a senior coordinator to be the point-person in developing and implementing policy towards North Korea. This individual should be someone of sufficient authority to effectively oversee the complex bureaucratic interests involved, to act as the authoritative spokesperson on the issue, to coordinate with our international partners, and, if diplomacy proceeds, to assume duties as a special negotiator with the North. Such an appointment would inject greater cohesion and decisiveness into the policy-making process and strengthen the prospects for successfully constructing a U.S. policy that will have the domestic and international support necessary to be effective.

### **Misperceptions and Realities of the North Korean Challenge**

The North Korean regime is self-isolated, secretive and widely distrusted because of its highly militarized society and economy and its record of

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*There is good reason to be skeptical of statements by North Korean leaders and diplomats, and more than ample grounds to maintain a high level of vigilance and military preparedness. That being said . . . misperceptions or limited understanding may contribute to a tendency to base policy on worst-case assumptions.*

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violence in repeated attempts over the decades to destabilize the South Korean political system. There is good reason to be skeptical of statements by North Korean leaders and diplomats, and more than ample grounds to maintain a high level of vigilance and military preparedness.

That being said, the North's isolation and record of violence, and our limited understanding of its circumstances, also engender assumptions about Pyongyang's purposes, the state of its nuclear and other military programs, and its internal political and economic situation that may well be inaccurate or unwarranted. Misperceptions or limited understanding may contribute to a tendency to base policy on worst-case assumptions. To develop an effective policy we need to be clear about what we know and what we do not—and in some cases cannot—know. We also need an overall strategy that will be supported by a level of public understanding of the situation that is as accurate as possible.

Following are nine questions about North Korea that the group believes are often answered in ways that distort current efforts to develop effective policy, and our best assessment of the realities of the situation:

#### *1. Does North Korea have "the bomb"?*

While not necessarily inconsistent with public statements by U.S. officials that Pyongyang may well have one or two nuclear devices, what in fact is known publicly about the North Korean nuclear program is that:

- North Korea has a long-standing nuclear program that appears to have been designed principally to produce plutonium for weapons.
- The IAEA has reported publicly that Pyongyang has admitted to having accumulated 90 grams of plutonium through the reprocessing of irradiated reactor fuel. There is inferential evidence that the North has reprocessed more, but it is not known how much more. The CIA estimate that the North has accumulated enough plutonium to make one or two bombs may be correct, but this is a worst-case extrapolation that is not based on direct evidence.
- There is no hard evidence—only the presumption—that the North has successfully weaponized the plutonium it has accumulated. It may have done so. It is clearly trying to do so.
- There is no evidence that North Korea has test-detonated a nuclear device or weapon. It is not necessary to conduct such a test to have a deliverable weapon, but successful testing would substantially increase Pyongyang's confidence about its nuclear capability and significantly raise the atmosphere of threat to its neighbors.
- North Korea has Scud missiles and artillery capable of hitting most of South Korea, and it is developing but has not deployed longer-range missiles capable of hitting targets anywhere in the South as well as in parts of Japan.<sup>5</sup> But there is no evidence that it has suc-

<sup>5</sup> These missiles are generally referred to in press accounts as the "Nodong" missile system.



ceeded in designing a nuclear weapon small enough to be delivered by these systems. More likely, any North Korean nuclear device would have to be delivered by aging Il-28 light bombers of 1960s Soviet design or by MiG-23 or -29 aircraft.

- North Korea has a small, 25 thermal megawatt, graphite-moderated reactor which is the presumed source of any plutonium it has accumulated. It has been constructing a large reprocessing plant that can produce weapons-grade plutonium from the nuclear fuel irradiated in the reactor, but IAEA inspections of this plant indicate that the facility is not yet finished nor fully equipped to carry out large-scale operations. The North also has under construction a much larger nuclear reactor of 200 megawatt capacity. If this reactor becomes operational it will be able to produce—in conjunction with an operational reprocessing plant—quantities of plutonium sufficient for several bombs a year.

What all this adds up to is a nuclear program whose only purpose seems to be to produce weapons-grade plutonium but which, to date, may not have succeeded in producing substantial amounts of such plutonium or weaponized nuclear devices. If the North succeeds in avoiding IAEA controls over nuclear facilities that can produce plutonium (either by evasion or by withdrawing from the Nuclear Nonproliferation Treaty), the credibility of the global non-proliferation regime will be significantly degraded. And any prospect of positive engagement with the North leading to reduced tensions on the Peninsula will be undermined. Further proliferation activities by the North would likely also seriously affect the security strategies of key countries in North-east Asia, with potential long-term effects on regional stability.

