LEARNING TO LIVE WITH A NUCLEAR NORTH KOREA: STRATEGIES AND LIKELIHOODS

by

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B.A., Brown University, 2009

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

in

The Faculty of Graduate Studies

(Political Science)

THE UNIVERSITY OF BRITISH COLUMBIA

(Vancouver)

January 2013

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Abstract

By identifying three key variables – international aid, international acceptance, and credible threat – that are significant in North Korean negotiations, this paper identifies several policy alternatives that present viable American concessions for a more secure Korean nuclear environment. Manipulation of these policy levers by the United States is intended to compel North Korea into concessions that will ultimately lessen the country’s humanitarian burden, improve bilateral relations, and create a more stable region by curtailing nuclear proliferation. For the United States to effectively extract concessions from North Korea, it must create incentives for compliance by changing the North Korea’s calculation of the three bargaining variables away from the equilibrium position. This paper finds that maintenance of the status quo is the most strategically secure policy for the United States if denuclearization by North Korea is improbable. Alteration of the status quo will result in a stronger North Korea (or at the very least, a strategically weaker United States), something that is both domestically unpalatable and not in their direct interest. Unless the United States can accept North Korea as a nuclear state and grant it the corresponding concessions needed to stabilize the region, it is unlikely that a new nuclearized direction will occur. Continuation of the current American foreign policy reflects the incompatibility of the two countries’ preferences and demands; it is a rationalist explanation for what seems an arbitrary strategy. In examining the United States’ current relationship with North Korea as a rational response to the regime’s noncompliance rather than a policy failure, this paper draws on bargaining theory and strategies of nuclear deterrence to consider the strategies available to engage other emerging nuclear powers.
# Table of Contents

Abstract .................................................................................................................................................. ii

Table of Contents .................................................................................................................................. iii

List of Tables .......................................................................................................................................... iv

List of Figures .......................................................................................................................................... v

Acknowledgements ...................................................................................................................................... vi

Dedication ................................................................................................................................................ vii

1 Introduction ........................................................................................................................................... 1

2 Understanding a Nuclear North Korea .......................................................................................... 4
   2.1 An Emerging Power That Never Was ......................................................................................... 4
   2.2 Interpreting Declining Power Through The Bargaining Model .................................................. 7
   2.3 Leveraging The Nuclear Option In Bargaining Situations ......................................................... 10
   2.4 Staying In The Game: The Necessity Of A Nuclear Program .................................................... 12
   2.5 Why A Nuclear North Korea Makes Sense ................................................................................ 14

3 Finding Common Ground with a Nuclear North Korea ............................................................... 18
   3.1 American Strategies: Past and Present ....................................................................................... 18
   3.2 What North Korea Wants ............................................................................................................. 21
      3.2.1 International Aid ................................................................................................................. 21
      3.2.2 International Acceptance .................................................................................................. 25
      3.2.3 Credible Threat .................................................................................................................. 28
   3.3 A New (Nuclearized) Direction? ............................................................................................... 32

4 North Korea’s Sub-Optimal, Unstable Status Quo: Conclusions and Future Implications .................. 37

Bibliography ............................................................................................................................................. 40
List of Tables

Table 3.1 Bargaining Outcome Preferences for North Korea and the United States ..................36
Table 4.1 American Policy Levers and Likelihoods of Implementation and Response ..................38
List of Figures

Figure 2.1 Powell's Bargaining Model .................................................................................................................. 8
Figure 2.2 North Korea's Nuclearization Outcomes (Based on Probability of Deterrence) ........ 15
Figure 2.3 North Korea's Nuclearization Outcomes (Based on Probability of Regime Survival) 16
Figure 3.1 North Korea's Nuclearization Outcomes with Policy Changes (Based on Probability of
Deterrence) ......................................................................................................................................................... 34
Figure 3.2 North Korea's Nuclearization Outcomes with Policy Changes (Based on Probability of
Regime Survival) .............................................................................................................................................. 34
Acknowledgements

I offer my sincere gratitude to the faculty, staff and fellow students at the University of British Columbia, who have inspired and encouraged me to pursue my work in this field. I continue to be in awe of the great work happening in the Department of Political Science.

I would like to express my deepest appreciation for my supervisor, Dr. Arjun Chowdhury, who read my numerous revisions and helped make some sense of the confusion as my ideas unfolded. Dr. Chowdhury has been an amazing professor, mentor, and fellow scholar, to whom I am very grateful and indebted for his patience and guidance throughout this process.

I would also like to thank Dr. Brian Job, my examiner, whose passion and unique insights in international security in Asia fueled my interest in North Korea. What began as a short paper on food security in Dr. Job’s course, The Evolving Security Order of the Asia Pacific, has now become a topic I will continue to explore academically and professionally.

I would also like to acknowledge my friends, new and old, for their positive energy, genuine interest in my topic, and willingness to listen to my excuses (without accepting them) along the way.

Lastly, special thanks are owed to my brother and parents, Harrison, Cynthia and Richard, for their endless love and support during the past few years it has taken me to figure out my passions. I would not be where I am today without their wisdom and guidance.
Dedication

To my parents
1 Introduction

The Democratic People’s Republic of Korea’s (DPRK’s or North Korea’s) continued policy of stalling negotiations and reneging upon agreements has severely limited diplomatic progress relating to the Korean Peninsula nuclear issue.¹ The United States’ specific bilateral efforts to exchange food aid and economic assistance for nuclear inspections and disarmament have failed to achieve greater North Korean cooperation. Hardline responses – such as reduced aid contributions – have been ineffective in gaining North Korean compliance; rather than accommodate existing supporters, North Korea has looked to more favorable donors to supplement reduced assistance.² The United States’ current complete, verifiable, irreversible dismantlement (CVID) policy stance has effectively narrowed the range of bargaining possibilities and made it difficult for negotiators to reach common ground.³ Moreover, international condemnation has had little impact on North Korea’s foreign policy. Reproving statements from American public officials like President George W. Bush have only served to aggravate the North Korean regime and strengthen anti-Western, anti-imperialist rhetoric.⁴ In fact, the perceived threat of attack from the West has allowed the Kim regime to justify its nuclear program and further its self-imposed isolation. If the United States’ policy aim has been to achieve North Korean denuclearization, it has been thus far unsuccessful.

At the same time, North Korea’s economic and security outlook has not improved since nuclearization, suggesting that intended development has been hindered by its detachment from the international community. Poor relations with its neighbors and powerful actors such as the United States has meant that North Korea’s nuclear program has failed to relieve external security concerns and foster sovereign prosperity. Its current policy has not worsened the North Korean plight, but it has also failed to reap expected benefits. Thus, if the United States’ current policy has sought to preserve the status quo and prevent development of a stronger North Korean regime, its policy has been largely effective.

² The immediate security threats posed by regime instability and refugee flight has compelled neighboring states such as People’s Republic of China (China) and the Republic of Korea (South Korea) to continue to donate aid despite ongoing diplomatic set-backs.
³ Quinones 2005, 28.
⁴ During his 2002 State of the Union address, President George W. Bush listed North Korea as one of the states that “constitute an axis of evil, arming to threaten the peace of the world.” (Bush 2002).
In examining the United States’ current relationship with North Korea as a rational response to the regime’s noncompliance rather than a policy failure, this paper draws on bargaining theory and strategies of nuclear deterrence to consider the strategies available to declining powers in pre-nuclearization periods. Nuclear weapons narrow or eliminate bargaining ranges because they create an all-or-nothing scenario. The totality of costs – including the cost of retaliation – is generally sufficient to deter first use because usage of the nuclear option in fighting results in mutually assured destruction. Consequently, the spectrum of possibilities within the bargaining range is severely narrowed, making movement away from the status quo difficult. Nuclear weapons also alter the established distribution of power between states; weaker states with nuclear capabilities are better able to exert leverage over stronger states by displaying a credible threat of usage if concessions are not granted. Unless the stronger state can alter the perception of costs assumed by the emerging nuclear power, the status quo is generally heavily skewed to the weaker state’s preferences.

With these constraints in mind, this paper poses the following questions: How does a nuclear capacity impact two-party bargaining situations? What intermediaries are available within this bargaining range to create a more stable security environment? Is it possible to envision a resolution to the Korean nuclear issue without denuclearization? To answer these questions, empirical data is primarily collected from primary and secondary sources, including: international news sources, scholarly works from peer-reviewed journals; empirically-based books published by academic institutions; policy papers and diplomatic press releases presented by national governments; program reports and assessments developed by national research institutes; statistical data collected by international agencies such as the World Food Program (WFP) and the Food and Agriculture Organization of the United Nations (FOA); multilateral agreements such as the United Nations Security Council (UNSC) resolutions; and, bilateral economic agreements such as the Agreed Framework between the United States and North Korea. This paper focuses uniquely on the bilateral bargaining situation between North Korea and United States, and is careful not to draw extended conclusions about interstate bargaining and nuclear proliferation from just this example. However, North Korea is an important case

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5 Range possibilities in this context may include some form of regulation of nuclear materials or sanctioned development of nuclear programs, but does not include usage of nuclear weapons on an opposing state.
because it is the ‘dog that didn’t bark,’ which enables scholars to examine how bargaining strategies can be ineffective against emerging nuclear powers.

By identifying three key variables – international aid, international acceptance, and credible threat – that are significant in North Korean negotiations, this paper identifies several policy alternatives that present viable American concessions for a more secure Korean nuclear environment. When one or more of these conditions reduce the utility of nuclear deterrence and become a threat to state survival – for example, by increasing diplomatic or economic costs of retaining weapons-grade nuclear capabilities— the strategic calculation of maintaining the status quo is altered. Manipulation of these policy levers by the United States is intended to compel North Korea into concessions that will ultimately lessen the country’s humanitarian burden, improve bilateral relations, and create a more stable region by curtailing nuclear proliferation.

