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KIM JONG-IL
AND THE FUTURE OF NORTH KOREA

by

Dr. Brian Bridges

Faculty of Social Sciences
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AND THE FUTURE OF NORTH KOREA

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Dr. Brian Bridges is University Senior Lecturer of Department of Social Sciences, Lingnan College, Hong Kong.

Faculty of Social Sciences
Lingnan College
15 Stubbs Road
Hong Kong
Tel : 2572 2226
Fax : 2891 7940
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'Kim Jong-il and the Future of North Korea'

Published in shortened and revised form as 'North Korea after Kim Il-sung' in 'World Today', June 1995, pp.103-107.
In the early hours of Friday 8 July 1994, Kim Il-sung, North Korea's president and 'Great Leader' died. For a regime and a country which had known only one leader since the People's Democratic Republic of Korea had been founded in 1948, his death was a profound shock. After his death was finally announced, the following day, the streets of the capital were filled with apparently genuinely grieving North Koreans (1). Kim had spent the last years of his life elaborately preparing for Kim Jong-il, the son of his first wife, to succeed him. But, despite his extraordinary efforts to ensure the first ever – and probably the last – dynastic succession in the communist world, Kim Il-sung has left an uncertain legacy for his son and his people. Moreover, six months after his father's death, Kim Jong-il has yet to be officially confirmed in either of his father's two major posts - state president and general secretary of the ruling Korea Workers Party (KWP).

This paper attempts to analyse the dominant trends of the confusing, transitional political and economic situation in North Korea, by focusing on Kim Jong-il and the immediate succession issue, on the medium-term challenges to the regime in both political and economic terms, and on the attitudes and roles of South Korea and the surrounding powers. The likely impact on the prospects for reunification on the Korean peninsula will be discussed in conclusion.
1. The Succession to Kim Jong-il

Kim Il-sung may not have been a particularly charismatic figure, but he showed himself to be a survivor and master of political intrigue. He came to power in North Korea with the blessings and help of the Soviet army, and, after 1948, he fought off strong internal challenges from other factions and became chairman of the unified KWP and concurrently prime minister (2). Under the 1972 constitution, however, Kim was elected president and his own political thought, juche (self-reliance), became the official ideology of the state. Subsequently, the elder Kim invested considerable effort into creating such a suffocating cult of personality around himself and his son that it has become difficult to separate out fact from reality about him, his family and his country (3).

After having initially toyed with the idea of using his own younger brother, Kim Yong-ju, as his successor, Kim Il-sung turned in the mid-1970s to his own son, Kim Jong-il, who was increasingly given party responsibilities and finally promoted into the KWP Politburo in 1980 (see Figure 1 for the Kim family tree). The North Korean media began to feature Kim Jong-il as the 'Dear Leader' following in the footsteps of his father. In 1984 it was finally announced that he was the 'sole successor' to the father. By the time of his father's death, Kim Jong-il was the number two in the KWP hierarchy and the Supreme Commander of the Armed Forces (a promotion received in
December 1991, the first time he held a military post), but, significantly, apart from chairmanship of the National Defence Committee (from April 1993) he had not held any government post.

A number of factors seem to lie behind Kim Il-sung's decision to promote his own son as successor. Firstly, it arose from his attempt to reconcile two not totally compatible goals: namely, to modernise North Korean economy and society, and yet to maintain the revolutionary zeal that he and the early leaders of the KWP possessed. Secondly, Kim needed someone who would not only carry on the socialist revolution in Korea, but would also continue Kim's own idiosyncratic juche philosophy. Thirdly, Kim needed to find someone who would be totally loyal to him during his lifetime.

Despite the prominence given to Kim Jong-il in the North Korean media, actual concrete information about him and his policies is extremely sparse. He is now 52 years old, short of stature (and self-conscious enough about it to regularly wear platform-heeled shoes), prone to buffon-style haircuts, and addicted to foreign films and even to foreign women. Although the North Korean media has credited him with major policy initiatives and has highlighted his various 'on-the-spot-guidance' activities, he has carefully avoided contact with foreigners. Even during the June 1994 visit by former US president Jimmy Carter, clearly the most important Western
leader ever to visit the North, he was said to be 'too busy' to meet Carter.

Views vary over the role that Kim Jong-il has had so far in the decision-making process. He has reportedly been exercising day-to-day control over the party and chairing Politburo meetings, but, on major decisions, his father's no doubt remained the crucial voice. Three schools of thought about his influence and ability in decision-making can be broadly delineated:

(1) Kim as unstable 'madman'
Because he lacks his father's revolutionary credentials, the younger Kim has been forced to prove himself by various adventurous acts against the South. Confrontation rather than accommodation with the South is his style. He is credited with master-minding the bomb attack on South Korean President Chun Doo Hwan and his entourage in Rangoon in 1983, the blowing up of a KAL airliner in 1987, and the March 1993 decision to withdraw from the Nuclear Non-Proliferation Treaty (NPT).

(2) Kim as economic reformer
His legitimacy rests on his ability as an administrator and even as a 'closet reformer'. He is credited with trying to import more consumer goods and pushing ideas of Chinese-style 'special economic zones' as a way of improving living standards.
(3) Kim as dim or lazy

He is neither a madman nor a reformer, but either simply not intellectually up to the job of leadership or just not really interested. For example, according to a defecting North Korean diplomat, Kim Jong-il began to take control of the Foreign Ministry in 1984, but he rarely came up with any ideas about what direction to take in foreign policy (4).

