

## FAKE STATE ENTERPRISES IN POST-CRISIS NORTH KOREA

ANDREI LANKOV

*College of Social Studies, Kookmin University in Seoul*

The last twenty years of North Korean history has been marked by a dramatic social transformation. Ostensibly, the country has retained a number of important features usually associated with a Leninist (or to be more precise: Stalinist) society. Its institutional structure, political rhetoric and propaganda are characterized by a remarkable continuity from the 1960s onwards. But this continuity actually masks radical changes in the economy of the country.

Prior to the early 1990s, North Korea could be seen as the perfect example of a Stalinist society – in some regards it was even more Stalinist than Joseph Stalin's Soviet Union. Daily surveillance and control reached heights that would have been impossible in the Soviet Union of the 1930s – where short-term trips to other areas did not require permits, and where tunable short-wave radios were legal. In economic management, central command and control were taken to truly unprecedented extremes. From the 1960s to the 1990s, almost all foodstuffs and consumption goods were actually distributed through a complex distribution system. Money could not buy much in North Korea of the 1970s, since cash was all but meaningless if not accompanied by government-issued ration coupons. Private enterprise was unthinkable.

This system suffered a mortal blow in the early 1990s when the Stalinist economy nose-dived, being suddenly deprived of Soviet and Chinese subsidies. Virtually no economic statistics have been published by the North Korean state since the early 1960s, and therefore the scale of the economic crisis is not precisely known. However, according to the estimates of the Bank of Korea, widely believed to be the most reliable estimates of the North Korean economy, North Korea's GDP in 1991-1999 decreased by 37.6%.<sup>1</sup> By the early 2000s non-military industrial output was estimated to be barely 50% of the 1990 level.<sup>2</sup>

The collapse of industry had a dramatic impact on the average North Korean, who for a long time had relied largely or almost exclusively on the rationing system. From 1993-94 rations ceased to be delivered regularly and around 1995 the rationing system came to a complete standstill. From then on a massive famine ensued, leaving some 600,000 to 900,000 people dead.

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1 Bank of Korea, *Pukhan chuyo kyŏngje chipyo pigyo* (North Korea, a comparison of the main economic indicators), can be found on: [www.bok.or.kr](http://www.bok.or.kr)

2 Im Kang-taek, *Pukhan kyŏngje kaebal kye hwoek surip pangan yŏn'gu: Paet'unam saryerŭl* [Taking the example of Vietnam: Research on North Korea's economic development planning] (Chungsimŭro, Seoul: T'ongil Yŏn'guwon, 2010), 164.

North Koreans themselves found their own way to cope with crisis by rediscovering and reestablishing a market economy. From the early 1990s, all kinds of private economic activities resurfaced and began to grow with surprising speed. Many North Koreans now till their own private fields on mountains, are employed in private restaurants and workshops, and do all kinds of trade, smuggling and money lending, and engage in countless activities that are firmly associated with a market economy. It was recently estimated that in 1998-2008 the share of income from informal economic activities reached 78% of the total income of North Korean households.<sup>3</sup>

The state's attitude towards these private activities has remained quite negative, even though the degree of this official hostility has fluctuated over time. It was relatively strong in the mid-1990s, but with the advent of the disastrous famine of 1996-9, the government, or at least its lower functionaries, significantly eased its pressure on private economic activities, which remained illegal nonetheless. In 2002, some of these activities were formally decriminalized. This decision has often been presented as North Korea's 'attempt at market-orientated reforms', but such oft-repeated descriptions are an exaggeration. The 2002 reforms meant in most cases a belated admission of activities that the government knew it could not control.

Soon after, the tide was reversed. From 2005, the North Korean government began to implement measures that were aimed at curtailing the influence and the scale of the unofficial market economy. These attempts to roll back the limits of the market reached their apex in the currency reform of 2009. The 2009 currency reform proved to be a disaster, though, leading to a major disruption of economic life in the country. As a result, in subsequent years, the North Korean authorities have chosen to turn a (renewed) blind eye to most of the activities that go on in the market place.

However, throughout all these oscillations, the official line (and associated rhetoric) has essentially remained unchanged. The official media kept silence about the economic changes and studiously ignored the growth of markets, while through confidential channels the North Korean propaganda apparatus has constantly reminded the North Korean people that private economic activities are not compatible with the lofty socio-economic ideals of North Korean society, even though some toleration of such activities may be unavoidable and necessary in times of crisis.

Due to official hostility, North Korea's entrepreneurs have devised a number of strategies to create large, successful businesses that do not challenge the regime's official ideals or attract too much unwelcome attention from the authorities.

One commonly employed strategy is to develop a private enterprise under the official cover of a state-owned firm – replacing the contents while keeping the outer shell unchanged. A significant number of ostensibly state-owned enterprises in North Korea are nowadays actually operated by private entrepreneurs who invest their money

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3 Kim Byung-Yeon and Song, Dongho. "The Participation of North Korean Households in the Informal Economy: Size, Determinants, and Effect," *Seoul Journal of Economics*, Vol. 21 (2008), No. 2, p. 373.

in the operations and for all practical purposes run the enterprises as if they are the actual owners. These pseudo-state companies are expected to make contributions to the state budget, as well as to pay bribes to their bosses' patrons in the state bureaucracy.

There are different types of such enterprises of course, perhaps the largest being what is known in North Korea as the 'Foreign Currency Earning Company' (FCEC). Such companies are a peculiar feature of the North Korean economy, with few analogues in other communist states. Major factories, as well as large government agencies, are allowed (and indeed encouraged) by the central government to establish their own foreign currency earning companies. Theoretically such companies exist to sell the goods manufactured by a particular factory, or goods that are under the control of the founding agency. For instance, the steel products of a large steel mill can be sold by the FCEC of the mill itself. But in real life, most FCECs use their power and connections to get hold of everything that is sellable on the international market and then sell it for a large profit.

On paper, the FCECs are government-owned. On the ground though, FCECs are routinely taken over by private entrepreneurs who cooperate with the FCECs headquarters. In many cases, FCEC's make deals with rich business people (known as 'tonju' in Korean) who then use their own money to buy equipment and/or raw materials and hire workers. It is also the business person's responsibility to establish and maintain the networks necessary to acquire and sell merchandise, often overseas (in nearly all cases, in China). Such arrangements make perfect sense for both sides. The government FCEC acquires capital and expertise that would not be available otherwise, while private entrepreneurs receive a quasi-legal status and access to lucrative government monopolies.

In this regard the case of interviewee A1 is fairly typical.<sup>4</sup> In the late 1990s and early 2000s, he made a lot of money in cross-border trade with China by selling scrap metal, seafood and occasionally even Koryŏ-era antiques. In 2002, he was approached by a military FCEC that operated under the auspices of North Korea's secret police. Through some high-level lobbying, this KPA-founded company had acquired the exclusive rights to collect pine mushrooms in some border areas. A1 was put in charge of these operations and was even given the rank of a military officer.

From the company's point of view, the involvement of A1 was necessary because he had enough money to pay local people who collected mushrooms. In earlier times, government officials could press local farmers into collecting mushrooms for small fees and access to some privileged rations of quality goods. Now, however, this is impossible, so farmers have to be paid a price not much below the market price for the mushrooms – and such an arrangement means that large initial investments have become necessary.

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4 All interviews were conducted as a part of a project supported by a grant from the National Research Foundation of Korea (NRF-2010-330-B00187). Please refer to the bibliography for details of each interview.

**Table 1** Interviews of seven North Korean refugees (anonymous). All interviews were conducted in 2010-2012 in Seoul as a part of a project supported by a grant from the National Research Foundation of Korea (NRF-2010-330-B00187).

	Age	Year of leaving North Korea	Region of residence	Occupation	Interview date
A1	~35	2006	N.Hamgyŏng	Factory manager	January 2011
A2	~40	2008	N.Hamgyŏng	policeman	March, April 2011
A3	~55	2006	N.Hamgyŏng	College teacher	April, September 2011
A4	~50	2011	S.P'yŏngan	teacher	January 2012
A5	~45	2005	N.P'yŏngan	engineer	January 2012
A6	~55	2010	N.Hamgyŏng	clerk	September 2012
A7	~50	2008	N.Hamgyŏng	doctor	March 2011

To make sure that no significant competition would emerge the company also employed sentries on roads in the area in order to find and intercept people who attempted to move mushrooms without proper permits. Apart from buying the mushrooms, A1 also used his connections in China to arrange good wholesale prices for them. He believed they were eventually shipped to Japan.

During the interview, A1 was somewhat vague when asked about the amount of money he had to pay to his superiors (insisting that he could not remember exact figures). Nonetheless he said that he kept well over half of the revenues from the operation, which allowed him to double his private fortune within two to three years. A1 says that these officially endorsed operations were somewhat less profitable than smuggling/trade activities were, but the fact that he had a modicum of protection compensated for the smaller profit margin.

Interviewee A2 provides us with an even more interesting case. He, together with a few other investors, contacted a party-controlled FCEC and received the right to restart a long mothballed goldmine. Technically the goldmine was, when its operations were restarted, operated by a party FCEC, but for all intents and purposes it was the private operation of A2 and his companion. They bought the necessary equipment – albeit quite primitive – and hired the necessary workers; all this was financed by A2 and another investor.

Workers were usually hired from nearby cooperative farms, so an agreement with the farm managers was struck as well. A2 claims that the agreement was beneficial for all participants: the workers (young males) earned much more at the mine than would be conceivable at the farm, while farm managers received not only kickbacks but also some practical help.

In an interesting twist, A2 provided his workers not just with monetary compensation for their work, but also with standard food rations. In practice this meant that A2 and his fellow investor used some of their own money to buy rice and other cereals at the market and then distribute the foodstuffs to their workers for free. The rations were given in accordance with the norms that were used for decades by the Public Distribution System (PDS). This meant that every worker at the mine, in addition to their wages, received 700-900 grams of cereals per day (800 or 900 grams for a worker doing hard labour, 700 grams for a clerical worker).

This arrangement reflects an ingrained North Korean perception of the benevolence and normality of the PDS and the related idea that every good employer should provide its workers with food rations. In my interviews with North Korean entrepreneurs this kind of arrangement has been mentioned often. It seems that until recently, many North Korean quasi-private enterprises provided their workers with both nutritional and monetary compensation. However, recent interviews with refugees seem to indicate that this practice has become significantly less common in the last few years as the North Korea public has become more acquainted with the workings of the market economy.

The gold extracted from A2's mine was sold to Chinese merchants in North Korean borderland cities. The money raised was in part used to make contributions to the party budget, as if the money itself were the profits of the FCEC itself, not that of private investors running their own business. Nonetheless, monies remaining after said contributions, estimated to be around \$2000 per month in 2007, were more than enough to pay for A2's extremely agreeable lifestyle.

Like A1, A2 was also classified as a state employee by virtue of his operations. The Central Committee of the Korean Workers Party was officially considered to be his employer, even though he seldom went near their offices.

Both the case of A1 and A2 have much in common; the state essentially entering into a licensing arrangement with individual entrepreneurs. The state in effect is selling the right to undertake particular economic activities to entrepreneurs, who bring with them their money-earning abilities, capital, and connections that are used to maximize profits. In turn, the state provides monopoly rights, protection therefore from competition and, perhaps more importantly, legal cover to effectively undertake what would otherwise be illegal market activities. Taking into account the extremely corrupt nature of the North Korean bureaucracy, as well as the singular lack of transparency in such operations, it is very difficult to ascertain whether these operations are really beneficial for the state, or whether the profits are largely pocketed by the entrepreneurs themselves and their patrons in the bureaucracy. What is nonetheless clear is that without the involvement and expertise of private entrepreneurs, many FCECs would be non-functional.

It is furthermore remarkable that many North Korean interviewees now talk about private investors (*tonju* – literally ‘masters of money’) as being a necessary and unavoidable part of some enterprises ostensibly run by the state. It is not clear to what extent such private investors are actively sort out by state actors and to what extent they themselves are active in trying to incorporate their operations within state structures in

order to avoid prosecution or other forms of official censure. It seems to be a case of active courtship on both sides, and whereas many such deals probably do not directly enrich the central government, they nonetheless serve the interests of local officials.

However, state protection is not absolutely reliable. It is telling that A2, in spite of (or even perhaps because of) all his successes in business, eventually got into trouble with his superiors, and being afraid of becoming a scapegoat, chose to flee the country. Available publications on the issue mention crackdowns undertaken by the central government aimed at controlling the growth of this peculiar type of private enterprise.<sup>5</sup>

FCECs are by no means the only state-market hybrid in North Korea. Forms of privately managed and owned but ostensibly state-managed enterprises can be found in many parts of the North Korean economy.

One of the most interesting examples is the collapse of the state-run restaurant industry – and its revival under private capital. In the years 1996-98, when the food crisis began to accelerate, most North Korean eateries began to close, with the exception of a few *haut cuisine* restaurants in Pyongyang. From around 1998, however, new restaurants began to take their place. Many of them follow established tradition and even occupied the same buildings, but it is an open secret that nearly all these restaurants are actually financed by one or more entrepreneurs who run them pretty much as if they were their own businesses.

