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North Korea

1. The first part of the document discusses the political and economic situation in North Korea, highlighting the challenges faced by the regime and the impact of international sanctions.

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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

September 27, 1995

MEMORANDUM FOR STANLEY ROTH

FROM: RICHARD SCHIFTER *RS*

SUBJECT: North Korea

Jim Zumwalt, son of the Admiral, has just sent me the enclosed memorandum, which is based on a conversation with an American of North Korean ancestry who has recently been in North Korea.

Attachment  
As stated

## CONCERNING CURRENT FOOD SHORTAGE:

The official version as to why there is a food shortage is that it is due to the following factors: (1) an increasing population which jumped from 15 to 25 million; (2) there is no additional land available which would allow rice production to be increased; and (3) the weather for the last two years has been very bad.

The real reasons for the food shortage is that it is due to the following factors: (1) fertilizer is in extremely short supply (successful rice yields normally depend on it being spread at least six times a year—but fields now are rarely fertilized more than two times and most places receive, a problem further exasperated by North Korea's inability to produce fertilizer); (2) farming equipment is getting too old and tools are in desperately short supply; and (3) there is an electricity shortage in countryside (some of which is evident in Pyongyang where there have been short outages)--which means irrigation equipment cannot be run to irrigate the rice. Without fertilizer, without water and without basic farming equipment, one cannot expect much production. The average yield of rice for a 2.5 acre area is about ten tons. Production has now dropped to about 3.5 tons.

Another reason cited for the rice shortage is the fact that Pyongyang, in the late 1980s, as a political move decided to send rice to South Korea which had been devastated by floods. Over 80,000 tons of rice was shipped south but it all came out of the three year reserve North Korea had built up for its own use. Because of the interceding problems above, North Korea has never been able to restore its reserves and now has nothing to fall back on.

There appeared to be no knowledge of the fact that South Korea returned the favor by shipping rice recently to North Korea.

## FOOD DISTRIBUTION SYSTEM:

The normal distribution of food is achieved by villagers sending their rice to central distribution center. As rice is not grown everywhere in the country, the government takes in other crops grown elsewhere around the country and similarly sent to the center. These crops include beans and corn. The rice is then exchanged for the beans and corn and all three--beans, rice and corn--are then distributed to all the villages. But now there is no rice available with which to make the exchange work. Only the west coast and south eastern part of the country seems to be producing it. The exchange program appears to be in bad trouble.

## GETTING THE REAL PICTURE IN NORTH KOREA:

If one visits Pyongyang today, one does not really get an appreciation for what is going on in the rest of the country. The only real noticeable change is that there are less cars operating now than were operating last February.

Also, flying over the country or driving the main highway does not provide one with a completely accurate picture. I stayed at the Social Science Juche Institute guest house.

The main highway to the guest house was closed due to the fact that trees were being cut along the road. (Editor's Note: When asked why the trees were being cut, it was explained the highway was being widened. While this does not seem very practical for a country which is in desperate need for cash and which has minimal traffic on its roads, one possible explanation in view of the power shortage is that these trees were being used for firewood.) As a result of this activity, we had to take an alternate route over a dirt road which took us through areas in which rice is normally grown. I was surprised to see there was no rice being grown.

The food shortage also became apparent as there was a noticeable decrease in the size of the meals which were provided to foreigners compared to the size of the meals they enjoyed during earlier visits.

## CURRENT CONDITIONS AND WHO IS RESPONSIBLE:

The people appear not to blame Kim Il Sung as being responsible for the dire straits in which the country finds itself today. Nor, for that matter, do they appear to hold any animosity towards

Kim Jung Il either. Kim Il Sung is clearly still held in very high esteem as the country's savior. The people's animosity as to their current situation appears to be reserved for lower level government leaders--who are viewed as extremely corrupt. It is reported that one cannot do anything without paying a bribe. Bribes are paid with cash (although now less so due to the current shortage of money), cigarettes, rice, etc. All officials are corrupt and bad.

