Hard Target: Sanctions, Inducements and the Case of North Korea

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Introduction

• Co-author Stephan Haggard
• Structure of the talk: sanctions and engagement in theory and practice
• Conclusions:
  – North Korea insensitive to sanctions or inducements
  – South Korea is key
  – Both positive and negative tail risks rising
Sanctions

- Conditions for success
- Authoritarian states can frustrate
- North Korea under UN and bilateral sanctions
- UN sanctions mostly “defensive” aimed at disrupting North Korean military programs
- Limited “luxury good” sanctions aimed at elite
Sanctions (in-)effectiveness

- Some evidence of disruption of military programs
- Dynamic shift toward least rigorous partners
- No evidence of increase in risk premium on non-sanctioned items or macroeconomic destabilization
Sanctions fatigue

- Sanctions fatigue—steadily lengthening delays in reaching UNSCRs
- Latest sanctions may bite a bit more...but not enough to stop missile or nuclear programs

![Chart showing days in between North Korean nuclear test and passage of UN Security Council resolution]

- 2006: 5 days
- 2009: 18 days
- 2013: 23 days
- 2016 (1st): 56 days
- 2016 (2nd): 82 days
Engagement

• Two conceptions
  – Quid-pro-quo inducement
  – Long-run transformation

• Symmetric issues to sanctions
  – Target country political economy
  – International coordination

• North Korea:
  – Marketization a product of state failure
  – Regime rests on narrow constituencies
  – Seeks to corral exchange
  – Modalities matter
Engagement (in-)effectiveness

- Marketization and opening complicate governance but may not be destabilizing—and generate resources
- Doctrine of the byungjin line
  - posits complementarity—not conflict—between nuclear weapons and development
  - does not signal reform=moderation of external behavior, but rather continuing tensions in external relations
Leadership
Conclusions

- North Korea insensitive to sanctions—or engagement
- Future largely determined by the preferences and capabilities of the Kim Jong-un regime
- Outside world should have modest expectations about our ability to influence North Korea
- South Korea is key—Beijing will not take harder line than Seoul
- Coordination failure could create highly dangerous situation—non-conditional engagement could allow Pyongyang to square byungjin circle
- Yet the likelihood of resolution may be rising as well
Thank you for your attention

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