This is a widespread phenomenon. A recent study by Yang Mun-su and Kim Pyŏng-yŏn estimates that in 2009 some 51.3% shops and 58.5% restaurants were actually private retail operations.<sup>6</sup> As we shall see later, the definition of ‘private’ in this case seems to be more than a little blurred, so the actual figure might be even higher.

A3 was one such entrepreneur. After her husband, a mid-level official, was arrested by the secret police in the mid-1990s and disappeared without trace, she tried a number of jobs in the private sector, but eventually chose the restaurant trade where the required initial investment is quite low and where her skills as an accomplished cook (learnt as a mother) could be put to profitable use.

A3 entered into a de-facto partnership with six other private investors, all women, and the group negotiated a deal with the local municipal authorities. They were given control over a defunct state restaurant that had been closed in the mid-1990s. Most of the old equipment was unusable and therefore had to be replaced. This expense was financed by private investors including A3 herself.

The management of the restaurant – that is, the investors – hired a workforce that almost exclusively consisted of people who had previous experience in the restaurant

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5 Chu Sŏng-ha, *Pukhan paro algi* [Knowing North Korea in the right way] (Seoul: Kyŏngch’ŏn, 2009), pp 68-73.

6 Kim Pyŏn Yŏn, Yang Mun Su, *Pukhan kyŏngjeesŏi sijanggwa chŏngbu* [The government and market in North Korean economy] (Seoul, Sŏul taehakkyo ch’ulp’an munhwawŏn, 2012), p. 124.

business. Some of these people were former chiefs from defunct state-run restaurants and one or two even worked in the state restaurant whose building the (all-female) team of A3 took over. Only the waiting staff was largely recruited anew, since, as A3 mentioned, 'experience was not even remotely as important as good looks'.

Theoretically the restaurant was supposed to pay 30% of its profits directly to the local authorities. In exchange it was officially registered as a state-owned enterprise that was on paper managed by the relevant department of the local People's Committee. Even though the essentially private nature of the operation was widely known and understood, it had all the trappings of a state enterprise including the officially approved accounting system.

However, A3 admits that the official accounts did not reflect the true financial state of the business. In order to minimize required payments to the state, and also in order to make it less attractive for bribe-seeking officials, the investors systematically underreported their revenues. This allowed them to make their operations quite profitable and have a monthly income that was very good by North Korean standards.

A4 also has a similar experience, though her operations began much later – in 2008. She rented a large new building in the vicinity of the railway station that was probably the most coveted piece of real estate in her city – the county seat in North Hamgyŏng Province. The building was constructed in the early 1990s, just before the outbreak of famine, and was never put to use.

By 2008, A4 had amassed a large amount of capital through wholesale trade, so that she was able to act as the sole investor in her project. Under the rental arrangement with the city authorities, she was allowed to use the ground floor of the building. The building was completely refurbished, upon which A4 hired a couple of experienced cooks, waiting staff, etc., and then negotiated with the local authorities over the conditions of the operation. It was initially assumed that she would pay 30% of her income as a contribution to the local budget (the share was subsequently increased significantly, to some 70%). As in the case of A3, A4 skillfully fiddled the books, and revenues and profits were systematically underreported. As a result her operation did not look particularly profitable and hence, she hoped, did not attract much unwelcome attention from the authorities and bribe-seeking officials. In fact, A4 admits that she became one of the most affluent people in her town. When business was good, her income was often in excess of \$1,000 per month. Nonetheless, she still complained about attempts by local officials and policemen to turn up at her restaurant and order whatever they wanted, on the assumption that A4 would not charge them.

When I discussed this type of business with the interviewees, I discovered an interesting paradox. North Koreans themselves often do not see such businesses (including sometimes even their own businesses) as private operations. On the one hand, they understand that without the involvement of private entrepreneurs, such restaurants would be unviable. But at the same time, when confronted with the question of the nature of such operations, they usually describe them as being state-owned and state-operated. They explain this by emphasizing the existence of rental arrangements with the state: "How can we describe it as private if the building is owned by the state?"

[A7] seems to be a fairly typical reply. They also see the quasi-official nature of the arrangement as proof that the business in question is legal and is, *ipso facto*, a state-owned operation, since only state-controlled economic activities are considered to be fully legal in North Korea.

No such ambiguity exists when it comes to another type of pseudo-state operation – privately-owned transport operations. Such ventures appeared in the late 1990s when the dramatic increase in small-scale private trade necessitated the development of private transportation facilities affordable for small-scale merchants who had to move products in the range of a few hundred kilograms during their regular business trips. Some such merchants used (and still use) the official railway network, but its capacity is limited, while some other successful merchants have been known to make agreements with the travel police who allow them to stow their merchandise in a carriage's toilet (which is then locked for the duration of the journey). Be that as it may, private transportation known as *sobich'a* (corrupted English word 'service' combined with the Sino-Korean word for 'car').

A *sobich'a* is usually a used bus or truck that is bought in China and then brought to North Korea. The operator makes a deal beforehand with a state local agency or government company that provides him/her with the necessary papers to bring the vehicle back and then register it as an item of state/government property. On paper then, an old Chinese truck may end up being the property of some military unit or local factory, whereas in real life the truck has nothing to do with the organization it is registered with, but is used by its real owner to earn money by moving merchandise and people across the country. The *sobich'a* operations are vital for North Korea's unofficial economy (and, by extension, the survival of the population). As A6 noted: "One could not trade when there were no *sobich'a*." Indeed, *sobich'a* appeared in the late 1990s and became common around 2000.

Needless to say, the operator pays the relevant agency (or rather its management) for the right to use their name and have their legal protection. There is a hierarchy of such payments. Military and secret police units are considered to be the best since such vehicle registration plates provide more protection. Accordingly, such a registration is expensive. Registration with the normal police or local authorities is next in the hierarchy, while registration with most of the state's enterprises is the least attractive and also cheapest. In 2009, Good Friends reported that at the time the hierarchy of payments looked like this: military units would charge five to six hundred thousand won monthly per truck (roughly equivalent to US\$200 at the time), the political police rate was four hundred thousand won, while civilian agencies and factories would be satisfied with two to three hundred thousand won.<sup>7</sup> These figures basically agree with what we heard from refugees.

A5 can be seen as a good example of a successful *sobich'a* operator. He joined the unofficial economy when it was in its infancy in the early 1990s and began to his

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7 Onül-ŭi Pukhan sosik, January 13, 2009.



sobich's operations in the late 1990s. He eventually became a member of an informal partnership that consisted of four investors who ran a *de facto* company that operated seven trucks. A5 admits that he prefers to have companions in his business ventures. Even though such an arrangement restricts managerial freedom and occasionally creates tensions, on balance the reduction of the risks involved in running the business more than make up for the downsides.

A5's trucks were often used to move bulky goods to the city of P'yŏngsŏng – located in the vicinity of Pyongyang, P'yŏngsŏng is the place where the largest wholesale market in North Korea is situated. A5 transported, among other things, cement, bricks and salt, the latter being produced in privately-owned evaporation ponds near the sea coast. A5's company had 15-20 employees, including drivers, mechanics and backroom staff. But officially the company did not exist. In this regard it was different from earlier examples of *de facto* private companies that operate disguised as state-owned enterprises. However, we should keep in mind that all the trucks of this invisible company were registered with military units and official enterprises. Therefore the company can also be seen as a good example of pseudo-state ownership.

## Conclusion

Pseudo-state companies are not unique to North Korea – as a matter of fact, there are precedents for such operations in both the Soviet Union and Eastern Europe – and FCEC-licensed operators are even reminiscent of Europe's 16<sup>th</sup>- and 17<sup>th</sup>-century governments with their notorious 'tax farmers'. However, it seems that neither in the USSR nor Eastern Europe did this peculiar phenomenon reach a scale comparable with present-day North Korea.

In North Korea, the emergence and growth of pseudo-state enterprises coincided with the disintegration of the state-run command economy. This was not the case in the Soviet Union and Eastern Europe, where such quasi-state business operations flourished in the 1960s and 1970s and quickly disappeared after the collapse of the Socialist Bloc. Indeed, it was an open secret that many canteens and bars in the USSR of the 1970s, especially in southern republics (Georgia or Uzbekistan) were essentially private operations.

Such pseudo-state businesses are necessary and indeed unavoidable when the state cannot control significant parts of economic life, but cannot admit this inability officially. The state under such circumstances forces private entrepreneurs to disguise their operations as state-owned and hence politically legitimate.

From available anecdotal evidence, it appears that such an approach might help the regime to maintain its legitimacy, not least because many North Koreans continue to perceive such enterprises as legitimate state-owned operations, whose existence is compatible with Juche Socialism. Yet at the same time, these operations (especially large-scale operations ran by the FCECs) allow North Korea's entrepreneurs to initiate and run businesses on a scale otherwise unthinkable. It is even possible that some of these pseudo-state businesses will eventually become the basis for full-scale private enterprise.

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## Biographical note

Andrei Lankov completed his undergraduate and graduate studies at Leningrad State University (PhD in 1989). In 1996-2004 he taught Korean history at the Australian National University, and has since been a professor at the College of Social Studies at Kookmin University in Seoul. His major research interest is North Korean history and society. His major English language publications on North Korea include: *From Stalin to Kim Il Sung: The Formation of North Korea, 1945-1960* (Rutgers University Press, 2003); *Crisis in North Korea: The Failure of De-Stalinization, 1956* (University of Hawaii Press, 2004); *North of the DMZ: Essays on Daily Life in North Korea* (McFarland and Company, 2007), and *The Real North Korea: Life and Politics in the Failed Stalinist State* (Oxford UP, 2013).

## ACTING ALONE TO ACT TOGETHER: DIVERSIFYING APPROACHES TO NORTH KOREA

DANIELLE CHUBB

*Deakin University, Melbourne*

Strategic discussions about North Korea's proliferation comprise a number of dimensions. The core assumption underlying this article is that the ideational aspects of North Korea's decision making are important and give rise to a range of strategic considerations. This is not to underplay the strategic, materialist elements in North Korea's provocative and at times belligerent behaviour. Rather, it is to argue that Australia is well placed to concentrate on the social dimensions of strategic discussions. As a less important middle power, a regional player, yet geographically distant from the threat, Australia is in a position to provide a point of differentiation from other, more entrenched players such as the United States or the Republic of Korea (ROK). A good starting point for developing this sort of engagement is to enhance non-state, track two cooperation between the two countries, which has been stalled since the early 2000s. In this article I will first canvass the ongoing debate taking place in Australian academic and policy circles regarding Australia's place in the world. Of particular concern, is the question how Australia should balance its most important strategic relationship – that with the United States – with geographic and economic realities. I then sketch some of the limitations of current thinking, concentrating particularly on discourse that portrays North Korea as a rogue state and finish with a discussion of how non-state activity can act as a helpful precursor to more constructive relationships between states, and the types of creative engagement strategies currently taking place in the United States, despite the volatile political environment.

A number of assumptions buttress the arguments made here. First, that the social and ideational elements of strategic thinking are an important part of any comprehensive approach. Second, that the international community has an ethical obligation to consider security in North Korea from a broad perspective. That is, in a country like North Korea, where the populace has limited (if any) capacity to further their individual interests, only a comprehensive security approach that takes into account the wellbeing of the people within national borders (and not just the integrity of the borders themselves)<sup>1</sup> can bring about a just outcome. The most immediate corollary of this assumption is that any change in North Korea should be brought about in as controlled a manner as possible. Finally, this argument views North Korea as an actor whose rationality and strategic thinking are based on a set of normative beliefs that are often difficult to decipher and may not always be applied consistently.

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1 The case for a human security approach to North Korea, which speaks to some of these concerns, is made by Hazel Smith: Hazel Smith, *Hungry for peace: international security, humanitarian assistance and social change in North Korea* (Washington DC: United States Institute of Peace Press, 2005).

This article represents the beginnings of a research project that aims to examine in detail a range of options available for smaller, middle-power nations, such as Australia, when dealing with a country that represents a serious security threat. I am particularly interested in the role that non-state actors may play in this arena that has traditionally been reserved for state actors. However, I do not wish to view non-state actions in a vacuum. Indeed, non-state actors can only operate in spaces that the state permits. In the case of Australia, for example, the current visa ban on North Koreans has had real and lasting implications for non-state engagement. Another example are the sanctions that have been applied to North Korea – at the level of the United Nations – in response to the North's on-going provocative behaviour. Setting aside the question of whether or not the sanctions have been successful in curbing North Korea's nuclear proliferation, they have restricted the capacity of development non-government organisations (NGOs) to continue activity that may involve either cash transfer or the import of goods – such as sporting equipment – into the Democratic People's Republic of Korea

(DPRK). Finally, and perhaps most significantly, the degree to which non-state actors are able to operate inside the DPRK depends on the approval of the North Korean government itself. As such, I am interested in the interplay – which is often subtle and not overtly acknowledged – between the state and non-state actors. This cooperation allows much needed NGO activity to take place; activity that does not fit within the official state discourses of one or both sides, or which is not possible for a variety of diplomatic or security reasons.