In military terms, however, the significance of the North's nuclear program *in its current state* should not be exaggerated. Even if the worst-case assumption that Pyongyang now possesses one or two untested devices or weapons is correct, this would not constitute a "nuclear capability" for use in any but extreme circumstances. If someone were thinking of attacking the North—and we know of no one who is—this inchoate capability would provide added reason for caution. But Pyongyang's substantial conventional military capability is reason enough for caution. And with respect to the likelihood that North Korea would use a nuclear capability to attack the South, Pyongyang's leaders have indicated that they take to heart statements by U.S. leaders that South Korea, a treaty ally, remains protected by the American defense umbrella—conventional and nuclear—which means that any use of nuclear weapons would bring on a devastating response.

From an outsider's perspective, the North seems trapped in its nuclear program. Not only does it provide no increment of security, it adds to the DPRK's insecurity by imposing enormous economic costs on the country and by reinforcing the international distrust that isolates the regime from trade and investment. This assessment of North Korea's nuclear program is not cause for complacency; it is the basis for designing a negotiating strategy intended to eliminate the nuclear program before the North has clearly weaponized whatever plutonium it has already accumulated, and to forestall Pyongyang's developing the capacity for large-scale reprocessing of weapons-grade plutonium.

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## 2. Is "the bomb" THE security threat?

As serious as the nuclear issue is, from a strictly military perspective North Korea's conventional military capabilities are of greater immediate concern. These capabilities include a 1.1 million man army, some 70 percent of which is deployed within 60 miles of the demilitarized zone. (Seoul is only 25 miles south of the DMZ.) North Korea has a missile and artillery capability that now puts Seoul, over one-fourth of the South's population and one-third of its industrial capacity (including nuclear electric-power generating reactors) at constant risk. Forward-deployed North Korean artillery could launch an attack on U.S. and ROK forces with little warning, which requires a constant high state of military preparedness in the South. Moreover, North Korea is presumed to have a chemical—and possibly a biological—weapons capability that threatens extensive civilian casualties and intensifies the prospect of massive refugee movements in a military crisis.

This highly threatening North Korean conventional military machine is a source of strength to the North. But, like the nuclear program, it is also a tremendous burden, draining the North Korean economy (see the comparative statistics in table 1) and heightening international distrust of the North, thus reinforcing Pyongyang's self-imposed isolation. There is also good evidence that the cutback in North Korea's access to oil supplies has degraded the effectiveness of its military—especially the air force and tank forces, which have only limited fuel for training and operations. Moreover, North Korea's highly constrained access to international petroleum markets is crippling its industrial base.

Despite these limitations, best estimates are that a conventional war on the Korean Peninsula would inflict, at minimum, several hundred thousand civilian and military casualties and enormous material loss on the South. It would also lead to physical devastation and political destruction of North Korea.

## 3. Do we face an imminent military crisis in Korea?

While from a non-proliferation perspective there is urgency in stopping the North Korean nuclear program before it proceeds further, the immediate confrontation over the nuclear inspection issue does not constitute any less or more of an imminent *military crisis* than has existed during the four decades of conventional military confrontation across the DMZ.

To treat the nuclear program as it exists today as an imminent military crisis has two harmful effects. First, it heightens the sense of immediate danger, constraining options and flexibility in dealing with the problem. Second, it plays into Pyongyang's game of threat and intimidation while slighting our many strengths for dealing with the situation.<sup>6</sup>

<sup>6</sup> Some commentators have advocated military action against the North before it has acquired an operational nuclear capability—the lesson of Iraq. But the limited prospect of successfully targeting hidden nuclear capabilities makes it highly unlikely that such action would be effective (another lesson of Iraq), and it ignores the high risk that such action would prompt a North Korean military response across the DMZ.



Table 1. Comparison of vital statistics on North and South Korea

	North Korea	South Korea
Population (1992)	22.2 million	44.1 million
GNP (1991 est.)	\$23.3 billion	\$273 billion
GNP/capita (1992)	\$1,100	\$6,300
GNP growth 1988 (EIU)	2.9%	11.5%
1991	-2%	8.7%
1992 est. (EIU)	-5%	4.8%
Defense/GNP (1992)	20-25%	4.5%
Exports/GNP (1992)	8.7%	26%

Unless otherwise stated, all data are from *The World Factbook, 1993-94* (Central Intelligence Agency/Brassey's, 1993). EIU = Economist Intelligence Unit.

#### 4. Is the North Korean leadership unpredictable or irrational?

North Korea has a well-established record of using violence in pursuit of its aims: the use of terrorism against the South, including bombing the entire South Korean leadership in Burma in 1983, ax murdering two American servicemen in the DMZ in 1976, and bombing KAL flight 858 in 1987, on the eve of the 1988 Olympic Games in Seoul, as well as harboring and training international terrorists.

