

DPRK'S "SOFT-LANDING SCENARIO" AND MONGOLIA'S EXPECTATIONS

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Discussion on any subject connected to Northeast Asian region can't avoid certain points of departure, among which are our region's "Un-Europeaness," or even "Un-Southeast Asianness," allegedly predetermining its lack of ability to forge a viable regional institutions for cooperation and security. History, culture and perhaps the grandest variety of size, population, economic performance and compliance with international norms of behavior are cited as the region's most harming barriers. However, if the domestic political will and necessity of globalization can mitigate many of these restraints, no nation alone can tackle with one alone, yet a key player in international relations in our region – an atavistic regime in North Korea, officially the Democratic People's Republic of Korea. The subject-matter has long been addressed many times from an every possible angle of research and policy. Today, I and my colleague wish to shed some lights on how can and should we from the Mongolian perspective of various scenarios of the regime change in DPRK.

To start, we must make a few definitions upright and clear. First, it is not a projection or prediction of the change in the pattern of international negotiating patterns with regards to North Korea's nuclear program. Second, by defining the nature of the regime in North Korea, our assessment is that its behavior as a player, its isolated posture and economic mal-performance should be separated from the political system that the country chooses to stay with. And third and finally, "Mongolia's perspective" in the paper does not imply the already-existing policy priorities but merely suggest ways that we can contribute to this globally and regionally important complex problem.

So why hasn't the P'yongyang regime collapsed? Several factors are traced as the most influential lifelines to support the crumbling state of affairs in that country. First, could it be Chinese aid program, constituting nearly half a billion US dollars per annum according to some conservative estimates? Or is it the international humanitarian assistance that amounts almost twice as the above-mentioned number? Perhaps a well-rounded combination of the two, but more importantly, ongoing cash-and-goods flow from the Republic of Korea might be cited as the regime survival's principal source. The North-South exchange included a number of important projects, such as the Keumgang Mountain Tourism Project, Kaesong Industrial Zone Project, Inter-

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Korean railway and highway construction projects, and even direct official subsidies through the Ministry of Unification.¹ All the factors are mentioned to hint at one possibility, that the extensive - in the North Korean scale - foreign aid might serve as a disincentive for economic reform, and this lack of the willingness to conduct solid economic reforms cause social immobility, which is exactly the Kim Jong-Il regime wants. However, this explanation could be if not misleading, than self-serving.

Under the facade of total indoctrination and visible repressions might lie what we want to call as the “DPRK Paradox” – crawling attempts at modest economic reforms took place in 2002, and however discontinued might that experience be, it nevertheless must have necessitated initial social transformation. On July 1, 2002, North Korea proclaimed the adoption of a new reform policy for “Economic Management Improvement,” North Korea is now in a transitional process shifting from “reform within the system” to “reform of the system”.² The crisis of the mid-1990s, doubled with severe famine, created a background in which the regime couldn’t afford but to response and accommodate to inevitable change in the course of direction. Trade shocks, economic breakdown and famine combined undermined the then-ongoing economic activities and “theoretically” could lead to the “hollowing-out” of the state by growth of the informal sector and through increased burden of public subsidies, that, on the other hand, could well mean increased opportunities for arbitrage. In and all, policy dilemma was evident – crack down or accommodate? Risks entailed included, first and foremost, how could the regime justify ideologically the need for economic change?

Slight aversion of the official doctrine that soon followed after might hint at possible policy changes. The 21st century ideology builds upon, but slightly departs from, the 20th century one. The vision of a “Strong and Prosperous Nation,” enables a careful observer to see “economy-first policy” beneath “military-first politics.”³ DPRK version of socialism gradually, however inconsistently, moves toward pragmatism. By utilizing the rhetoric of “improving and perfecting socialism”, P’yongyang in 2002 began to launch a careful transition to performance-based reward system. The entire exercise, involving limited supply response and limited monetary accommodation, resulted in opening, albeit temporarily, of a few marketplaces, notably in Tongil and Rajin. However, such experimentations couldn’t, as true of any country that attempts even the most modest forms of reforms, avoid the peril of social polarization and ever-increasing gap in the income distribution. Perhaps this aspect most clearly prompts the regime to pursue a “guided decentralization” instead of stepping to next steps of transformation. Thus, the key dilemmas P’yongyang is facing now can be

classified as first, prevent social disenchantment without dropping into the pre-reform stage; second, retain monopoly on power for the Kim Jong-Il family and his entourage without necessary continuing the all-out isolation; and third, match economic realities with ideological inclinations that justify both the regime's hold on power and modest reforms.

It is against this background we should view North Korea's most ambitious and arduous program – its nuclear development. The question whether is it an indicative of P'yongyang's real intentions to strike the Republic of Korea and U.S. allies to attempt at forceful reunification of Korea, or is it merely a tool of blackmail, is all but clear in our view. The reality is that, given the aforementioned "mental" state of affairs in P'yongyang, the ruling elite is first and foremost interested in the survival of the regime to assure the dynastic transition of power to one of Kim Jong-Il's sons, without much change in the nature of power and its components and avoiding social upheaval as it has happened in several of the former Communist states. In the meantime, continued international isolation and preserved "nonsense" indoctrination by inept ideology perhaps do not serve in the best interests of the regime. All these contribute to the ambitious nuclear program, all in one – a means of extraction of much needed resources, as well as a tool of ensuring domestic control - note that the emphasis on security and siege by enmity is a sign of un-ideological despotic, often military, regimes and not necessarily common among politically indoctrinated dictatorships.⁴ Therefore, we conclude that the national security policy of the DPRK is rationalized and WMD program is all but a part of such a rationalization.