There is really not enough reliable information from which to assess his capabilities, but, from the balance of available evidence, this author's inclination is to favour the third school of thought. Although Kim Jong-il has over the years produced a number of theoretical works, these have expounded faithfully his father's juche ideology. Since his father's death, his public appearances have been very limited and his public utterances nil. The only major post-funeral statement attributed to him, published at the beginning of November 1994, carefully followed early treatises in emphasising the primacy and validity of North Korean-style socialism and made no concessions to 'new thinking' (5). Breaking with the tradition of his father who always gave a long message to the Korean people on New Year's Day, Kim Jong-il gave no such address on 1 January 1995 (the media actually re-ran the father's address from 1994).

Although the North Korean media has been promoting Kim Jong-il as the new leader - and on a few occasions as the new 'Great
Leader' - he has yet to formally assume any of the titles held by his father. The North Korean media announced that a KWP Politburo meeting at the end of July decided to carry out a 100-day period of mourning for Kim Il-sung. Kim Jong-il did appear in public at the 16 October memorial service for his father (thereby at least temporarily dispelling rumours about his ill-health), but apparently he has made only two subsequent public appearances. Although the North Korean media is full of glowing praise for Kim Jong-il, the meetings of the party and state organs needed to formally ratify (or rubber-stamp) his appointments continue, however, to be delayed.

North Korean officials, when questioned about the delay, merely state that the country is still in mourning. There is not yet sufficient evidence to assume that a power struggle is going on behind the scenes. Indeed, some observers suggest that Kim Jong-il's position is so stable that he does not need to rush into acquiring the formal party and state titles of his father (6). It is more likely, however, that while his succession is not immediately threatened, Kim Jong-il - and his immediate group - may be finding it difficult to secure unqualified endorsement from other interested groups. While the father was alive all groups within the elite, whether military or civilian, would have paid at least lip-service to the succession plans. Now that he is gone, tensions and friction within the elite may be becoming more open and intra-
elite bargaining may be becoming more active. It is possible
to suggest four groups with an interest in the succession:

(1) The military

Power in North Korea has rested on the twin pillars of the
military and the party. The armed forces have always had a low
public visibility (from the early 1970s until 1992 there were
none of the military parades much loved by the former
Soviet/East European communist states), but with over 800,000
men in uniform, strong party connections, and a central role
to play in the nuclear weapon issue, the military must be a
crucial factor (7). Indeed, during the North Korean-US
negotiations the military is said to have blocked until the
last possible moment a commitment to open up suspect sites to
outside inspection. A US Senator who, coincidentally, happened
to be visiting North Korea when a US helicopter came down in
North Korean territory just north of the Demilitarized Zone in
mid-December 1994, has suggested that the military adopted a
hard-line which prevented an early return of the captured US
pilot.

Within the military, the first-generation revolutionaries,
headed by O Jin U, the Defence Minister, clearly had close
personal ties with Kim Il-sung. General O appeared together
with Kim Jong-il at the October 1994 memorial service, but he
has since spent one month in France for medical treatment,
probably for cancer, which suggests that he will no longer have a leading role to play. It is not yet clear whether he will be replaced by another of the 'old guard' Choe Gwang or by a younger rival Oh Kuk-ryol (no relative), who is said to be close to Kim Jong-il. 1992 did see a large-scale reshuffle of military posts; it is believed that Kim Jong-il tried to promote younger-generation officers supposedly more sympathetic to him than some of the 'old guard' first-generation revolutionaries who do not respect him in the same way that they did his father. Exactly who replaces the sick 0 will be an important test of Kim Jong-il's power.

(2) Party ideologues

The KWP has a comparatively large membership (much higher percentages of the population are party members than has been the case in China or the Soviet Union) and its influence has permeated all aspects of North Korean society. Kim Il-sung built up and refined his juche philosophy with the support of key members of the KWP. They, like him, were shocked by the events in Eastern Europe and the Soviet Union, but they have argued that the juche model provides the right leadership and structure to enable the North to escape the fate of East European socialism. Having invested so much of their time and effort in juche thought and work, and having built themselves comfortable positions of power, these 'hard-liners' will be reluctant to allow anyone, Kim Jong-il or whoever, the
opportunity to effect such changes that they lose their privileged positions.

(3) Economic technocrats

Those in charge of sustaining the North Korean economy cannot but be concerned about declining growth rates, food and energy shortages and stagnating foreign trade and investment. The economic technocrats undoubtedly support some form of limited opening to the outside world as the only way to overcome the current economic difficulties, but they will differ over how far and how fast the North should open. Kim Dal-hyon, foreign trade minister until he was demoted in 1993, and Kang Song-san, returned to the premiership in 1992, are said to be advocates of more 'open door' Chinese-style economic policies. They may well want to push faster that Kim Il-sung was prepared to allow, but neither they or any other economic technocrat yet appears strong enough politically to seize the initiative or even control.

(4) The Kim clan

Although many of the North Korean elite are related by birth or marriage to Kim Jong-il (5 of the 12-member party politburo are relatives), his greatest challenges may come from within his most immediate family (see Figure 1). Kim Il-sung's second wife, Kim Sung-ae, has been reportedly resentful of the lavish
praise for Kim Jong-il and his mother (who died in 1949), while she and her own four children have been kept in the shadows. Her second son, Kim Pyong-il, who is thought to be a potential rival because of his good military connections, has not yet returned to Finland as ambassador and is said to be in 'internal exile' within North Korea. A more significant rival for Kim Jong-il, however, is Kim Il-sung's own younger brother, Kim Yong-ju, who had been groomed as a potential successor until he fell out of favour in the mid-1970s, but who in mid-1993 reappeared in public for the first time for 18 years. In December 1993 he was returned to the KWP politburo and elected a state vice-president and he has since been given special responsibility for heading a 'policy team' on relations with South Korea. Kim Yong-ju may have been brought back merely to try to bridge the generation gap in the leadership between Kim Il-sung and Kim Jong-il, but he is the most likely member of the immediate family to be an alternative successor (8).