Several of these activities have been attributed to Kim Il-Song's son and designated heir Kim Jong-Il, who is reported to be "bizarre" in his personal behavior and inclined to use force to shore up his relatively weak domestic political standing. Whatever the truth of such reports, the pattern of North Korea's vicious behavior, in combination with Kim Il-Song's totalitarian control over North Korean society as the "great leader," has created an air of unpredictability and violence about the regime. It certainly bespeaks a leadership single-minded in its efforts to prevail in the confrontation with South Korea and prepared to use unacceptable and destructive methods to do so.

This record of North Korean behavior is cause for high vigilance and thorough defense preparation, but it does not indicate a leadership so out of control that, if given a way out, it would "lash out" in what would be a suicidal use of military force. Pyongyang's violent provocations over the years against South Korean or U.S. targets have been intended to destabilize the ROK leadership or to send a "don't tread on me" message. They have not been designed to provoke the outbreak of full-scale war.

North Korea's serious political and economic setbacks in recent years suggest that Kim Il-Song's long-held dream of reunifying the Peninsula on his own terms, including through the use of force, has given way to concern for survival as his first priority. In this circumstance, the United States and its allies have at least some ability to influence Kim's calculations about what uses of force, if any, will serve his interests.

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*The DPRK has been abandoned by its allies, its economy is in a shambles, and its internal political situation is in a vulnerable state of transition.*

*A credible military deterrent force is a sine qua non for dealing with North Korea. However, deterrence is the underpinning of diplomacy, not a strategy for problem-solving.*

### *5. Is Pyongyang really in control of the negotiation?*

North Korea's reputation for "toughness" at the negotiating table bespeaks the well-established—and well-discredited—Stalinist style of negotiating that reflects the origins of the Kim Il-Song regime in the late 1940s under Stalin's tutelage. It is a rigid, frustrating, but largely predictable approach to negotiating that reflects a view of politics as "war by other means."

In North Korea's current circumstances, however, this rigidity is a reflection of weakness and vulnerability, not strength. The DPRK must deal with a situation in which it has been abandoned by its allies, its economy is in a shambles, and its internal political situation is in a vulnerable state of transition. In fact, the tough rigidity and exasperating on-again, off-again maneuverings of North Korean officials create a highly predictable negotiating pattern which, with the proper tactics and persistence, can be effectively countered. The challenge is to devise a negotiating approach which will turn Pyongyang's "toughness" and recalcitrance toward acceptable outcomes.

### *6. Will Pyongyang alter its behavior only when pressured, and thus not respond to incentives?*

A credible military deterrent force is a *sine qua non* for dealing with North Korea. However, deterrence is the underpinning of diplomacy, not a strategy for problem-solving. The recent history of U.S. and ROK negotiations with the DPRK suggests that while North Korea can be inflexible, it is not immovable. The record indicates at least some recognition in the North Korean leadership that survival requires backing away from the enduring confrontation on the Peninsula, if their concerns are addressed.

Despite years of North Korean protests about the alleged presence of U.S. tactical nuclear weapons in the South, when President Bush announced his global withdrawal of tactical weapons in September 1991 Pyongyang seemed to respond directly by negotiating important agreements. In December, the month after ROK President Roh Tae Woo declared there were no nuclear weapons in South Korea, the DPRK and ROK reached the unprecedented North-South reconciliation and denuclearization accords. Cancellation of the 1992 "Team Spirit" exercise and holding the first-ever U.S.-DPRK policy-level meeting in January 1992 were followed by North Korea's ratification of the IAEA safeguards agreement and six IAEA inspections of North Korean nuclear sites. More recently, Pyongyang's decision to back away from its threat to withdraw from the NPT and its agreement to discuss outstanding nuclear problems with the IAEA and with Seoul came in the context of U.S. security assurances in June 1993 and agreement in July to support North Korea's request for the acquisition of light water reactors.

While cause and effect are hard to assess with assurance, this pattern of behavior suggests that U.S. actions can have at least limited effect on the decisions of a North Korean leadership that may be uncertain about how to deal with its parlous circumstances.



### 7. *Is time on North Korea's side?*

Pyongyang's foot-dragging in the negotiations over control of its nuclear program has created the suspicion that the North is buying time to complete the weaponization of its nuclear material. This may well be so, but in several other respects time does not work to Pyongyang's benefit.

For North Korea, the status quo means sustaining a situation of international isolation and accelerating economic decline. Absent cooperation on the nuclear issue, North Korea will not obtain the foreign trade and investment it seeks—and needs—to resuscitate its failing economy. And UN-authorized sanctions, however loosely applied, would further accelerate the decline.

