REWARDING NONPROLIFERATION: THE SOUTH AND NORTH KOREAN CASES

by Michael J. Engelhardt

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Personally I am haunted by the feeling that, unless we are successful, by 1970 there may be ten nuclear powers instead of four, and by 1975, fifteen or twenty.... I see the possibility in the 1970s of a President of the United States having to face a world in which fifteen or twenty or twenty-five nations may have these weapons. I regard that as the greatest possible danger and hazard.¹ John Kennedy, 1962

Fortunately, we do not live in the world President Kennedy feared. Instead of 20 nuclear powers by 1970, the number had reached nine by 1990, including four undeclared nuclear powers (Israel, India, Pakistan, and South Africa).² South Africa subsequently decided to dismantle its six bombs.³ Few would have predicted such successes in the early 1960s.

According to the literature, the greatest single deterrent to proliferation has been superpower alliance commitments made during the Cold War. In his study of 40 countries in 1984, Meyer finds that having a nuclear ally had “the greatest overall dissuasive effect”: most countries allied with either the United States or the Soviet Union showed no sign of wanting a bomb.⁴ Reiss, in six case studies of proliferators and nonproliferators, assigns more weight to internal factors, such as antinuclear public opinion in democracies, but acknowledges the importance of alliance ties.⁵

Reiss’s conclusion supports the recent pessimism about proliferation given the collapse of the Soviet alliance system and the possible weakening of the U.S. system (in the absence of a unifying outside threat). For example, if the United States withdraws from commitments abroad, former Cold War allies may reconsider the nuclear option as a way of dealing with local threats.⁶ So far, however, the United States and the international community in general have maintained a commitment to nonproliferation. The question is whether nonproliferation strategies will be effective in the post-Cold War world.

On this point, the case of the two Koreas may tell us much, since in Korea the United States has had to address proliferation threats from a friend as well as an adversary. As an examination of proliferation in the two Koreas will show, both the friend and the adversary ultimately responded to American threats and incentives. However, rewarding nonproliferation by a friend may have encouraged an attempt at proliferation by a foe.

THE SOUTH TRIES FOR A BOMB, 1970-1976

In 1970, U.S. allies in Asia and elsewhere were nervous. The Vietnam involvement, undertaken to demonstrate American resolve and commitment to distant friends, instead undermined both. Reacting to
domestic displeasure with open-ended military commitments overseas, President Nixon came out in July 1970 with the Nixon Doctrine, which required allies to take more responsibility for defending themselves, except in cases of direct Soviet threat. The same year, the United States began reducing its forces stationed in South Korea from 70,000 to 44,000.

The Nixon Doctrine came as a severe shock to South Korean leaders, whose country would not exist if it had not been saved by American military intervention in 1950. Twenty years later, the military threat from the North was still very real. North Korean commandos had attempted to assassinate President Park Chung Hee in 1968 and would try again in 1974. Also during this time, North Korea seized the U.S. spy ship Pueblo in January 1968 and shot down an unarmed American reconnaissance plane 90 miles outside its airspace in April 1969. In line with the Nixon Doctrine, the United States authorized $1.5 billion over five years to modernize the South’s armed forces and thus reduce the need for American troops. However, with the North’s ground forces considered superior to those of the South, this hardly seemed an adequate security guarantee.

South Korea began work on its first nuclear reactor in September 1970. Though this reactor was unconnected to any military purpose, a parallel, secret weapons research project was apparently begun at about the same time on the orders of President Park Chung Hee. In 1974-1975, the United States discovered the project, and Secretary of State Henry Kissinger communicated directly to President Park that the United States would withdraw all American forces if it continued. As a result the project was shut down. In April 1975, South Korea ratified the nuclear Non-Proliferation Treaty (NPT).