However, this paper does not purport to offer a strategy of denuclearization; it is highly unlikely that North Korea will give up its nuclear weapons. North Korea’s unmonitored and unpredictable use of nuclear weapons means that the regime currently holds a stronger negotiating position with the United States, making it generally satisfied with the status quo. For the United States to effectively extract concessions from North Korea, it must create incentives for compliance by changing the North Korea’s calculation of the three bargaining variables. This paper finds that maintenance of the status quo is the most strategically secure policy for the United States if denuclearization by North Korea is improbable. Alteration of the status quo will result in a stronger North Korea (or at the very least, a strategically weaker United States), something that is both domestically unpalatable and not in their direct interest.

The paper is structured in three further sections. First, I discuss the theoretical literature on bargaining models and the nuclear option, and demonstrate that the current bargaining scholarship has not yet been applied to nuclear states like North Korea. Second, I identify possible concessions available to the United States by manipulating its three policy levers – international aid, international acceptance, and credible threat – to alter North Korea’s bargaining position and make it more amendable to concessions. Finally, I consider the likelihood that American alternative policy strategies will be implemented, and propose broader implications of its actions with nuclear states like Iran and Pakistan.
2 Understanding a Nuclear North Korea

Despite early economic successes, North Korea in the pre-nuclearized era struggled to assert itself on the international stage. Its declining material and military power signalled a loss of bargaining leverage with its neighbors and strong states such as the United States, requiring the regime to either accept increasingly disadvantageous concessions or endure the consequences of deepening isolation from the international community. Moreover, South Korea’s close relationship with the United States threatened the North Korean regime’s presence in the region; it created a growing external threat from ideological adversaries along the border region. These factors made it clear that, as a declining power, North Korea’s probability of deterrence in a conventional military conflict was diminishing. To preserve the status quo, North Korea invested heavily in its nuclear program. The nuclear option became not only a powerful deterrent from foreign intervention, but also a tool to extract concessions from previously weak bargaining situations. This section examines North Korea’s transition to a nuclear state and applies bargaining theory to understand why bilateral negotiations with the United States have reached an equilibrium.

2.1 An Emerging Power That Never Was

Limitations to North Korea’s independence and success as an emerging power has been evident throughout history. The Japanese occupation of the Korean Penninsula from 1910 to 1945 was a mixed blessing for the territory. While the Japanese laid the groundwork for the Korean economy by constructing basic infrastructure such as roads and communication networks, the severe repression of Korean identity and autonomy limited its exposure to the international community. The Korean people were required to assimilate to the Japanese culture, adopting Japanese names and worshipping the Japanese emperor as a show of loyalty to the colonial power. Moreover, the lands of agricultural laborers were appropriated by the Japanese government to be used to meet grain quotas for the mainland, which caused severe food shortages and harsh labor conditions for citizens. Resistance was nearly impossible; several nationalist movements attempted and failed to overthrow the Japanese occupation, making state control over individual movements more oppressive. Despite the establishment of the League of

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6 BBC News 2012.
7 The Korea Society 2010.
8 Ibid.
Nations, little support for the Korean people was given by the international community. The fight for national sovereignty was deemed nearly impossible while under Japanese rule.

With the downfall of Japanese power at the end of World War II, the Korean Peninsula was relieved of its colonial subjection. However, independence was not immediately achieved. After the Japanese surrender, the Allied forces designated two administrative zones along the 38th parallel, led by the United States in the south and the Soviet Union in the North. The disparate political ideologies of these trustee states resulted in very different outlooks of the two Koreas; the United States promoted the democratic process and free-market capitalism, while the Soviet Union-backed Communist principles under Kim Il-Sung. Under the auspices of the Soviet Union, North Korea built a strong militaristic culture under the North Korean Peoples’ Army, and was supplied with Russian tanks and artillery. In 1950, Kim Il-Sung used his army to cross the border with hopes of liberating the southern people from American control and reunifying the Korean country. The American-trained South Korean troops were unprepared for such an attack, allowing the North Koreans to quickly advance southward. In response to this invasion, the United States appealed to the United Nations Security Council for a military intervention mandate with the support of other member states. With the assistance of British troops, the North Korean army was eventually overwhelmed. Effectively, the Korean War was fought as a proxy war between two superpowers, lasting more than three years before ending in an armistice agreement. A peace treaty between North and South Korea was never signed, meaning that the Korean War is not officially over.

The Korean War left both countries with considerable economic and infrastructure damage. Reconstruction again fell to the superpowers; financial and technical aid was provided to the two Koreas by the United States on one hand, and by the Soviet Union and China on the other. Immediately following the ceasefire, North Korea underwent a rapid industrialization process that put the country “ahead of South Korea economically – at least, temporarily.” Although North Korea’s population size was significantly smaller, its per capita gross national product (GNP) surpassed that of South Korea’s throughout the 1960s ($137 and $94,

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9 BBC News 2012.
10 Ibid.
11 Hickey 2011.
12 Ibid.
13 BBC News 2012.
14 PBS 2003.
respectively) and 1970s ($286 and $248, respectively). However, North Korea’s heavy military spending placed a large burden on the country’s economy, leaving its per capita income far behind South Korea’s rapidly growing export-oriented economy. By 1980, North Korea’s per capita income was only $758 (compared to $1,580 in South Korea). This steady decline in economic competitiveness made it difficult for the North Korean regime to provide for its people, resulting in worsening living conditions and food shortages. It also reflected the weaknesses of a state-run planned economy without strong administrative leadership.

Moreover, the loss of North Korea’s economic position relative to South Korea has strained its relationships with other states. Throughout the pre-nuclear era, North Korea became increasingly concerned that the United States’ close association with South Korea and Japan (economically and militarily) posed a direct threat to the future of North Korea. A loss of bargaining leverage among other international actors is also evident as North Korea’s early economic success continued to falter, which furthered the country’s political isolation by providing justification for Kim Il-Sung’s juche (self-reliance) ideology. Moreover, North Korea transitioned away from reunification rhetoric in its public statements; its policy change reflected both an acknowledgement of infeasibility of reunification on its own terms and the perceived fear of external attack from the South Korean border region. Although perservation of its independence and national sovereignty remain the regime’s highest goals, its lack of expansionary aims suggest that it is no longer a revisionist state. Rather, it is a declining power that seeks to exploit what little leverage it has.

In many ways, North Korea’s perceived belligerent attitude towards diplomacy is a manifestation of the country’s detiorating material power. Economic and military insecurity has compelled the regime to adopt isolationist policies that attempt to slow its decline. After the collapse of the Soviet Union, North Korea received few assurances from the international community, forcing the regime to either accept unfavorable concessions from stronger states or

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15 Kang 2003, 305.
16 Ibid.
17 Hale 2005, 823. Recent measures to fix the country’s economic woes were highlighted in its July 2002 reforms aimed at improving economic conditions through monetization, decentralization, and foreign capital acquisition. Rather than revolutionize North Korea’s economic management system, the reforms furthered domestic weaknesses, causing hyperinflation, greater inefficiencies, and the “reappearance of the huge gap between official and black market prices (Hale 2005, 841-842).”
18 Horak 2011, 122.
19 Cumings 2010, 215.
suffer from protectionist restrictions (a commitment problem). Large-scale famine and unsuccessful currency revaluation measures are examples of the regime’s reluctance to accept external assistance. Without leverage in bargaining situations, the political realities of North Korea’s power became more pronounced, necessitating a game changer – such as nuclear weapons – to alter the status quo back towards North Korea’s favor.

2.2 Interpreting Declining Power Through The Bargaining Model

As Thomas Schelling (1960, 1966) famously declared, “most conflict situations are essentially bargaining situations.” Bargaining models have thus laid the groundwork for understanding state incentives for war, using the power to hurt as bargaining power and its exploitation – often through deterrence – as diplomacy. Bargaining theory provides an important foundation with which to the study of strategies and limitations associated with conflict and nuclear deterrence. Robert Powell’s (2002, 2003) bargaining model best describes the range of concessions available to North Korea as a declining power in bargaining situations in the pre-nuclearization era. It also provides insight into the motivation of nuclear weapons development as a means of creating leverage to lock in a more advantageous status quo orientation.

According to Powell, bargaining “is about deciding how to divide the gains from joint action.” Using this logic, bargaining requires decisions between two actors who seek mutually beneficial outcomes. This can include allies seeking similar results, or opposing parties with distinct, often conflicting, demands. The possibility of gains earned from joint action creates incentives for all participants to cooperate, albeit in their own self-interest. Yet preferences in outcomes from bargaining impact the effectiveness with which credible threats of the outside option can be used during cooperative negotiations. Those who will benefit more from terminating the bargain rather than remaining in status quo are better equipped to obtain a more favorable outcome from other participants. Therefore, reaching an agreement is often dependent on the placement of the status quo and distribution of power along a bargaining

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20 Schelling 1960, 5.
21 Schelling 1966, 2.
22 Powell 2002, 2.
23 Ibid, 2.
24 Ibid, 4.
spectrum. **Figure 2.1** illustrates a possible bargaining scenario between states with differing outcome preferences.

