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~~B1, 1.4(B), 1.4(D)~~

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ACTION EAP-01

INFO	LOG-00	ACDA-08	ACDE-00	INLB-01	AGRE-00	AID-00	ACQ-01
	CA-02	CEA-01	CIAE-00	SMEC-00	COME-00	CTME-00	INL-01
	C-00	DOEE-00	SRPP-00	DS-00	EB-00	EUR-01	EXIM-01
	E-00	FBIE-00	FRB-00	H-01	IMMC-01	IM-01	TEDE-00
	INR-00	IO-00	ITC-01	LAB-01	L-01	ADS-00	NSAE-00
	NSCE-00	OCS-03	OES-01	OIC-02	OMB-01	OPIC-01	PA-00
	PM-00	PRS-00	P-00	CIO-00	SCT-00	SP-00	SSO-00
	SS-00	STR-00	T-00	USIE-00	SNIS-00	NISC-00	PMB-00
	DSCC-00	DRL-04	G-00	SAS-00	/035W		

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P 122139Z MAY 98
 FM AMEMBASSY SEOUL
 TO SECSTATE WASHDC PRIORITY 0538
 INFO DEPT OF TREASURY WASHDC
 AMEMBASSY MOSCOW
 USMISSION USUN NEW YORK
 AMEMBASSY TOKYO
 AMEMBASSY BEIJING
 AMCONSUL SHENYANG
 AMCONSUL VLADIVOSTOK
 SECDEF WASHDC
 COMUSKOREA SEOUL KOR//C-J-CC/BJ-PL/H/SJS/EJ-J/J-5/SA//
 USCINCPAC HONOLULU HI//FPA//

UNITED STATES DEPARTMENT OF STATE
 CLASSIFIED BY DEPT. OF STATE, L. HEDGBETH, DAS, A/GIS
 REVIEW AUTHORITY: APPEALS REVIEW PANEL
 CLASSIFICATION: CONFIDENTIAL REASON: 1.4(B), 1.4(D)
 DECLASSIFY AFTER: 11 MAY 2023
 APPEAL ACTION: ADDITIONAL INFORMATION RELEASED
 REASON(S): B1, 1.4(B), 1.4(D)
 DATE/CASE ID: 26 MAR 2010 200601057

~~CONFIDENTIAL~~ SECTION 01 OF 04 SEUL 002710

TREASURY FOR OASIA JSINGER

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UNITED STATES DEPARTMENT OF STATE
 REVIEW AUTHORITY: MURRAY D ZINOMAN
 CLASSIFICATION: CONFIDENTIAL REASON: 1.4(B), 1.4(D)
 DECLASSIFY AFTER: 11 MAY 2023
 DATE/CASE ID: 08 SEP 2008 200601057

UNCLASSIFIED

DEPT ALSO PLEASE PASS USDA FAS

E.O. 12958: DECL:05/07/2008

TAGS: PREL, PGOV, ECON, KS, KN

SUBJECT: PROSPECTS FOR CHANGE IN NORTH KOREA AND IN ITS
EXTERNAL RELATIONS: USG/ROK OFFICIALS' THOUGHTS

CLASSIFIED BY AMBASSADOR STEPHEN W. BOSWORTH. REASON:
1.5 (B).

SUMMARY

1. (S) PARTICIPANTS AT A MAY 1 DINNER HOSTED BY THE
AMBASSADOR FOR SENIOR STATE DEPARTMENT AND ROKG OFFICIALS
AGREED THAT FORMER NORTH KOREAN LEADER KIM IL-SUNG HAD
WANTED TO CHANGE HIS COUNTRY TO PREVENT ITS COLLAPSE, BUT

THE MOST LIKELY IMPETUS FOR ANY POSSIBLE CHANGE MIGHT BE
THE NORTH KOREAN MILITARY, IT WAS IMPOSSIBLE TO ANALYZE
THE SITUATION ADEQUATELY GIVEN A LACK OF INFORMATION
ABOUT THE MILITARY LEADERSHIP. VARIOUS POSSIBLE MODELS
WERE SUGGESTED FOR NORTH KOREA: DRIFTING, MAFIA, REFORM,
AND STAGNATION.

