

The United States and North Korea reached a framework agreement in October 1994 that has profound consequences for the security of the Korean peninsula. Under a reciprocal process of approximately ten years' duration, the accord seeks to change the status of North Korea's nuclear development from a temporary freeze to total abandonment. Graphite-moderated nuclear reactors and related facilities would be frozen within a month and placed under International Atomic Energy Agency supervision, but resolving past suspicions is postponed five years. In addition, America will form and represent an international consortium to replace graphite-moderated with light-water reactors and negotiate a supply contract

with North Korea in six months. Also, alternative energy sources (heavy oil) will be provided until the first light-water reactor is completed. With regard to normalizing relations, Washington and Pyongyang agreed to reduce trade and investment barriers, open liaison offices in their respective capitals, and upgrade bilateral relations to the ambassadorial level based on progress in other areas. Moreover, the accord promotes the implementation of the North-South Korea Joint Declaration for denuclearization and reconvening North-South dialogue.

While a crisis was averted and the Cold War in Northeast Asia is coming to a close, there is widespread dissatisfaction over this agreement. Many consider it as welcome but as leaving much to chance. They object to a five-year postponement before special inspections can be implemented and feel that all provisions of the accord may not be faithfully carried out. Many people in Japan and South Korea are dissatisfied with the funding of the light-water reactor. Other reservations about the agreement fuel this dissatisfaction. One concern already mentioned is the assumption that a *reciprocal* process of ten years—

Assessing the U.S.-North Korea Agreement

By MASAO OKONOGI



On the DMZ.

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while a light-water reactor is built—will provide a phased transformation of mistrust into mutual trust.

Criticism aside, North Korea would not have acceded to an accord without a postponement period even if the United States had negotiated more effectively. What Kim Il Sung accepted in his talks with former President Jimmy Carter was to freeze nuclear development, not abandon it. For North Korea

the North Korean leadership is attempting to sell its outmoded baggage of the Cold War

transferring spent fuel overseas and early implementation of special inspections would be tantamount to abandoning its nuclear program. In other words, by the time Washington accepted Carter's mediation, the option of economic sanctions already had been abandoned, and to expect a more advantageous agreement than the one negotiated would have been unrealistic.

Another aspect is that Pyongyang views Washington as its only negotiating counterpart and intends to fully rely on U.S. implementation of the agreement. The objective, one may assume, is to maximize in future overtures to Tokyo and Seoul the shock effect of the fact that the U.S.-North Korea accord was made over the heads of Japan and South Korea. Hereafter, North Korea will adroitly utilize relations with America as diplomatic leverage and to improve its position vis-à-vis Japan and South Korea. Pyongyang may also try to make Tokyo and Seoul compete for an advantageous position.

This bodes well for implementing the agreement. Not only that, North Korean leaders will probably conform to U.S. policy as much as they can and try to gain equal status with the South. Also in this accord the North pledged to make efforts together with the United States to strengthen the international nuclear nonproliferation regime. Thus, from another perspective, it can be stated that American diplomatic influence has expanded to the northern part of Korea. In this situation, the South should rid itself of the inertia of the Cold War era and reconstruct

its relations with both the United States and Japan.