**Figure 2.1  Powell's Bargaining Model**

![Diagram of Powell's Bargaining Model]

Powell’s framework describes a bargaining situation in which two parties ($S_1$ and $S_2$) are negotiating the revision of the status quo, $q$, under a set of possible territorial agreements ranging from 0 to 1.\(^{26}\) In this model, $p$ represents the probability of expected outcome if fighting ensues, and implicitly demonstrates the distribution of power between $S_1$ and $S_2$. Importantly, Powell argues that the distribution of power (even or preponderance) cannot explain the probability of war in bargaining situations.\(^{27}\) Rather, the likelihood of war is more accurately linked to “the relationship between the distributions of power and benefits, not solely the distribution of power.”\(^{28}\) Each state bears costs from fighting ($c_1$ and $c_2$), but the new equilibrium of $p$ shows that $S_1$ gains territory and $S_2$ loses territory. If one assumes that states will attempt to improve their bargaining position to achieve absolute gains, it is likely that $S_1$ will be dissatisfied with the status quo, and has incentives to fight because its payoff is $p - c_1$ (which is greater than $q$). Conversely, $S_2$ is satisfied with $q$ because its payoff is $1 - p - c_2$, or $p + c_2$.\(^{29}\) Given these opposing constraints, the bargaining range for $S_1$ and $S_2$ is between $p - c_1$ and $p + c_2$.\(^{30}\) If the

\(^{26}\) Ibid, 8.
\(^{27}\) Ibid, 13.
\(^{28}\) Ibid, 13.
\(^{29}\) Ibid, 8.
\(^{30}\) Ibid, 9.
outside option – exit from the bargaining situation – if not utilized, then any outcome within that range will ultimately benefit $S_f$.

Given that the bargaining model identifies a viable bargaining range between two parties, one would assume that an outcome could be reached without fighting. However, James Fearon (1995) characterizes inefficient outcomes in bargaining in his work on rationalist explanations for war as being a result of the following factors: (a) asymmetric information, (b) commitment problems, and (c) issue indivisibilities.\(^{31}\) By examining why leaders opt to forego *ex ante* bargaining and bear the risks and costs of war, Fearon finds that the former two arguments more accurately explain why leaders choose to fight.\(^{32}\) Each of these factors impact the likelihood of nonviolent outcomes in bargaining situations. Moreover, in conventional bargaining settings, war is considered an outside option that involves a shift in the status quo and a net gain for the victor. Militarily stronger states prefer this option because it simultaneously improves a state’s own position and weakens its opposition. In nuclear settings, however, possession of nuclear weapons represent an outside option that locks in the status quo without net gains for each party. Although acquisition of nuclear weapons does not provide any direct benefits for the emerging nuclear state, it does ensure that the status quo is maintained in future bargaining situations.

As described in the previous section, North Korea’s declining material power in the pre-nuclear era have made bargaining situations with strong states such as the United States difficult because the regime was unable to leverage concessions for their own interests. Applying Powell’s model to the pre-nuclear North Korean context, the United States and North Korea represent $S_1$ and $S_2$, respectively. Without leverage, North Korea prefers the status quo, $q$, because any usage of an outside option by the United States would result in a worse payoff for $S_2$. As North Korea’s leverage continues to decline in bargaining situations with the United States, $q$ moves right, away from $S_2$’s preferred equilibrium. The declining balance of power in this bilateral relationship also means that the commitment problem is difficult to overcome for North Korea; agreed-upon concessions will disproportionately benefit $S_1$. Using this logic, it is expected that North Korea will continue to lose leverage in subsequent bargaining situations with the United States. To alter this dynamic, usage of a nuclear outside option by North Korea –

\(^{31}\) Fearon 1995, 381-382.

\(^{32}\) Issue indivisibility is excluded as an empirically improbable explanation because “there may not be any feasible outcome that both states prefer to fighting (Powell 2002, 10)” See Fearon 1995, 380-381.
such as development of nuclear weapons – would halt the continued loss of leverage in bargaining situations and solidify the status quo in future bilateral negotiations.

2.3 Leveraging The Nuclear Option In Bargaining Situations

Developing nuclear weapons to preserve the status quo is particularly effective in bargaining situations because incentives (to demand or concede) created by opposing parties are significantly distorted. The threat of the nuclear option effectively narrows the bargaining range because it becomes an all-or-nothing \((p = 0 \text{ or } p = 1)\) scenario. In nuclear contexts, there are clear reasons (regime and territorial survival) why both states desire the same ultimate outcome – nonuse of nuclear weapons. Usage of the nuclear option results in unacceptable costs that few states would be willing to bear. For example, if North Korea were to use its weapons in an offensive manner towards Seoul, directed attacks would inflict significant (although territorially-limited) damage on the South Korean capital. However its capabilities would not match those of the United States and its allies, ultimately resulting in regime suicide and territorial destruction. Deterrence, therefore, eliminates any conventional bargaining range because both parties are more willing to provide concessions and unwilling to bear costs associated with usage of the nuclear option. By raising the costs of fighting, nuclear states reduce the likelihood of future conflict and solidify the status quo.\(^{33}\)

Nuclear weapons also contribute to preservation of the status quo by providing implicit security assurances against external threats. Scholars like Kenneth Waltz (1990) contend that nuclear weapons are “in fact a tremendous force for peace and afford nations that possess them the possibility of security at a reasonable cost.”\(^{34}\) They play an important role in deterrence because their threat potential (knowing what can be done) complicates opposing defensive strategies (knowing what will be done).\(^{35}\) Unlike conventional weapons, in which a large show of force is needed to display military strength as a deterrent, nuclear weapons require only a small demonstration of capacity – such as missile tests – to worry opponents.\(^{36}\) In fact, due to the diminished utility of killing power in conflicts and the rise in effectiveness of unconventional

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\(^{33}\) It should be noted, however, that outside of these agreed-upon costs (of nuclear non-usage), there is little agreement on bargaining outcomes between emerging nuclear powers and states seeking denuclearization; the former favors a status quo in which nuclear weapons are preserved, while the latter prefers a status quo in which nuclear programs are dismantled among non-NPT states.

\(^{34}\) Waltz 1990, 731.

\(^{35}\) Ibid, 733.

\(^{36}\) Ibid, 734.
deterrence, weaker powers have been winning more over time. Waltz also observes that the unknown total destruction potential allows weaker states with a few nuclear weapons to exert a disproportionate amount of control over a stronger state with many weapons in conflict situations. During the Cuban missile crisis, for example, it was clear that the Cubans had only 60 to 70 viable nuclear weapons that could be used, compared to the United States’ 2,000 nuclear weapons. Yet because the United States was unable to guarantee that all 60 to 70 of Cuba’s weapons would be destroyed in an offensive attack, it was tactically unwise for the United States to attack and risk retaliation. By creating credible deterrents, nuclear weapons enable weaker states to exert greater leverage over stronger states.

Efforts to strengthen a weaker state’s external security environment by developing a nuclear weapons program also ensure greater regime survival for ruling elites. Etel Solingen’s (2012) work on inward-looking elites describes why certain states prioritize economic and political nationalism and “have cast ambiguous nuclear programs as tools of modernization and symbols of defiance against perceived dominant global political and economic orders.” In these contexts, inward-looking elites gain domestic support by emphasizing self-reliance (e.g. North Korea’s juche principle) and the country’s “rightful” status in the international system (e.g. Iran’s self-characterization as a regional superpower). Thus, sanctions against states with inward-looking elites are generally ineffective because they “offer an opportunity for beneficiaries of economic closure to perpetuate and enhance their rents while invoking unity, solidarity, heroism, sacrifice, purity, and nationalist resistance to external intrusion.” Although sanctions limit a state’s international economic activities, it strengthens the rhetoric used to convey the negative impact of foreign, anti-regime powers. Conversely, internationalizing elites tend to forego nuclear proliferation as a security strategy because their power relies on “political and economic stability to reduce uncertainty and maximize access to foreign markets, resources, capital, investments, aid, and technology.” Sanctions are more effective because elite survival is contingent on improving the livelihood of its domestic constituents through greater

37 Ibid, 205-212.
38 Ibid, 734.
39 Solingen 2012a, 11.
40 Ibid, 13. See Cha 2012 for more on North Korea's juche principle; and Bahgat 2007 for more on Iran's self-characterization as a regional superpower.
41 Solingen 2012b, 299.
42 Solingen 2012a, 12.
international integration. Differing perceptions of political survival among ruling elites impact the likelihood that nuclear weapons will be developed.

As a policy tool to solidify the status quo, generate leverage against stronger states, and reduce external security fears that threaten regime survival, nuclear weapons acquisition is an effective outside option for weaker states in bargaining situations. North Korea’s declining bargaining position with the United States – brought on by humanitarian and security concerns, resulting in more concessions over time with limited leverage – necessitated a new strategy to rectify the disproportionate balance of power. Thus, it is not surprising that the Kim regime utilized a nuclear weapons program as an outside option to lock in a status quo position (albeit without net gain). Although this new security strategy has brought certain international condemnation from states opposed to nuclear development, North Korea’s possession of nuclear weapons has provided definite benefits that have increased the likelihood of deterrence in conventional military interactions and strengthened the immediate prospects of regime survival.

2.4 Staying In The Game: The Necessity Of A Nuclear Program

The North Korean nuclear program dates back well into the Cold War era. Throughout the 1960’s, North Korea attempted to obtain nuclear technology from its Communist allies, China and the Soviet Union. Although its requests were initially denied, the Soviet Union provided a small nuclear reactor to North Korea in 1977 that was subsequently incorporated into its nuclear facility in Yongbyon. These nuclear capabilities were kept secret from the international community until 1984 when satellite images revealed North Korea’s nuclear reactor was under construction. In response to these findings and in exchange for the supply of Soviet power reactors needed for its nuclear power program, on December 12, 1985, North Korea acceded to the Non-Proliferation Treaty (NPT). Under the NPT, North Korea was required to sign several key safeguard agreements that enabled International Atomic Energy Agency (IAEA)

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43 Gary Schaub Jr. (2009) presents an alternative framework that identifies two types of adversary intent: the Strategic Intent Model and the Internal Logic Model. The former assumes that the adversary is “intending to act to achieve external goals,” while the latter focuses on “internal of domestic imperatives and constraints facing the adversary’s leadership” that could be solved by acting externally (Schaub Jr. 2009, 68). These models differ by examining whether actors are trying to solve external or internal problems, respectively.