Over the years there have been the occasional signs within the North of dissatisfaction with the nepotism of the Kim Il-sung succession plan, but little concrete information. In 1994, however, the number of defectors to the South increased markedly from one or two a year to over forty, including several figures from within the elite, such as the son-in-law of prime minister Kang, the son of the construction minister, and, most recently, a son of Defence Minister O. Since Kim Il-
sung's death, North Korean radio has warned against 'treacherous acts by high-fliers and conspirators' and, unprecedentedly, anti-Kim Jong-il handbills have been distributed close to the foreign embassies' compound, an area which is off-limits to ordinary North Koreans.

Succession in communist states, where there are no established and institutionalised rules of succession, has usually proved problematic when a major leader dies (9). In the Soviet case, the deaths of both Vladimir Lenin and Josef Stalin led to confused periods of power struggle amongst two or three contenders in a temporary collective leadership before Stalin emerged as the successor to Lenin and, later, Nikita Krushchev took over Stalin's position. In both cases about three years elapsed between the death of the supreme leader and the eventual successor's consolidation of power. In China, after the death of Mao Zedong, although Hua Guofeng took up formal status as his successor, in practice again a temporary collective group of leaders survived and manoeuvred against each other for about two years before Deng Xiaoping re-emerged to take real power. Only in Vietnam was there a comparative smooth succession after the death of Ho Chi Minh, although in this case to a formal type of collective leadership which has remained the pattern ever since.

In none of these cases, of course, was there any likelihood of succession to another member of the supreme leader's family.
Neither was the succession publicly outlined well in advance. In the North Korean case, the succession has been very clearly provided for, and, in the short run, the North Korean elite has no alternative but to respect the father's wishes and accept Kim Jong-il as the new leader. To do otherwise would be to open up a ruthless struggle for power which would induce considerable political instability and possibly threaten loss of regime control and even civil war. The question, therefore, is not whether Kim Jong-il will succeed his father but how long he will survive. His political longevity depends on his ability or interest in consolidating his position, on his physical health (about which questions still remain) and on his responses to the major challenges facing North Korea at the moment.

2. The Challenges for North Korea:

As Kim Jong-il takes over formal power in the North, he is confronted with three serious problems: economic stagnation, diplomatic isolation and final resolution of the nuclear inspection issue. None of these are easy to solve, but they are closely inter-connected.

(a) The Economy

North Korea, like its southern counterpart, transformed a backward economy ravaged by war into an industrial one and, at
least until the mid-1970s, it achieved substantial economic growth (10). Since then, the economic costs of the 'statist', almost Stalinist-style, mode of development have become increasingly apparent. The economy stagnated in the 1980s and over the past four years is believed to have registered negative growth. North Korea's Third Seven-Year Plan, due to have been completed at the end of 1993, set out a target of 7.9% GNP growth per annum. Yet, South Korean economists estimate that over the years 1987-92 North Korea actually averaged minus 1.8% growth (11). Per capita GNP, therefore, is calculated to have dropped below $1000. While avoiding publishing any definitive statistics itself, the North Korean government, in calling for a two-year period of 'adjustment' at the end of the Third Plan period, has effectively admitted that both overall growth and individual sectoral productivity targets have not been met.

The economy faces a number of major problems. Industrial productivity has been declining and foreign visitors report factories running at only two-thirds capacity, partly because of power shortages and partly because of shortfalls in raw material and component supply and quality. Machinery is generally out-dated and inefficient. Despite foreign trade expansion being a key target of the Third Seven-Year Plan, the foreign trade volume actually dropped by a third in 1991, in large part because the disintegrating Soviet Union, previously North Korea's largest trading partner, ceased trading except
in hard currency, of which the North has little. Trade growth remained stagnant for the following two years (see Appendix 1). Japanese estimates for the first six months of 1994 suggest that 1994 will have seen a further decline in trade volume (12). China is now the North's major trading partner, but, faced with its own internal economic needs and able to find better-paying customers elsewhere in Asia, it has since 1992 progressively stopped providing oil and foodstuffs to the North at 'friendship prices'. The North also appears to be suffering from food shortages in some areas and small-scale food riots have been reported intermittently since 1992. Defectors report an active black market even in basic necessities is developing.

North Korean economic planners have had to walk a delicate tightrope between Kim Il-sung's stated goals of self-reliance and centralised planning and the obvious need for inputs of modern technology and capital from abroad. They have not been helped by the fact that the North's one serious attempt to buy in Western technology, in the early 1970s, directly contributed to the building up of a foreign debt which, by the end of 1993, was estimated to have grown to around $10.32 billion, just over ten times the value of the North's total exports. This experience, if anything, confirmed for Kim Il-sung his belief in self-reliance.
Socialist countries in the past have adopted two approaches to revitalising their economies: either trying to improve the planning mechanisms or incorporating elements of the capitalist market process. Despite Chinese efforts to show him the way of the future through 'open door' economic policies, 'special economic zones' (SEZs), etc., Kim Il-sung preferred to tinker with the planning system, to rely heavily on exhortation and to sanction only minimal market-oriented policy changes. Kim Jong-il's own writings in the recent past have also tended to emphasise the need for ideological as opposed to capitalist-style scientific-technological revolution.