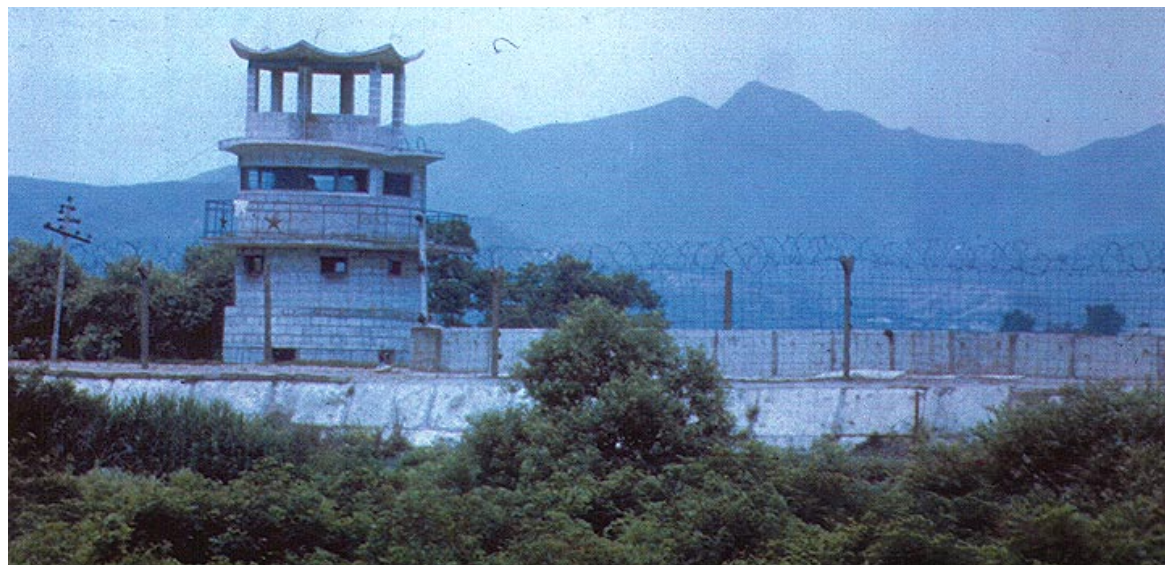
In sum, the North Korean leadership is attempting to sell, piece by piece and to the highest bidder, its outmoded baggage of the Cold War such as nuclear development and gloomy relations with Japan and South Korea. Then Pyongyang hopes to adjust to and survive in a new era. Time will be needed to form a judgment on which relationship will improve first, Japan-North Korea or North Korea-South Korea. Without doubt, however, the North will move toward the realization of cross-recognition. When it has sold its remnants of the Cold War, a new international political system will emerge on the peninsula.

Leaving aside the health of Kim Jong Il, North Korea's future in the short term will depend on whether he and other leaders can complete the above process smoothly. This is the first hurdle. If they fail, the North will be isolated internationally, economic hardships will mount, the prestige of Kim Jong Il will fall, and the new regime will face collapse in two or three years. This could entail a violent situation which is a worst-case scenario. On the other hand, if the North succeeds, relations with Japan and South Korea will improve and transfers of foreign capital and technology will commence. But improving external relations does not guarantee the long-term stability of the regime. If transfers of foreign capital and technology progress, another kind of contradiction will be evident—between the old regime that Kim Jong Il is endeavoring to inherit and the new policies for implementing an open economy. This is another hurdle.

North Korea faces the same dilemma that the former Soviet Union and China confronted. If the leadership stays firmly committed to the old political system and controls the flow of people, money, goods, and information, economic reconstruction becomes impossible. On the other hand, if liberalized policies prevail, contradictions in the old system will become evident and demands for reform will grow. It is likely that the North Korean leadership, fearing political instability, will try to separate moves toward openness and reform. But the precedents of the Soviet Union and China suggest that economic reform is needed to liberalize

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North Korean
propaganda village.



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and improve living standards, and systemic economic reform would have to extend to ideological and political reforms under this scenario.

There is a second scenario. If confrontation between conservatives and reformers arises in Pyongyang—which seems inevitable—the consequences would be dramatic. A policy debate can easily turn into a power struggle. In such circumstances contradictions deepen regardless of who triumphs. The triumvirate of leadership, system, and state would collapse and the North would be absorbed by the South and the Korean peninsula unified. It would be desirable if North Korea avoided this scenario by opening up and reforming its society, and by establishing a Chinese-style socialist state. South Korea is wary of the enormous costs that would be involved in any sudden collapse of the North and rapid unification, preferring instead long-term coexistence with an open socialist state to the North. The possibility of this scenario is low, but it is another possible outcome.

The role played by Japan in these circumstances is of some consequence. The transfer of capital and technology that is anticipated once bilateral relations between Japan and North Korea are normalized will help the North reconstruct its economy, if only temporarily, and also contribute to the

coexistence of the two Koreas. Doubt remains over how efficiently North Korea's leadership can use foreign capital and technology given its rigid political and economic systems. But if the infrastructure is strengthened and basic industries rebuilt, it is possible that the North could harness its relatively inexpensive, high-quality labor force to develop labor-intensive enterprises. Japanese capital and technology would do more than open up North Korea's economy and raise its standard of living. It would eventually promote reform of its political system. So, for better or worse, the economic exchange between North Korea and Japan after the normalization of relations could serve as a catalyst for imploding the North Korean regime. Even if that happens, however, a systemic collapse through a process of liberalization and reform is likely to resemble the German rather than the Rumanian model. The agreement reached by the United States and North Korea may well have paved the way for such a process.

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