Without a change of course, this reality makes the survivability of the Kim regime and the legitimacy of its succession highly problematic. While there is no current sign of serious domestic political instability in the North, and only anecdotal evidence of periodic incidents of protest, there are signs that the leadership is wrestling with difficult decisions as it seeks to cope with its economic and security dilemmas.<sup>7</sup> Pyongyang's response to U.S. and South Korean proposals for dialogue in 1991 and 1992 suggests, at minimum, that at some level the North Korean leadership is uncertain about the value of pursuing a path of sustained military buildup and confrontation.

### 8. *Does North Korea want to join the "family of nations"?*

A number of suggested approaches to dealing with Pyongyang on its nuclear program assume that the North wants to be accepted by the international community and desires political and economic ties. For reasons already discussed, this is a reasonable assumption. However, Pyongyang's behavior—including its tentative efforts at economic reform and its reluctance to carry out people-to-people exchanges already agreed to with the South—suggest deep fears that any opening up of its society to international influences, whether through trade, foreign investment or social contact, would be highly destabilizing to a country long isolated from the realities of life today in South Korea or even China—not to mention the West.

Thus, what we might see as negotiating "carrots" may appear to the Kim regime as "poisoned carrots." Kim Il-Song and his son may well fear that the future of their regime will be similar to that of the Ceaucescu regime in Romania, or at least the turmoil of Tiananmen. This "devil's choice" situation creates complexities for structuring a negotiation that will induce Pyongyang to pursue tension reduction and engagement rather than adhere to its current isolation and hostility.

*Pyongyang's response to U.S. and South Korean proposals for dialogue suggests that at some level the North Korean leadership is uncertain about the value of pursuing a path of sustained military buildup and confrontation.*

<sup>7</sup> In a rare admission of internal difficulties, Kim Il-Song publicly acknowledged in his 1994 New Year's address that the North Korean economy faced "grave" challenges; and a senior economic official was purged in late 1993, apparently to take responsibility for the deepening economic crisis.

*There is a fundamental need for clarity and consistency of U.S. policy and for reliable channels of communication.*

*The international community has potent capabilities for dealing with the North Korean nuclear threat . . . without either precipitating a war or simply acquiescing in a North Korean nuclear weapons capability.*

### **9. Is U.S. policy clear to North Korean officials?**

There is little reliable knowledge about Pyongyang's decision-making process, but most observers assume that authority remains concentrated in the hands of the "great leader" Kim Il-Song. And although North Korean media now assert that control of the government and military has passed to Kim's son, the "dear leader" Kim Jong-Il, the senior Kim remains politically active and almost certainly plays a major role in key defense and foreign policy issues.<sup>8</sup>

Whatever the truth about the division of power and responsibility between father and son, there is concern that lower-level officials are very cautious about passing on "bad news" to either of the two Kims and that, in circumstances where U.S. officials have been dealing with second- and third-tier North Korean diplomats, U.S. policy may not be clearly or completely understood by them. Moreover, in a situation freighted with possibilities for war or peace, conflicting statements by U.S. officials—often on "background"—further increase the risks of misunderstanding or miscalculation. There is thus a fundamental need for clarity and consistency of U.S. policy and for reliable channels of communication.<sup>9</sup>

### **The Basis of a Negotiation: Assets**

The international community has diverse and potent capabilities—military, economic and political—for dealing with the North Korean nuclear threat. The challenge is to engage the issue in a way that plays to our assets for dealing with Pyongyang without either precipitating a war or simply acquiescing in a North Korean nuclear weapons capability. Given Pyongyang's demonstrated past willingness to use its military capabilities, we must be thoroughly prepared to deter its use of force. But our diplomatic and other assets provide the basis for dealing with the situation in a way that gives us a relatively strong prospect of achieving our objectives without playing the confrontation out as a military conflict.

What must be done to use our strengths in this situation to maximum effect?

- We must maintain, in close coordination with our South Korean ally, a credible military deterrent to foreclose Pyongyang's military options. The American alliances with both Seoul and Tokyo are critical to maintaining deterrence and to mounting an effective defense, if necessary.

<sup>8</sup> Sorting out relationships between the two Kims is made all the more difficult by the fact that the junior Kim almost never meets foreign visitors. Still—complicating assessments even more—one impression gained by foreign visitors to Pyongyang is that the son filters the information that reaches his father.