As the figures above attest, the approach of the two Kims has not brought success. The North's only attempt at Chinese-style SEZs, the Rajin-Sombong free economic and trade zone, which is designed to be part of the more ambitious multinational Tumen River development programme, has not achieved much yet in the way of attracting foreign investors. With the multinational project now faltering, North Korea may find it difficult to go it alone (13). Given that Soviet, East European, and even Chinese aid is either non-existent or greatly diminished, ironically North Korea does have to look for economic assistance to the capitalist Japan, the West and South Korea. As will be seen below, aid cannot be separated from the issues of recognition and nuclear inspection.
Exhortation and belt-tightening have been the standard fare of recent North Korean economic policies, and in recent years the two Kims have had to resort to stressing the values of social equality to compensate for the lack of 'affluence'. Some are undoubtedly more equal than others, for the party and military elite have been protected from the worst of the shortfalls in supplies. Nonetheless, Kim Jong-il will find it necessary to do something more to alleviate the economic impasse. Any significant change in economic policy, however, poses presentational problems, for unlike Deng in China or Mikhail Gorbachev in the former Soviet Union, who could claim to be pursuing new policies to overcome the (partial) failures of their predecessors, Kim Jong-il does not want to undermine the prestige which his father - and he himself - invested in earlier policies. In addition, the fear that economic openness may bring unbearable political costs has been a strong disincentive to positive reform in the past. But, resistance to change by the ideological hard-liners - and conceivably by Kim Jong-il himself - will only exacerbate the North's economic problems.

(b) Diplomatic isolation

The two Koreas have been engaged in a long-standing competition for legitimacy in the world community. Since the 1980s the balance has swung increasingly towards the South, as countries in the Third World, then in Eastern Europe moved to
recognise the South. In 1990, the Soviet Union, one of the North's two major allies recognised the South, and, finally, in 1992, the other, China followed. Despite negotiations with Japan in 1990-92 and, more recently, with the United States as part of the nuclear 'deal', North Korea still has not achieved diplomatic relations with the South's main supporters.

The North clearly has lost the diplomatic race with the South. It has few real friends in the developing world. One major reason why no foreign dignatories were invited to Kim Il-sung's state funeral may well have been that it would have embarassing to see so few, apart no doubt from Chinese, Cuban and Cambodian leaders, turning up.

Improving North Korea's diplomatic position could, therefore, be an important aid to Kim Jong-il in confirming his leadership position. Crucial to any such aspirations is the relationship with the United States, for the Japanese and the West Europeans will certainly follow behind in any steps towards recognition, but the key to opening that particular diplomatic door has been progress on the nuclear issue.

(c) Nuclear problems

North Korea, under Soviet pressure, had signed the Non-Proliferation Treaty (NPT) in 1985, but it did not sign the mandatory associated safeguards agreement with the
International Atomic Energy Agency (IAEA) until March 1992. The North Koreans had completed a nuclear research reactor at Yongbyon by late 1980s, but over the following years US and South Korean authorities became increasingly concerned about activities at the Yongbyon site which suggested that nuclear fuel-reprocessing and even nuclear weapon production may be occurring (14).

IAEA inspections in late 1992 found that the North Koreans had processed more plutonium than they had admitted and the IAEA demanded access to all suspect sites. North Korea responded by giving notice of its withdrawal from the NPT in March 1993. Concerned about the global proliferation of nuclear weapons, the United States dropped its long-held position of not talking directly to the North Koreans. A series of talks produced a North Korean commitment to suspend its withdrawal from the NPT, but little else. The IAEA was allowed partial access, but not to the sites they really wanted to see. The United States threatened to move towards UN sanctions on the North but actually continued to try to keep the North Koreans in play by at least talking to them at some level. Contacts between North and South Korea, who are supposed to be implementing a joint 1991 declaration to de-nuclearise the Korean peninsula, were fractious and unproductive.

Controversy continues over whether North Korea has been trying to develop nuclear weapons and whether it has
succeeded. There seems little doubt that it has been trying to
develop nuclear weapons, but estimates range as to how many,
if any, it has actually produced. In August 1994, the
defecting son-in-law of the North Korean premier claimed the
North already had five bombs, but US intelligence sources
believe the figure is closer to one or two crude models.
Japanese defence officials believe that the North has drawn
off enough plutonium to produce one or two crude bombs, but
remain sceptical as to whether the North has actually managed
to make a bomb yet.

North Korea upped the ante in May 1994 by beginning to remove
fuel rods, which would make it impossible for the IAEA to
check on whether nuclear fuel had been diverted to weapons
production, and then made the most of a visit in June by
former US president Jimmy Carter, the most senior Western
leader ever to visit the North. This led to an agreement on an
unprecedented North-South Korean summit and further US-North
Korean talks on nuclear inspection and quasi-diplomatic
recognition.