Given that, can the world community, or at least, the Northeast Asian states, deal with such a regime? Our answer is yes, and ones must. It is a highly rational regime, and the one consciously moving toward establishing itself as a "developmental dictatorship," if time and resources permit. Randall L. Schweller classifies various non-democratic regimes by two dimensions – one being the nature of revisionist aims, and the other being risk propensity.⁵ Revisionist aims are further divided into limited and revolutionary, whereas risk propensity is categorized as risk-acceptant and risk-averse. The above-noted characteristics of the regime in P'yongyang cause us to accept it as a risk-averse disenchanted state with limited revisionist goals. Such regimes aren't usually dealt with by reverting to containment or preventive strategies – ones can be awfully counterproductive. Engagement and binding, and occasional mixed strategy - is the name of the game here.⁶

Within this respect, what are possible scenarios for DPRK to launch a "landing" into a normalcy in international relations? Alexandre Mansourov

points at four possible versions, defined by two vectors – economic reform and external cooperation.⁷ The first is an “arduous march” scenario. Pursuing little, if any, reform, security issues remain unresolved and the country remains isolated from the outside world. Consequently, only a limited amount of economic aid will be available and the economy will stall at less than 1 per cent growth per annum. The second is a “half-full, half-empty” scenario. With pursued deepening economic reform yet continued international isolation, DPRK will transform into a stagnating country with GDP growth at 2-3 per cent per annum, and engages in limited cooperation with neighboring states in the region, despite its unresolved security issues and absence or low-key bilateral exchange with the United States. Accordingly, a limited amount of economic assistance will be available from regional neighbors to due to remaining economic restrictions. The third scenario is named “neither rogue, nor a tiger.” Limited and very constrained reform combined, however, with greater international cooperation and more compliance with international norms of behavior, could make the country a medium-growth economy at 4-5 per cent GDP growth a year. Economic assistance will be significant, due to solving all security concerns, but due to limited reform, private-sector capital inflows will be severely barred. Fourth and finally, there is a “outward-oriented developmental dictatorship” model, which, perhaps is the ultimate desire, if not the goal, of P’yongyang leadership. Proceeding with fundamental reforms and normalizing its relations with the United States and Japan, and effectively mobilizing its resource and labor, North Korea might embark on a one-party state with strong dirigist economy growing at more than 7 per cent.⁸

The last one is unlikely in the foreseeable future, and the first seems to remain the case at least in the coming couple of years. However, if we project our analysis not at the nearest temporal proximity, but at a mid-term possibility, nations in the region should seriously consider the second and third scenarios. It is within this regard neither a purist bilateral (read: unilateral) approach of some policymakers in the United States to address the North Korean problem, nor the “demonizing” labeling pursued by the current administration in the White House will prevail in the long run. The bilateral Agreed Framework is in reality dead, and the Six Party Talk is degenerating into oblivion. The current setting of “five against one,” as P’yongyang might suspect it of being, will likely lead to more aversion than compliance. It does not, however, mean that the Six Party Talk must be abandoned as a mechanism. In our expectation, it should evolve beyond nuclear issue-related talks and gradually transform itself into a regional task force accommodating the “soft-landing scenario,” something akin to the second and third possible versions mentioned above. That’s what regards

to mechanism and mission, but what about the composition? Here with our “nationalist” agenda we propose what we can be of use in the soft power engagement policy toward the DPRK. Mongolia, just like the PRC and the Russian Federation, is privileged to preserve the formal diplomatic relations with the DPRK government and our people share cordial societal ties with the people of North Korea. We wouldn’t elaborate much on Mongolia’s expected and desired role, but it can be summed up with one phrase - “a country that has undergone the political and economic transition and has much to offer to share with others in similar transition in terms of modest yet dynamic experience, but one profoundly trusted by DPRK.” To conclude, a word by Prime Minister Ts. Elbegdorj is to be brought here: “We’re not trying to advocate anyone’s agenda. We’re just sharing our experience.” On this note of optimism we would like to sum up.

1. Alexandre Y. Mansourov “Korean Rubik’s Cube? A Puzzle, A Paradox or An Omen?” Lecture notes, June 2005.
2. Chung Young-Chul, “North Korean Reform and Opening: Dual Strategy and ‘Silli (Practical) Socialism,’” June 2004, Pacific Affairs; Online format at the journal’s website http://www.ciaonet.org/olj/pa/pa_sum04/pa_04chy01.html - 4.1KB
3. Alexandre Y. Mansourov “Korean Rubik’s Cube? A Puzzle, A Paradox or An Omen?” Lecture notes, June 2005.
4. Ken E. Gause, “The North Korean Leadership: Evolving Regime Dynamics in the Kim Chong-il Era,” in Project Asia (draft), March 2003.
5. Randall L. Schweller, *Managing the Rise of Great Powers: History and Theory*, Routledge: London and New York, 1999: pp. 23-24.
6. Ibid., p. 25-26.
7. Alexandre Y. Mansourov “Korean Rubik’s Cube? A Puzzle, A Paradox or An Omen?” Lecture notes, June 2005.
8. Ibid.