44 James and Ozdamar 2011, 128.

45 Yongbyon is home to the Yongbyon Nuclear Scientific Research Center, which is North Korea’s major nuclear facility. It is the facility that produced the fissile material for the 2006 and 2009 nuclear weapon tests. More recently, Yongbyon has been used to develop light water reactor technology for nuclear power stations. See Albright 2007, 5-7; and James and Ozdamar 2011, 128.

46 James and Ozdamar 2011, 125.

47 Fischer 2007, 1.
inspectors to inspect its nuclear facilities. As a signatory to the NPT, the IAEA was given permission to monitor nuclear developments in North Korea.

According to the IAEA, North Korea is a non-party to nearly all of the multilateral agreements associated with nuclear energy, with the exception of the Convention on Early Notification of a Nuclear Accident (signed in 1986) and the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (signed in 1986). In 1992, North Korea also signed the Agreement between the Government of the Democratic Republic of Korea and the IAEA for the Application of Safeguards in connection with the Treaty on the Non-Proliferation of Nuclear Weapons. Although North Korea subsequently withdrew from the IAEA in 1994, the IAEA remains an important consideration for future negotiations surrounding nuclear inspections and nuclear disarmament.

Shortly after joining the NPT, North Korea proceeded to bypass the IAEA inspections and develop its nuclear program. This angered the Clinton Administration in 1993, which led international pressure for North Korean compliance by threatening to impose significant economic sanctions and cut diplomatic relations. In response, North Korea indicated that it would withdraw from the NPT and would continue developing its nuclear reactors in Yongbyon towards weapons-grade capabilities. Officials also indicated that an imposition of severe economic sanctions was equivalent to a declaration of war. Negotiated by former President Jimmy Carter, Pyongyang agreed to resume high-level talks with the United States in June 1994 and expressed a willingness to freeze its nuclear program. After intense negotiations, the United States and North Korea signed the 1994 Agreed Framework, which set out mutually beneficial conditions under which North Korea promised to stop its nuclear program and suspend its withdrawal from the NPT in exchange for “heavy fuel oil to generate electricity until two light-water nuclear reactors went on line.” Oil provisions and the construction of the light-water nuclear reactors were facilitated by the Korean Peninsula Energy Development Organization (KEDO). In the Agreed Framework, the United States also agreed to provide

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49 International Atomic Energy Agency 2012b.
50 James and Ozdamar 2011, 135.
51 Fischer 2007, 2.
52 Ibid, 2.
53 James and Ozdamar 2011, 141.
54 Joo and Kwak 2007, 12.
55 Ibid, 12.
formal assurances to North Korea that it would not use military force against the state.\textsuperscript{56} Unfortunately the success of the Agreed Framework and KEDO was short-lived; during the transition in Washington the Bush Administration harshly criticized the Clinton Administration for its “appeasement” policy toward North Korea and the KEDO developments.\textsuperscript{57} In the absence of a formal agreement, fears of North Korean nuclear proliferation were heightened.

United States-North Korean relations broke down in 2002 after the Bush Administration labeled North Korea as one of the three “axis of evil.”\textsuperscript{58} In October 2002, the United States also announced that North Korea had admitted to engaging in the development of a highly enriched uranium nuclear weapons program.\textsuperscript{59} As a consequence, KEDO stopped its oil shipments and the IAEA requested further inspections to confine United States’ statement. However, in response, the North Korean government restarted its Yongbyon reactors and kicked out IAEA inspectors from the country.\textsuperscript{60} In January 2003, North Korea announced that it would withdraw from the NPT, cutting significant multilateral ties.\textsuperscript{61} Relations between North Korea, the United States and other international actors quickly deteriorated, necessitating the establishment of the Six-Party Talks (SPT) to bring the various state parties to the negotiating table. In a mutually reinforcing manner, the United States’ continued distrust of North Korea’s nuclear program has perpetuated the need for the Kim regime to retain its nuclear capabilities as a security assurance.

2.5 Why A Nuclear North Korea Makes Sense

Given the considerable security and power benefits provided by its nuclear program, it is not surprising that North Korea continues to develop its nuclear weapons capacity. Despite hostile border tensions with South Korea (and by proxy, the United States), North Korea’s nuclear weapons have reduced the likelihood of a conventional military attack by raising the costs of fighting significantly. The presence of nuclear weapons in the Korean Peninsula has also allowed North Korea to extract considerable concessions – often in the form of international aid and diplomatic latitude – from states like the United States because of their increased leverage in bargaining situations. Figure 2.2 illustrates how the process of nuclearization enabled North

\textsuperscript{56} James and Ozdamar 2007, 136.
\textsuperscript{57} Joo and Kwak 2007, 13.
\textsuperscript{58} Martin 2007, 67.
\textsuperscript{59} James and Ozdamar 2007, 142.
\textsuperscript{60} Ibid, 142.
\textsuperscript{61} Martin 2007, 68.
Korea to solidify the status quo in bargaining situations with the United States by improving its probability of deterrence against a conventional military conflict.

**Figure 2.2 North Korea's Nuclearization Outcomes (Based on Probability of Deterrence)**

Moreover, nuclear weapons provide the Kim regime with considerable autonomy in its internal practices, despite continued international condemnation. Few states are willing to intervene in North Korea’s internal affairs for fear of nuclear attack; the country’s unpredictable, hostile nuclear policy prevents international actors from appealing to North Korean citizens on humanitarian and economic grounds. The closed nature of North Korea’s society and economy has strengthened the regime by allowing them to dictate the flow of information and goods through the country, pushing pro-regime propaganda and censorship practices as needed. **Figure 2.3** illustrates how the process of nuclearization has improved North Korea’s likelihood of regime survival, much like its probability of deterrence against a conventional military conflict.
This logic follows from Powell’s bargaining model by outlining conditions – through manipulation of the status quo, costs of fighting, and distribution of power – under which an adversary can be deterred, provoked, and willing to compromise. When nuclear weapons are involved, fighting is least desirable for both entities because it implies an ultimate escalation to nuclear destruction. Therefore, concessions within a bargaining range assess the demands and intent of each state in their willingness to utilize extreme force to achieve their goals. If leveraged effectively, this implicit ‘promise’ of nuclear attack enables weaker states to extract more concessions with fewer compromises. They become content with the status quo because it signals a cessation of declining power. Stronger states, conversely, have less leverage because they are more willing to placate weaker states when nuclear usage is a real possibility. Concessions from stronger states risk being “construed as capitulation…may make a prior commitment as a fraud, and make the adversary skeptical of any new pretense at commitment,” thereby perpetuating the new distribution of leverage in the weaker state’s favor.

Yet these benefits also present new risks for the Kim regime. Although North Korea has been able to exert greater leverage in its diplomatic interactions with the United States, it has also strained bilateral relations, making it difficult to address humanitarian and security concerns

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62 Waltz 1990, 734.
63 Schelling 1960, 34.
with American representatives without speaking of denuclearization. Moreover, international aid and economic partnerships have become increasingly conditional on North Korea’s compliance with SPT demands of nuclear inspections and disarmament. The regime’s leverage in these negotiations has thus far demonstrated that few states are willing to cut off relations with North Korea (for both humanitarian and security imperatives), but it has also not led to a more stable security environment for all parties involved. Unless agreement on North Korea’s nuclear status can be reached, it is likely that diplomatic and security concerns will continue to plague all stakeholders involved. Similarly, North Korea’s concerns about regime survival may have been mitigated by development of its nuclear program – ensuring that by the international community has tolerated the country’s belligerent foreign policy and oppressive control of its citizens – but the absence of American support for the Kim regime will continue to make it difficult for the country to open its borders. Indeed, the lack of understanding of North Korea’s nuclear ambitions has prevented greater international integration by perpetuating antagonistic relations.

Although the decision to acquire nuclear weapons began as a way to address external security and power concerns by a conventionally weaker state with an unstable government, American efforts to remove North Korea’s leverage (through denuclearization) has intensified the regime’s need to preserve the status quo with nuclear weapons (why they will not give them up). A nuclear North Korea makes sense from North Korea’s perspective, and until the United States changes its policy towards North Korea and accepts it as a nuclear state, bilateral and multilateral negotiations will continue to meet considerable resistance from the country’s inward-looking elites. The next section examines the United States’ previous strategies and explores North Korea’s preferences – through the lens of international aid, international acceptance, and credible threat – to develop a new American bargaining strategy to yield better results from North Korean agreements.
3 Finding Common Ground with a Nuclear North Korea

Unlike conventional bargaining situations, weaker states with nuclear weapons are generally content to preserve the status quo because they are granted greater leverage in negotiations with stronger states. Inconsistent weaker states’ responses to both positive and negative inducement of concessions provide evidence that weaker states perceive changes to the current system as not being in their interests. Figure 2.2 and Figure 2.3 illustrate show how the process of nuclearization prevents further decline of state power (in the form of a probability deterrence and a probability of regime survival), solidifying the status quo in bilateral bargaining situations. North Korea’s unwillingness to denuclearize suggests the current distribution of benefits and risks associated with nuclear possession are preferable to any alteration of the status quo.