The death of Kim Il-sung aborted the North-South summit plan
and temporarily halted the US-North Korean contacts. But
resumed US-North Korean talks in mid-August did finally
produce a package agreement, signed on 21 October 1994, that
marked a significant diplomatic success for the North.
Although a confidential annex to the agreement has not been made public, the key points can be summarised as follows:

North Korea agreed to

- freeze its current nuclear reactor programme
- dismantle its existing nuclear facilities in due course
- stay within the NPT
- accept IAEA inspection of its facilities, including two sites to which the IAEA had previously been denied any access, but at a future date dependent on progress in the substitute nuclear plant construction. In effect, these inspections could be delayed for up to five years.
- re-open dialogue with South Korea

In return the United States agreed to

- the mutual establishment of liaison offices (the prelude to later full diplomatic recognition)
- ease trade and investment sanctions
- put together an international consortium to provide two replacement light-water reactors (which cannot so easily produce weapons-grade plutonium as North Korea's existing graphite reactors) at an estimated cost of $4 billion
- supply alternative energy (primarily oil) free of charge during the period while the new reactors are undergoing construction (say 5-7 years).
It is difficult to credit this agreement to any new initiative of the Kim Jong-il administration, as the bare bones of the agreement were already well-discussed prior to the father's death and the negotiating style differed little between before and after Kim Il-sung's death. Nonetheless, its achievement—and consequent breakthrough in relations with the United States—can be used by Kim Jong-il to reinforce his legitimacy.

3. Attitudes of the Major Powers

A Korean proverb warns that the prawn (Korea) will have its back broken by the convulsions of the whales (neighbouring great powers). In the minds of many Koreans, it was indeed the outside powers which helped in 1945-48 to break Korea in two. In the increasingly fluid post-Cold war world, the interactions with the interested whales are of crucial importance to deciding whether the Korean prawn can be restored to health and made whole again.

(a) China

With the collapse of communism in first Eastern Europe and then the Soviet Union, Kim Il-sung lost his leverage to play off the Russians and the Chinese. He was forced to turn ever more to the Chinese, who were prepared to recognise his ideological inclinations, even though they took a more
pragmatic line about economic reform. Even when China, against
his urging, recognised South Korea in 1992, Kim had little
choice but to accept the inevitable. The Chinese tried to
mollify him by explaining that the new relationship with the
South did not prevent the continuation of close relations with
the North, but it was clear that the Chinese, like the
Russians earlier, had moved to accept the reality of the 'two
Koreas'.

China has ideological, security and economic interests in
North Korea. As one of the few communist regimes left, North
Korea's survival is ideologically important to China; China
has also given strong support to North Korean reunification
policies. China's main security concern is to maintain peace
and stability on the peninsula so that it itself can
concentrate on its own economic development. So it has advised
North Korea to be more pragmatic over contacts with the
outside world and over the nuclear issue. According to the
Americans, the Chinese intervened crucially in the very last
stage of the US-North Korean negotiations to persuade the
North to accept certain inspection details (15). But, at the
same time, throughout the nuclear dispute, China also warned
the West not to pressurize or threaten North Korea too much.
Over the last few years, however, China's economic interest in
the North has declined; China has clearly shifted to
developing economic contacts with the South. Instead of
subsidizing the North, it is far better to receive trade and
investment from the South. Sino-South Korean trade is expected to have topped $12 billion in 1994; Sino-North Korean trade will be less than $1/2 billion.

The 'old guard' leadership in Beijing, some of whom fought with the North in the Korean War, continued to maintain close relations with Kim Il-sung. On Kim's death Deng Xiaoping called him 'a comrade-in-arms and a close friend' (16), but, it is likely that Deng and his closest colleagues do not have the same respect for the son. Kim Jong-il reportedly threw an ash-tray at the visiting Chinese foreign minister when he brought news of the Chinese plan to recognise the South in 1992 and then cancelled a visit to China planned for March 1993 when China did not suggest senior enough leaders for him to meet. However, appreciating that they cannot do anything about the succession and fearing above all a destabilising power struggle on their borders, the Chinese are prepared to wait and adapt to the new situation.

An important indicator of how the Sino-North Korean relationship will develop under Kim Jong-il will be how soon now that the official mourning period is ended either he visits China or a senior Chinese leader visits Pyongyang. Significantly, Chinese Premier Li Peng visited South Korea in late October 1994 and President Jiang Zemin met South Korean President Kim Young-sam in Jakarta in mid-November 1994. Neither has yet shown any inclination to visit the North.
Indeed, Chinese leaders have shown themselves to be less inhibited by North Korean objections about their relationship with the South since the elder Kim's death. Premier Li's visit saw the conclusion of a series of major transport, investment and technological collaborative deals with the South. In marked contrast to the North, which has shown considerable reticence about accepting South Korean nuclear plants and technology as part of the US-North Korean deal, China also signed an agreement on nuclear power cooperation which is likely to lead to South Korea constructing nuclear power plants for China. China has tried to maintain a careful balance with the two Koreas over the past two years, in part by trying to separate economics from politics, but recent actions do suggest a subtle tilt towards the South. Within North Korea, a cooling-down of Sino-North Korean relations, if it is perceived as having to do directly with Kim Jong-il himself, will only do harm to his longer-term future.

(b) Russia

Russia is going through its own destabilizing political and economic transition and, of the major powers, now has the least influence on the peninsula. Its trade with the North has virtually ground to a halt, it has stopped all military and nuclear assistance to the North, and it has not sent any special greetings to Kim Jong-il. Russia did offer to provide one of its light-water reactors to the North while the US-
North Korean nuclear negotiations were going on, but doubts about Russian technology (memories of Chernobyl are hard to erase) and the South Korean insistence on its reactor models being used in the final deal have counted against the Russians.