However, a second nuclear dispute between Seoul and Washington erupted in the autumn of 1975, when France announced its intention to sell the South a reprocessing plant for separating plutonium from spent fuel rods used in South Korea’s civilian reactors. Although such plants are legal under the NPT, the United States raised strong objections, fearing that the plant could not be safeguarded against secret bomb-making efforts. The Ford administration warned that building the plant would result in a loss of American Export-Import Bank loans for South Korea’s civilian nuclear program and “jeopardize” the Korean-American security relationship. The United States also got Canada to hold up the proposed sale of a heavy water reactor to South Korea. In early 1976, the South Korean government backed off again, cancelling the French order.

While in 1974-1975 the United States demonstrated its ability to coerce South Korea, in 1977-1978 the shoe was on the other foot. During his 1976 presidential campaign, Jimmy Carter promised to withdraw all American ground troops and nuclear weapons from South Korea. In March of 1977, just after his election, Carter announced plans to carry out his promise and have all ground troops out by 1982, leaving only air forces. South Korean officials responded both publicly and privately with “strong hints—virtual threats,” to build nuclear weapons if Carter’s plan were carried out. In August 1977, the South Korean Ministry of Science and Technology announced plans to build its own reprocessing plant, without foreign assistance. These plans were scrapped when Carter cancelled the withdrawal plans in 1978, under heavy pressure from domestic critics.

Why did South Korea give in to American pressures not to build a bomb? The South’s economic dependence upon the United States and its allies was clearly a factor. If it had continued the project, Seoul would have faced “almost certain severe sanctions.” While such sanctions are often ineffective, this case probably would have proven an exception. The United States was South Korea’s largest trading partner, buying 26 percent of the country’s exports. If the United States had persuaded Japan, South Korea’s second largest trading partner and a major investor in Korean industry, to join in the sanctions, the results would have been devastating.

The threat to halt financing for the civilian nuclear program was also a powerful one, coming at a time when oil prices were soaring and substitutes for oil were urgently needed. In addition, South Korea owed $20 billion in foreign debt in the late 1970s, mostly to American and Japanese banks. Any political tension that could frighten creditors and prevent refinancing of the debt could have severely damaged the economy, even without formal government sanctions.

Most important in the South’s decision, however, was probably the fact that continuing the program “risked placing the country in a position where it had neither nuclear arms nor the American commitment.” Building a bomb would...
have taken South Korea about four to six years in the late 1970s. If Washington had withdrawn its forces in 1975-1976, North Korea would have had a “window of opportunity” in which to launch a conventional attack. Since the perceived conventional superiority of the North was the reason for considering nuclear weapons in the first place, the attempt at proliferation could have been self-defeating, exposing the country to invasion and conquest. A South Korean bomb could also have provoked North Korea and possibly even Japan to develop their own bombs.

On the other hand, the South realized benefits from threatening to join the nuclear club. Other factors played a role in President Carter’s decision to retreat from his troop withdrawal pledge, including criticism from American “hawks” and new U.S. Central Intelligence Agency estimates placing the number of North Korean troops much higher than previously estimated. Still, given the American goal of discouraging proliferation, the decision seems almost inevitable. The United States could hardly threaten to withdraw military support from the South in retaliation for the bomb project if support was to be withdrawn anyway. In effect, deterring the South from making a bomb forced the Americans to stay on the peninsula as “a type of peacekeeping force” restraining proliferation at a time when many American leaders wished to leave.

The nuclear threat may also have enhanced South Korea’s conventional defenses. Under the “Force Improvement Plan” begun in the mid-1970s, the South Korean military was given access to advanced American weapons and military technology in order to make possible a successful non-nuclear defense against the North. By the early 1990s some authorities contended that the South’s qualitative advantage balanced the North’s numerical superiority, though others disputed this. As noted earlier, such an upgrading of conventional capabilities was foreseen in the Nixon Doctrine, but prior to the nuclear dispute the South Korean government was dissatisfied with the pace of force improvement.

The threat to proliferate must have increased Washington’s incentive to provide the South with what it needed. As Yager noted in 1980, nonproliferation turned out to be “the best of both worlds” for South Korea.

