NUCLEAR NONPROLIFERATION AGREEMENTS AND INTERNATIONAL BARGAINING: COMPARING US EFFORTS WITH NORTH AND SOUTH KOREA

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ABSTRACT

Efforts by the United States and others to stop the spread of nuclear weapons to states such as North Korea and Iran has prompted debate in both academic and policy circles about the relative efficacy of positive inducements and negative sanctions, the proverbial 'sticks' and 'carrots.' Some argue that inducements constitute 'bribes' or 'appeasement' that only encourage proliferators to seek further concessions. Others argue, conversely, that inducements can produce stable cooperative arrangements while sanctions can provoke a spiral of mutual hostility. This paper borrows from the literature on international political economy to present an analytical model to help understand nuclear arms control diplomacy. The model concentrates on issue linkages, outlining three categories of bargaining moves: exchange, extortion, and explanation. This approach seeks to transcend the traditional debate over positive incentives and negative sanctions by characterizing arms-control negotiations as sequential bargaining under conditions of incomplete information. The model acknowledges that in practice, sanctions and incentives are usually not seen by decision makers as alternative approaches, but are used in concert. It considers how states can pursue Pareto-efficient bargaining outcomes, while accounting for the strategic context and states' sensitivity to relative gains. The model is used to compare two cases: the negotiation of the 1994 Agreed Framework between the United States and North Korea, and the US's successful effort to end South Korea's nuclear weapons program in the 1970s. The paper finds that cooperation between states is unlikely to be successful when (a) expectations of future conflict are high, and (b) either party believes they are being extorted. States can mitigate fears of extortion through iterated rounds of bargaining in which both sides signal preferences. Concessions can be chosen to reduce expectations of conflict and sensitivity to concerns over relative gains. The study also suggests that future nonproliferation efforts would be best served by maintaining open channels of communications with potential proliferators, even adversaries, and demonstrating a willingness to bargain in good faith through up-front concessions.

INTRODUCTION

Recent years have seen a resurgence of attention to global nuclear weapons proliferation. However, in spite of a wide consensus among American foreign policy makers on the importance of nonproliferation efforts, there is little agreement about which forms of statecraft are most appropriate for stemming the spread of these weapons. Some argue that threats of sanctions or military force can persuade a proliferator to forego a nuclear weapons program; others favor the use of positive inducements. Advocates of sanctions and threats argue that positive inducements only encourage further transgressions in an attempt to solicit 'bribes,' and can encourage other proliferators to go forward with nuclear programs. Those who favor inducements often argue that threats convince the target state that it is insecure and needs nuclear weapons more than ever. These arguments often treat sanctions and inducements as mutually exclusive approaches to be used in isolation, even though this is seldom the case in practice.

While there is an extensive international relations literature on economic sanctions[2], only recently has there been significant scholarly attention on the issue of positive incentives.[3] As in the policy realm, they have most often been treated separately. The research question has most frequently been framed in terms of how effective (and

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[2] There are many, however Hufbauer, Schott, Elliott, and Oegg, 2007, is often considered the definitive study.

[3] Some good examples are Long, 1996; Cortright, 1997; Bernauer and Ruloff, 1999; Dorussen, 2001; and Martin, 2002.

efficient) sanctions and incentives are relative to one another[4]; few scholars have approached this question by considering how they are used in concert. This is a significant deficit in the international relations literature, as most real-world cases involve the use of a mixture of these approaches, not one or the other in isolation.

In this paper, I borrow an analytical framework from scholars of international bargaining to approach these same questions from a different perspective. The framework I lay out reframes the standard categories of 'carrots' and 'sticks' into various forms of issue linkage. Reframing bargaining relationships in this manner allows greater attention to be paid to state interests and, significantly, to the preferences of domestic actors, and how these interests and preferences affect the outcomes of negotiations. It also reduces the need to parse the often-ambiguous definitions of sanctions and incentives, focusing instead on the costs and benefits that each party perceives (and their beliefs about the other side perceives them) in a given transaction.

I then use this framework to examine and compare two related cases: the history of US-North Korean bargaining in the years immediately before the announcement of the 1994 Agreed Framework, and the successful US effort to forestall South Korean nuclear weapons development in the 1970s. The cases are typical in the sense that both involved the conscious use of both incentives and coercion – both 'carrots' and 'sticks.'[5] In fact, a combination of "carrots and sticks" was the stated policy of the Clinton administration with respect to the North Korean case.