Russia's importance now lies mainly in its role as a UN Security Council member (should there be a return to consideration of UN sanctions, in the event, for example, of North Korea failing to comply with its agreement with the United States) and in the potential danger of Russian nuclear materials and nuclear technicians illegally finding their way to North Korea. Nonetheless, South Korean policy-makers have become aware of Russian resentment at being left out of the active international discussions about the Korean peninsula. Both to salve Russian pride and to prevent Russia moving back into closer ties with the North, Russia will have to be included in the international consortium being assembled to provide nuclear power plants to the North.

(c) The United States

The United States has always been very suspicious of North Korea. It not only holds the North responsible for the outbreak of the Korean War but also points to a long list of incidents against American interests. It consistently rejected the idea of high-level bilateral talks, although a low-level
intermittent dialogue did begin in 1988. President George Bush went out of his way to emphasize that the United States would not go round the back of South Korea in talking with the North. President Bill Clinton, on his visit to the Demilitarized Zone in July 1993, gave a strong message of support for the South and warned the North against any adventurism.

But American concern extends further than just the immediate security of South Korea. One of the incoming Clinton administration's stated priorities was to stem the proliferation of nuclear, chemical and biological weapons worldwide. North Korea has thus become a kind of test case of the global non-proliferation regime. Linked to this is a US concern that the North Korean nuclear programme also directly threatens North-east Asian regional security, in the sense that a North Korea with confirmed nuclear weapon capability could prompt South Korea and Japan to acquire nuclear weapons too (17).

Such was Clinton's concern about the March 1993 North Korean decision to withdraw from the NPT that he reversed past US policy and agreed to allow talks with the North Koreans at a senior level. However, the series of US contacts with the North cast doubts about consistency in Clinton's foreign policy. During 1993 and into early 1994, the Clinton administration hovered between 'carrots' (diplomatic talks
with the North Koreans at the highest-level yet, coupled with vague promises about normal trade and diplomatic relations if they abandoned their nuclear programme) and 'sticks' (threats of UN sanctions, the dispatch of Patriot missiles to South Korea, resumed military exercises with South Korean forces). Admittedly, lukewarm support for strong action from fragile Japanese governments and policy conflicts within the South Korean government did not help.

The package deal brokered by Carter and finalised during the August-October 1994 negotiations suggests that North Korea has done best out of the negotiations, at least in terms of the short term results. The North has played the 'nuclear card' successfully for the second time (the first time was in 1991, when the United States was encouraged to withdraw all its own tactical nuclear weapons from South Korean soil).

The Americans, in the short term, will have achieved little more than to get the North Koreans to honour those obligations which they were required by international law to do anyway (and, even then, the North Koreans do not have to comply with all such commitments immediately). But, in the medium term, tying the North into foreign sources of nuclear power technology (specifically South Korean versions of Western technology) and opening up the North Korean economy and society to 'capitalist' influences may help to promote the
kind of domestic political change that the Americans consider desirable in the North.

On the other hand, the North obtains a nuclear power system at someone else's expense, short-term help with free, alternative energy supplies (heavy oil), as well as quasi-diplomatic recognition from the United States. The United States is committed to putting together an international consortium, provisionally named the Korean Energy Development Organisation (KEDO), and, although it is encouraging the South Koreans and the Japanese to take the funding lead, it has offered itself as 'payer of last resort' if international financial support is insufficient. The newly-elected Republican-dominated US Congress, however, will certainly press for close monitoring of the deal and may make it difficult for the Clinton administration to get new funds to support KEDO.

The North, in December 1994, did allow in IAEA inspectors to verify that it has halted all construction activities at the Yongbyon site (though, of course, refusing to admit them to the other sites yet) and is due to receive its first shipment of oil before the end of January 1995. In early January 1995 North Korea lifted its ban on imports and shipping from the United States; a reciprocal easing of US trading restrictions will follow soon. The U.S. and North Korean establishment of liaison offices, respectively in Pyongyang and Washington, probably by April 1995, is seen by North Korea as opening the
way for inflows of US, then later Japanese and West European, trade and investment. North Korea, however, will be faced with short-term disappointment and medium-term danger. There is unlikely to be an immediate rush of serious US investors in the North Korean market in its current unreformed state. In the medium term the dangers for the North, however, are precisely those with which the Americans have to console themselves as being the advantages: that, as Deng Xiaoping has said in a Chinese context, 'opening the window may allow in flies'.

(d) **Japan**

Although Japan recognised South Korea in 1965, it has yet to establish diplomatic relations with the North and any moves towards the North have always produced tensions with the South. The North, as its economy deteriorated, has shown interest in obtaining Japanese aid and investment, but its foot-dragging over the nuclear issue and excessive compensation demands made the 1990-92 bilateral negotiations convoluted and ultimately fruitless (18).

For most of the postwar era, Japan has seen the Soviet Union as its principal security threat and it has shown a marked coolness towards the South's inevitable preoccupations with the North Korean threat. However, over the past year or two, the gradual realisation of the decline in the Russian threat
and the growing evidence of North Korean moves to obtain nuclear weaponry, coupled with test-firings of new North Korean missiles capable of reaching Japanese territory, have forced a re-thinking in Japan. The August 1994 Defence White Paper for the first time saw North Korea replacing Russia (or formerly the Soviet Union) as the most disturbing element in Japan's security perceptions.