Yet in the past several decades, the United States has failed to significantly alter its foreign policy strategy regarding a nuclearized North Korea. Two plausible explanations account for these observations. It is possible that American negotiators may not understand the justifications for North Korea’s nuclear ambitions, failing to account for the improved bargaining position granted by increasing the costs of fighting. Alternatively, American negotiators may well understand why North Korea is unwilling to give up its nuclear weapons, but changes to the existing American policy is unfavorable for a variety of domestic and international reasons. This section reflects on efficacy of past American strategies in bilateral negotiations with North Korea to determine why the United States has failed to recognize North Korea as an inevitable nuclear state, and examines how manipulation of three policy levers – international aid, international acceptance, and credible commitment – can improve the United States’ bargaining position in future contexts.

3.1 American Strategies: Past and Present

As a result of changing foreign policy strategies from the Clinton Administration to Bush Administration, the relationship between the United States and North Korea rapidly deteriorated after 2001. President George W. Bush’s “bold approach” with Pyongyang included harsh public rhetoric about the regime’s questionable commitment to dismantling its nuclear enrichment program and a lower prioritization of bilateral dialogue. After North Korea’s withdrawal from the NPT in 2003, the Bush Administration took on a strong preference for multilateral

64 Synder 2007, 51-52.
negotiations over bilateral interactions with North Korea. It adopted a new strategy for future diplomatic interactions with North Korea. The United States explicitly required a CVID of North Korea’s nuclear weapons before giving concessions to Pyongyang.\textsuperscript{65} American negotiators operating under CVID guidelines observed the following guidelines: refusal to engage in bilateral talks; refusal to reward poor behavior; withhold benefits until CVID has been achieved; and, delay normalization of relations until North Korea’s security and human rights issues have been addressed.\textsuperscript{66} The United States preferred the Six-Party Talks as forum through which “DPRK claims could be heard and responded to by multiple parties in an attempt to impose greater transparency, verifiability, and collective responsibility to the process.”\textsuperscript{67} Moreover, President Bush’s rhetoric throughout the mid-2000’s – emphasizing the United States’ “unilateral right of ‘pre-emptive’ nuclear attack on members of his self-defined ‘axis of evil’” – indicated that the United States was not willing to compromise with the North Korean regime.\textsuperscript{68}

In keeping with this mandate, President George W. Bush launched the Proliferation Security Initiative (PSI) in 2003, a “global effort that aims to stop trafficking of weapons of mass destruction (WMD), their delivery systems, and related materials to and from states and non-state actors of proliferation concern.”\textsuperscript{69} As described in the Statement of Interdiction Principles, members of the PSI are given access to any “vessels, flags, ports, territorial waters, airspace, or land [that] might be used for proliferation purposes by states and non-state actors of proliferation concern.”\textsuperscript{70} Such multilateral efforts have yielded some success in interdicting weapons and materials to be used in developing WMD. For example, in 2009, members of the PSI were able to intercept several shipments of weapons components from North Korea bound for Iran, with links to Hezbollah and Hamas terrorist groups and the network of the Pakistani nuclear scientist, A.Q. Khan.\textsuperscript{71} Although members of the PSI continue to operate within the constraints of national and international laws, certain non-member states have criticized the lack of transparency in the operations and the dominant role played by the United States. The specific targeting of North Korean and Iranian shipments has also been seen as discriminatory selection of certain vessels over others. In response to criticisms, the UNSC has passed several resolutions (1540, 1874, and

\textsuperscript{65} Quinones 2005, 28.
\textsuperscript{66} Martin 2007, 68.
\textsuperscript{67} Synder 2007, 52.
\textsuperscript{68} Quinones 2005, 27.
\textsuperscript{69} U.S. Department of State 2012.
\textsuperscript{70} Ibid.
\textsuperscript{71} See Nikitin et al. 2010, 7.
1929) that create an international obligation for member states to comply with the PSI’s efforts, giving it more credibility internationally.\(^{72}\)

Currently, the Obama Administration has taken a ‘strategic patience’ approach, waiting for North Korea to initiate any diplomatic engagement between the two countries.\(^{73}\) It has three priorities with respect to the North Korean issue: (a) preventing North Korea from using nuclear weapons, (b) preventing North Korea from developing additional nuclear weapons, and (c) deterring North Korea from attacking South Korea.\(^{74}\) However given the importance of regime survival for the North Korean government, it is unlikely that North Korea will use its nuclear weapons in an offensive manner and therefore unlikely that it would initiate an attack on South Korea. It therefore seems most likely that the United States’ highest threat is the proliferation of North Korean nuclear weapons internationally, including the exportation of materials to other interested countries or terrorist organizations that may target the United States in future.\(^{75}\) Although the presence of a nuclear North Korea does not directly threaten American national security, the possibility of further proliferation does.

More generally, the United States has used a variety of diplomatic tools on states with growing nuclear capabilities, such as “imposing sanctions, improving collective abilities to interdict WMD-related shipments, and demonstrating both the ability and willingness to launch a preemptive strike against states with potential WMD threats.”\(^{76}\) Similar sanctions and efforts are coordinated among other concerned states, and often parallel restrictions imposed by the UN. These tools proved effective in the Libyan case, compelling the existing regime to relinquish its nuclear weapons in exchange for resources and improved relations with other states. Given North Korea’s preference for normalization of relations with the United States, the multilateral context has made it difficult for the regime to engage the United States on a variety of issues, including economic aid and diplomacy, without addressing the nuclear issue. However the unwillingness of North Korea to form credible commitments to dismantle its nuclear program also suggests that the regime will continue to use its nuclear capabilities as a bargaining chip to extract aid and concessions. Therefore, the United States is in a unique position to employ enforceable

\(^{73}\) Bluth 2011, 174.  
\(^{74}\) Cronin 2008, 153.  
\(^{75}\) Cha and Kang 2003, 20.  
\(^{76}\) Bahgat 2005, 4.
commitments that ensure compliance by threatening future relations with North Korea if the regime fails to carry out agreed-upon measures.

Despite a few differences in policy among the recent Administrations, the United States’ overall stance towards North Korea remains the same. Its ultimate goal is to achieve greater regional and international security through nuclear disarmament. Each Administration has attempted to address the Korean nuclear issue by presenting international aid and normalized relations with the United States as inducements. Yet each Administration – regardless of hardline or moderate approaches – has failed to reach any binding agreement with the Kim regime. Fluctuations in American policy appear to be done in an ad hoc fashion, responding to North Korean actions rather than shaping the parameters of the bilateral relationship. Small matters such as changes in the amount of aid provided do impact North Korea’s short-term position with the United States, but a short of a large policy overhaul, the United States is unlikely to achieve results when dealing with a fragile regime with nuclear weapons. Reshaping how the United States sees North Korea – by accepting it as a nuclear state, or at the very least, a state with perceived external security concerns that need to be mitigated – will require significant policy changes that may not be possible in the current political environment. Nevertheless, progress can be made if the American leadership is willing.

3.2 What North Korea Wants

Although the opaque nature of the North Korean regime makes it difficult to fully understand its nuclear ambitions, identifying which aspects of the status quo North Korea seeks to maintain can shed light on how the United States can alter its policy to gain concessions. This paper identifies three levers – international aid, international acceptance, and credible threat – to be used by the United States to impact North Korean decision-making. These factors have been selected because they represent the main facets of the regime’s authority: the economy, politics, and the military, respectively. The United States has previously used these factors in negotiations with other nuclear powers, and thus presents viable policy options for American negotiators with the North Korean regime.

3.2.1 International Aid

Given the dire living conditions that North Koreans experience, it is not surprising that international aid continues to be a high priority for neighboring states and international organizations. Although different humanitarian efforts have focused the country’s health, energy,
and financial needs, North Korea’s food problem continues to be most heavily prioritized. In North Korea, food insecurity represents both a humanitarian crisis and an existential threat to the survival of the North Korean government. Since the early 1990s, North Korea has faced a series of natural disasters, low crop yields and famines, making food insecurity a significant domestic problem. Moreover, recent sanctions, unfavorable economic conditions and a decline in bilateral and humanitarian assistance have limited the government’s ability to provide for its impoverished citizens. Improvements in health have been made, but food shortages have meant that 23 percent of children remain underweight from malnourishment, and 37 percent of children suffer from stunted growth. A 2011 assessment made by the World Food Programme (WFP) determined that “government food stocks for the Public Distribution System (PDS) were being drawn down almost to zero. By June, cereal rations were 150 grams per person, per day – about a quarter of the ration the government aims to provide.” Without the financial means to compensate for this reduction in public food rations, the 16 million North Koreans in need are unable to make up for this loss. As a consequence, North Korea continues to be at high risk of a severe crisis, one that could destabilize the North Korean regime and have a widespread economic and humanitarian impact on the country’s regional neighbors.

Negotiations between North Korea and SPT states have involved an exchange of food aid, economic assistance and diplomatic normalization of relations for nuclear inspections and disarmament. Food assistance is the largest form of aid that North Korea currently receives. Scholars such as Mark Manyin (2010) and Taekyoon Kim (2012) argue that North Korea has used food aid diplomacy strategically to play the SPT states against each other in order to extract more assistance under the most favorable terms. Kim remarks, “the recipient, whose objective is to elicit more aid from each donor, tends to drive a wedge between donors’ different strategic positions by pitting one side against another.” For example, if crop output is particularly favorable in a given year, or if a donor country is requiring stringent concessions, North Korea negotiates with different states to extract humanitarian assistance, effectively resulting in little or

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77 World Food Programme 2011.
78 Food and Agriculture Organization 2011.
79 World Food Programme 2011.
80 Ibid.
81 Manyin 2010, 71.
82 Kim 2012, 44.
no drop in aid.\textsuperscript{83} Using such tactical negotiations with donor states suggests North Korea recognizes that the value of securitizing food. Moreover, North Korean officials generally prefer negotiating and securing food aid from China and South Korea because these donations have little monitoring requirements.\textsuperscript{84} In fact, there is “no evidence that China has attempted to track, monitor, or impose any other humanitarian conditions on its food assistance to North Korea.”\textsuperscript{85} These differences allow North Korea to gain more from bilateral negotiations by choosing agreements that serve their immediate interests. Regardless if the North Korean regime views food as an existential threat to its survival, it has certainly profited from the external perception of food insecurity in North Korea.

