



More Turmoil on the Korean Peninsula

Marcus Noland assesses the factors that may have led North Korea to sink a South Korean warship—and to the ensuing diplomacy to defuse the latest crisis.

Edited transcript, recorded May 27, 2010. © Peterson Institute for International Economics.

Steve Weisman: Rising tensions in the Korean Peninsula are such that they're even having an effect on the global markets and possibly the economy. This is Steve Weisman at Peterson Institute for International Economics with Marcus Noland, deputy director here at the Institute, who visits us from time to time to talk about one of his areas of expertise: North Korea. Marc, thanks for joining me.

Marcus Noland: My pleasure.

Steve Weisman: The first event that set off the latest chain of escalating tensions was the sinking of a South Korean warship. South Korea then concluded that it was a North Korean torpedo that did that. This has led to a total breakdown in relations between North and South Korea and threats. How dangerous is this situation?

Marcus Noland: It's a dangerous situation but I don't think we're on the brink of war. To correct one thing, it's not just the South Koreans who concluded the North Koreans sank the ship with a torpedo. It was actually a multilateral or a multinational investigation team including the United States, Sweden, Australia, Great Britain, and there was unanimity among the investigators from those countries.

So I think there's a high degree of confidence that North Koreans did it, although China is still sort of straddling the fence. And I think we have a situation in which both sides are now escalating. I don't think this is going to result in war but it certainly will bring relations to a new level of tension that we haven't seen for a number of years.

Steve Weisman: What are the North Koreans up to and how does this fit in to the succession struggle underway?

Marcus Noland: Obviously, it's speculative but I think there are four possibilities about what may have motivated the North Koreans. Number one, brinkmanship is a staple of their negotiating style and this is simply a way, and a very perverse way, of reminding people that they are there, that we have to pay attention to them, and that they want to be appeased. So this may be just a part of their normal negotiation.

The second one is, as we've discussed in the past, North Korea launched an absolutely disastrous confiscatory currency reform back on November 30. And so this may be just a staple of governments all around the world. When you're facing domestic political problems, especially ones they've self-created, create a foreign crisis to divert people's attention and to rally the population. This may, in some ways, be a response to their own internal weakness.

Third, South Korea is having a national assembly election in June. The current government of South Korea has not been as easy on the North Koreans as the previous two

governments. Another possible motivation for the North Korean action is to influence the South Korean elections, hoping to encourage better results at the polls for the Progressives, who've tended to be softer on North Korea. It appears that if the public opinion polls are to be believed, this is actually backfiring and it seems to be strengthening the incumbent party rather than weakening them.

Finally is the motivation that you alluded to. North Korea, the leader Kim Jong-il is old; he's ailing. It appears that he is trying [to] transfer power to his youngest son Kim Jong-un. And not to be too flippant about this but the younger Kim, he's young, he's inexperienced, he does not have any military credentials, he doesn't have any real nationalistic credentials and to use kind of a gangster language, this is a way for Kim Jong-un to make his bones. His father blew up an airliner, he has now sunk a ship and that's a way of establishing that you're kind of a real man. He's being credited for planning and expertly executing this action. So, it could be any or all of these motivations on the North Korean side.

Steve Weisman: Secretary of State Hillary Clinton is trying to coax the Chinese into a tougher approach to South Korea. What kind of success can the United States have with China?

Marcus Noland: That's a very good question and it's influenced by two considerations. First, fundamentally, China does not share our interest on the Korean Peninsula. China likes the status quo, it likes to have a divided peninsula, it likes a fraternally allied socialist state on its border and it's also a fraternally allied socialist pawn. North Korea is a useful pawn for China in China's rivalries with both the United States and India. It can basically have North Korea do things, such as cooperate in the nuclear missile spheres with Pakistan and then maintain plausible deniability. So the Chinese find the North Koreans useful, though the North Korean bellicosity can go too far and create a backlash for China and that's what we see now.

The other consideration is [whether] China—both in the diplomatic sphere as well as the economic sphere that we normally talk about—is ready to assume a role in the world commensurate with its power and influence. China's diplomacy over this incident has been relatively weak and a lot of people are scratching their heads.

China waited a month before expressing condolences to the South Koreans. I mean, if a tornado hits Kansas, the Chinese are extending condolences the next day. They waited a month. The Chinese leader met with the South Korean president and three days later, without telling the South Koreans or giving them any warning, the Chinese hosted Kim Jong-il. This absolutely infuriated the South Koreans. And now in the face of what appears to be pretty strong evidence that it was the North Koreans who did it, the Chinese are continuing to waffle.