In both of these cases, domestic politics were important. For the Americans, the choice of tools and the mix of elements of statecraft depended heavily on debates in

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[4] See Dorussen, 2001.
[5] Sigal, 1998, p.7.

Washington among factions that supported negotiations or 'coercive diplomacy.' Likewise, North Korean policies were shaped by similar debates between reformers and hardliners in Pyongyang. In both North and South Korea, debates about the nuclear issue were influenced by larger debates among different domestic groups about the countries' security policies and their openness, both political and economic, to the outside world.

These cases did not occur in isolation. The decision of both North and South Korea to pursue a nuclear capability was influenced to a large degree by North-South security considerations and shifts in these countries relationships with their principal allies: the United States, the USSR, and China. In particular, North Korea's nuclear decisions were strongly influenced by the South Koreans' program in the 1970s. All of the actors involved constantly had an eye toward their own reputations, future interactions with each other and with other proliferators, and their own parochial interests.

Finally, while there are many similarities between these cases, they differ on one very important dimension: in the South Korean case, the US was negotiating with a close ally against whom it could exercise a variety of levers of influence. The opposite was the case with North Korea. Likewise, the US was free to negotiate directly (and, for the most part, secretly) with the South, but was limited in its actions with North Korea as it had to take the preferences of close regional allies into consideration as well.

In the course of this exploratory study, I will pay careful attention to the complex interactions between countries, including the overall strategic environment in which interactions take place (and, at the same time, they themselves help to shape). I conclude that the issue-linkage framework is a powerful analytical tool for understanding international bargaining in the security realm, including nuclear nonproliferation, as it

moves the debate away from the language of 'sticks' and 'carrots' to the more productive frame of preferences, and of 'cooperation' and 'defection.'

This paper has three principal findings:

(a) Nuclear diplomacy is unlikely to succeed, whether through sanctions or incentives, when the target state feels threatened and believes future conflict to be likely.

This finding echoes Daniel Drezner's conclusion that expectations of future conflict make economic sanctions more likely to be implemented and, paradoxically, less likely to succeed. The conclusion in this study, however, differs from Drezner's in that it considers bargaining as a whole rather than economic sanctions. It also finds that the target state's expectations of future conflict can be strongly shaped by the bargaining process itself, through both the communication of each side's preferences and the provision of security assurances.[6]

(b) Nuclear diplomacy is unlikely to succeed when states believe they are being extorted.

In iterated bargaining games, states are concerned with reputation, in the belief that their own past bargaining behavior will influence the future bargaining behavior of the other side. Both the North and South Koreans were reluctant to yield to American threats or demands when these were seen to be extortionate. In both cases, the target state feared

[6] Drezner, 1999.

that acquiescence to extortionate demands would only encourage future extortion, and would weaken their own bargaining position.

(c) Negotiations are most likely to be successful when concessions are made to important domestic actors.

In both cases, bargaining was successful when offers were made that appealed to important domestic groups' preferences. Additionally, and perhaps more importantly, bargaining moves could strengthen the hand of powerful sympathetic domestic groups within the other state by supporting their claims and arguments in the domestic debate. In both cases, the domestic groups in the target states were strengthened when they could demonstrate an ability to win up-front concessions.

These conclusions lead to several important policy recommendations for current and future US nonproliferation efforts. These include:

(a) maintaining clear and direct lines of communication between the two countries, especially adversaries, such that the substance and conditions for cooperation and defection can be clearly communicated;
(b) conducting negotiations in a stepwise fashion, giving both parties the opportunity to accurately and reliably communicate their preferences through multiple rounds of offers and counteroffers;
(c) addressing the larger security context in the bargaining process;

and

(d) being prepared to make up-front concessions rather than insiting on preconditions.

In the following section, I outline the issue-linkage model. I then briefly summarize the histories of the North and South Korean cases and use them not as a definitive test but as a plausibility probe for the model. For the purposes of clarity, I address the roles of reputation costs and domestic politics. In the conclusion, I consider more precise and robusts ways to test this model, and consider policy implications.