<sup>9</sup> It should be recalled that the Korean War began in the summer of 1950 in the context of a policy statement by Secretary of State Dean Acheson in January of that year which asserted that Korea was outside the defense perimeter of U.S. interests in East Asia. It has long been assumed that this statement led the Korean Communists and others to assume that the United States would not react to an attack from the north. This interpretation is supported by the complaint of a Soviet diplomat some years later to U.S. officials that the U.S. bore responsibility for the start of the Korean War precisely because it misled Stalin and Kim Il-Song about U.S. intentions.



- U.S. leadership and U.S.-Korean-Japanese trilateral policy coordination is the core factor in sustaining the strong international consensus against North Korea's nuclear weapons proliferation efforts.
- Maintaining a strong international coalition, including Russia, China and the other permanent members of the UN Security Council, is essential to convincing Pyongyang that its resistance to proliferation controls will continue to encounter determined and widespread international opposition.<sup>10</sup>
- We and our allies have political and economic assets which, if used in the right way, may help convince Pyongyang that continuing down the path of confrontation is far less desirable than the alternative process of defusing the military confrontation—with the nuclear program being the first priority—and pursuing a path of reducing tensions, building confidence, and gradually engaging the world economically and politically.

One of the interesting aspects of the current standoff with North Korea is that, despite its frustrating negotiating behavior, Pyongyang gives every indication of wanting to sustain a dialogue—and perhaps a serious negotiation—with the United States. This could merely represent an effort to buy time to advance its nuclear program and/or to deflect pressures for international sanctions. But given the serious implications of this situation, it is worth exploring whether or not there is an opportunity to advance a negotiating process of tension reductions and military stabilization.

One of Pyongyang's enduring objectives in negotiating with the United States has been to push Seoul to the side and avoid negotiating with its rival government in the South. If there is to be stability on the Korean Peninsula, however, it can only come through a protracted process of dialogue and reconciliation between the ROK and the DPRK. Such a dialogue and the building of confidence will also facilitate economic interaction between North and South, which is essential to creating the conditions for a "soft landing" in the decades-long confrontation on the Korean Peninsula.

### **The Basis of a Negotiation: Goals**

In designing a negotiating approach it is useful to assess the likely negotiating concerns and objectives of the parties directly concerned.

<sup>10</sup> China is the most problematic member of this coalition. Beijing opposes putting public pressure on Pyongyang, especially in the form of sanctions. (How the Chinese deal privately with the North Korean leadership is not known, but there are reasons to believe that Beijing is quite frank behind closed doors in letting Pyongyang know when its actions harm Chinese interests and that China will not allow those interests to be compromised.) The Chinese assert that public pressure is not the most productive approach to influencing the DPRK; and it is also likely that the PRC does not want to support sanctions that would set a precedent for others pressuring China on its own arms development and international arms sales activities.

Nonetheless, Beijing has not blocked IAEA or UN resolutions calling on North Korea to cooperate with the IAEA. In part this reflects the normalization of PRC-ROK relations in 1992, but it is also symptomatic of China's opposition to nuclear weapons in the hands of either North or South Korea as well as its desire to avoid heightened tensions—much less another round of warfare—on the Peninsula.

*If there is to be stability on the Korean Peninsula, it can only come through a protracted process of dialogue and reconciliation between the ROK and the DPRK.*

U.S. negotiating objectives, and those of our treaty allies, are clear enough:

- to enhance the security of our allies, the Republic of Korea and Japan, by gaining the complete elimination of the North Korean nuclear weapons program (and delivery systems). Achieving this priority objective will reinforce efforts to establish a more comprehensive, longer-term program of confidence-building and arms control/reduction on the Korean Peninsula (attained, in part, through implementation of the North-South agreements of 1991);<sup>11</sup>
- to have the outcome strengthen the effectiveness of the global nuclear nonproliferation regime and the IAEA, as well as proliferation controls over North Korea's exports of nuclear materials and missiles;
- to confront North Korea with a clear choice: face increasing international isolation and domestic deterioration as the price of pursuing its nuclear program; or abandon that program in favor of a course of military stabilization, tension reduction and economic and political engagement with the world.

We assume that North Korea is trying to maximize the benefits it can gain for its military, political, and economic security through negotiations with the United States while giving away as little as possible of its nuclear program in the process. Its minimum goal—while perhaps giving up the large-scale capacity to produce and reprocess plutonium—may be to preserve a certain element of ambiguity about the nuclear capability it has already acquired, so as to maintain an element of nuclear deterrence.

Three specific negotiating objectives can be posited for Pyongyang: strengthening its political legitimacy (as through recognition by the United States), gaining economic benefits of various kinds to reverse its domestic decline, and improving its security (as through assurances against attack and modifications or further reductions in the U.S. and ROK defensive forces deployed against it).