### **Australia in Asia**

Before turning to my discussion of the discourse around North Korea as rogue state, it is first worthwhile rehearsing some of the debates taking place inside Australia about the changing nature of international order, and Australia's place inside it, as an Asia Pacific middle power. In this way, an argument for a more creative diplomacy vis-à-vis North Korea is an argument about how Australia sees itself and its role in what is increasingly being called the burgeoning Asian century.

The debate over the future of the United States-Australia alliance is animated by questions regarding the future of United States power in Asia. With Australia's economic future lying increasingly with Asia in general and China in particular, questions have been raised regarding whether the country needs to start taking more responsibility for its own security, particularly in the Asian region. The debate, then, is rarely one over the value of the United States alliance *per se*, but rather over the degree to which Australia should be reliant upon the United States security guarantee. That is, what is at stake is not the question whether or not Australia should continue to conduct alliance relations with the United States, but rather an argument about taking a more independent position in the current policy environment. It is important to note that its allies' quests for a more independent strategic capability is one that is supported by the United States, which is actively encouraging the development of bilateral ties between its allies. As United States capacity is increasingly strained, in the Asia-Pacific as elsewhere, strategists turn to well-worn phrases such as 'burden-sharing' to

describe the future of the United States alliance system in Asia, and the increasingly independent role it expects of its allies.<sup>2</sup>

As the United States ‘pivots’ or ‘rebalances’ towards Asia, debate in Australia has been portrayed as revolving around a choice between history and geography.<sup>3</sup> This is a dilemma Australians have faced before, but never has it been so pressing. The urgency of the question is directly related to the rise of China, which most pundits argue is not only substantive, but also both on going and meaningful. In light of this, the central question driving contemporary debate is: how can Australia continue to benefit from China’s economic rise and simultaneously secure its own national interests? A range of responses has arisen about where Australia’s national interests lie and which mechanisms will best achieve them. On one side of the spectrum is the argument that, in light of what some believe to be an inevitable decline in United States influence in Asia, Australia (along with other regional powers) needs to dramatically reassess its alliance obligations to take stock of the shifting power balance, away from the United States-centred order to one that is increasingly multi-polar. On the other side is the argument that, in fact, the close economic interdependence of all states, including the United States and China, actually leads to an increased likelihood that cooperation, rather than conflict, will become the new default order in Asia.

It is between these two extremes that most debate lies. This discussion revolves around competing visions of the future of Australia and Australian identity in the ‘Asian Century’. Here, the febrile nature of the security arena is acknowledged to have created the exigency for the careful management of Australia’s relationship with China which in turn paints the backdrop for considerations of how the Australia-United States alliance can continue to shape Australia’s future. It is the apparent incompatibility of these goals, and the at times clumsy manner in which Australian governments have dealt with this difficult scenario, that have led to accusations of incoherence. The 2011 joint announcement regarding an increased United States presence in Australia (discussed below) is a case in point: widely seen as an effort to consolidate America’s influence in the Western Pacific in response to China’s growing influence, both Australian and United States policy makers fumbled publicly as they

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- 2 See, for example: Carl Baker and Brad Glosserman, eds., *Doing more and expecting less: the future of US alliances in the Asia Pacific*, vol. 13 No.1, Issues and Insights (Honolulu: Pacific Forum CSIS, 2013); Ernest Bower et al., “U.S. Force Posture Strategy in the Asia Pacific Region: an independent assessment,” (Washington DC: Center for Strategic and International Studies, 2012); Tomohiko Satake and Yusuke Ishihara, “America’s rebalance to Asia and its implications for Japan-US-Australia security cooperation,” *Asia-Pacific Review* 12, no. 2 (2012); Scott Snyder, “Expanding the US-South Korea alliance,” in *The US-South Korea alliance: meeting new security challenges*, ed. Scott Snyder (Boulder: Lynne Rienner, 2012); Douglas Stuart, ““Leading from Behind”: toward a new U.S. strategy for the Asia-Pacific,” *The Korean Journal of Defense Analysis* 24, no. 2 (2012).
  - 3 Parts of the following section can also be found as part of a longer paper, published by CSIS: Danielle Chubb, “Down under and in between: Australian security perspectives in the ‘Asian Century,’” in *Doing more and expecting less: the future of US alliances in the Asia Pacific*, ed. Carl Baker and Brad Glosserman (Honolulu: Pacific Forum CSIS, 2013).

sought to make assurances, in press conferences and official statements, that this was not intended as a containment of China.

Since 2007, the Rudd/Gillard government has put in place a number of initiatives, in response to accusations that Australia has been slow to come to terms with the national security implications of China's rise. Calls by some within the academic and policy communities to respond to the shifting balance of power through acknowledging that the ANZUS (Australia-New Zealand-United States) treaty is 'out of date' notwithstanding,<sup>4</sup> the government has reinforced the centrality of this alliance to Australia's national security interests. The November 2011 announcement of an increased American presence in Australia has served to strengthen the country's political commitment to this alliance. Under the bilateral, United States-Australia agreement, United States marines – totalling 2,500 by 2017 – will rotate through Darwin and the Northern Territory.

Long involved as a key instigator and supporter of regional multilateralism, it is through the establishment of cooperative institutions that Australia hopes to play a role in moulding the shape of the coming new order in Asia. In the context of the United States alliance, a number of opportunities are open to Australia. The United States-centred alliance system in Asia incorporates a wide range of stakeholders, such as the Philippines, Thailand, the ROK, and Japan. At present, a hub-and-spokes style model paints the backdrop against which Asian allies each work individually with the United States in the context of other domestic and regional pressures. Where cooperation between the allies – the spokes – is evident, this usually takes place under the leadership of the United States – the hub. While this bilateral (and limited multilateral) approach to security is likely to remain valuable, key players in Canberra are keen to expand cooperative efforts in new and innovative ways. There is, then, great scope for a country like Australia. Not only are we facing an era in which greater regionalism has led to a greater acceptance of where Australia's greatest security opportunities and challenges lie, there are a number of new developments to take advantage of: stronger relations with the ROK and the dynamism of an alliance system that is looking for new and innovative ways to exploit the institutions and diplomatic relationships that decades of the United States alliance system in Asia has forged. And yet, for all Australia's talk of creative diplomacy – which was most clearly evident in recent discourse regarding Australia's successful bid for a non-permanent seat on the UN Security Council – I argue that its approach to North Korea has in fact regressed and displays a tendency to fall in quick-step with policies framed around an understanding of North Korea as a 'rogue state'.

### **North Korea: the rogue**

In 2012 the international community was remarkably silent on the question of North Korea, taking a wait and see approach, largely brought about by the death of Kim Jong Il (Kim Chŏngil) and the rise to power of his son, Kim Jong Un (Kim Chŏngŭn). It was

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4 Richard Woolcott, "Australia in the Asian Century: Submission to the Australia in the Asian Century White Paper Committee," <http://asiancentury.dpmc.gov.au/published-submissions/R>.

not until the end of 2012 that activity started to ramp up again north of the 38th parallel. Since the December 2012 rocket launch, North Korea has conducted its third nuclear test and has peppered South Korea and the United States with a series of bellicose threats. Arguments for engagement are politically difficult in this environment as any state-led cooperation with a country that clearly contravenes the peace and security norms that hold the international community together would have to be carefully planned and managed. Instead, North Korea is once again attracting the attention of those who call for a hard-line response to its actions. From where we stand in mid-2013, engagement options seem a distant pipe dream.

This, however, has not always been the case and it is worth remembering that at least twice in recent history there have been more rigorous conversations taking place over the pros and cons of greater engagement with North Korea. In the mid-1990s (in the context of the debate over the Agreed Framework) and the early 2000s (in the context of the constant to-ing and fro-ing of the Bush White House) academic and policy journals deliberated a range of new possible responses to the North Korean conundrum. During this period, of course, democracy came to South Korea and, with the inauguration of the Kim Dae Jung (Kim Taejung) government, a whole new approach to North Korea in the form of the Sunshine Policy. Since this time, however, in the light of the breakdown of the Agreed Framework, the subsequent establishment and failure of the six-party talks, the Bush administration's changed response to international outliers following the September 11 terrorist attacks and, most recently, provocations against South Korea and revelations regarding North Korea's nuclear capacity, efforts to negotiate with North Korea have been deemed a failure. With the stalling of diplomatic efforts, so too has the academic and policy discourse petered out. Dramatic headlines have once again led to an essentialising rhetoric that depicts North Korea as irrational, evil and, above all, unknowable. We need to think carefully about this and ask the question: Is our lack of understanding of North Korea due to its inherently mysterious and unknowable – irrational and unpredictable perhaps – nature or is it due to the narrow confines of the conceptual frameworks through which we view it?

Homolar and Bleiker argue that the United States approach to North Korea is driven by its conceptualisation of the country as a rogue state. This reflects a Cold War-style security narrative and, since the early 1990s has largely served to buttress the assumptions that have driven defence spending and planning.<sup>5</sup> That is, the threat-image of North Korea has served the interests of those who advocate a militaristic approach to the Asian region and, importantly, the on-going centrality of nuclear weapons by way of the United States Extended Deterrence umbrella. The immediate corollary of the rogue state doctrine has been the continuation of containment as a tool of United States policy, one that Australia has supported through public reification of the threat image of North Korea as a dangerous, NPT-defying outlier state.

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5 Roland Bleiker, "A rogue is a rogue is a rogue: US foreign policy and the US nuclear crisis," *International Affairs* 79, no. 4 (2003); Alexandra Homolar, "Rebels without a conscience: the evolution of the rogue state narrative in US security policy," *European Journal of International Relations* 17, no. 4 (2011).

By its nature, a rogue regime is one dissatisfied with the *status quo* and thus dedicated to breaking down established structures and institutions. An unknowable regime is one with whom no meaningful diplomatic relations can be forged. And an irrational regime is one whose own policy agenda cannot be understood – by either itself or an outsider – as it is not based on any type of reasoned or rational assumptions. Understanding North Korea through any or all of these lenses narrows policy options to the degree that change is not seen as a variable and the only options available to the international community are coercion or isolation. This leads us rather to a dead end and constrains the imagination of policy alternatives and security futures. It rejects any suggestion that dialogue could contribute towards the overcoming of impasses and rules out engagement as a form of appeasement to a bad or mad (or both) regime.<sup>6</sup> North Korea's decision making seems based on a rationale that is evident only to policy makers in Pyongyang. Yet arguments by the rest of the world community, that the regime is irrational, are in the end only an admission that we do not understand the rationale. If North Korea is indeed capable of change, understanding the nature of the ideas that drive policy is a step towards understanding how this might come about. There is a large body of evidence that suggests that North Korea does want to engage with the international community. Certainly, existential questions constrain its options and it is a frustratingly difficult regime to deal with. However, with nuclear proliferation on the top of the agenda of the international community, I believe we are currently faced with no other options than to continue to find new ways to communicate effectively with the DPRK regime.

### The discrediting of engagement

Strategic studies analysts viewing the Korean peninsula through a rational-choice prism present a perspective on Australian policy options that is at its heart, conflicted. Arguing, on the one hand, that the new strategic reality in Asia not only enables, but also requires, middle-power United States allies to take steps towards greater strategic independence and engage in creative forms of conflict mitigation, these analysts seem to quarantine North Korea from these calculations. In the introduction to a 2011 Special Issue of *Korea Observer*, which was dedicated to the occasion of the fiftieth anniversary of Australia-ROK relations, the following observation is offered:

North Korea... is intensifying its claims for control of the entire Korean peninsula. It is determined to eradicate the American alliance system in Northeast Asia... Australia, as a highly modern, if geographically distant, economic partner of the ROK and as a strategic associate of the United States is totally entwined with the outcome of this drama. This is true *notwithstanding* Canberra's intermittent efforts to reach out to the DPRK through the normalizing of diplomatic relations and by sponsoring intermittent training programs for North Korean specialists in agriculture and economics.<sup>7</sup>

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6 Hazel Smith, "Bad, mad, sad or rational actor? Why the 'securitization' paradigm makes for poor policy analysis of North Korea," *International Affairs* 76, no. 3 (2000).

7 William Tow and Ajin Choi, "Facing the crucible: Australia, the ROK, and cooperation in Asia," *Korea Observer* 42, no. 1 (2011): 7. (my emphasis)



This statement is followed by an explanatory footnote, in which it is stated that the aforementioned diplomatic and training efforts had been largely unsuccessful, and which attributed the lack of success entirely to bureaucracy and intransigence on the side of the North Koreans. The assumption implicit here is that Australia's support for South Korea's continued security and the survival of the United States alliance system is incompatible with any type of outreach or creative approaches to conflict resolution (which are otherwise championed by the authors) that may involve diplomatic innovations of the sort that treat North Korea as a legitimate partner.