Though the present South Korean government disavows any desire for nuclear weapons, its technical capacity to build them is actually much higher now than it was in the 1970s. This is due to the growth of South Korea’s civilian nuclear power industry, which now provides half of the country’s power and has produced a large amount of spent reactor fuel that could be reprocessed to obtain plutonium for bombs. Peter Hayes estimates that “under extreme circumstances” the South could produce a single “crude” nuclear device in nine months and a deliverable stockpile of warheads in less than five years. However, since all the disadvantages of proliferation noted above still apply, including the threat of a North Korean preemptive strike, it is unlikely that the South will exercise its nuclear option. Only U.S. withdrawal from the peninsula or Japanese proliferation might be likely to alter this conclusion. One question worth examining is whether the South Korean experience with the United States set a precedent followed later by the North.

THE PYONGYANG PUZZLE 1989-1995

North Korean interest in nuclear matters began soon after the Korean War, during which the United States several times threatened the use of nuclear weapons. In the early 1960s, a small research reactor was built at Yongbyon. However, little concern was shown by either the United States or South Korea until a larger, five megawatt reactor was completed in 1987. No power lines ran to or from the site, indicating that something other than energy was to be produced by the plant. In 1989, the reactor was shutdown for 100 days, time enough for the North Koreans to extract enough plutonium from the spent fuel for one or two bombs.

Despite concerns over an emerging North Korean nuclear capability, the Bush administration chose not to enter into direct talks with the North. According to Michael Moodie, who handled the issue for the Arms Control and Disarmament Agency, this was because, unlike the case with South Korea, the Bush administration felt it had very little leverage over North Korea. Described as an “Orwellian” state by one analyst and a “cult-based monarchy rather than a communist state” by another, North Korea was one of the world’s most closed societies. With emigration and foreign travel generally forbidden, accurate intelligence on the country was exceedingly difficult to obtain.

With so little available information, U.S. officials had a hard time divining what North Korea’s goals
for its nuclear program really were. The most alarmist observers saw a possible North Korean attack to unify the country under Kim Il-sung’s control, with nuclear weapons used to deter the United States from responding.34 There was also fear that, with a collapsing economy, North Korea might be tempted to sell its new nuclear weapons to Middle Eastern rogue states like Libya and Iran.35 On the other hand, some questioned whether North Korea even had a real nuclear program or was merely pretending to have one in order to intimidate South Korea and the United States.36

Even if the United States had known more about North Korean intentions, U.S. leverage appeared far more limited than in the South Korean case. North Korea’s declining economy relied mostly on trade with other Communist states, especially China, which, after the Soviet switch to world market prices, supplied most of the country’s oil. Military threats seemed equally unattractive, given the enormous damage a war could do to South Korea, especially to the capital Seoul, which is located less than 30 miles from the border. Without credible threats, negotiation appeared an unpromising option. In addition, the South Korean government greatly feared negotiations between the United States and the North, which might lead to a deal done over their heads.37

Accordingly, the Bush administration continued to express concern and even held one face-to-face meeting with the North Koreans in January 1992.38 Otherwise, it mostly left the problem to the South Koreans. The incoming Clinton administration, however, was to be faced with a far more urgent problem in Korea. In January 1993, on their sixth inspection visit to the North, International Atomic Energy Agency (IAEA) inspectors found “clues” that plutonium had indeed been diverted from the Yongbyon reactor.39 In response, the North Korean government on March 12 threatened to withdraw from the NPT, citing the annual joint U.S. and South Korean Korean “Team Spirit” military exercises as a pretext.

Reversing the Bush approach, the Clinton administration decided to adopt a dual strategy of opening direct negotiations with the North, while at the same time warning of dire consequences if Pyongyang pressed ahead. At the second meeting between Assistant Secretary of State for Political-Military Affairs Robert Gallucci and North Korean officials in Geneva in June 1993, the North appeared to give ground once again, suspending its withdrawal from the treaty.

A month later, however, Pyongyang demanded, as a condition of remaining in the NPT, aid in building new light water reactors to replace the outdated (and dangerous) Soviet gas-graphite design used at Yongbyon.40 This was the first sign that, like South Korea, North Korea might be willing to bargain away its nuclear program in return for the right concessions. However, inspections did not resume.