Making progress toward these objectives will confront the North Korean leadership with conflicting requirements. For example, gaining economic benefits is likely to require opening up North Korean society to outside influences—a process that could weaken the regime's controls over the population. As observed earlier, Pyongyang will seek to gain its goals with minimal foreign intrusion into North Korean society. And if past practice is any guide, it will try to negotiate with us in a manner designed to sow distrust between the United States and South Korea.

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<sup>11</sup> As the Iraqi experience demonstrates, short of physically occupying the country, no inspection regime can attain 100 percent confidence of full knowledge of the North Korean nuclear program. Pyongyang's track record in the use of violence, deception and inconstant behavior requires the international community to gain confidence in North Korean purposes through a more reliable mechanism beyond IAEA routine inspections. In addition to continuing to rely on existing methods for monitoring the program, the regime of challenge on-site inspections agreed to in principle in the still-unrealized North-South nuclear accord presents an important additional mechanism for building confidence. One hopes that, if Pyongyang's purpose is to heighten its own security and improve prospects for economic growth, it will see such a bilateral confidence-building measure as serving its own interests.



The weighty negotiating agenda required to deal with the North Korean nuclear challenge can be pursued only by protracted and multi-track efforts supported by carefully structured incentives and the consistent backing of the international community. We must maintain close coordination of policy and collective action with Seoul and Tokyo, and consultation—and, to the extent possible, coordinated action—with China, Russia and other key members of the international community. And as stressed earlier, our effectiveness at the negotiating table will be influenced in significant ways by our ability to maintain an effective military deterrent.

### **A Package Proposal: Offering Pyongyang Two Paths to the Future**

The study group concluded that a U.S. and ROK negotiating approach which focused only on the nuclear issue would neither be sufficiently broad to encompass other vital American and South Korean security interests, nor address the concerns in Pyongyang that ostensibly underlie its nuclear program. Thus, the group supported the concept of a package proposal which would present the North Korean leadership with a clear strategic choice about its future: either continuing confrontation; or a phased process of engagement with the world.

Such a package can reasonably be constructed on the assumptions that the Kim Il-Song regime, for all its threatening bluster and the militarization of its society, is fundamentally concerned with its own survival, that it wants to avoid general war on the Peninsula (conventional as well as nuclear), and that it sees its long-term survival being threatened by its own economic weaknesses and international isolation.<sup>12</sup> The first and fundamental question to be tested by this broader approach to engaging the North is whether Pyongyang will be responsive to international concerns about its nuclear program if its underlying security and economic concerns are accounted for.

What would such a package look like? We believe it should consist of a clear statement of the strategic choice confronting the DPRK. The first path, that of tension reduction and confidence-building, should be specified by a clearly defined set of actions that would, in a phased series of moves, gradually stabilize and eventually reduce the military confrontation.

For North Korea, in addition to resuming dialogue with the South on implementation of their denuclearization agreement, there are three steps necessary before any further progress will be possible:

*The North Korean nuclear challenge can be pursued only by protracted and multi-track efforts . . . We must maintain close coordination with Seoul and Tokyo, and with China, Russia and other key members of the international community.*

<sup>12</sup> There is a view, supported by internal statements of North Korean leaders, that Pyongyang is preparing to reunify the Peninsula by force, with 1995 being a target date for completing necessary military preparations. Such statements, which gain certain credence from the reality of North Korea's menacing deployments close to the DMZ and current military modernization efforts, must be taken into account by sustaining an effective U.S.-ROK deterrent posture, as is suggested elsewhere in this assessment. But such internal statements may also be interpreted as propaganda efforts used to justify the North's bloated military budget and to rally domestic support from the armed forces for the leadership. They should be the subject of discussion with North Korean officials and the basis for conventional arms control proposals which would require the North to redeploy offensive military forces away from the DMZ as the basis for reciprocal adjustments in U.S. and ROK forces.

- full adherence to the Nuclear Non-Proliferation Treaty;
- full cooperation with the IAEA on routine monitoring of declared facilities and IAEA inspection of the suspect waste sites (either by a special inspection, or by routine and ad hoc inspections as a result of Pyongyang declaring the waste sites to be facilities under the terms of the NPT);
- permitting the IAEA to monitor the unloading of the core of the 25 megawatt reactor, and allowing the IAEA to sample the core.