What this reflects is a trend towards equating any form of engagement with North Korea as a type of appeasement. On the back of a string of North Korean provocations - including the 2009 nuclear and missile tests, the Cheonan (Ch'önan) sinking and the shelling of Yeonpyeong (Yönp'yöng) Island in 2010, as well as the 2012 rocket launch and, most recently, the 2013 nuclear test and the accompanying threatening rhetoric that has followed the imposition of fresh sanctions – the concern is that any efforts by the international community to reach out to North Korea could be construed as a reward for bad behaviour. The speed with which analysts such as those above disassociate efforts to 'reach out' to Pyongyang with Australian recognition of the stake it has in establishing a peace and security regime on the Korean peninsula mirrors a similar trend in United States circles, where 'engagement' appears to have become a dirty word. As I noted earlier, the early 2000s saw a rigorous debate take place in newspapers, policy papers and academic journals regarding the pros and cons of various types of engagement. By contrast, in late 2011, an article originally published in the *South China Morning Post* with the title "Engage, don't isolate" by NYU law Professor Jerome Cohen had its title changed to "*North Korea: The American Dilemma*" when the article was republished on the websites of the United States-Asia Law Institute and the Council on Foreign Relations.<sup>8</sup>

### **Incorporating the social and ideational elements of strategic thinking (or: why should we engage?)**

As North Korea defies the norms of the international order, contravenes Security Council conventions and acts belligerently towards its southern counterpart, the instinctual response has been to bolster defences and relay the international community's disquiet through a discourse that concentrates on the structural elements of the DPRK acts of aggression. It is difficult to criticize such responses: to ignore the danger of North Korea's nuclear proliferation would be irresponsible. The DPRK's proliferation activities represent a regional and global threat. Putting the question of how likely it is that North Korea would make use of a nuclear weapon capability aside, the potential for strategic miscalculation or even an accident on the enrichment sites themselves, would have disastrous consequences. It is for this reason that a comprehensive, state-based solution is a necessary element of any strategic plan. From a structural perspective,

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8 Jerome A. Cohen, "Engage, don't isolate," *South China Morning Post*, December 30 2011; Jerome A. Cohen, "North Korea: the American dilemma," Council on Foreign Relations, <http://www.cfr.org/north-korea/north-korea-american-dilemma/p27200>.

North Korea uses its nuclear capacity as a bargaining chip. Nestled, as it is, between China on the one side and the significant number of United States forces based in South Korea on the other, it seeks to prolong its own regime survival through a dangerous game of brinksmanship.

It is, however, a mistake to view North Korea's pursuit of nuclear weapons purely as a form of bargaining. Alongside these structural considerations, the DPRK's strategic thinking has a number of important social and ideational elements. These elements are more difficult to predict, contingent as they are on prevailing domestic strategic and political discourses. To understand North Korea's proliferation, we need to look carefully at the rationality behind North Korea's nuclear program, from the perspective of North Korea itself.<sup>9</sup> The DPRK's nuclear program is an important element of its national identity. In the introduction to their edited volume, Holmes and Yoshihara remind us that "nuclear weapons engage nation-states' sense of themselves, arousing their leaders' and citizens' deepest passions."<sup>10</sup> Not just their nuclear program, but indeed North Korea's entire foreign policy is informed by a very particular worldview that is importantly driven by a sense of moral imperative. In this sense, the case of India under Nehru is informative – Bhupinder Brar argues that the major shift that can be witnessed in India's foreign policies since the end of the Cold War is that it has moved on from a position that was once informed by "those reflective and normative ideas which inform a people of their location in the world and their moral destiny."<sup>11</sup> An examination of North Korea's domestic discourses reveals this sense of moral imperative to be an important element of the country's nuclear program.

There is not the space in this article to delve into a detailed discussion of the ideas and interests driving North Korean policy: the intention is to flag the importance of coming to a better understanding of these, and to encourage policy making that leads us closer to this goal. Despite the closed nature of the North Korean state, there is now much that we can surmise regarding the leadership's rationality and the context in which foreign policy is made. For example, Kwon and Chung, in their cultural analysis of North Korean political culture, make reference to *sŏn'gun* – military first politics – the ideology that informed policy under Kim Jong Il. The end of the Cold War, and the collapse of the international socialist political order, was an important event for North Korea, as the country's leadership readjusted, not only their alliances and loyalties, but also the rationale behind the country's authoritarian legitimacy. The new discourse is a sophisticated one, but at its core is an argument about exceptionalism. In what is

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9 Attempting to view the world through the prism of the North Korean leadership is an uncomfortable exercise, as discussed above: there seems to be an element of concern – among strategic thinkers as well as the academic community – that giving voice to the DPRK's strategic rationale is to legitimise the voice of an evil dictatorship.

10 Toshi Yoshihara and James R. Holmes, "Introduction," in *Strategy in the second nuclear age: power ambition, and the ultimate weapon*, ed. Toshi Yoshihara and James R. Holmes (Washington DC: Georgetown University Press, 2012), 6.

11 Kate Sullivan, "Discourses on the nuclear deal: persistence of independence," *Economic and Political Weekly* 43, no. 3 (2008).

considered the authoritative word on *sŏn'gun* – *Understanding Sŏn'gun politics* (2004) – the vanguard position of North Korea in the world is explained in the words of the North Korean élite:

The flag of socialism was taken down in the former Soviet Union and former eastern European countries. In the broader international sphere, people who long for socialism are thrown into confusion and left with no guidance. During this time of great trial, we refused to make any change. Instead, we raised our red flag of socialism even higher than before. This way, our country became the only remaining bastion of socialism and was illuminated with the esteemed honor of doing so.<sup>12</sup>

The social and ideational elements of North Korea's strategic thinking run deep and are deeply entwined in the country's historical, cultural, ideological and political identity. This often translated into policy that seems not only subversive but also inconsistent and irrational to the international community. It is difficult for states to find a starting point with which to begin relations with North Korea. As United States negotiators have discovered first hand, dealing with North Koreans is a frustrating process. Mistrust thus dominates relations with North Korea, which leads to the fomenting of unhelpful threat perceptions, often resulting in situations of even greater instability. Yet the hostile environment that characterizes North Korea's foreign relations continues to encourage state responses that turn almost exclusively around military-based approaches.<sup>13</sup>

Non-state and track two diplomatic encounters have the potential to act as useful precursors to deeper state-level engagement. A high level of mistrust, a situation that has only worsened over the first half of 2013, characterizes relations between North Korea and the United States. In light of recent developments, and in the context of a lack of progress during the first Obama administration, it seems unlikely that we shall see a return to the Six Party Talks or an improvement in United States-DPRK relations under the second Obama administration. On the other hand, we should expect to see continued engagement at the track two and civil society levels, which have a record of achieving sustained cooperation, relationships, and trust between the people involved. If there is a willingness on the part of governments to support the track two activities, they may well be used as a 'warm-up' to track one engagement. The same can be said of DPRK-Australia relations. Given Australia's tendency to mirror the United States in its policy approach to North Korea, the damaged state-state relationship will need some time to recover. A reintroduction of a range of non-state engagement strategies would work here as a necessary first step.

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12 Cited in: Byung-ho Chung and Heonik Kwon, *North Korea: beyond charismatic politics* (Maryland: Rowman and Littlefield, 2012), 76-77. For a detailed discussion of *sŏn'gun*, and the ramifications that this political philosophy has for North Korea's foreign policy – particularly the country's relationship with the US – see: *ibid.*, 71-99.

13 Roland Bleiker, "Alternatives to Peacekeeping in Korea: The Role of Non-State Actors and Face-to-Face Encounters," *International Peacekeeping* 11, no. 1 (2004): 144.

### External drivers for change in North Korea?

Roland Bleiker, in his discussion of peacekeeping options on the peninsula, argues that non-state actors can act as an important conduit for the reduction of mistrust between the two Koreas:

Non-state interactions between North and South, particularly those that promote communication, information exchange and face-to-face encounters... are of crucial importance, for they provide an opportunity to reduce the stereotypical threat images that continue to fuel conflict on the peninsula.<sup>14</sup>

Since the early 2000s, these types of non-state interactions have slowly developed, not just between the two Koreas, but also between North Korean and European actors as well as with a growing number of United States-based organizations. A review of some of the publicly disclosed programs operated by American NGOs reveals that the range of activities (which operate across a range of sectors) share the common goal of bringing about real and lasting change inside North Korea, whether through the introduction of new ways of thinking and researching, the establishment of a more robust economic policy-making élite or the provision of humanitarian supplies.

Talking about drivers for change in North Korea context is a fraught exercise, especially given a lack of tangible outcomes. External actors face particular barriers, as the country is highly resistant to outside pressures. In this sense, the most effective agents for change remain those that operate internally, such as drivers of domestic marketplace reforms, which may take place on a very small scale.<sup>15</sup> In light of the authorities' resistance to change, it often seems overly optimistic to hope that any action by the international community could bring about even the most modest impetus for change, such as more efficient economic development practices, greater equity in the distribution of humanitarian aid or exposure of epistemological communities to international best practice, such as in the fields of energy efficiency or health reform. Given, however, the high-stakes game that North Korea is playing and the regional threat that its nuclear program represents, the international community has a strong incentive to put into action a wide range of approaches. As I argued above, Australia is in a strong position to work on greater engagement as part of a more comprehensive approach. Working towards this goal, a first step towards greater state engagement is to acknowledge the important role played by non-state actors.

The range of NGO activity inside North Korea ranges far beyond the provision of humanitarian assistance. NGO personnel and organisations play an important role as sponsors of 'informal diplomacy'.<sup>16</sup> Education and capacity building programs strive

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<sup>14</sup> *Ibid.*, 143.

<sup>15</sup> Andrei Lankov and Seok-hyang Kim, "North Korean market vendors: the rise of grassroots capitalists in a post-Stalinist society," *Pacific Affairs* 81, no. 1 (2008).

<sup>16</sup> This term has been borrowed from: Mi Ae Taylor and Mark E. Manyin, "Non-governmental organizations' activities in North Korea," (Washington DC: Congressional Research Service, 2011).

to engage North Korean individuals in their occupational activities, acting as a direct contact point with the experiences of the world beyond the borders of the DPRK. In addition (and, I argue, central) to these programs are track two diplomatic efforts.<sup>17</sup> While track two encounters are usually considered as a complement to official dialogue, they can also play a beneficial role in supporting the kind of trust building required to establish successful and meaningful non-state programs.

A number of complex cooperative projects have been undertaken by United States-based organisations in collaboration with North Korean counterparts. Science diplomacy has been one particularly fruitful area, with the US-DPRK Science Engagement Consortium managing to progress to the stage of direct (albeit intermittent) researcher-to-researcher contact in 2011, despite a fraught political climate.<sup>18</sup> The establishment of a Digital Library at Kim Chaek University in Pyongyang and the United States-North Korean Tuberculosis project have also recorded significant achievements.<sup>19</sup> The Pyongyang University of Science and Technology, with South Korean and foreign faculty members, had its first intake of students in October 2010. This is possibly the largest engagement project we have seen to date (barring the Kaesŏng Industrial Complex and the Kūmgangsan Resort). It is touted as having the potential to greatly influence the next generation of élites through education.<sup>20</sup>

Overseas exhibitions of North Korean artwork have been another successful avenue of engagement. Cooperation in the fields of agriculture, reforestation, agroforestry, medicine and public health have also been successful in small scale projects with several articles published in academic journals co-authored by the foreign and Korean participants in the projects.<sup>21</sup> Further examples of engagement by non-state actors include: visits to the United States by the DPRK taekwondo team; the New York Philharmonic Orchestra performance in Pyongyang; the performance in North Korea by the Georgian choir, Sons of Jubal and the AP-KCNA photo exhibition.

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17 Track II diplomacy refers to meetings and conversations over policy issues that take place outside the context of official inter-governmental relations.

18 Cathy Campbell, "A consortium model for science engagement: lessons from the US-DPRK experience," *Science and Diplomacy* (2012), <http://www.sciencediplomacy.org/article/2012/consortium-model-for-science-engagement>.

19 Taylor and Manyin, "Non-governmental organizations' activities in North Korea."

20 Richard Stone, "The force behind North Korea's new science university," *Science*, 25 September 2009.

21 See: Jeffrey Evans et al., "Improving sustainable production of maize on upland soils of the Democratic People's Republic of Korea," *Journal of Sustainable Agriculture* 36, no. 4 (2012); Sharon Perry et al., "Engaging North Korea on mutual interests in tuberculosis control," in *Academic Paper Series* (Korea Economic Institute, 2011); Stone, "The force behind North Korea's new science university."; Stone, "Seeking cures for North Korea's environmental ills," *Science*, 23 March 2012; Jianche Xu et al., "Participatory agroforestry development for restoring degraded sloping land in DPR Korea," *Agroforestry Systems* 85, no. 2 (2012).