The government’s repression of information flowing in and out of the country has also complicated the food aid situation in North Korea. On the one hand, the absence of “normal standards of transparency, access, and monitoring” has meant that more than 50 percent of North Korean citizens (taken from two samples of refugees in China and South Korea) were unaware that a long-standing, international food aid program was in place.\textsuperscript{86} Reports from North Korea refugees suggest that much of the food aid donated has been redirected through other channels, away from targeted populations; they perceived aid to be primarily distributed to the military and government officials or diverted into the market.\textsuperscript{87} On the other hand, the absence of foreign influence in the country has also meant that the Kim regime can use food aid to improve its own status domestically, by redistributing food through the government-sponsored PDS and other channels that give the perception that the government is providing for its people, not foreign entities. Stephan Haggard and Marcus Noland (2011) note that many North Korean refugees have questioned the “effectiveness of past aid programs in reaching intended targets and particularly the ability of those programs to generate goodwill, especially when the regime depicts the foreign aid donations as a kind of political tribute.”\textsuperscript{88} Thus, not only do some international food aid programs fail to reach their intended targets, their aid is used as propaganda tools to support the current regime.

\textsuperscript{83} Manyin 2010, 72.
\textsuperscript{84} Ibid, 76.
\textsuperscript{85} Manyin 2010, 76.
\textsuperscript{86} Haggard and Noland 2011, 56.
\textsuperscript{87} Ibid., 57. See also Haggard and Noland 2007, 112.
\textsuperscript{88} Ibid, 58.
Despite the uncertain efficacy of international aid, the moral and humanitarian imperative prevents states and international organizations from withdrawing their support. By all measures, the North Korean people would be the first to suffer if coordinated efforts to enforce aid conditionality were implemented. A single-state aid conditionality strategy is also ineffective when other states are willing to compensate for any reduction in food provision. The United States has previously used such tactics to compel North Korea into agreements, though with limited success because neighboring states such as China and South Korea were unwilling to accept the negative consequences of regime instability. Thus, donor states appear to be stuck between a rock and a hard place, with limited leverage in extracting concessions from North Korea based on food aid concerns.

In fact, North Korean manipulation of foreign aid donations suggests that it is using food aid strategically to boost its regime and extract greater benefits from other states and international institutions. Its nuclear weapons enable the regime to keep donors at bay because the alternative – regime collapse and insecurity of nuclear facilities – is unthinkable. Other nuclear states have used similar tactics to obtain disproportionate gains; Ukraine’s post-Soviet nuclear arsenal was viewed as a useful bargaining chip with which to extract monetary and fuel-based concessions as well as improved diplomatic relations with Russia and the United States. By this measure, although food aid continues to be an important facet of the regime, North Korea is content with the status quo because it is able to procure food aid without relinquishing any leverage. Food aid conditionality would result in high costs if North Korea chose not to accept certain concessions, but because this is an unlikely scenario, there is no credible threat of losing food aid in the near future. However, incentives to accept agreements for aid do exist; the costs of accepting certain concessions could be significantly lower if agreements include greater humanitarian aid and financial assistance. The task for the United States then, is to develop policy actions that make the status quo undesirable for North Korea. Until policy alternatives are developed, international aid is unlikely to be a malleable factor to be manipulated by the United States to gain concessions from North Korea because international aid will continue to reach North Korea with or without the United States’ support.

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89 Howe 2010, 81.
3.2.2 International Acceptance

North Korea’s public image as an isolated, hostile regime makes it difficult to imagine as a state that cares about its status in the international community. It continues to employ brinkmanship strategies and conduct activities that violate implicit international laws and threaten powerful states. The mere possession of nuclear weapons has made North Korea a veritable threat to the international system. Moreover, its success as a regime depends on its ability to prevent the flow of information in and out of the country; controlling its citizens’ food supply, access to foreign goods, and movements across borders enable the government to keep its citizens weak and dependent and its elites satisfied. Yet at the same time, North Korea is heavily dependent on external actors for its survival. On a practical level, the regime needs the continued provision of international aid to remain stable and powerful. Alliances with states like China, for example, can yield lucrative opportunities for economic growth. On an ideological level, North Korea also needs states like the United States as scapegoats for the dire position the regime has created; the creation of an external threat allows the regime to direct blame outside of their jurisdiction. Thus, international acceptance is a complex factor in North Korean politics, but it offers some room for manipulation in interstate bargaining contexts.

Before addressing the North Korea’s position on international acceptance, it is first necessary to explain how the regime maintains its power domestically. As described before, keeping its citizens in a dependent position allows the regime to provide the bare minimum of resources while demonstrating a show of benevolence. Survival depends on regime loyalty and willingness to contribute to the socialist system. The personality cult associated to the Kim family has perpetuated this system, creating one of the largest indoctrination successes in history. Victor Cha (2012) proposes three reasons for why the North Korean people haven’t revolted. First, the “strong arm of the government” has prevented any form of social organization or public discontent through elaborate surveillance operations led by the police and internal security forces. Second, the closed society allows the government to “deprive the people of any information about living standards outside of the country,” leading North Koreans to believe that people elsewhere are worse off than them. Third, overthrowing the government is not a priority.

91 Haggard and Noland (2007) report that recent revisions of the North Korean classification system for its population now include fifty-one different social groups, based on age, occupation, family background, party status, and loyalty to the regime. Haggard and Noland 2007, 54-55.
92 Cha 2012, 208.
93 Ibid, 208.
for North Koreans because their situation is so dire that survival in the near future is the only thing they can think about. 

Each of these factors confirms that the Kim regime has firm control over its people, and is able to dictate the course of the country’s future without external intervention.

State media outlets reinforce the distorted image of the external environment, which serves to strengthen the government’s claim that there are veritable international threats against the state. Consequently, the government’s rhetoric is strongly anti-imperialist; it accentuates the perception of external threat from the United States, South Korea and other neighboring states by describing them as perpetrators of interventionist policies. The official news source, Korean Central News Agency (KCNA), often reports on American efforts to weaken the Kim regime by promoting arms sales in the region, conducting military exercises with South Korea, and imposing harsher sanctions on North Korea. The KCNA also stresses the ideological flaws in the United States’ position, including its manipulation of its “puppet” ally, South Korea, and its under-criticized status as “the worst human rights abuser.” The word choice associated with the United States – including “imperialist,” “anachronistic,” “reckless,” “hostile,” “warmonger,” a country with “megalomania” and “sinister domination aims” – presents an image of a physical and ideological external threat to North Korean prosperity. The United States is at the center of North Korean criticism because it is believed that “the U.S. hostile policy is the root cause that has turned the Korean peninsula into the most dangerous hotspot in the world and it is also the main obstacle to durable peace and stability.” As the official mouthpiece of the government, this type of propaganda is disseminated to the North Korean people, and provides implicit justification for the country’s dire economic situation, militarized stance, and continued development of its nuclear program. Thus, North Korea’s rhetoric suggest that it is threatened by the United States and its allies, and believes that the regime is unfairly judged for its juche actions.

Given North Korea’s hostile outward portrayal, it is not surprising that the United States has had difficulty deciphering North Korean words and actions. Despite its public critique of the

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94 Ibid, 209.
95 In fact, Haggard and Noland (2011) conclude, “news stories in the official radio and television broadcasts obviously reflect official positions and propaganda efforts and no doubt limit any information that might encourage emigration, such as images of foreign prosperity (Haggard and Noland 2011, 32).”
96 KCNA 2012a; and KCNA 2012c.
97 KCNA 2012a; KCNA 2012c; KCNA 2012b; KCNA 2012d; KCNA 2012e; and KCNA 2012f.
98 KCNA 2012b.
United States, in diplomatic realms, it has been a well-established goal of the regime to resume direct bilateral talks with the United States rather than multilateral negotiations within the SPT.99 Its preference for dealing with the United States on a variety of security, humanitarian, and economic issues suggests that it recognizes the strategic importance of gaining American support. Rozman’s analysis of North Korea’s bilateral relationship with United States provides insights into the demands the regime has requested throughout the years:

“North Korea seeks direct talks with the United States for recognition as a nuclear state, removing pressure on it for regime changes or on human rights, and accepting it into international organizations that will assist its economic revival and growth.”100

Many of these requests are outside of the realm of possibilities for future American foreign policies towards North Korea, but they provide key insights into the North Korean outlook and its desire to be accepted into the international community (albeit without internal changes).

The United States, therefore, is in a unique position to use international acceptance as leverage for gaining concessions with North Korea. To do so, however, the United States must take North Korea’s demands at face value, and validate a willingness to join the international community despite questionable motivations. Andrew O’Neil (2007) remarks,

“…there is a danger that policy makers in the United States and elsewhere will reflexively revert to “default mode” in their approach to the DPRK by seeing what they expect to see in North Korea’s behavior: i.e., roguish conduct inspired by a desire to destabilize regional order, rather than roguish conduct driven by an exaggerated, but genuine, sense of insecurity.”101

He argues that its insecure existence drove North Korea to develop nuclear weapons as a means of protecting itself from future attacks similar to those of the Korean War. The long-standing American military presence in the region perpetuates that fear, and bolsters internal justification for military development. Outside of accepting North Korea as a nuclear state, the United States can take steps to reduce North Korea’s threat perception. Further, inclusion of North Korea in diplomatic and economic institutions and agreements will generate goodwill that can have a positive impact on North Korea’s compliance with concessions.