Riots have already occurred in the northern part of the country near the Manchurian border. These riots--as well as the future ones which will undoubtedly come one day--are not targeted against Kim Il Sung's past rule or Kim Jung Il's current rule--they are against the village party officials. Villagers seem to be content with the communist system, they just want party officials "cleaned up." The starvation, however, is causing people to turn on each other. There have been widespread incidents of villagers killing villagers for food--or stealing from each other. Travel now is restricted. It is virtually impossible to travel inside or outside of Pyongyang. Numerous military checkpoints have been set up on the roads. (Even the vehicle in which I was riding, which as a Mercedes indicated that it belonged to a high government official, did not escape scrutiny at the checkpoints as it was stopped and its occupants checked.)

It is clear that the people are scared and the government officials are worried. There is a definite concern that the people may riot, which I believe to be the main reason why Kim Jung Il has not yet officially taken over. Government officials want to take things one day at a time.

People are dying in significant numbers due to the food shortages. These people would ideally like to communicate their discontent with party officials to the local party headquarters but fear retribution against their families who would still have to live there.

Villages are supposed to report all food production to the government but have not been doing so. Many have a local farmer's market where one can find, in view of current conditions, quite a selection. These items obviously can be purchased if a buyer has the money. The price of a 20 kilogram bag of rice is running about NK \$1201. As the local farmer only earns NK \$100 per year, how can people afford such prices? If one goes to the black market, one can exchange US \$1 for NK \$120. The official exchange rate at the hotel is significantly lower--2.05. Even government officials are buying food at these farmers market, obviously with the money they have gained from their bribes.

October 10th marks the anniversary of the Communist Party. Pyongyang is preparing for a big celebration. A million people will take to the streets to demonstrate their support for the government. After putting in a long work day, the people emerge from buildings to practice their programmed ritual for the upcoming celebration for another four hours a day. As we drove along the streets, the people appeared from everywhere as if having received a solitary signal to do so. They then began practicing their chants, cheers, etc. As the people flooded the streets, we had to stop our car.

In my opinion, North Korea is in deep trouble. It is like a bubble about to burst. There is no way the country will survive. But the mass riots and eventual collapse will not necessarily happen right away. The reason for this is that the population in the Pyongyang area is reasonably happy and provided for at this time. While they are hungry, they are not starving. There are a lot of people and there is a lot of power in Pyongyang.

Another reason the collapse will be later rather than sooner is that the North Korean army is happy. Its soldiers, relatively speaking, live well and are well dressed--they are not hungry. Most young men want to join the army so they can eat. Life is better in the service than anywhere else.

I predict the collapse of North Korea is very possible--quite possibly within the next five years.

**WHO IS RUNNING THE COUNTRY:**

Right now, Kim Jung Il runs the country along with his sister. Kim Jung Il and his sister hate their step-mother and her two children. The latter are never invited to official functions such as the one year anniversary commemoration marking the death of Kim Il Sung. Kim Jung Il's sister is about two to three years younger than her brother. His sister is very important in the party, sharing power just below the secretariat level (minister level). His sister is serving as the Minister of Engineering and Industry, which is considered a very important position. Her husband, Kim Jung Il's brother-in-law, is Chang Song Tak. Chang is considered to be the number two man in North Korea at this time. He is about 52 years old and controls the secret police and all the party. No one can see Kim Jung Il without first going through Chang. With the exception of the army, he has total power under Kim Jung Il. (Control of the army is shared by Kim Jung Il and some other individual who was not identified to me.) Chang controls political prisoners as well. (There is a tie-in between Hwang and Chang as Chang's sister is married to Hwang's son--thus Hwang is well connected to the two top officials.)

by Kim Il Sung

# WORKING PAPER: NEW STEPS TOWARD NORTH-SOUTH KOREA DIALOGUE AND MOMENTUM

## Background

As U.S. Secretary of State Warren Christopher said recently: "U.S.-Asia policy must take on a "new primacy". Within this new U.S.-Asia "primacy", U.S. policy toward the Korean peninsula is clearly the most critical challenge.

After President Clinton's visit to Korea, the Administration has shown some signs of flexibility on the North-South Korean issue. Yet generally, U.S. policy toward the Korean peninsula has maintained a "wait-and-see" posture. Today, there is a need to explore new initiatives to prevent North Korean nuclearisation and to promote Korean reunification. This is a central challenge in securing East Asian stability.

In 1989, tension between North and South Korea began to ease. Serious dialogue began, and in 1991 both Koreas simultaneously joined the United Nations. In 1992, North Korea agreed to permit IAEA inspections, and also signed an agreement with South Korea to prohibit the possession or deployment of nuclear weapons -- and the construction of reprocessing facilities on the peninsula.