### Barriers to engagement

In Australia, the greatest barrier to direct peer-to-peer engagement between Australian experts, trainers and artists is the blanket ban on visas for North Koreans. This ban has extended to prohibiting the North Korean diplomat responsible for Australian relations – currently based in Jakarta – from visiting the country. The United States government, on the other hand, has demonstrated more flexibility and has at times made exceptions to the visa ban for a range of non-state activities. However, in their detailed overview of US-DPRK educational exchanges, Shin and Lee note that during times of increased political tension (such as the sinking of the South Korean corvette (Cheonan), rocket launches or nuclear tests) the United States also has a policy of not issuing visas to DPRK citizens to come to the United States to participate in these programs, which are subsequently derailed or put on hold indefinitely. The authors argue that educational exchanges should be delinked from political events in order to strengthen their meaning and utility.<sup>22</sup>

A 2010 report by the Council on Foreign Relations Task Force echoes that sentiment recommending that “the Obama administration should adopt a visa policy that provides maximum space for nongovernmental forms of engagement designed to bring North Koreans to the United States for exchanges in a wide range of fields. Political approvals for cultural, sports, and educational exchanges should be approved on a routine basis.”<sup>23</sup> Shin and Lee also note that the sanctions and legal climate pose an additional challenge to educational exchanges. As well as the costs involved with ensuring that programs fit within the scope of the complex legal requirements as per export controls, not only equipment but also the sharing of technical information can become a complex legal minefield.<sup>24</sup>

### Australia and North Korea

Over the past decades, Australian policy makers have, at various times, embraced the challenge of establishing a working relationship with North Korea. Through the 1970s, 1980s and 1990s, relations had an on-again, off-again quality that slowly gained momentum with the 1994 signing of the Agreed Framework. Diplomatic relations between Canberra were renewed in 2000 and, in 2002, the DPRK once again opened an embassy in Canberra. Trade began between the two countries alongside a number of partnership training initiatives. In 2001, the United Nations Development Program funded some North Korean students to come to the Australian National University for a Masters in Economics of Development and, in the same year, several DPRK officials attended a Regional Nuclear Safeguards Training course in Australia.

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22 Karin Lee and Gi Wook Shin, eds., *US-DPRK Educational Exchanges: assessment and future strategy* (Stanford: The Walter H. Shorenstein Asia-Pacific Research Center, 2011), 12, 22.

23 Charles L Pritchard, John H. Tilelli, and Scott Snyder, “US policy towards the Korean peninsula,” (Council on Foreign Relations, 2010).

24 Lee and Shin, *US-DPRK Educational Exchanges: assessment and future strategy*, 23-24.

At the same time that Australia was cautiously testing out its newly found creative middle power capacities with North Korea, United States policy towards the DPRK was becoming increasingly hawkish and the Agreed Framework was breaking down. Relations between the United States and DPRK hit their nadir in 2002, with President Bush's infamous assertion that North Korea was part of a global 'axis of evil'. Shortly following this announcement, Washington decided to scrap the 1994 Framework Agreement.

The North Korean ambassador tried to convince Australia that the nuclear issue was a bilateral one, but amid increasing outcry regarding North Korean proliferation, the work of many years that had been put into establishing a tenuous relationship between Australia and North Korea was rapidly wound back. Australia joined the United States in viewing North Korea as a state that needed to be contained rather than engaged with, and all Canberra's plans for education and training of North Korean officials were abandoned. In 2003, North Korea withdrew from the Non-proliferation Treaty and in 2004 announced that it had manufactured nuclear weapons. The year 2006 saw a missile launch and nuclear test that led to UNSC Resolution 1718, which Australia supported. Under this resolution, Canberra imposed a range of bilateral sanctions on North Korea, including: further restrictions on DPRK officials in Australia; banning North Korean flagged ships from Australian ports; refusal to issue visas to DPRK citizens and a range of financial sanctions.<sup>25</sup>

In December 2007, the DPRK announced the closure of its embassy in Canberra due to financial troubles. In 2012, reports emerged that Pyongyang was seeking to negotiate terms for the reopening of its embassy, an idea that was only recently quashed by the foreign affairs department in no uncertain terms. Making the announcement following a series of discussions with his counterparts in Washington DC, the foreign minister also announced that Australia would be seeking a tougher line towards the DPRK, seeking to put in place a range of sanctions that would go above and beyond those recommended by the Security Council.<sup>26</sup>

Since 2007, Australian discourse depicting North Korea as a dangerous, outlier state has escalated. In an opinion piece written for *The Daily Telegraph* in 2011, the Foreign Minister Kevin Rudd argued that "North Korea is not an abstract threat. It is real. It is worsening. And it could prove to be our worst nightmare".<sup>27</sup> This reification of the North Korean threat-image leads to a pigeonholing of policy options. The position taken by Australia in this regard closely mirrors that of the United States, yet reflects neither the strategic nor the social reality of Australia's position. Structurally, a more independent and creative Australian response would continue an on-going

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25 Leonid Petrov, "Australia and the DPRK: The Sixty Years of Relationship," Nautilus Policy Forum, <http://nautilus.org/napsnet/napsnet-policy-forum/australia-and-the-dprk-the-sixty-years-of-relationship/>.

26 Enda Curran, "Australia Stalls North Korea Embassy Plan," *The Wall Street Journal*, March 7 2013; Paul Maley, "Bob Carr to get tough with North Korea," *The Australian*, March 25 2013.

27 Kevin Rudd, "North Korean nuclear threat affects us all," *The Daily Telegraph* 2011.

trend within the United States alliance system that has encouraged regional responses to regional issues. As such, while United States policy following the February 2013 nuclear test seems to be to garner support for a hard-line stance against North Korea,<sup>28</sup> a diversification of strategies would better serve the purpose of attempting to find a way to bring North Korea closer to the norms of non-proliferation. Bradley Babson argues that the United States should aim to implement policies that influence the change already taking place in a direction that does not run counter to United States interests:

The U.S. should take actions that will affect the incentives for desirable change and disincentives for undesirable change. In addition, the U.S. should provide political and financial support for activities that will further U.S. goals both bilaterally through official and non-governmental channels, and through complimentary policies and activities of other countries and organizations in multilateral and bilateral frameworks for engagement.<sup>29</sup>

As a minor player in Northeast Asian security matters, Australia (and Australian actors) is unlikely to bring about any significant changes when acting alone. It is the policies of deeply entrenched states such as South Korea and the United States that will make the most difference to security futures in the region. In light of this, a call for greater autonomy by Australia seems counter-intuitive: policy makers argue that it is in coalition with our two allies – Seoul and Washington DC – that Australia should shape its foreign policy. The North Korean issue, however, is one that is deeply entrenched in the historical patterns of threat construction that have developed in the years since the Korean peninsula's division. Taking away the United States security threat, as some analysts argue is necessary, would require more than a simple reversal of current policy. The very existence of external threats bolsters the DPRK regime's legitimacy and strengthens its authoritarian hold on the country. It has no purpose, in the short term, in negotiating a formal peace with the United States, or with the ROK.<sup>30</sup> Australia, on the other hand, has no such baggage and the two countries continue to maintain a formal diplomatic relationship. As recent overtures by the North Koreans regarding the reopening of the Canberra embassy indicate, the regime in Pyongyang does seem to have some interest in continued engagement with Australia. Australia, as a key player in the United States' current pivot towards Asia, and on the back of the successful election as a non-permanent UNSC member, is in a strong position to play an important role in the realization of such engagement frameworks.

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28 Peter Hartcher, "North Korea directs missiles towards Australia," *The Sydney Morning Herald*, March 24 2013.

29 Bradley Babson, "Transformation and modernization of North Korea: implications for future engagement policy," *Project paper* 2013, no. March 25 (2009), [http://www.ncnk.org/resources/publications/Babson\\_Transformation\\_and\\_Modernization\\_of\\_North%20Korea.pdf](http://www.ncnk.org/resources/publications/Babson_Transformation_and_Modernization_of_North%20Korea.pdf).

30 B.R. Myers, *The cleanest race: how North Koreans see themselves and why it matters* (Brooklyn: Melville House, 2010).



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### **Biographical note**

Danielle Chubb (PhD ANU) is Lecturer in International Relations at Deakin University, Melbourne. Previously, she has worked as a Lecturer at The Australian National University and Hawaii Pacific University and was a Research Fellow at Pacific Forum CSIS. She is author of *Contentious activism and inter-Korean relations* (Columbia University Press, 2014, *forthcoming*).

## CHAPPED LIPS, CHIPPED TEETH: SINO-NORTH KOREAN RELATIONS IN THE POST KIM JONG IL ERA

THOMAS B. GOLD

*University of California, Berkeley and Tsinghua University, Beijing*

When it became clear late in 2011 that Kim Jong Il's third son, Kim Jong Un, would succeed his father as leader of North Korea, speculation began in the capitals of Northeast Asia as well as the United States and elsewhere as to whether this princeling, who had spent some of his youth at boarding school in Switzerland, would continue to pursue the often provocative policies and inherit the same belligerent political style of his late father, or whether he would act more in accord with global standards of behavior.

In the space of little over a year after Kim Jong Un's accession, new leaders also assumed power in North Korea's closest neighbors—South Korea, China and Japan, although Shinzo Abe had briefly been Japan's Prime Minister in 2006-2007. Vladimir Putin continued playing musical chairs, moving back to the Russian presidency from the premiership. An election returned Barack Obama to the presidency of the United States, the major ally of South Korea and Japan, although Obama replaced all of his top foreign policy officials within the first six months of his second term. Most critical is the new leadership team in Beijing spearheaded by Xi Jinping, who holds the country's top three positions: General Secretary of the Communist Party, Chairman of the Central Military Affairs Commission, and President of the People's Republic of China (head of state). In the middle of 2013, there are thus a lot of moving pieces and uncertainty as regards the strategies, plans and motives of the unevenly experienced leaders of North Korea as well as the countries maneuvering to deal with it, directly or indirectly, willingly or unwillingly.

This essay focuses on relations between North Korea and China, more formally, the Democratic People's Republic of Korea (DPRK) and the People's Republic of China (PRC) respectively, in this period of leadership transitions. I argue that while the PRC might be the DPRK's main diplomatic ally, their bilateral tie needs to be seen in the larger context of China's "rise" and Beijing's increasingly complicated relations with other countries in Asia and with the United States. China holds a number of cards *vis-à-vis* all the other players as a result of its longstanding ties with the DPRK, but Pyongyang is still able to keep Beijing off balance enough to derive whatever benefits it can from continuing to play the unpredictable, nuclear-armed bad boy in the neighborhood who will not permit others, however big, to push him around or tell him what he "must" do.

### As Close as Lips and Teeth

Kim Jong Il (Kim Chŏngil) died of a heart attack on December 17, 2011 and over the course of the next half-year, his third son, Kim Jong Un (Kim Chŏngŭn), assumed what *The Christian Science Monitor* snarkily referred to as “6 super-duper titles.”<sup>1</sup> These are: Marshall of the DPRK, First Chairman of the National Defense Commission, First Secretary of the Workers’ Party, Chairman of the party’s Central Military Commission, Member of the Presidium of the party’s Political Bureau, and Supreme commander of the Korean People’s Army. In North Korea, besides the Kim family itself, power resides in the party and military, so it does not really matter that Kim Jong Un has no state title. In fact, his grandfather Kim Il Sung (Kim Ilsŏng), whom he has been literally groomed to resemble physically, is president for eternity, never mind that he passed away in 1994.<sup>2</sup> Many observers speculate that the young dauphin has been backed by his powerful uncle, Jang Song Thaek (Chang Songt’aek),<sup>3</sup> the husband of Kim Jong Il’s sister, Kim Kyong Hui (Kim Kyŏnghŭi), to help him consolidate power within all of the country’s key institutions. There have been personnel shifts along the way, and it remains to be seen what impact this will have on the country’s policy towards the rest of the world, to say nothing of its long-suffering masses.

China’s influence over Korea has waxed and waned over the centuries. China historically has seen Korea as a tributary state, its culture derived from China. By contrast, the Koreans, north and south, have a deep sense of their own peoplehood and independence as well as pride in their culture and history of resistance to outside forces.<sup>4</sup> Over the course of the Cold War, in collaboration and competition with the USSR, China made enormous sacrifices for North Korea. An estimated 900,000 Chinese soldiers died during the 1950-1953 Korean War.<sup>5</sup> This included Mao Zedong’s own son, Mao Anying. Cumings argues that “Mao determined early in the war that should the North Koreans falter, China had an obligation to come to their aid because of the sacrifice of so many Koreans in the Chinese revolution, the anti-Japanese resistance, and the

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- 1 Jenna Fisher, “Kim Jong-un’s 6 super-duper titles, CSMonitor.com, July 18, 2012.
  - 2 On April 15, 2012, North Korea celebrated his 100th birthday, which is also “Juche 101” in DPRK years. (Ben Piven, “North Korea celebrates ‘Juche 101’”, <http://www.aljazeera.com/indepth/features/2012/04/2012410111258757121.html>.) The DPRK was supposed to be a strong and prosperous nation as a way to commemorate that momentous anniversary.
  - 3 Also Romanized as Chang Song-t’aek. Uncle and Aunt received major promotions in the military and party upon Kim Jong-il’s death. (See Victor Cha, *The Impossible State: North Korea, Past and Future*. (New York: HarperCollins 2012, p. 100).
  - 4 This is quite clear from visits to museums in South and North Korea where there are exhibits celebrating the expulsion of would-be invaders and resistance to occupiers.
  - 5 Bruce Cumings, *The Korean War: A History*. (New York: Modern Library, 2010), p. 25. Victor Cha, *ibid.*, says 800,000 (p. 318), but the point is that this was an enormous sacrifice of blood and treasure when the PRC itself was in its infancy, facing internal and external threats to its very existence.