99 Frank 2010, 27.
100 Rozman 2010, 146.
101 O’Neil 2007, 68.
Using international acceptance as a means of generating leverage in the concession bargaining model can be fruitful for American policymakers. Given North Korea’s anti-imperialist rhetoric, any negotiations that require relationship building with the United States will likely occur behind the scenes. American negotiators should be prepared for the manipulation of events and agreements in North Korean state media to bolster the current regime and its external outlook. Moreover, the United States will need to employ new international acceptance strategies to compel North Korea into accepting concessions. Negative inducements – such as economic sanctions or exclusion from diplomatic activities – may make it difficult for North Korea to conduct activities beyond its borders. Such policy measures may be advantageous for the United States, but the perceived credible threat felt by the United States’ presence has made North Korea respond inconsistently. Concessions have previously been accepted by North Korea, but are then often reneged upon and manipulated to extract greater benefits. Instead, a new American strategy could accept North Korea preferences (to be less insecure, receive diplomatic recognition and regime support, and be included in economic opportunities), to reduce the cost of North Korea accepting concessions. However, like international aid, this may be a politically difficult task for policymakers because it requires accepting the current North Korean regime and supporting its activities on an international scale. The repressive, opaque nature of the government will make it difficult for the United States to meet North Korea’s demands.

3.2.3 Credible Threat
Through public rhetoric and within diplomatic circles, North Korea asserts that it is currently subject to several external threats that necessitate development of its nuclear program. Of greatest concern are the United States and its “puppet” ally, South Korea, whose continued militarized stance along the border and vocal opposition to the nuclear proliferation represents a credible threat to regime survival. North Korea maintains that its defensive stance is justified, and should be supported by other states in the international community. Military build-up and nuclear weapons development is seen as a vital part of North Korea’s security apparatus because

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102 It is not to say that international acceptance efforts will be unsuccessful, but rather they will contribute to the internal acceptance of political changes by enabling the North Korean regime to frame its improved relationship with the United States as a product of regime strength.

103 KCNA 2012e.
they provide a strong deterrent against possible attacks from stronger states like the United States. Ironically, the deterrents have created a parallel credible threat that has directly impacted South Korea and other neighboring states and indirectly affected the United States. Whether these threats are truly credible is irrelevant; North Korea’s threat perception has made the regime insecure and has resulted in the creation of an unstable regional environment. It is clear that North Korea desires certain security guarantees from the United States, which would include threat reduction measures that could arguably reduce the regime’s desire to advance security aims. As indicated earlier, this paper does not purport to offer a strategy of denuclearization, but examining the sources of credible threat against North Korea is critical to in creating a favorable negotiating environment.

For North Korea, possession of nuclear weapons both reduces its perception of a credible threat and perpetuates it; it ensures that the country has a strong deterrent from external attacks, but also creates further external insecurity by possessing such weapons. Given the country’s “military first” policy, it is unsurprising that North Korea’s nuclear program as continued to grow throughout the years. It has produced one of the largest standing armies in the world, and the development of nuclear weapons as the “most powerful and influential military instrument in human history” is considered the next step as a superior military power.  

Using a defensive military logic, the continued presence of American troops in the region (as a vestige of the Korean War) and the deployment of American nuclear weapons to South Korea represent threats to be justifiably equalized. Moreover, if a conflict ever broke out along the Peninsula, a four-star American general would be given full control over the Combined Forces Command (combined American-South Korean forces), furthering North Korea’s concern over a future American attack. North Korea has legitimized its nuclear activities as a means of countering perceived American threats by increasing costs of fighting to such a point that it is unlikely the United States will attack, but as a consequence, it has also preserved American military presence by necessitating a deterrent response. This stalemate appears to satisfy neither party, and has done little to resolve insecurity concerns.

Although much of the North Korean anti-imperialist rhetoric is centered on creating a hostile external environment from which the government draws its legitimacy, past American

104 O’Neil 2007, 70.
105 Ibid, 71.
actions have furthered these concerns. In fact, American intervention in certain nuclear proliferation cases has strengthened the perception of credible threat on emerging nuclear powers. Some scholars have pointed to the United States’ invasion of Iraq for its alleged possession of WMD as a poignant motivator for Libya to consider relinquishing its nuclear weapons. Observing the capture of Saddam Hussein and the subsequent regime change was considered a veritable threat to Muammar Gaddafi’s survival. Moreover, the early Bush Administration favored regime change over policy change as a way of removing the existing nuclear threat presented by Gaddafi’s rule. Agreements on the terms of nuclear disarmament and Libya’s disassociation with terrorism were difficult to achieve without certain confidence-building measures that ensured regime survival. Once these assurances were provided – including normalization of bilateral relations, removal of economic sanctions, provision of nuclear energy materials – Libya’s threat perception was reduced.

Yet the recent regime change in Libya – a country that had given up its nuclear weapons with the expectation that it would be accepted into the international community – provides a new lesson for nuclear states like North Korea about the long-term risks of relinquishing its leverage. Although the Ukraine and South Africa have not experienced much international criticism after giving up their nuclear programs, their democratic orientation has allowed them to align security goals with the United States. However, the heavily autocratic, repressive Kim regime, even without nuclear weapons, would find it difficult to develop complementary regional security agendas with the United States. Moreover, the NATO intervention in Libya and the assassination of Gaddafi show North Korean officials that once nuclear weapons are removed from a country, there is no guarantee that regime change is off the table. Although difficult to prove, it is unlikely that such an intervention would have occurred if Gaddafi were still in possession of nuclear weapons. This logic can have powerful effects on North Korean decision-making, and indirectly weakens the United States’ bargaining position with North Korea as its recent actions (although the United States’ operated with its security alliance and received UNSC approval for the Libyan intervention) suggest that long-term credible commitments to inter-state cooperation are not guaranteed.

107 Jentleson and Whytock, 76.
Insecurity is certainly a key concern dictating North Korean foreign policy decisions, but it is not the sole driver of the regime’s actions. From the outside, North Korea’s inconsistent diplomatic track record appears to be a product of a capricious, manipulative government warranting antagonism from the international community. Its preferences vocalized in bilateral and SPT negotiations are often contradictory in nature, and rarely satisfied by the United States’ conciliatory offers. But Victor Cha (2012), Director for Asian Affairs in the White House’s National Security Council, contends that there are certain demands that North Korea has consistently requested: they want to keep their nuclear weapons and ensure that the Kim regime is protected. North Korea is advancing its nuclear weapons and ballistic missiles to be seen as a “nuclear weapons state,” not to be used as bargaining chips to extract concessions. Any deal will not include a complete denuclearization. Instead, North Korea seeks a deal similar to that of India, whereby IAEA safeguards and monitoring were institutionalized once India was accepted as a nuclear power. In this ideal agreement, North Korea also seeks assistance with its nuclear energy program, including the development of “light-water reactor technology and a national energy grid capable of supporting these reactors.” Certain North Korean officials expect SPT negotiations to focus on “mutual nuclear arms reductions between two established nuclear powers,” placing a particular focus on achieving normalized relations with the United States. The development of nuclear weapons and North Korea’s insistence that they keep their weapons reflects the image North Korea holds for itself: an accepted nuclear state. Thus, fear for its future as a nuclear state is a key contributor to North Korea’s hostile attitude towards external threats.

Each of these external concerns is centered on preserving the regime and guaranteeing survival of the state. To ensure that North Korea’s political legacy is not jeopardized, North Korea ultimately wants a “regime security assurance” from the United States that stipulates that it “will not allow the House of Kim (that is, Kim Jong-un, his aunt and uncles, and other relatives) to collapse as Pyongyang (partially) denuclearizes and goes through a modest reform

108 Victor Cha (2012) observed that even when the United States conceded to North Korean demands about a written statement of nonhostile intent during the fourth round of the SPT, North Korea treated the agreed-upon statement – “would not attack North Korea with nuclear or conventional weapons” – as insignificant in the negotiation process (Cha 2012, 298). The statement is included in the 2005 Joint Statement, but did not impact the outcomes of the SPT.
109 Cha 2012, 299-305.
110 Ibid, 300.
111 Ibid, 301-302. See also U.S. Congress.
112 Ibid, 302.
113 Ibid, 301.
process and opening to the outside world." As with international acceptance policy measures, supportive public rhetoric of the Kim regime (to provide a regime security assurance) is not politically viable for the United States; this type of assurance requires the United States to support the existing regime despite its human rights violations and antagonistic foreign policies. For example, if the United States was willing to withdraw a significant portion of its troops from South Korea and Japan, North Korea would perceive this as a genuine attempt to acknowledge North Korea as a legitimate regional power. Such a step would go a long way to demonstrate a veritable support to the regime, but it is unlikely because United States officials believe that “North Korea will remain deterred at the nuclear level as long as the United States maintains a credible strategic presence in Northeast Asia.” Security assurances can have a large impact on North Korea’s willingness to accept concessions, but the steps required to do so are politically difficult to justify for the United States.

Credible threat reduction is possible, but requires the United States to relinquish what little leverage it has. Lessening the hostility between the two states – by curtailing American troop presence in the region and removing denuclearization pressures – is not in their immediate self-interest, but creates a stronger negotiating environment from which to extract concessions from North Korea. Reducing perceived American credible threats against North Korea also creates a more stable negotiating environment because it demonstrates a long-term commitment to building interstate relations. As seen in recent attempts to quell credible commitment fears, the results may not be immediate; North Korea has not consistently responded positively to changing policy positions. Credible threat measures are similar to those of international acceptance in that they demonstrate to North Korea that the United States accepts the state as a nuclear power and respects the regime as a member of the international community. Yet these demands require a large policy shift from the United States, one that is difficult to accept without immediate gains.