Unlike the Japanese switch to recognising China (rather than Taiwan) in 1972, when politicians came under considerable pressure from Japanese big business keen to enter the China market, there is little similar pressure to get into the North Korean market in its present unreformed state (a reunified Korea desperately in need of reconstruction would be a different and much more tempting proposition though). Although the current Japanese coalition government is headed by Tomiichi Murayama from the Japan Socialist Party which has traditionally always had good links with the North, it was cautious in its unofficial contacts while the US-North Korean negotiations were continuing. With the US-North Korean nuclear weapons deal meeting at least some of Japan's concerns, diplomatic negotiations can be expected to re-open soon, but the delicate political balancing between the Japanese coalition government partners will serve to slow down the pace of progress (19).
Moreover, the inevitable Japanese financial involvement in the international consortium to pay for the new North Korean nuclear reactors may actually work against the North's expectation of significant direct economic aid from Japan as part of a diplomatic deal. Anyway, the subsequent economic aid package probably will have neither the value nor the speed of disbursement that the North considers necessary to resuscitate its economy. The Japanese, sensitive to South Korean concerns, are unlikely to move too far ahead of the Americans and, in the immediate future, will probably confine themselves to negotiating with the North Koreans for the establishment of quasi-diplomatic trade and liaison offices.

(e) South Korea

Last, but by no means least, comes South Korea. Relations between the two Koreas themselves have been hesitant and insubstantial; in fact, they have worked hard to keep themselves and their people well apart for the past four decades. Official dialogues have been spasmodic and rarely productive. The intermittent dialogue instituted in 1990 did produce agreements on reconciliation and non-aggression and on the de-nuclearisation of the peninsula; this was followed by signs that economic contacts might also increase (20). But North Korean foot-dragging over the nuclear issue has soured the relationship once again.
The election of Kim Young-sam as the South's first elected truly civilian president made little difference to the relationship, once the North had got over an initial period of hope that the South might be more pliable. Kim Young-sam's priorities, however, lay with domestic politics and the economy; foreign policy, even the nuclear issue, came off second best. Moreover, throughout the escalating nuclear dispute during 1993-94 the Kim administration has been wracked by its own internal differences about how policy towards the North should be conducted.

The death of Kim Il-sung provided several significant policy difficulties for the South Korean government. The initial reactions in the South, which clearly feared the destabilising effects of Kim's death, tended towards the cautious, verging on the hard-line, approach. The South Koreans refused to extend any official condolences to the North (reiterating that Kim Il-sung, after all, had been responsible for the Korean War) and cracked down on activities by radical pro-North student groups (jusapa). They were less inclined than the United States to give the new North Korean leadership the benefit of the doubt. Moreover, as the North-South summit stayed on hold but US-North Korean contacts began to expand during the August-October 1994 negotiations, the South Korean government began to feel left out. The South Korean government had little option but to accept the resultant US-North Korean package deal, although privately some members of the Kim
administration have complained of feeling 'alienated' by the US approach.

The South Korean government has tried to put on a brave face and look for advantages in the US-North Korean deal. It recognised the need to gradually loosen up economic contacts with the North (partly out of fear that South Korean companies may get overtaken by other foreign companies) and early in November the two-year old ban on South Korean business-men visiting the North was lifted and experimental joint cooperative projects encouraged. The South has also suggested that preliminary political contacts begin again between the two Koreas, but the ball now lies in the North Korean court. The initial North Korean response has not been encouraging, denouncing the trade ban revocation as a 'political trick' and studiously avoiding any political contacts with the South. Its January 1995 gestures on opening up trade contacts, for example, were targetted specifically on the United States.

Although the economic contacts through third countries can be expected to slowly build up and some exchanges between nuclear power experts must occur soon if the nuclear reactor provision part of the US-North Korean deal is to be realised, there can be no expectation of a North-South summit until after Kim Jong-il is formally installed as the new North Korean president. Even then there are pros and cons for both sides in moving to such a summit. For the South, clearly it would
provide an opportunity for Kim Young-sam and his colleagues to meet and engage in discussions directly with Kim Jong-il, thereby to gauge what kind of person he is, but the very act of meeting him would, of course, give him legitimacy and, if such a summit were to be held in Pyongyang, give some impression of the South paying 'homage' to him. Kim Young-sam, however much he disliked what Kim Il-sung stood for, did at least see him as an effective and equally senior counterpart; he does not personally consider Kim Jong-il to be his equal. He is likely, therefore, to insist on Panmunjom or a third country site for the summit.

For the North, such a summit would help, of course, to provide just such a legitimacy, but, if Kim is really not capable intellectually it would expose his problems openly to the South. By continually delaying Kim Jong-il's formal inauguration, the North does provide itself with one of its few effective arguments for postponing a summit with the South. There would, anyway, need to be a reasonable expectation of some kind of positive outcome to be announced, such as economic, cultural and tourism cooperation. The odds remain on a summit later rather than sooner.

4. Reunification?

South Korean President Kim Young-sam took the unusual step of warning his people in his annual Liberation Day speech on 15
August 1994 that they should be fully prepared for the possibility that 'unification could occur unexpectedly at any time' (21). Since becoming president in February 1993, Kim has spent much of his time playing down the prospects of an early reunification of the two Koreas. Having watched the troubles and the costs that West Germany suffered in its rapid takeover of the disintegrating East Germany, South Korea has been advocating a step-by-step approach to unification.

But the death of Kim Il-sung has altered the nature of the game. While Kim Jong-il will almost certainly be confirmed in the near future in his father's posts as state president and party general-secretary, his position will be neither strong nor long-lasting. He could well be presiding over the demise of North Korea and its unification with the South.