Yet over the last year, there has been little progress in the North-South dialogue or in Western policy toward Pyongyang. Crises with respect to the IAEA inspections and the North-South agreement are commonplace. North Korea's threats to withdraw from the NPT are increasingly irrational and dangerous. Indeed, even though we have avoided disaster, progress in solving the nuclear problem has grounded to a halt.

In addition, some believe falsely that this situation will improve after Kim Il Sung's death. This is likely incorrect. In fact, Kim Il Sung, at age 82, is motivated to reach an agreement before he dies. He almost surely does not want to hand this critical problem over to his successor. In fact, over the years, Kim Il Sung has made three concessions: Agreeing to simultaneous United Nations entry for both Koreas, implicit cross recognition and signing the North-South Korean

- Redeployment of North Korean troops into purely defensive positions.

If this effort is unsuccessful, the U.S., South Korea and other nations can utilize the "stick" of comprehensive economic sanctions. But to make such sanctions effective, it is critical that China support this effort. And importantly, if North Korea refuses the negotiating package above, it will be extremely difficult for China not to support such sanctions.

## **The Three Stage Process**

For twenty years, I have maintained that the unification of Korea should be achieved in three stages through three principles of peaceful co-existence, peaceful exchange and peaceful unification. The stages would be as follows:

- **The first stage would involve:**
  - A. One confederation of two independent governments, where each maintains authority in foreign affairs, national defense and internal administration.
  - B. Each government would send an equal number of delegates to form a confederation of Korean Republics.
  - C. All measures would need to be passed by unanimous adoption by both Koreas.
  - D. The duty of the confederation would be to realize the principles of peaceful co-existence, peaceful exchange and peaceful unification.
  - E. Perhaps up to a decade after beginning this confederation, both Koreas would build a national consensus toward establishment of a multi-party and open market system.
  - F. We would then enter into the second stage of the unification process.

agreement, first recognizing South Korea as a legal entity. Such concessions illustrate a motivation to make progress and must today be further encouraged.

In sum, Western and U.S. military options toward North Korea are completely unsatisfactory -- all parties will be losers in a war on the peninsula. Today, efforts to bring new momentum to the North-South Korean dialogue and to stabilize the North Korean nuclear dynamic are critical. Such efforts must succeed before hard-liners gain new power inside Pyongyang's government, before Kim Il Sung's death and before North Korea fully develops nuclear capability.

### Creating a New Momentum

The proposal below must be implemented by and coordinated with official North-South Korean diplomatic channels. I fully support the current South Korean government's approach to this issue -- and look forward to assisting it in any way that is useful.

I recommend exploring the following "negotiating package" to overcome the nuclear stalemate and re-gain momentum for a gradual and controlled three stage process for reunification.

The beginning of this process should involve the right mixture of carrots and sticks.

First, the U.S. and South Korea should offer several carrots to North Korea:

- Western recognition of North Korea
- Specific measures of economic cooperation
- Suspension of "team spirit" exercises

The U.S. and South Korea should receive from North Korea the following:

- Acceptance of IAEA inspections -- including special inspections of undeclared facilities.
- Pyongyang genuinely and completely giving up all nuclear intentions.

Importantly, we should note that the South Korean government has supported this confederation approach, and North Korea as well has expressed a readiness to discuss the concept. But if the nuclear negotiating package is not assembled, there is a strong possibility we will not move to the first stage of this approach.

- The second stage would involve one federal government of two local autonomous governments, where foreign affairs and national defense will be the responsibility of the federal government and local autonomy will be given on internal administration to the two local governments.
- The third stage would involve complete unification and may be more than a decade away.

My experience in studying the German model is that such a gradual and staged process is necessary for a stable and effective Korean unification. But this process must begin now.

## A Clear Message to North Korea

- First, the U.S. and South Korea's message to Pyongyang must be: if you abandon the nuclear road, everything is possible; but if you go nuclear, nothing is possible and only a disastrous future is awaiting you.
- Second, we have no intention to subvert the North Korean regime, and to force absorption or unification.
- Third, we are ready to open a diplomatic dialogue and begin economic cooperation, but only if you give up your nuclear intention or the idea of possible aggression toward South Korea.