3.3 A New (Nuclearized) Direction?

Each of these policy levers can be used by the United States to create a more favorable negotiating relationship and more stable regional environment by targeting issues of specific concern to North Korea. Efforts to provide international aid (through food and financial assistance) and facilitate international acceptance (through public rhetoric and inclusion in

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114 Cha 2012, 74; 304.
political and economic international organizations) build goodwill towards North Korea. These levers also demonstrate a genuine commitment to rebuild the country’s economy and standing in international affairs, which ultimately encourages North Korean diplomats to look externally for assistance with future humanitarian and security issues. Moreover, lessening credible threat concerns (by reducing American troop presence in the region and removing denuclearization conditions on bilateral agreements) provides certain security guarantees that will make North Korea’s nuclear capabilities less of a threat to the United States. Fears of first use can be mitigated by revised terms of nuclear usage, e.g., a promise of North Korean non-proliferation in exchange for binding American security commitments. Clear benefits exist, but changes to the United States’ policy regarding North Korea – essentially, supporting an oppressive, autocratic regime with obscure nuclear ambitions – is difficult to sell domestically. Both the American public and the United States’ allies would be unlikely to support actions that empower North Korea through diplomatic, economic, and military means without assurances of altruistic activities.

Not only does acceptance of new policy strategies require domestic political support, but also changes to the status quo – through manipulation of the United States’ negotiating levers to encourage improved North Korean compliance – provide disproportional benefits to North Korea. Efforts to improve relations with North Korea through certain diplomatic, economic, and security assurances further weaken the United States’ bargaining position by improving North Korea’s probability of deterrence and strengthening its probability of regime survival. Figure 3.1 and Figure 3.2 illustrate North Korea’s possible nuclearization outcomes – including an outcome with American policy changes – based on its probability of deterrence against a conventional military conflict situation and its likelihood of regime of survival, respectively.
Figure 3.1 North Korea's Nuclearization Outcomes with Policy Changes (Based on Probability of Deterrence)

Both representations demonstrate that the status quo with nuclear weapons is preferable for North Korea than a non-nuclearization outcome because it ensures that no further loss of leverage occurs. Yet a change in American policy (to improve North Korean bilateral relations) is even more preferable because offers greater leverage to North Korea and has the ultimate
result of bolstering the Kim regime. Offering side payments – by building the economy and reducing American presence in the region – will further stabilize the regime, enabling it to exert stronger control over the state. State survival will also be strengthened by improved standards of living for North Korean citizens, brought on by more economic opportunities and international aid. Domestic humanitarian concerns may be lessened, but in a manner that still guarantees full state control. These outcomes grant greater autonomy to the Kim regime in regional humanitarian and security affairs, preventing the United States from influencing regional matters that are in their own interests. This incompatibility of state preferences makes changes to American policy unlikely in the current political environment.

Table 3.1 describes the order of bargaining outcome preferences for North Korea and the United States, respectively. To reduce credible threat and regime survival concerns, North Korea’s preferred outcome in bargaining negotiations involves a reduction of American troops in the region and a stronger regime outlook (driven by economic and diplomatic factors). Its least preferred outcome consists of a weak North Korean regime and a strong American presence in the region. Outcomes 2 and 3 represent intermediary solutions that address only one aspect of North Korea’s insecurities – fear of external attack or regime change – and are consequently positioned in interchangeable orders of importance. However, given that North Korea’s nuclear program was, in part, developed in response to a growing American presence after the Korean War, the removal of U.S. troops from the region is considered more immediate. Conversely, the United States’ outcome preferences reflect the opposite arrangement to those of North Korea. The most preferred outcome is a strong American presence with a weak North Korean regime, and least preferred is a weak American presence in the region with a strong North Korean regime. These divergent preferences reflect the difficulty in achieving mutually beneficial outcomes in bargaining situations, and shed light on the difficult trade offs required to achieve greater regional stability. More broadly, Table 3.1 demonstrates the likelihood that each party will be satisfied with bargaining outcomes; neither will be able to achieve their first preferences because they directly conflict with the other’s interests. The respective intermediary preferences (outcomes 2 and 3) are more plausible because they require fewer concessions from both parties, but these disproportionate policy changes (e.g. troop removal, reduced aid contributions, etc.) are difficult to justify.
Table 3.1 Bargaining Outcome Preferences for North Korea and the United States

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<th>United States</th>
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<td></td>
<td>Weak</td>
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<td>North Korea</td>
<td>Weak</td>
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<td></td>
<td>Strong</td>
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With these observations in mind, it is not surprising that the United States has refrained from modifying its foreign policy regarding North Korea. Moving away from the status quo to create a more stable, less hostile negotiating environment will strengthen the Kim regime by shifting the balance of power in North Korea’s favor. Compromise among the various outcomes requires both parties to reach a sub-optimal outcome: the current status quo equilibrium. Unless the United States can accept North Korea as a nuclear state and grant it the corresponding concessions needed to stabilize the region, it is unlikely that a new nuclearized direction will occur. Status quo will remain because further loss of American bargaining leverage with North Korea is *prima facie* unacceptable, and vice versa. Thus, continuation of the current American foreign policy reflects the incompatibility of the two countries’ preferences and demands; it is a rationalist explanation for what seems like an arbitrary strategy.
4 North Korea’s Sub-Optimal, Unstable Status Quo: Conclusions and Future Implications

Given North Korea’s reluctance to accept the few concessions made by the United States and its history as a declining power in the pre-nuclearization era, it is unsurprising that North Korea favors the status quo. On the one hand, North Korea continues to successfully extract resources and concessions from the United States without compromise. The North Korean regime inherently knows that it will receive international aid regardless of its compliance with international norms, and its nuclear deterrent ensures that foreign military intervention is unlikely. On the other hand, concessions made by the United States thus far have failed to effectively target North Korean demands. Threats to compel North Korea – such as reduced aid contributions and joint military exercises with South Korea – have only furthered the perception of hostility and credible threat against North Korea. Without certain diplomatic, economic, and security assurances, it is unlikely that North Korea will give up its nuclear program. It would never threaten its regime survival prospects by giving up its nuclear weapons to placate the United States; a weak, insecure, denuclearized state is unthinkable. For better or worse, the status quo will remain unless the United States is willing to change the current negotiating environment.

Using three policy levers – international aid, international acceptance, and credible threat – to identify the military, diplomatic, and economic factors important to North Korea, the United States has the capacity to generate greater negotiating leverage. Yet these measures require considerable revisions to American policy, changes that defy the United States’ security interests and are difficult to execute in the current political environment. Moreover, they are not expected to yield immediate results and there is no guarantee that North Korea will be responsive to American efforts; modifying North Korean perceptions of international acceptance and credible threats demand an increased investment of goodwill over time that will be difficult to sustain. Regardless of outcome, the financial and political costs required to appease the North Korean regime will be significant. With these inherent risks in mind, the question for American policymakers now is whether new policy measures will be worthwhile.

So what can American policymakers realistically do? At the most basic level, the United States can either change its current policies or remain at status quo. Although policy measures that more accurately address North Korea’s demands – such as reduction of military build-up along borders, public displays of support of existing regime, and removal of financial and trade
sanctions – have the potential to create a more favorable bilateral relationship, such actions necessitate American acceptance of North Korea as a viable nuclear state with a credible regime. An admission of this sort is unacceptable to American policymakers, and has a net effort of strengthening the North Korean regime. Table 4.1 provides a summary of American policy levers and likelihoods of implementation and response. The alternative – maintaining the status quo – is equally undesirable. Unmitigated development in North Korea’s nuclear program poses both direct (proliferation of nuclear weapons to other hostile entities) and indirect (usage of nuclear weapons on nearby military bases and on neighboring states) threats to American security. Moreover, continued isolation of the North Korean regime makes future interactions more difficult; the unpredictable decision-making can further destabilize the region and make concessions with North Korea more costly. Thus, what the United States is really left with is two bad options, each as unfavorable as the other.

Table 4.1 American Policy Levers and Likelihoods of Implementation and Response

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<tbody>
<tr>
<td>International aid</td>
<td>No</td>
<td>a. Increased aid contributions</td>
<td>Unlikely</td>
<td>Unlikely</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Reduced aid conditionality</td>
<td></td>
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<tr>
<td>International</td>
<td>Yes</td>
<td>a. Positive public rhetoric</td>
<td>Unlikely</td>
<td>Likely</td>
</tr>
<tr>
<td>acceptance</td>
<td></td>
<td>b. Inclusion in international organizations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credible threat</td>
<td>Yes</td>
<td>a. Reduced American troop presence in region</td>
<td>Unlikely</td>
<td>Likely</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Exclusion of denuclearization conditions in bilateral</td>
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Unless the United States can develop a set of side payments that are mutually beneficial, changes to the current state of affairs with North Korea is unlikely. Until then, the status quo position results in a sub-optimal, unstable equilibrium in which neither state will get what it wants: North Korea remains nuclearized but insecure. Yet the United States’ policy regarding North Korea has important implications for its relationships with other nuclear states like Iran and Pakistan. Understanding how factors such as costs, distribution of power, and the status quo impact the calculations of a recalcitrant nuclear state can prove fruitful for negotiators and policy-makers. Since nonproliferation among nuclear states is a primary concern of American
policymakers, it is expected that the United States will continue to impose similar policies that demand denuclearization in exchange for concessions. However, as with North Korea, to achieve any form of nuclear assurances, the United States will need to present similar side payments (to those outlined in this paper) to achieve results; many of which will not be feasible due to incompatible interests. Without policy change, status quo will remain at an unpredictable equilibrium.
Bibliography