END

SUMMARY

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2. (U) ON MAY 1, THE AMBASSADOR HOSTED A DINNER IN HONOR
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OF THE FOLLOWING SENIOR STATE DEPARTMENT OFFICIALS
ACCOMPANYING SECRETARY ALBRIGHT ON HER VISIT TO SEOUL:
A/S FOR ASIA AND THE PACIFIC STANLEY ROTH, A/S FOR
ECONOMIC AND BUSINESS AFFAIRS ALAN LARSON, AND A/S FOR
DEMOCRACY, HUMAN RIGHTS AND LABOR JOHN SHATTUCK. THE
KOREAN GUESTS INCLUDED AMBASSADOR TO THE U.S. LEE HONG-
KOO, STATE MINISTER FOR TRADE DR. HAN DUCK-SOO, FIRST
DEPUTY DIRECTOR OF THE NATIONAL INTELLIGENCE SERVICE DR.
RA JONG-YIL, AMBASSADOR FOR INTERNATIONAL FINANCE CHUNG
IN-YONG, AND VICE MINISTER FOR FINANCE AND ECONOMY CHUNG

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.DUCK-KOO. THE DCM AND ECON M/C ALSO ATTENDED. (SEPTTEL REPORTS DISCUSSION OF ECONOMIC ISSUES.)

NORTH KOREA TRYING TO CHANGE EXTERNAL RELATIONS?

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3. (c) THE AMBASSADOR ASKED FOR AN ASSESSMENT OF CONDITIONS IN NORTH KOREA AND PROSPECTS FOR DEVELOPING BILATERAL DIPLOMACY BETWEEN THE TWO KOREAS.

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[REDACTED] IN ATTEMPTING TO REFORM NORTH KOREA, CHINA WOULD MAINLY TRY TO EXPLAIN THE BASIC CHANGES IN CHINA, RATHER THAN TO PRESS THE NORTH KOREANS TO REFORM.

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4. (c) [REDACTED] NORTH KOREA SEEMED TO BE CHANGING SOMEWHAT, GIVEN THE LARGE NUMBER OF MATERIAL BENEFITS FROM ABROAD, AND IT MIGHT BE TAKING ITS FIRST STEPS TOWARD NORMALIZING RELATIONS WITH THE EXTERNAL WORLD.

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5. (c) [REDACTED] COMMENTED THAT HE WAS NOT SO SURE NORTH KOREA WAS ON COURSE TO NORMALIZE ITS EXTERNAL RELATIONS.

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NORTH KOREA: DRIFTING, MAFFIA OR REFORM MODEL?

6. (e)

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~~C O N F I D E N T I A L~~ SECTION 02 OF 04 SEOUL 002710

TREASURY FOR OASIA JSINGER

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E.O. 12958: DECL:05/07/2008

TAGS: PREL, PGOV, ECON, KS, KN

SUBJECT: PROSPECTS FOR CHANGE IN NORTH KOREA AND IN ITS
EXTERNAL RELATIONS: USG/ROK OFFICIALS' THOUGHTS

NORTH KOREA IN THREE DIFFERENT POSSIBLE MODELS:

- (1) DRIFTING - WITH NO FIXED IDEA OF ITS FUTURE, TRYING TO LIVE HAND TO MOUTH.
- (2) MAFIA STATE MODEL - TRYING TO KEEP AT LEAST THE REGIME AND ITS ELITE GOING BY EXTORTING AS MUCH AS POSSIBLE FROM OTHER COUNTRIES BY THREATS WHILE GIVING NOTHING AWAY.
- (3) REFORM - COMING FROM SOMEWHERE DEEP FROM WITHIN THE PARTY NUCLEUS.

7. (S) [] NOTED THAT IF THE REFORM MODEL WERE TRUE, IT WOULD HAVE TO BE A VERY STEALTHY REFORM. []

[] ALSO VOICED SKEPTICISM REGARDING THE REFORM MODEL. [] NOTED THAT ONE OF THE MOST INTERESTING THINGS ABOUT NORTH KOREA WAS THAT AS YOU WORKED YOUR WAY UP THE RANKS, YOU REALIZED THAT THERE WAS NO VARIANCE FROM RIGID ORTHODOX THINKING. YOUNG OFFICIALS SAID NICE THINGS TO U.S. ACADEMICS, E.G., WE WANT YOUR TROOPS TO REMAIN. BUT WHEN YOU GOT TO THE HIGHER, LESS REFORM-

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FLEXIBILITY.

8. (S) [REDACTED] THAT BEFORE HE DIED, KIM IL-SUNG APPEARED DETERMINED TO MAKE CHANGES TO SAVE HIS COUNTRY, AND THAT HE WAS THE ONLY ONE WHO COULD DO SO. HE STARTED TO DO IT, BUT DIED, AND THEN THE NORTH KOREAN LEADERSHIP FROZE AND SINCE THEN HAD NOT BEEN ABLE TO MUSTER ANY FLEXIBILITY TO DEAL WITH THEIR SERIOUS CIRCUMSTANCES. KIM IL-SUNG CLEARLY SAW THE DIRECTION HIS COUNTRY WAS TAKING AND HAD DECIDED NOT TO LET IT GO DOWN. BUT NO ONE ELSE COULD MAKE THE NECESSARY CHANGES. [REDACTED] AGREED THAT KIM IL-SUNG WAS THE ONLY ONE WHO COULD CHANGE THE NORTH KOREAN SYSTEM. WITH HIS DEATH, THERE WAS NO ONE ELSE WHO COULD DO IT, AND THE SYSTEM WENT ON NOW, LOCKED TO THE COMPASS COURSE SET WHILE KIM IL-SUNG LIVED.