In addition, Washington, Seoul, Tokyo and others would look to Pyongyang to take additional steps, to which they would respond appropriately. These would include:

- decommissioning all graphite reactors in parallel with movement to alternative energy sources that reduce the risk of proliferation;<sup>13</sup>
- dismantling its reprocessing facility as required under the 1991 North-South denuclearization accord, and accounting for all plutonium in its possession based on IAEA analysis of waste sites and core samples;<sup>14</sup>
- accepting a challenge on-site nuclear inspection regime, with either the North-South Joint Nuclear Control Commission or the IAEA as implementing agent (along the lines of the Argentina-Brazil precedent);
- agreeing to conventional confidence- and security-building measures to reduce tensions across the DMZ, including:
  - mutual reduction (and eventual elimination) of armaments within the DMZ;
  - mutual reductions of forces and heavy armaments within specified distances from the DMZ;<sup>15</sup>

<sup>13</sup> One possibility would be replacement of the graphite-moderated reactors with light water reactors. This was requested by the DPRK at the July 1993 talks with the United States. Washington responded with support for such an exchange in the context of an overall nuclear settlement. Although this approach is considered by some experts to be too expensive and/or inappropriate, it may be the only tradeoff Pyongyang will accept for decommissioning its graphite reactors.

<sup>14</sup> There is the issue of what to do about the plutonium already in Pyongyang's possession (whatever its amount). Some people believe it will be so difficult to gain Pyongyang's agreement to turn over this material to international control that a negotiation is not worth the effort. The working group believes, however, that this issue must be addressed as part of a stabilizing settlement.

<sup>15</sup> Pullback of forces and weapons might well need to be asymmetrical in light of Seoul's proximity to the DMZ. Rather than looking to one-for-one adjustments, therefore, the objective should be framed in terms of promoting equal security. In any event, all of these topics would be most appropriately negotiated in the first instance between Seoul and Pyongyang. The United States should make clear to North Korea that Washington is willing to work out arrangements with Seoul to accord with any North-South agreements.

North Korea's long-standing goal of the withdrawal of all U.S. forces from the Peninsula is unreasonable, and unacceptable, for the foreseeable future. Some further reduction of the U.S. forces now in South Korea is already envisaged under the EASI



- enhanced transparency on a reciprocal basis, including advance notification of military exercises and invitations to observers as well as publication of other information on military programs and activities on the Peninsula.

The response by the United States, South Korea, Japan and others to Pyongyang's actions along this path should be proportionate and designed to encourage further steps toward stabilizing and reducing the military confrontation and building confidence. Precisely what steps should be taken, and in what order and timing, must be the result of planning efforts among the relevant agencies of the U.S. government, and they must be well coordinated with the ROK and our other international partners. In addition to reiterating non-nuclear assurances (the so-called negative security assurances) and openness to base inspections in the South, they would notionally include—as confidence developed—such measures as establishing an appropriate level of diplomatic representation in Pyongyang, lifting the embargo on trade in non-strategic goods, and technical assistance for reforming and civilianizing the economy.

The package should also demarcate Pyongyang's alternative path to the future if it fails to abandon its nuclear weapons efforts: increasing diplomatic isolation, further economic deprivation, and further steps by the U.S./ROK to ensure that the DPRK obtains no military benefit from its nuclear program.

Failure to act in accordance with non-proliferation objectives would, in the first instance, be addressed within the IAEA/UN system, with the likeliest course being resort to economic sanctions. Actions that raised the threat of war would need to be responded to with a range of deterrent steps, including deployment of appropriate U.S. forces and equipment to Korea.<sup>16</sup> U.S. and ROK negotiators should specify to their North Korean counterparts those actions that would elicit such a response. Actions by Pyongyang that would warrant such a response would include, for example:

- refusing to accept IAEA inspections,
- withdrawing from the NPT,
- removing the 25 megawatt core without IAEA inspection,
- proceeding to complete the 200 megawatt reactor and/or the re-

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(see footnote 1), but in light of the undiminished high levels of mistrust and hostility across the DMZ, the continuing presence of U.S. forces will be necessary to give credibility to the U.S. defense commitment to the ROK.

<sup>16</sup> The sanctions package must be structured with a recognition that the issues of North Korean missile exports, the development or deployment of long-range missiles, and promotion of chemical, biological and CFE-type conventional reductions need to be addressed differently than the nuclear issue. It is the DPRK's NPT membership that provides the legal and political context for addressing the nuclear issue on an international basis and for considering UN sanctions.

Similarly, the North-South denuclearization agreement provides a political/legal basis for addressing the issue of reprocessing. Recognizing that the full range of requirements being levied on North Korea go beyond non-proliferation norms, the overall negotiating approach must take account of that fact and establish an incentive structure for Pyongyang within which it will see its own interests advanced by stabilizing and downgrading the military confrontation.