Chinese civil war.”<sup>6</sup> The two countries inked a Treaty of Friendship, Cooperation, and Mutual Assistance in 1961, with China providing huge amounts of aid to the DPRK even in years when its own economy was facing shortages.

This sense of shared weal and woe is at the root of the characterization of PRC-DPRK relations as being as close as those of lips and teeth (唇齿相依), though Beijing believes it has made and continues to make the greater sacrifice, and that the Koreans are not properly grateful or reciprocal when China needs their support. Of course, while lips can kiss they can also suck things dry, and teeth can chew but also bite, so the simile is not without flaws, and relations between the two have indeed encountered serious problems over the years.<sup>7</sup>

The PRC and DPRK both conceive of themselves as the ideologically and ethically superior part of nations divided by the Cold War, and national reunification has remained a top agenda item for both Beijing and Pyongyang, even as such sentiment and commitment has waned appreciably in their other halves: Taiwan (Republic of China) and South Korea (Republic of Korea). In both cases, their American-allied doppelgänger experienced rapid economic development and social change over the course of the 1960s and 1970s, culminating in democratization in the late 1980s. While China undertook a massive change of direction along the lines of Taiwan and South Korea’s development strategies, North Korea resisted such a move. It clung to its policy of *juche* (chuch’e), or self-reliance, an ideological touchstone elaborated by Kim Il Sung and then Kim Jong Il. The ensuing poverty increased its dependence not only on Chinese assistance, but also, during the horrific famine years of the 1990s, on international aid, even from sworn enemies such as South Korea, the United States and the United Nations.

This major Sino-North Korean divergence of development paths began with the Third Plenum of the Eleventh Central Committee of the Communist Party of China (CPC) in December 1978. It launched China on the road of opening to the outside world and reforming and enlivening the domestic economy. This strategy combined elements of marketization in place of the plan, privatization and securitization<sup>8</sup> in place of state and collective ownership, and globalization of trade and investment instead of self-reliance. China’s adoption of many of the developmental state policies that had brought about miraculous growth in South Korea and Taiwan, and Japan before them, was an explicit acknowledgement of the tragic consequences of the *juche* sort of strategy once dominant in both China and North Korea. In the 1990s, Vietnam likewise did an about face, adopting a reform and opening strategy it called *doi moi*.<sup>9</sup> But Pyongyang

6 *Ibid.* (Cumings), p. 25.

7 See Cha (*op. cit.*), pp.318-323 for examples.

8 State enterprises were reorganized as share companies and part of their shares were publicly traded on stock markets, although the major shareholders are other state enterprises and agencies.

9 Cheong Kee Cheok, Lee Poh Ping, and Lee Kam Hing, “Learning from the China Model: What Is in It for Vietnam’s Economic Development?”, *Issues and Studies*, 47(4), December 2011, pp. 153-176.

clung to *juche*, which was too closely identified with the infallible Great Leader Kim Il Sung and Dear Leader Kim Jong Il to jettison. The CPC by contrast undertook a painful evaluation of Mao Zedong, criticizing many of the late charismatic leader's economic and political policies, a number of which bore close resemblance to those of the Kims. Without a similar reevaluation, however limited, the DPRK could not launch Chinese-style reforms. The DPRK in its entirety is much more closely identified with the personages of the Kim dynasty than China ever was with Mao, who did not attempt to establish a dynasty; this makes such an accounting so difficult.

The Chinese tried several times to persuade Kim Jong Il to follow their lead in opening the economy. They invited him to places such as Shenzhen and Shanghai, dynamic showcases of the results of opening and reform. If North Korea's economy boomed, it would reduce its dependence on Chinese aid and also provide numerous investment and trade opportunities for Chinese state and private enterprises. It could offer access to the North's minerals and other natural resources vital to the Chinese economy. It could shift the Korean leadership's obsessive and costly concentration on military affairs under the *sŏn'gun* (military first) policy to building the economy and improving the lives of its long-suffering masses. Kim paid an unprecedented three visits to China in the short span of 2010 and 2011, the last in May 2011. He met all of the top party and state leaders and the two sides toasted their time-tested lips and teeth relationship. Chinese leader Hu Jintao stressed the importance of regional peace and stability as well as economic prosperity.<sup>10</sup>

Beijing and Pyongyang did try to work out development zones along the lines of China's special economic zones. One was to be along the Tumen River, involving China, Russia and the United Nations Development Program.<sup>11</sup> China's plans to construct an industrial complex on North Korea's Hwanggŭmp'yŏng and Wihwa islands in the Yalu River beside China's Dandong city were suspended over the DPRK's request to deploy troops there.<sup>12</sup> Another one at Rajin and Sŏnbong (shortened to Rason) was even more closely patterned after China's SEZs.<sup>13</sup> These zones would also offer China access to the Sea of Japan. But they have gone nowhere.

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10 Top leaders of China, DPRK hold talks in Beijing," [kp.china-embassy.org/eng/zcgx/sbgx/t692927.htm](http://kp.china-embassy.org/eng/zcgx/sbgx/t692927.htm); Dong Ryul Lee, "Still Lips and Teeth? China-North Korea Relations after Kim Jong-il's Visit to China," *EAI Commentary* No. 20, July 1, 2011. Soon after Kim returned home, Pyongyang announced it was ceasing ties with the ROK's Lee Myung-bak (Lee Myŏngbak) administration, which had taken a harsher stance towards the North than its predecessors, posing another threat to China's desire for regional peace and stability.

11 SinoNK launched the on-line *The Tumen Triangle Documentation Project* in 2013.

12 Koichiro Ishida, "Troop deployment row halts China-N. Korean island project," [http://ajw.asahi.com/article/asia/korean\\_peninsula/AJ201207310004](http://ajw.asahi.com/article/asia/korean_peninsula/AJ201207310004) (July 31, 2012). "China's Embrace of North Korea: The Curious Case of the Hwanggumpyeong Island Economic Zone," <http://38north.org/2012/02/hgp021712>.

13 Marcus Noland, "We'll Always have Rason," Peterson Institute for International Economics, "North Korea: Witness to Transformation," January 12, 2012 (<http://www.piie.com/blogs/nk/?p=4493>.)

Also going nowhere is the city of Sinŭiju, another aborted development showcase just across the Yalu River from China's port city Dandong, the main conduit for trade between the two nations. Part of the fault for this failure lies with China, which disapproved of Pyongyang's selection of a Dutch-passport carrying Chinese entrepreneur as its manager. At night, the bright lights and lively scene in Dandong stand as a stark contrast to the darkness that is Sinŭiju, down to its non-functioning ferris wheel, which stands as something of a metaphor both for a place frozen in time or, if not frozen, going around in circles. A new bridge that is being built across the Yalu at Dandong, slated to open in 2014, might facilitate legal trade.<sup>14</sup>

Since the 1990s, China has diverged further and further from the DPRK in economic, social, cultural, ideological and political fields, as well as integration with the outside world. In fact, Chinese tourists of a certain age visit their neighbor out of a sort of nostalgia for the alternate reality and personality cult kitsch still vibrant there. It is also an object lesson of what China might look like had it rejected reform. China now much more resembles its once implacable Cold War enemies, Taiwan and South Korea, than it does its lips and teeth neighbor. Neither China nor North Korea bears much resemblance to socialism as envisioned by Marx.

In sum, many of the elements that cemented the lips and teeth relationship are no longer in existence or even viable, as the two countries' development paths have diverged so fundamentally. While China has become increasingly a global player<sup>15</sup> whose opinion (and cash) is welcomed and solicited worldwide, its neighbor has become increasingly isolated, largely due to its own behavior and refusal to be likeable or trustworthy.

### **The DPRK's Pariah Status**

China's growing economic and military clout on the world stage contrasts greatly with the DPRK, which has become increasingly ostracized as a consequence of its anti-social and highly unpredictable behavior. There are several issues that have earned Pyongyang pariah status in the eyes of most other countries, particularly its neighbors in Northeast Asia.

First and foremost is its development of nuclear weapons and the possibility of North Korea proliferating nuclear technology to other states hostile to the democracies and to states involved in regional conflicts, such as Syria or Iran. In spite of a range of carrots and sticks from the United States and other members of the international community including the United Nations to stop its nuclear and missile programs, the DPRK has persisted by fits and starts, withdrawing from the nuclear Nonproliferation Treaty in 2003. It conducted its first underground nuclear test in October 2006. This brought on UN Security Council Resolution 1718 demanding that Pyongyang refrain

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14 "China Set to Deepen N. Korean Ties as Yalu River Bridge Rises," [www.bloomberg.com/news/print/2013-04-16/china-set-to-deepen-north-korean-ties-as-yalu-bridge-rises.html](http://www.bloomberg.com/news/print/2013-04-16/china-set-to-deepen-north-korean-ties-as-yalu-bridge-rises.html).

15 For a recent comprehensive and cautionary overview, see David Shambaugh, *China Goes Global: The Partial Power*. (New York: Oxford University Press, 2013).



from further tests and imposing sanctions. Nonetheless, the North conducted a second, successful test in May 2009. The United Nations Security Council (UNSC) unanimously adopted Resolution 1874 expanding sanctions. In February 2013 it conducted its third test, just before President Obama's State of the Union address and during Chinese New Years celebrations, predictably bringing on yet more UN sanctions. In case this did not attract enough attention, Pyongyang also threatened to launch nuclear weapons at the United States mainland. The DPRK has demanded to be considered a nuclear weapons state and to be treated as such.<sup>16</sup>

In December 2012 it had launched a small satellite, having failed to do so earlier in April of that year. Most observers argued that this was a thinly disguised test of its ability to launch a nuclear-tipped missile. The early days of 2013 were thus particularly fraught, and the third nuclear test came in a context of escalating threats and bellicose verbiage against America and South Korea.

In a more direct piece of offensive action, in March 2010 the South Korean patrol ship Cheonan (Ch'önan) had been sunk with the loss of 46 sailors near the maritime border of the two Koreas, with suspicion falling on a North Korean submarine. Then in October the North shelled the South Korean island of Yeonpyeong (Yönp'yöng). Foreign observers saw these acts as efforts by Kim Jong Un to prove his military credentials and cement ties with the military establishment while his father was still alive. The audience may have been primarily domestic, but the damage to South Korea was direct and lethal, and the concern was international. This was followed by the February 2013 declaration that North Korea was scrapping the armistice that ended the Korean War. The drumbeat continued with Pyongyang urging foreigners to leave South Korea as well as Pyongyang in April. That same month, Pyongyang shut down the Kaesöng Industrial Zone where South Korean firms had established factories employing tens of thousands of North Korean workers to produce goods for export.

North Korea's belligerence towards South Korea, Japan and the United States reached a crescendo at that time. In addition to attracting numerous UN sanctions and condemnations for its external behavior, the North is also ostracized widely because of the atrocious situation of human rights in the country.

There is evidence that displeasure with North Korea has also spread among the Chinese citizenry. In May 2013 North Koreans hijacked a Chinese fishing boat and held the crew for ransom. Coming on the heels of a North Korean missile launch sparked discussion on the Chinese web, much of it expressing criticism of Pyongyang.<sup>17</sup>

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16 For a sober analysis of North Korea's nuclear policy, see Christopher R. Hill, "The Elusive Vision of a Non-nuclear North Korea," *The Washington Quarterly*, 32(2), Spring 2013, pp. 7-19.

17 Lotus Yuen, "After Kidnapping, Chinese Netizens Ask Why Beijing Humors 'Spoiled Child: Kim Jong-un,'" <http://www.tealeafnation.com/2013/05/after-kidnapping-chinese-netizens-ask-why-beijing-humors-spoiled-child-kim-jong-un/>; Jane Perlez, "Some Chinese Are Souring on Being North Korea's Best Friend," *The New York Times*, February 17, 2013, p. 12.; Simon Shen, "The Hidden Face of Comradeship: Popular Chinese Consensus on the DPRK and its Implications for Beijing's Policy," *Journal of Contemporary China*, 21(75), May 2012, pp. 427-443.

### China's Policies<sup>18</sup>

Management of Sino-DPRK relations does not fall under the Ministry of Foreign Affairs. Rather, it is the International Liaison Department of the CPC, the Ministry of Public Security, and the People's Liberation Army that take charge, indicating the primacy of security in the relations.<sup>19</sup>

China's policies towards its irksome neighbor have not been consistent or transparent. This needs to be seen in the larger context of China's rise. While Beijing strenuously argues that its rise is "peaceful" and a threat to no one, many of its actions, including relations with Pyongyang, belie this protestation.<sup>20</sup> At times it sides with the international community, signing on to sanctions and publicly calling on Pyongyang to cool it. More commonly it urges restraint by all sides. It has tried to broker deals between the DPRK and other countries. And there is much evidence that China itself has violated or not rigorously implemented sanctions that it has agreed to. In the first year and a half after Kim Jong Il's death, the general trend of China's policy and attitude toward North Korea has been one of barely concealed frustration and criticism, but continued substantive and symbolic support. This exposes the mutual dependence, mutual advantage, and mutual distrust between the two.