The situation heated up still further in May of 1994. On May 14, North Korea’s news agency announced that the fuel rods in the Yongbyon reactor were being removed and replaced. Without inspectors present, this would allow the North to divert enough plutonium for five to six bombs, once the fuel rods cooled.41 The North Korean decision led some leading newspaper columnists and Republican politicians to urge the administration to take strong action, even to “prepare for war” rather than accept a North Korean bomb.42 To those on the scene, however, military action did not look so attractive. General Gary Luck, commander of U.S. forces in Korea, estimated that the costs of a second Korean war “would far exceed those of the 1950s.” Other military sources predicted “a million coffins and $100 billion drained from U.S. coffers.”43

Accordingly, Clinton decided to stick with the sanctions approach, proposing first an arms embargo, followed by a second phase including an oil embargo and a ban on remittances from Japan.44 Unfortunately, both Japan and China, who held the key to effective sanctions, were reluctant to go along, fearing that economic pressure could drive the North over the edge into terrorist attacks or war. Even South Korea was reluctant to support sanctions, in part because they might actually succeed and cause a collapse of the Northern regime, leaving the South to pick up the estimated $1 trillion cost of reunification.45 Nevertheless, the United States was determined to bring a sanctions proposal before the U.N. Security Council.

The sanctions effort was derailed, and the war scare dissipated by former president Jimmy Carter’s sudden acceptance of a long-standing offer by Kim Il-sung to visit Pyongyang. Unexpectedly, during Carter’s four-day mission (June 15-18, 1994), Kim agreed not only to allow IAEA inspectors back in, but indicated a willingness to scrap the Yongbyon reactors if light water re-
actors were provided in return and if the U.S. would pledge itself to the non-use of nuclear weapons against North Korea. The Kim-Carter talks created a moment of confusion within the Clinton administration, with Secretary of State Warren Christopher pushing to continue the sanctions effort and Vice-President Gore favoring pursuing the opening. The dispute was resolved in Gore’s favor, with the U.S. agreeing to resume official talks in July.

The talks were delayed briefly by the death of Kim Il-sung on July 9, 1994, but by October 21 the United States and North Korea had reached an agreement calling for the shutdown and eventual dismantling of the Yongbyon reactors, a ban on fuel reprocessing, and placing the spent fuel rods from Yongbyon in storage under IAEA inspection. Also, the North agreed to open two secret military sites to inspection. In return, North Korea would receive two light water reactors to be completed in 2003 and 2005, and 500,000 tons of oil annually for heating and electricity. During the spring, a brief snag brought on by North Korean objections to the use of a South Korean design for the reactors was resolved. By the end of 1995, oil was actually being delivered to North Korea under the agreement. At the same time, Japan, South Korea, and the United States began donating rice to the North to relieve near-famine conditions.

Reactions to the deal varied sharply. Congressional Republicans condemned the administration for “extending aid to a Stalinist regime” and for using an executive agreement to bypass Congress. (Because South Korea and Japan agreed to finance the new reactors, no appropriations from Congress were needed.) Senator Robert Dole remarked that “it’s always possible to get an agreement when you give enough away.” On the other hand, Arnold Kanter, Galluci’s predecessor under Bush as point man on North Korea, called the agreement “a good decision, essentially to buy out the North Korean nuclear program.”

Scholars disagreed as vehemently as politicians. Peter Zimmerman, a nuclear physicist, said that “North Korea agreed to virtually every American demand” while Byong-Joon Ahn, a South Korean political scientist, claimed that “Washington gave Pyongyang all that it wanted” in return for unreliable promises. Even in 1996, the deal is still a matter of dispute. One expert interviewed by the author denounced it as a “farce” which would prolong the life of the North Korean regime and allow it to develop deliverable nuclear weapons using the plutonium already diverted. Others defended it as the best that could have been achieved without war.