*The response by the United States, South Korea, Japan and others to Pyongyang's actions should be proportionate and designed to encourage further steps toward stabilizing and reducing the military confrontation and building confidence.*

*North Korea's growing economic and other difficulties will only be exacerbated by efforts to "stand pat" . . . This reality provides the opportunity for U.S. diplomacy to present North Korean leaders with a package proposal which will reshape their thinking about their future.*

processing facility (or any other facility that produces weapons-grade plutonium),

- detonating a nuclear device or in other ways demonstrating that it had weaponized its plutonium,
- deploying long-range missiles,
- exporting nuclear materials or technology,
- actions in conventional or chemical/biological weapons areas that heightened the threat of mass destruction.

It is possible that North Korean leaders, paralyzed by their own indecision or domestic political considerations, might try to remain in their current posture of "temporizing confrontation"—trying to avoid an outright break with the international community over the nuclear issue without either taking steps to reduce tensions via negotiated agreements or heightening the nuclear and conventional military threat to South Korea. Given the demonstrated North Korean capacity to hunker down, this might appear at first to be an appealing option for Pyongyang. In our view, however, this is not a viable alternative over the long run.

North Korea's growing economic and other difficulties will only be exacerbated by efforts to "stand pat." As their situation continues to deteriorate through increasing isolation, the North Korean leadership will likely be impelled to either give up their nuclear program in order to obtain the crucial benefits they now are seeking, or, if this course proves politically too difficult, they could decide to continue along the path of confrontation and nuclearization. This latter course would in short order push Pyongyang to take decisions that would evoke a strong international response. Further, although the international community may exhibit some patience if continuity of safeguards is maintained and Pyongyang foregoes other precipitating actions, at some point the outside world will conclude that the DPRK has in fact opted for the negative path described above, and will react accordingly.

Thus, although the North might try to temporize for a time, we see little prospect that they could sustain such a position. It is this reality that provides the opportunity for U.S. diplomacy to present North Korean leaders with a package proposal which will reshape their thinking about their future—and hopefully incline them toward a constructive way out of their dilemmas.<sup>17</sup>

By presenting such a clear and precise package proposal, U.S.-led diplomacy can achieve three fundamental objectives in dealing with the North Korean challenge: it can remove any ambiguity in Pyongyang's thinking about the benefits to be achieved by abandoning its nuclear program, it can rein-

<sup>17</sup> We would argue that even if a course of coercive action is undertaken, an authoritative channel for US-DPRK dialogue should remain open. Although no incentives should be implemented until forward movement occurs, it is important that North Korea understand both the nature of the package of gains it could hope for if it complied with its international commitments on the nuclear issue and took other steps to allay international concerns, and the consequences if it continued on its current course. The senior coordinator recommended elsewhere in this report would have responsibility to see that these messages are clearly understood by the leadership in Pyongyang.



force those within the North Korean leadership inclined toward a course of engagement rather than continuing isolation and decline, and it can provide the policy context for sustaining the international coalition that opposes Pyongyang's proliferation efforts.<sup>18</sup>

### **In Conclusion . . .**

In conclusion, the North Korean nuclear challenge is one that must receive high priority and high-level attention by the Administration. It is a challenge which must be responded to, at one level, by maintaining an effective deterrent in the face of North Korea's military threat. And while there is no certainty of success at the negotiating table, the group believes there is a reasonable prospect that the issue can be dealt with through discussions based on robust U.S. and allied political, diplomatic, military and economic strengths. Negotiations should offer Pyongyang a clear and unambiguous strategic choice about its future: sustained confrontation and unrelenting pressure; or a phased process of tension-reduction, gradual confidence-building and engagement with the world.

Especially in the short term, Pyongyang may not choose the latter path. Given the DPRK's sense of vulnerability and the internal constraints of a highly militarized, totalitarian political system, the nuclear issue may not be resolvable through negotiations. Ultimately, the U.S. and its South Korean ally may have to take steps to further heighten their deterrent capabilities and impose increased costs on North Korea in response to continuing DPRK efforts to develop nuclear weapons. But the realities of this situation, as best they can be discerned, imply that North Korea will either opt for survival by giving up its nuclear program, or it will continue down a course of isolation and confrontation. This latter course carries with it some significant risks and dangers for which our strategy must be prepared. However, we believe that if Pyongyang follows this path it will eventually succumb to its own internal weaknesses.

*North Korea will either opt for survival by giving up its nuclear program, or it will continue down a course of isolation and confrontation. This latter course carries with it some significant risks and dangers for which our strategy must be prepared. However, we believe that if Pyongyang follows this path it will eventually succumb to its own internal weaknesses.*

<sup>18</sup> As suggested earlier, we believe that China is unlikely to veto UN sanctions against North Korea if Pyongyang has rejected a package deal that meets its reasonable concerns. However, Beijing is unlikely either to support military enforcement of sanctions or to adhere to any sanctions regime that threatens North Korea's collapse.

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