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18 Some works consulted for this section include: Cha, *op. cit.*, pp 315-345; "Gaming North Korea," European Council on Foreign Relations, Asia Centre, September 2012; Bates Gill, "China's North Korea Policy," United States Institute of Peace Special Report 283, July 2011; You Ji, "Dealing with the 'North Korean Dilemma': China's Strategic Choices," RSIS Working Paper No. 229, 21 June 2011; Stephanie Kleine-Ahlbrandt, "The Diminishing Returns of China's North Korea Policy," <http://38north.org/2012/08/skahlbrandt081612>; Andrei Lankov, "Chinese Interest on the Korean Peninsula and the Future of North Korea," EAU Issue Briefing No. MASI 2012-02, March 19, 2012; Sunny Lee, "China's North Korean Foreign Policy Decoded," *YaleGlobal Online*, 28 July 2011 (<http://yaleglobl.yale.edu>); Matthias Maass, "China's Peaceful Rise and North Korea's Military Provocations," *Issues and Studies* 47(4), December 2011, pp. 101-151; Hochul Lee, "China in the North Korean Nuclear Crises: 'interest' and 'identity' in foreign behavior," *Journal of Contemporary China*, 22(80), March 2013, pp. 312-331; Nick Miller, "Contact Between China and the DPRK: 2010-2012," China-North Korea Dossier No. 4, SinoNK.Com, April 2013; Dick K. Nanto and Mark E. Manyin, "China-North Korea Relations," Congressional Research Service, 7-5700, December 28, 2010; Drew Thompson and Natalie Matthews, "Six-Party Talks and China's Goldilocks Strategy: Getting North Korea Just Right," *Joint U.S.-Korea Academic Studies*, Volume 21, 2011, pp. 179-205.

19 Stephanie Kleine-Ahlbrandt, "Who shapes China's North Korea policy?" *The Korea Times*, 19 May 2011, <http://www.crisisgroup.org/en/regions/asia/north-east-asia/china/kleine-ahlbrandt>; Nick Miller, *op.cit.*

20 Zheng Bijian, former Executive Vice-President of the Central Party School and close advisor to the Chinese leadership, is most closely identified with this trope: "China's 'Peaceful Rise' to Great Power Status," *Foreign Affairs*, 84(5), September-October 2005, pp. 18-24.

China is the major supplier of food and energy to North Korea, although it does not provide this *gratis*, and in fact makes a profit.<sup>21</sup> China has also invested in building the country's infrastructure along with its own, to link the countries economically in case of a military emergency. This includes the Tumen and Rason projects mentioned above. Of course, these investments facilitate China's access to the DPRK's mineral and other natural resources, ports and cheap labor, so it is hardly selfless. These investments were also part of China's repeated efforts to try to convince Kim Jong Il to follow its reform and opening model. It has run training seminars for North Korean economic figures<sup>22</sup> and also welcomed laborers from across the border.<sup>23</sup> China commonly turns a blind eye to the frenetic smuggling across the border, which provides a (black) market for many Chinese goods. This includes ignoring the export of many sanctioned luxury goods that the Kims use to reward their supporters and preempt possible discontent and which the North Korean elite purchases during trips to China.<sup>24</sup> It also helps to supply consumer goods for the evolving North Korean market, another means of distracting people from the overall miserable conditions in the country and keeping them involved in non-(overtly) political activity.

On the other hand, China sends back many refugees trying to get to South Korea through China and then third countries such as Mongolia, Myanmar or Thailand, knowing full well that many will face harsh punishment once back home. It has imprisoned China-based activists supporting these refugees.<sup>25</sup>

Although siding with the UNSC in approving sanctions and condemnation after the nuclear tests, the PRC has also urged constructive engagement with the regime to give it the face and dignity Pyongyang thinks it deserves and which, it suggests, will lead to better behavior. To this end, China hosted six rounds of the Six-Party Talks from 2003 to 2007 involving itself, the DPRK, ROK, United States, Japan and Russia. Pyongyang hoped that it could use this forum for direct bilateral discussions with Washington,

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- 21 Stephan Haggard and Eujin Jung, "Is China Subsidizing the DPRK? The Pricing of North Korean Exports," Peterson Institute for International Economics, "North Korea; Witness to Transformation," June 19, 2013: If anything, China "secure[s] commodities at advantageous prices." "China seems to even be charging a premium for food and fuel."
  - 22 "20 NK Officials Getting Schooled in Tianjin," <http://www.dailynk.com/english/read.php?catId=nk00100&num=9456>. "Rich village in China checked out by North," <http://koreajoongangdaily.joinsmsn.com/news/article/article.aspx?aid=2956548>, July 20, 2012.
  - 23 "China Gives Work Visas for 20,000 N. Koreans," [http://english.chosun.com/site/data/html\\_dir/2012/05/28/2012052800858.html](http://english.chosun.com/site/data/html_dir/2012/05/28/2012052800858.html).
  - 24 Megha Rajagopalan, "North Korea Sees Luxury Goods Flow Into Elite Hands Despite Sanctions," [www.huffingtonpost.com/2013/03/20/north-korea-sanctions-luxury-goods\\_n\\_2910005.html](http://www.huffingtonpost.com/2013/03/20/north-korea-sanctions-luxury-goods_n_2910005.html), March 19, 2013.
  - 25 See the documentary, "Seoul Train" for examples. Also, the New York Times Op-Doc video, "Escape from North Korea" by Ann Shin; and Choe Sang-hun, "One Man's Tale of Two Koreas, Changed Allegiances, Torture and Fear," (*New York Times*, August 8, 2012, p.6 profiling Kim Young-hwan who built a pro-democracy movement for North Koreans in China and was arrested and tortured by the Chinese.

but the Americans refused to let this happen. In 2009, after UN criticism of its failed satellite launch, the DPRK announced it was pulling out of the talks. It then resumed its nuclear program, culminating in the May 2009 test.<sup>26</sup> But Beijing did not join in the condemnation of North Korea after the sinking of the Cheonan in March 2010, claiming there was not enough evidence to lay the attack at the feet of Pyongyang.<sup>27</sup> It likewise did not criticize the North for its shelling of Yeonpyeong Island which resulted in the deaths of 4 civilians, instead urging both sides to work towards peace.

Beijing also publicly supported Kim Jong Il till the end, and indicated support for his designated successor. It hosted Jang Song Thaek as a form of blessing of his nephew, Kim Jong Un, soon after the latter's ascension, and his special envoy Choe Ryong-hae, the political chief of North Korea's military, in May 2013 on the eve of the Xi-Obama informal summit in Palm Springs. Choe was the highest-ranking official to visit since the leadership turnover in December 2011.<sup>28</sup> Kim Jong Un himself has not received an invitation, in spite of requests.<sup>29</sup> Taken together, these can be seen as signals of displeasure from Beijing, although it continues to employ hortatory rhetoric when referring to the Kims as well as the lips and teeth relationship between the two nations and peoples.

But Beijing has also increasingly taken actions which explicitly and implicitly put Pyongyang on notice that there are limits to China's forbearance and willingness to endure international criticism for standing up for its neighbor and defending some of its most egregious acts. Perhaps most galling to Pyongyang was China's establishment of full diplomatic relations with the Republic of Korea back in 1992, a step once thought absolutely inconceivable given the Korean War-cemented lips and teeth relations between Beijing and Pyongyang and the decades of Cold War hostility between Beijing and Seoul. This was a tacit recognition of the ROK's extraordinary development through a policy of state-led reform and opening, and its undeniable importance on the world economic stage. Additionally, it indicated China's openness to South Korean direct investment, which, among other things, could transfer various forms of knowhow to China. This signaled that Beijing was willing to bypass Pyongyang and did not really care if its feelings were hurt.

China has also joined in UN sanctions and condemnations of North Korea's missile and nuclear tests, even if it has not fully implemented the sanctions in practice.<sup>30</sup>

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26 For a participant's personal take on the Six-Party Talks, see Cha, *op. cit.*, pp. 255-274. See also, Thompson and Matthews, *ibid.*

27 In fact, China opposed a UN resolution condemning the act, and Hu Jintao, who was General Secretary of the Chinese Communist Party, Chair of the Central Military Affairs Commission, and president of the PRC personally met Kim Jong Il in China in May and August.

28 Jane Perlez and Choe Sang-hun, "North Korean Envoy Visits Beijing Amid Concern About U.S.-Chinese Relations," *New York Times*, May 23, 2013, p. A15.

29 Benjamin Kang Lim, "Kim Jong Un China Visit Request Turned Down," [www.huffingtonpost.com/2012/10/03/kim-jong-un-china-visit-turned-down\\_n\\_1934945.html](http://www.huffingtonpost.com/2012/10/03/kim-jong-un-china-visit-turned-down_n_1934945.html).

30 mark, "China and DPRK Sanctions-Busting," [armscontrolwonk.com/archive/847/china-and-dprk-sanctions-busting](http://armscontrolwonk.com/archive/847/china-and-dprk-sanctions-busting), 24 June 2012.

It has sanctioned North Korean banks that the United States has charged are involved in money laundering and purchasing sanctioned goods on the world market.<sup>31</sup> China on occasion implements more rigorous customs investigations searching for internationally-sanctioned goods being smuggled across the border. China also periodically raises the issue of boundaries between the two countries, suggesting that swathes of North Korea actually belong to China.<sup>32</sup> Given the extreme nationalism of the Korean people, this is intended to hurt their feelings and put them on notice. Ironically, the South has responded to these claims more vigorously than the North.

President Xi Jinping's June 2013 informal summit with President Obama included discussion of North Korea, with both sides indicating they should work together to ensure peace and stability on a non-nuclear Korean peninsula. Here again, China was going around North Korea and discussing its possible fate with its sworn enemy, an act that would have been condemned as superpower arrogance.

Observers of relations between the PRC and DPRK debate whether or not China is sincere in its criticisms of Pyongyang and support of sanctions promoted by the United States through the United Nations and whether it would ever abandon its ally. The Chinese claim that their overarching goal is peace and stability on the Korean peninsula and in the region more broadly, so that they can focus on developing their economy and improving the lives of the Chinese people. Denuclearization of the peninsula would certainly contribute to peace and stability, but unlike the United States, it is not China's primary goal in its relations with the North. From China's perspective, if the DPRK denuclearized, this would still not solve the problem, given the nuclear weapons capability of the United States and its ties with nearby South Korea and Japan.

### **China's Strengths**

China brings many strengths to its relationship with North Korea, but at the same time also faces certain constraints in its ability to work its will over its neighbor. In most cases, what appear to be strengths are also liabilities.

Along with its phenomenal economic development, China has invested heavily in modernizing its armed forces. It could once again come to the North's defense should war break out with the South, but it would be extremely reluctant to do so, especially if the North provoked a confrontation unilaterally. China can supply modern weaponry to the North, legally as well as illegally, and also help it develop its own capabilities. China is a signatory to the Non-Proliferation Treaty. China could use its military might to convince North Korea to restrain its own weapons development,

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31 Keith Bradsher and Nick Cumming-Brice, "China Cuts Ties With Key North Korean Bank," [www.nytimes.com/2013/05/08/world/asia/china-cuts-ties-with-north-korean-bank.html](http://www.nytimes.com/2013/05/08/world/asia/china-cuts-ties-with-north-korean-bank.html).

32 Taylor Washburn, "How an Ancient Kingdom Explains Today's China-Korea Relations," [www.theatlantic.com/china/archive/2013/04/how-an-ancient-kingdom-explains-odays-china=koren-relations/274986](http://www.theatlantic.com/china/archive/2013/04/how-an-ancient-kingdom-explains-odays-china=koren-relations/274986); Miles Yu, "Great Wall Estimate Angers S. Koreans," <http://www.washingtontimes.com/news/2012/jun/13/inside-china-chinas-one-million-traitors>, June 14, 2012.

although this seems a non-starter given the role of the Korean People's Army in the political system and the stated military-first policy.

China's expanding and voracious economy provides many opportunities to exert leverage over the North. As the main transshipment point for goods coming from and going into the DPRK, China can open the spigot or close it off as one way to demonstrate support or unhappiness with the North's behavior. China can import the North's raw materials, and at prices favorable to Korea. China's construction companies can continue to develop the North's very backward infrastructure. Chinese companies can invest in the DPRK. China can provide needed food, energy and other vital goods to the North at below market prices. It can control the amount of smuggling across the border and can also turn a blind eye to the shipment of banned luxury goods that are used to reward loyalty among the elite. China can provide job opportunities to North Korean workers. China gives overriding priority to its own economic development, and North Korea is a key to revitalizing China's northeast, an area formerly dominated by state-owned enterprises which took a long time to recover from the reforms of that sector. China has made huge investments in the region, much of it banking on North Korea finally shifting gears to the economy, where China would be a central and even dominant player.<sup>33</sup>

As the main land and air border, China can determine which North Koreans can pass through its territory, either to conduct business or travel within China or as a step to going elsewhere. It can also allow North Korean smugglers or refugees to cross unhindered. As the main conduit between the DPRK and the rest of the world, China can restrict the flow of possibly destabilizing information about the outside world into the North, or it can open the floodgates. In a society where information is one key element of power, facilitating information that offers alternative ways of thinking about their own country and the outside is a powerful tool. China has demonstrated a fair degree of success in controlling the internet, and can provide a similar service to the DPRK.