CONCLUSIONS

Obviously there are major differences between the two U.S. efforts to keep nuclear weapons out of Korean hands. Nixon, Ford, and Carter faced a far less complicated problem with the South than Bush and Clinton did with the North. The United States never had to fear war with South Korea, and American policy-makers knew far more about that country and its motivations than they did about the North. The Cold War atmosphere in the earlier case probably also contributed to success, since it made a U.S. commitment to Korea easier to justify and maintain. Southern economic dependence on the United States and the contrasting isolation and autarky of the North have already been noted. The dispute with the North was also far more public than the one with the South, probably making resolution harder.

Yet, in both cases, the United States ended up dispensing rewards for nonproliferation as well as threatening sanctions for proliferation. Indeed, positive incentives were more important in the case of the North than in the South. While the Nixon administration could wield the threat of military withdrawal and trade sanctions against the South, the Clinton administration had few sticks with which to beat the North. Nonetheless, in both cases the would-be proliferator reaped rewards: for South Korea, a modernized army and a virtually ironclad U.S. security commitment; for North Korea, food and new reactors.

The two cases are also similar in that the United States needed cooperation from other countries in order to coerce the Koreans. In the first case, France and Canada proved willing to cooperate. In the second, cooperation proved more difficult to obtain. Interviews by the author with Clinton administration officials involved in the negotiations revealed different opinions as to whether China and Japan would ultimately have gone along with sanctions had the agreement not been reached. They also disagreed over whether sanctions could have been effective.

The Korean cases have both positive and negative implications for future nonproliferation policy. On one hand, the negotiations with the
North may indicate that a hostile as well as a friendly proliferator can be brought into line using economic carrots and sticks. For the South, the threat of sanctions was important. In North Korea’s case, whether formal sanctions efforts would have succeeded or not, in a sense sanctions were already in place due to the North’s economic isolation after the fall of the Soviet bloc. Between 1989 and 1994, North Korea’s gross national product shrank 20 percent, and by 1994 food and energy shortages were acute. The North, as one State Department official noted, had an opportunity to “pry open access” to the world economy in return for proliferation restraint. Such access may be a valuable tool in reaching other pariah states like Iran and Libya, if and when their economies face similar crises.

Notably, even before the Carter mission, President Clinton consistently stressed the economic benefits for the North of a deal. Repeatedly, he stressed that the alternative for Pyongyang was “becoming more and more isolated, making themselves poorer.” In television interviews the president held out to the North the opportunity to “become part of the world community” and “use the ability and industry of its people to strengthen trade and commerce.” These statements indicate that the administration envisioned a “buyout” of the North Korean nuclear program from the beginning (though not the specific deal involving the new reactors, which was North Korea’s idea) and that the negotiating strategy was not fundamentally altered by Carter’s unexpected intervention.

Yet, both Korea deals raise the troubling question of proliferation blackmail. As The Economist warned before the deal was made, rewarding the North for halting its program could trigger “a rush of other might-be nuclear powers demanding their own rewards for not being bad boys.” Yet the precedent had already been set with South Korea 20 years earlier. North Korea asked for and got nothing more than its rival had received. Indeed, the cost to the United States was far less this time, since Japan and South Korea picked up most of the tab. Ultimately, the North may or may not keep the promises it has made, but the South could also renege, and probably produce a nuclear stockpile before the North could. But it would also have to pay the economic and security penalties of proliferation.

In sum, if the North Korean deal encourages future nuclear blackmailers, the deal with the South 20 years ago may have done the same.

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8. Ibid., p. 89.
15. Harkavy, p. 162.
21. Yager, pp. 54-56.
25. Hayes, Republic of Korea pp. 53-68.
26. Ibid., pp. 76-79.
28. Park, p. 357.
41 Kihl, p. 105.
50 Morrison, pp. 1285-1286.
54 Author’s interviews with U.S. State Department and National Security Council officials, March 22 and 26, 1996.
55 Ibid.
56 Ahn, p. 97-98.
57 Author’s interview with U.S. State Department official, March 22, 1996.
59 Ibid., pp. 1031, 1074, and 1185-1186.