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9. (C) [REDACTED] ASKED WHETHER THE MAFIA MODEL DID NOT BETTER SUIT NORTH KOREA. [REDACTED] OBSERVED THAT DRIFT IMPLIED MOVEMENT, AND THAT STAGNATION MIGHT BE A BETTER TERM TO DESCRIBE NORTH KOREA.

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10. (C) [REDACTED] ASKED WHETHER IT WOULD BE POSSIBLE FOR NORTH KOREA TO ORGANIZE A BOND FLOAT OF PERHAPS \$200 MILLION IN INTERNATIONAL FINANCIAL MARKETS - A QUESTION WHICH SURPRISED MOST OF THE OTHERS PRESENT, WHO ASKED RHETORICALLY WHO WOULD LOAN THE NORTH KOREANS THE MONEY. [REDACTED] REPLIED THAT NORTH KOREA HAD TO FIX A NUMBER OF FUNDAMENTAL PROBLEMS FIRST. AT THE PRESENT TIME, ONLY INVESTORS WHO HAD A SELF-CONTAINED PROJECT WOULD DARE CONSIDER INVESTING THERE. A STUDY AS TO WHICH SECTORS MIGHT BE COMPETITIVE IN NORTH KOREA WOULD SHOW

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THAT THERE ARE FEW SUCH SECTORS.

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11. (e) [REDACTED] COMMENTED THAT THERE MIGHT BE A CHANCE FOR CHANGE IN NORTH KOREA. FOR EXAMPLE, SOME CHANGES OF SOCIALIST COUNTRIES WERE NOT THE RESULT OF DIRECT, DELIBERATE POLICIES OF THE GOVERNMENT, BUT TOOK PLACE AT THE MARGINS OF SOCIETY. THE CHANGES THAT HAD OCCURRED SO FAR COULD HAVE BEEN STOPPED BY THE NORTH KOREAN GOVERNMENT, BUT WERE NOT. [REDACTED] NOTED THAT DUE TO NORTH KOREA'S ECONOMIC DEPENDENCY, EFFORTS WERE NOT FOCUSING ON FORM BUT ON SURVIVAL, E.G., AS PEOPLE WERE MOVING ABOUT JUST TO FIND SOMETHING TO EAT. SINCE THIS WAS NOT A COUNTRY WITH DEVELOPED INSTITUTIONS, IT WAS HARD TO SEE POLICY REFORM FROM WITHIN; SO THE MILITARY WAS MOST LIKELY TO BE THE SOURCE OF REFORM, IF THE DICTATOR COULD PRECLUDE MILITARY ACTION. HOWEVER, THIS WAS ALL BASED ON LOGIC RATHER THAN WHAT WE KNEW ABOUT THE NORTH KOREAN MILITARY. UNFORTUNATELY, WE LACKED THE NECESSARY INFORMATION ON THE MILITARY TO ANALYZE IT.

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12. (e) [REDACTED] SAID THERE WERE RECENT INDICATIONS THAT THE NORTH KOREANS WERE GETTING MORE ACTIVE IN INTERNAL POWER POLITICS. HE WAS NOT SURE WHETHER THIS WAS A GOOD OR BAD SIGN. THAT WAS ONE WAY TO ACHIEVE CHANGE, BUT IT COULD LEAD TO MILITARY CONFRONTATION IF HARD LINERS CAME TO POWER. A CHINESE-STYLE CHANGE IN

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~~C O N F I D E N T I A L~~ SECTION 03 OF 04 SEOU 002710