How could reunification take place? This scenario can be suggested:

- Economic conditions continue to deteriorate. Food shortages, energy supply failures, unavailability of consumer products, increasingly inefficient and out-dated technology, declining trade returns, disappearing foreign currency reserves and repeated negative GNP growth frustrate the economic technocrats and increase discontent amongst not just amongst the civilian population but even amongst the military.
Technocrats wanting Chinese-style economic reform clash with ideologues who fear 'capitalist contamination'.

- The nuclear 'deal' with the Americans fails to bring what the North Koreans want. Despite moves towards partial diplomatic recognition, neither the United States nor Japan give real economic aid (except for limited oil supplies and light-water nuclear reactor construction assistance). Nor do US or Japanese businesses seem enthralled about investing in or even trading with the North.

- Political dissatisfaction within the North Korean elite grows. With the heavy hand of Kim Il-sung gone, unhappiness at the continuing comparative diplomatic isolation, economic stagnation and nepotism is more openly expressed. Kim Jong-il is unable to stamp his authority over the squabbling groups.

- Only South Korean businesses show any real interest in the North's market and in using North Korea's cheap, disciplined labour for manufacturing. A group within the North Korean elite, quite possibly the military linked with some economic reformers, conclude that the only way to survive is to open up to the South. Either Kim Jong-il cooperates and remains a figurehead or he is pushed aside more violently.

- As we have seen in Germany, opening doors and removing barriers can generate their own momentum. People in the North,
becoming aware at last of the reality of the South as a thriving industrialised power, begin to vote with their feet. The South is faced with a collapsing North.

As the South's President Kim said to his people, they may have to 'endure pain and sacrifice' in coping with this northern collapse, but they could achieve the unification they so desire. Kim Jong-il's role in history, therefore, may go down as the person who helped to ensure that reunification took place, but, contrary to his and his father's dreams, under the South's not the North's aegis.
REFERENCES

Part of the research for this Working Paper was carried out with financial support from the Office of Research and Staff Development at Lingnan College, to which thanks are given.

1. The cause of death was given as a heart attack. The delay in the announcement of his death, his apparent health when meeting former US president Jimmy Carter a few weeks earlier, and the use of an autopsy led some observers to speculate initially that his death was unnatural. It is now generally accepted that he did die of a heart attack; he is said to have been at his favourite mountain resort at Mount Myohang, where bad weather prevented a helicopter from flying him out. Korea Times, 20 November 1994.


5. Korea Times, 5 November 1994

6. A recent Russian visitor reported that Kim Jong-il himself had decided to postpone his formal accession to power. Korea Times, 15 November 1994.


8. Some observers believe that the Chinese prefer Kim Yong-ju to Kim Jong-il and that, at the very least, they want him to act as a brake on Kim Jong-il. Nishioka Tsutomu, 'Kenryoku-chusu ni ippen: Kim Song-ae kyufugo no imi', Gendai Koria, August-September 1994, p.34.


19. Although the Japan Socialist Party (JSP) has put out feelers to the North, a planned joint mission of politicians from the JSP and its coalition partner, the Liberal Democratic Party, has been stalled because the LDP (and the Foreign Ministry) fears that they might be inveigled by the North into re-endorse a controversial 1990 joint communiqué which called for Japan to give compensation for both postwar and prewar actions against the North. Nihon Keizai Shimbun, 2 November 1994.


Appendix 1

NORTH KOREAN ECONOMIC INDICATORS

NORTH KOREAN FOREIGN TRADE

US $ million

<table>
<thead>
<tr>
<th></th>
<th>Exports</th>
<th></th>
<th>Imports</th>
<th></th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>78</td>
<td>141</td>
<td>270</td>
<td>577</td>
<td>595</td>
</tr>
<tr>
<td>Japan</td>
<td>258</td>
<td>235</td>
<td>229</td>
<td>246</td>
<td>245</td>
</tr>
<tr>
<td>Russia</td>
<td>172</td>
<td>181</td>
<td>72</td>
<td>194</td>
<td>440</td>
</tr>
<tr>
<td>S.Korea</td>
<td>96</td>
<td>148</td>
<td>162</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>World Total</td>
<td>985</td>
<td>1024</td>
<td>977</td>
<td>1655</td>
<td>1668</td>
</tr>
</tbody>
</table>

[Sources: Kitachosen no keizai to boeki no tenbo:1993-han (Tokyo: JETRO, 1993); JETRO calculations in 'Kitachosen no taigaiboeki gaikyo', August 1994.]

N.B. Up to 1990 the Soviet Union had been the major trading partner for North Korea. In 1990 North Korean exports to the Soviet Union totalled $952 million and imports $1.669 billion.

COMPARATIVE GNP FIGURES FOR 1993

<table>
<thead>
<tr>
<th>North Korea</th>
<th>South Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GNP (US$ billion)</td>
<td>20.5</td>
</tr>
<tr>
<td>GNP per capita (US$)</td>
<td>904</td>
</tr>
<tr>
<td>GNP growth rate (%)</td>
<td>-4.3</td>
</tr>
</tbody>
</table>

[Source: South Korean Economic Planning Board calculations, Korea Newsrevew, 20 August 1994]
THE KIM FAMILY TREE

Kim Hyong-jik = Kang Ban-sok  
d.1926            d.1932

(1) Kim Jong-suk = Kim Il-sung = Kim Sang-ae (2) Kim Yong-ju  
d.1949            1912-1994          m.1963            b.1922

Kim Jong-il = wife  1 married sister
b.1942

Kim Pyong-il          Kim Sung-il          2 sisters

Kim Jong-nan          3 sisters