So I think what we can expect is that the South Koreans will take this to the United Nations Security Council. The Chinese will be very reluctant to see further Security Council punishment of North Korea. They will try to water down any sanctions resolution. Eventually they will acquiesce and then they won't implement whatever comes out. So, this pattern of reluctance followed by acquiescence, followed by nonimplementation, is my baseline scenario for how that aspect of this crisis will play out.

Steve Weisman: Some reporting suggests divisions in China over this, with the military more interested in preserving the alliance with North Korea but some of the civilian leadership embarrassed.

Marcus Noland: There are generational splits as well. They're increasingly evident not only in private but in public as well. Remember a lot of the Chinese leadership, or many influential Chinese, grew up during the Cultural Revolution. Many of them had very bad experiences during their own Cultural Revolution. They look at this cult of personality of almost religious proportions around the Kim family and are absolutely appalled. And so on just basic level, they feel a degree of revulsion for what they see in North Korea. They regard their relationship with South Korea as very good, very prosperous. And if one could resolve the important issue from their standpoint of the disposition of the US troops on the Korean Peninsula, the idea of a unified Korea under Seoul is not an anathema to much of the younger generation. They think they could easily live with this. But still the basic baseline among the leadership in Beijing appears to be maintenance of the status quo, division on the peninsula, propping up of the Kim regime in North Korea.

Steve Weisman: You mentioned the way this has backfired by strengthening the hands of the hardliners in South Korea, but it's had a similar impact in Japan.

Marcus Noland: The Japanese are trying to do marginal increases in pressure on the North Koreans. But frankly, there's not much left that they can do. They have a virtual total economic embargo on North Korea and so there are things they can do with the margin to strengthen that embargo or to make it even more comprehensive. But frankly, the relations between Japan and North Korea crashed and burned several years ago and there's not much that they can do.

I would simply say that in the case of South Korea, the North Koreans really seem to be consistently underestimating South Korean president Lee Myung-bak. After all, the man's nickname is the Bulldozer and they have continuously, since he's been elected, tried to push him off his policy, tried to make him back off to retreat from a policy of engagement and, in fact, large-scale engagement, but engagement with some conditionality and some reciprocity.

And so far, I have to say you have to be impressed by how steadfast and patient South Korean diplomacy has been and for that matter, how steadfast and patient the Obama administration here in the United States has been as well.

Steve Weisman: I was going to ask you about that. But regarding Japan, and the reversal of the government on US forces in Okinawa, they seem to be saying to themselves, this is no time to second-guess the military relationship with the United States. That's played into Washington's hands a bit too.

Marcus Noland: Absolutely. From a Chinese perspective, the North Koreans are useful pawns but sometimes little brother can get a little too rambunctious. And what happens, when the North Koreans overstep those lines, it pushes the Japanese and the South Koreans closer to the United States and closer to each other. And that is what this advantage is doing. It's pushing them closer together, creating more of a common front. And that is not something that the Chinese want to see. But the question is, what are the Chinese willing to do to try to rein the North Koreans in? And thus far, we have really seen little or no evidence that the Chinese are willing to take actions of a sufficient forcefulness, to actually make the North Koreans back off.

Steve Weisman: One more question, Marc. You and I have discussed the dire economic and food situation in North Korea. What do you make of that as a factor in North Korea's behavior?

Marcus Noland: As I said, one possibility is that this action is related to the fact that they did this sort of self-inflicted policy error back in November. But I think that on a deeper level, what's going on right now in North Korea is that there are chronic food shortages. But because of some things that were done during the last harvest cycle and because of the way the currency reform played out, hunger is now emerging in the rural areas on the co-ops themselves rather than in the urban areas. In the past, hunger was an urban phenomenon in North Korea. Now it's emerging in the rural areas. And that has a whole set of implications for how this thing will play out over the next year.

But I think what it reveals is that, given this chronic hunger problem, given real hunger and possible deaths now in the rural areas due to the food situation, the government would still go ahead with this kind of military provocation. They must understand at least that the margin is going to harm them economically. It simply indicates how ruthless this regime is in pursuing very narrow interests as they define them.

Steve Weisman: Mainly self-preservation.

Marcus Noland: Self-preservation and control in a way embodying a set of values both in terms of their internal behavior as well as their external relations. They are simply very, very different than the dominant values in the rest of the world.

Steve Weisman: On that note, thanks, Marc.

Marcus Noland: Thank you.