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NORTH KOREA SEEMED UNLIKELY, BUT ONE DID NOT REALLY KNOW

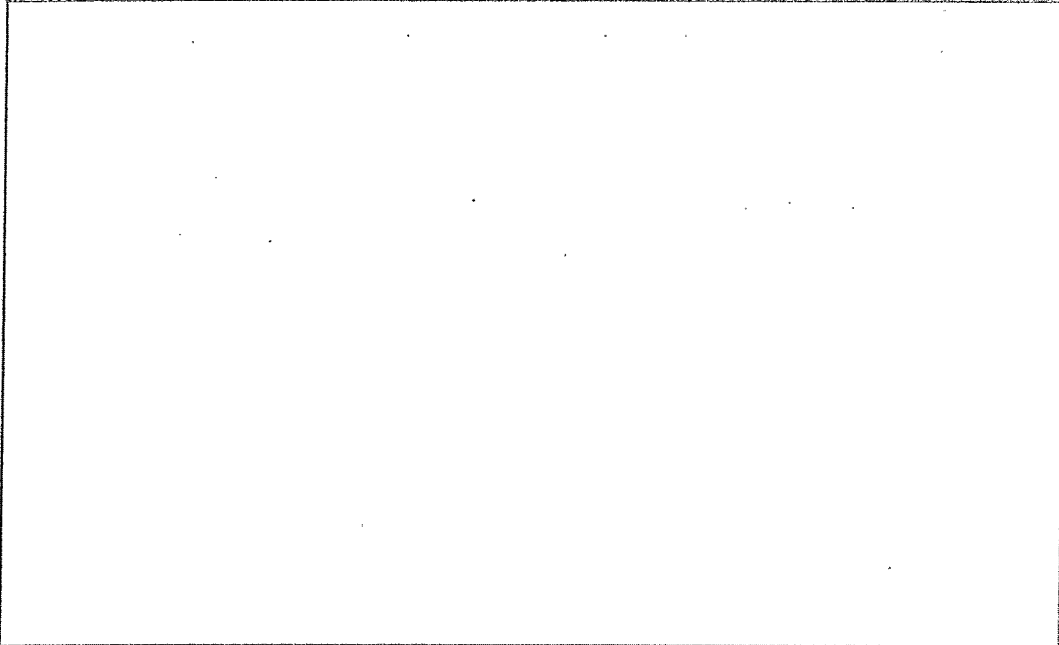
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WHAT WOULD HAPPEN, GIVEN THE LACK OF INFORMATION REGARDING THE NORTH KOREAN MILITARY.

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15. (c) [REDACTED] STATED THAT NORTH KOREA HAD PERHAPS THE MOST SUCCESSFUL TEXTBOOK STALINIST SYSTEM -- A ONE-MAN PARTY. BUT THE NORTH KOREANS HAD BUILT UP THE INCAPACITY TO CHANGE. EVEN IF THERE WERE PEOPLE WHO WANTED TO MAKE CHANGES, IT WOULD BE IMPOSSIBLE TO BRING CHANGE TO THIS SYSTEM.

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16. (c) [REDACTED] SAID HE AGREED WITH [REDACTED] ASSESSMENT THAT KIM IL-SUNG HAD BEEN PLANNING TO MAKE CHANGES AT THE TIME OF HIS DEATH. KIM IL-SUNG KNEW THAT

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WITHOUT CHANGE, THERE WAS NO WAY NORTH KOREA COULD
CONTINUE. HE SAW WHAT WAS HAPPENING IN CHINA AND WANTED
TO BRING ABOUT CHANGE IN HIS OWN COUNTRY. TO ACCOMPLISH
THAT, HE NEEDED TO IMPROVE RELATIONS WITH THE U.S. --
NORTH KOREA'S ARCH ENEMY.

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TREASURY FOR OASIA JSINGER

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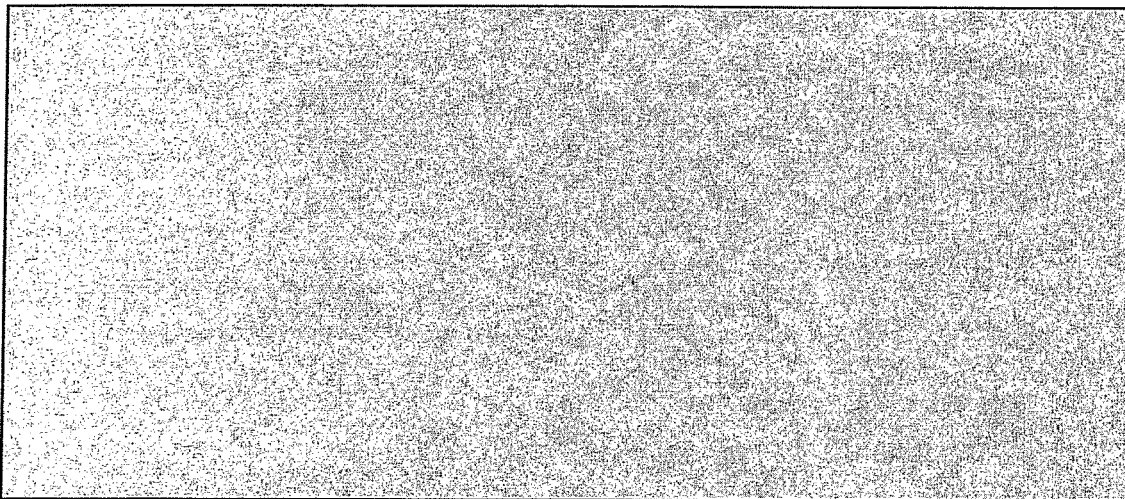
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