As the only powerful country with any regular relationship with the DPRK, China can protect Pyongyang from international condemnation and sanctions. Even if it supports these, as it did in 2012 and 2013, it can enforce them more or less strictly. China's role in initiating and hosting the Six-Party Talks showed the North that it has the ability to bring major powers to the table to talk to it directly. Beijing is the only country with a direct pipeline to Pyongyang as well as Washington, Seoul and Tokyo. Warming or cooling relations with Seoul also signal to the North that Beijing's support cannot be taken for granted. Beijing invited the newly-installed ROK president Park Geun-hye (Pak Kūnhye) for a state visit in June 2013, according her a highly public and prestigious welcome. In a joint statement, the two sides "agreed on the importance of faithfully carrying out United Nations Security Council resolutions that called for sanctions against North Korea, as well as a multilateral agreement in 2005 under which the North was obliged to give up its nuclear weapons programs in return for economic

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33 This has already begun. "Rustbelt revival," *The Economist*, June 16, 2012, pp. 51-52. South Korean firms are major investors.

and diplomatic benefits.<sup>34</sup> Taken with the Xi-Obama meeting less than 3 weeks earlier, this clearly signaled to Pyongyang that China was more than willing and able to discuss how to manage North Korea with its two worst enemies. However, it does not resolve specific issues related to the Six-Party Talks, such as preconditions by all sides, how far China will go to actually sanction the North, and so on. Accompanied by a large business delegation, President Park also signaled the important economic relationship between China and South Korea, which far overshadows anything Pyongyang can show.

One of China's strongest suits *vis-à-vis* the North may be the demonstration effect: that the Communist Party can bring about exceptionally rapid economic development, and through this, improve its standing and prestige in the world at large and win support from its people whose lives have also improved dramatically, while maintaining power. Under Kim Jong Il the North balked every time it seemed on the verge of actually attempting to reform its economy along Chinese lines, with broad and multifaceted Chinese assistance. China's prestige among many countries of the developing world is extremely high, and its soft power has attracted many leaders eager to study the Chinese experience. Perhaps more remarkably, the Western countries, still lumbering through a major economic slowdown, have humbly turned to China for financing and investment. The Chinese market lures businessmen and government officials from around the world who see opportunities within China while also soliciting investment in their own countries. In 2012 and 2013 the Chinese party and state undertook what seemed on the surface to be a smooth transition of power to a new generation of leaders. This also signals to the North that economic development and opening to the outside have only strengthened the party's hand at home. All of this should give the Kim regime confidence that it can also undertake difficult reforms, focus on improving the lives of its people, loosen up a bit, and thereby reduce the burden on China of having to shelter and explain the erratic and dangerous behavior of its next door neighbor, and risk a loss of face and prestige for doing so.

China's strength has also given it the ability to bless the ascent of Kim Jung Un, granting him legitimacy at least in the eyes of some observers.

### China's Weaknesses

We have just seen that China has many weapons, literal and figurative, in its arsenal that give it leverage over North Korea. But it also has a number of weaknesses that constrain its ability to bring the North to heel and reduce its own vulnerability as the champion of such an unpredictable and dangerous actor on the world stage.

China indeed wants to be seen as a major and responsible player in world affairs. When North Korea acts up, people turn to China to rein it in, yet Pyongyang repeatedly behaves in ways that make China look foolish, impotent or even acquiescent. China seems to condone some behavior, or not criticize it as forcefully as other powers want,

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34 Choe Sang-hun, "China and South Korea Reaffirm Efforts Aimed at North," *New York Times*, June 28, 2013, p. A9.



with the Cheonan sinking and Yeonpyeong shelling as examples. Yet it did vote for UNSC sanctions after the recent nuclear tests. This is probably because the implications of them go beyond the Korean peninsula itself, particularly when Pyongyang explicitly threatens the United States. China thus risks appearing vacillating and noncommittal, which makes it an unreliable partner for everyone, even if everyone turns to it. Xi Jinping's June informal get-together with President Obama was an opening salvo in what the Chinese refer to as a new style great-power relationship, but if Xi can't bring the DPRK in line, it seriously compromises China's reputation and standing, certainly in the eyes of the United States.

The leaders in Pyongyang know full well that China fears instability on their border and that it does not want their regime to collapse, especially as this would likely result in an enhanced position for Seoul and its American allies. Much as Taiwan's leaders believe that, under the terms of the Taiwan Relations Act, America will come to its aid should conflict break out with the mainland, North Korea's leaders seem to believe that Beijing will do the same for them, even if they provoke a fight with the South and its American ally. Pyongyang continuously tests the limits of how far Beijing will go to shield and protect it, keeping China off-balance, satisfying no one, and even causing China much embarrassment, as with the February 2013 nuclear test against China's publicly stated wishes.

PRC-DPRK bilateral relations need to be seen in a larger regional context. Of great importance are recent ongoing and escalating conflicts between China and many of its neighbors, conflicts that the Chinese appear to have initiated. China claims to want peace and stability above everything else, yet has raised tensions throughout Northeast, Southeast and now West Asia. The first case is conflict with Japan over the Diaoyu Islands (Senkaku in Japanese). Then there are serious conflicts with Vietnam and the Philippines and to a lesser extent Taiwan, Malaysia and Brunei, over the Nansha and Xisha (Spratley and Paracel) Islands in the South China Sea. As perhaps the strangest case, in April China sent soldiers into India's Ladakh region where they stayed several weeks, right on the eve of Premier Li Keqiang's visit to India.

Observers are puzzled as to why China has been so vigorously asserting its longstanding claims to these far-flung territories at this particular time. Is it because it demonstrated such economic strength during the post 2008 global recession that it felt it could push against weaker neighbors? The main backer of the Philippines, Japan and South Korea is the United States, and it too was in economic distress, as well as trying to pull troops and commitments out of Iraq and Afghanistan. So did Beijing perceive this as the optimal time to make a move that the United States could not counter? In any event, it appears to be backfiring in the court of public opinion.

But these territorial disputes – and China has also asserted claims over Korean lands, stirring up resistance from South Korea – have had the consequence of pushing America's allies such as Japan and South Korea closer to the United States and to each other, despite their historical mistrust and animosity. The Philippines believes the United States will support it in a conflict, and even America's Cold War foe, Vietnam, has sought American assistance against what it sees as China's bullying. As America has pulled out of Afghanistan and Iraq, it has shifted its attention to Asia. This has been



referred to as a “pivot to Asia” as well as “rebalancing.” The former term seems to imply that China’s military modernization and assertiveness have drawn America’s attention and commitment to constrain such a move; America has spun around to refocus on Asia. “Rebalancing” sounds more neutral – America has always had a major presence in Asia, but in recent years has tipped to the Middle East and West Asia, so now needs to recalibrate, but it is hardly anything new or targeted at China. No matter which way it is interpreted, the Chinese see this as an American policy to constrain China, and stir up trouble in the region to derail China’s rise and influence.

These numerous potential flashpoints have put China in a game of whack-a-mole, and the last thing it needs is for North Korea to act up and add to its problems. China has protested that it is a still poor developing country engaging in a “peaceful rise”, but many of its neighbors are quite skeptical of these claims and Beijing’s own behavior belies them as well. While testing India, China has also strengthened ties with Sri Lanka and continues to build up the Shanghai Cooperation Organization with Central Asia. Meanwhile, it is aggressively investing in Iraq and Afghanistan to take advantage of the wealth of natural resources there, particularly oil and minerals. It is sending special envoys to global trouble spots, such as Syria, and increasing its participation in United Nations peacekeeping operations.

In addition to the ongoing East and South China Sea conflicts that China fanned, there is the matter of Myanmar. This country on China’s southwestern border was quite close to Beijing. China’s economic presence there is massive, and Chinese businesses have established claims over much of Myanmar’s riches. China took the deference of its military dictators for granted. But in 2011 the generals suddenly undertook fundamental political reforms, freeing political prisoners and opening all sorts of freedoms. This won major plaudits from the West and Japan who began to pour in the aid and investment they had denied when Myanmar was a military dictatorship. This has seriously weakened China’s clout there, and the regime has stood up to some instances of Chinese running their country as a virtual colony.

Taken together, these cases indicate that China may be overextended, opening several cans of worms that it cannot manage. While this may limit its ability to protect North Korea, at the same time it may signal weakness to Pyongyang who might then raise demands for various kinds of assistance from Beijing.

## **Conclusion**

China’s new leader, Xi Jinping, speaks often of the “Chinese Dream.” Unlike the “American Dream,” which involves individual aspirations for success based on hard work, the Chinese version sounds more like Manifest Destiny: after enduring a century of humiliation by imperialists and civil war, the CPC has led a national rejuvenation and China can now reclaim its place at the center of world affairs. Xi has also spoken a “new Great Power Relationship” with the United States, and his informal meetings with President Obama in June 2013 appear to indicate that the United States is prepared to acknowledge China’s importance and meet with its leaders to discuss all manner of global issues. North Korea sits right at the top of the agenda and, correctly or incorrectly,

Washington believes that the key to bringing North Korea into line – abandoning its nuclear dreams, stopping missile development and ending threats to South Korea and Japan for starters – lies in Beijing.

This attention offers China a tremendous amount of face that the regime can show to its people at home. Given the very serious brewing issues it faces domestically – economic slowdown, financially strapped banks, unemployment, an aging population, corruption, pollution, street protests, ethnic unrest, and a disbelief in any political ideology besides nationalism – demonstrating its new global clout is one way to distract people from their day-to-day concerns. But it carries risks if the regime suffers a serious loss abroad. As the population becomes more aware of world affairs through many channels and demands that Beijing take a firm stance against its foes, China's inability to achieve its international goals cannot be kept secret. It is raising stakes and expectations at home as well as abroad about what it can do.

There is also a belief fostered by Beijing that China is a rising power and the United States a declining one, a situation that offers much opportunity for China. Beijing is gambling that the United States is so worn out and financially strapped after more than a decade of war in Afghanistan and Iraq, that the last thing it will do is challenge China's functional equivalent of America's "Monroe Doctrine" to assert its sovereignty and influence in its own backyard.

There is plenty of mistrust to go around. Beijing and Washington do not trust each other in terms of their motives or aspirations. Right after Obama hectored Xi about China's cyberhacking, former National Security Agency analyst Edward Snowden popped up in Hong Kong (a Special Administrative Region of China) to reveal the extraordinary extent of American hacking and spying on China. While America accuses China of shielding and even encouraging North Korea, Beijing launches the same accusations about America and the other claimants to small islands in the East and South China Seas.

China tries to play it both ways. It claims it is a victim of imperialism now tying up some leftover matters from history; it has no aspirations on the territory of any other country. At the same time, it relishes being at the center of global affairs and having a seat at the table with the other powers, particularly the United States. It will discuss the internal affairs of other countries, such as the DPRK, with other powers, fueling expectations that it can deliver on its promises as well as the demands of others, but then throws up its hands and says this is beyond its abilities. It also sends its own envoys to trouble spots such as Syria, and welcomes the leaders of Israel and the Palestinian Authority to try to mediate that situation.

Reviewing the evidence, such as it is, suggests that China is playing a risky game. It appears to be thrusting itself into external affairs that it cannot manage without having a grand strategy or thinking through all of the implications. If its promises are too self-contradictory, or if it cannot deliver on its pledges or fulfill the expectations it has led others to have for it, it is asking to be bypassed or not taken seriously. It may respond by stirring the pot even more, raising the stakes and risks.

For Pyongyang, keeping China guessing as to its motives and plans is part of its own game. Korean distaste for Chinese meddling and arrogance has a long pedigree, and Kim Jong Un has inherited, directly and through the people around him, a desire to suck everything they can out of China while yielding as little as they can in return. There is no endgame in sight. All in all, the metaphor of lips and teeth is now only a rueful memory, or as a top official confided in me in July 2012, in a meeting at the Ministry of Foreign Affairs in Beijing, “Sometimes I wonder which is the worse job, dealing with the United States or North Korea.”

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### **Biographical note**

Thomas B. Gold is Professor of Sociology at the University of California, Berkeley and Executive Director of the Inter-University Program for Chinese Language Studies at Tsinghua University in Beijing. He studies social change on both sides of the Taiwan Strait. His book, *State and Society in the Taiwan Miracle* (1986) was the first to apply theories of dependency, world systems and dependent development – up to that time based mainly on the experience of Latin America – to an East Asian case. He visited North Korea in 2009.