THE ANALYTICAL FRAMEWORK: ISSUE LINKAGE

Sanctions and incentives have traditionally been considered separately, particular in the policy world, largely because they have been viewed as opposite approaches to international diplomacy. This often stems from a deep-seated bias against 'rewards for bad behavior,' the lens through which critics tend to view positive incentives.[7] In this view, when states take actions that impose costs on others, whether in terms of welfare or security, it is the obligation of the acting state to mitigate those effects; to bargain for their cooperation is nothing more than blackmail.[8]

Such a view is, however, problematic, as it presupposes some form of right or entitlement on the part of one party and obligation or rule for the other. While this view may better suit prevailing notions of fairness and equity, it does not square with the realities of international relations. In the absence of any ultimate arbiter to which states

[7] Abramowitz, Laney, and Heginbotham, 2003, p.24.
[8] This is analogous to the 'polluter pays principle' often cited in the political economic literature. See Frieden and Lake, 2000, p.442.

may appeal disputes, resolutions can only be found through bargaining, persuasion, and force. Fairness and equity have very little sway in this regard.[9]

A better framework for analysis is offered in the political economic literature on international bargaining. The model proposed by Kenneth Oye conceives of bargaining as an exercise in the linkage of two or more issue areas.[10] He describes three mutually exclusive categories of linkage that capture the universe of bargaining events: exchange, extortion, and explanation. This paper draws on this model and adapts it to international security issues.

The international bargaining model used in this paper considers all bargaining moves, whether threats or incentives, sticks or carrots, as the linkage of two issue areas. Assume two issue areas that can be linked: X and Y, with X being an issue controlled by the linker, Y an issue controlled be the linkee. Each side prefers the other to cooperate (C, as opposed to defect, of D) on the issue area it controls. Cooperation or defection on each issue area can be represented by X(C), X(D), Y(C), and Y(D). Under these circumstances, the three categories could be described as follows:

[9] Of great significance here is Coase's Theorem, which states that under conditions of zero transaction costs, bargaining will lead to an efficient outcome regardless of how property rights are allocated. For example, returning to the 'polluter pays' example, an efficient outcome can be reached in such cases (assuming no transaction costs) regardless of whether the polluter has a legal right to pollute or not without compensation or not. Coase, 1960. Coase's Theorem is elegantly applied to international politics in Conybeare, 1980.

[10] The issue-linkage model I use in this paper, including the definitions of the categories of exchange, extortion, and explanation, come from chapter 3 of Oye, 1992. Bernauer and Ruloff use the same framework to discuss international arms control in Bernauer and Ruloff, 1999.

Exchange: In this case, the linker prefers X(D) over X(C). Taking North Korea as the linker, North Korea would prefer to acquire nuclear weapons (X(D)) rather than forego them (X(C)). North Korea may, however, be willing to forego them in return for American light-water reactors (Y(C)). A deal is possible if (a) the light-water reactors are worth more to North Korea than a nuclear program (i.e., Y(C)>X(C)); (b) North Korea's cooperation on the nuclear issue is worth more to the Americans than the light-water reactors (X(C)>Y(C)); (c) either the security context is sufficiently benign that the two parties are not concerned about relative gains, or the bargain itself sufficiently lowers expectations of conflict on both sides; and (d) both sides' suspicions about extortions are sufficiently assuaged (see below).

Extortion: In this case, the linker actually prefers X(C) over X(D). Taking North Korea as the linker, suppose North Korea actually preferred, for whatever reasons, not to have a nuclear weapons program (X(C)). Yet they threaten to pursue it anyway (X(D)) unless the linkee, the United States, itself cooperates (Y(C) or, in this case, provides the light-water reactors). Threatening to act against one's own interests unless the other party cooperates is, therefore, extortion. Extortion can be successful when: (a) the linkee (the target of the extortion, in this case the United States) values counterproliferation (X(C)) more highly than light-water reactors (Y(C)); (b) either the security context is sufficiently benign that the two parties are not concerned about relative gains, or the bargain itself sufficiently lowers expectations of conflict on both sides; (c) the linker succeeds in concealing its true preferences (i.e., not to pursue nuclear weapons in the first place) and to convince the linkee that exchange (or explanation – see below) and not extortion is

taking place, and/or the linker convinces the linkee that it will carry out the threatened action.

Usually, the linkee will agree to an extortionate deal only if it is sufficiently fooled to believe that the bargain is an exchange or explanation. This is because acquiescence to extortion, even when the deal itself offers gains for both sides and the linker sufficiently demonstrates its determination to carry out the threatened action, heightens the risk that the linker or other potential blackmailers will try the same technique against them in the future. In other words, the linkee has to worry about the reputation costs of such a deal.[11] Likewise, the linker has to worry about being exposed as an extortionist. If the linker is revealed to have carried out extortion, it will find fewer potential bargaining partners in the future.

In any case of extortion, the linkee is being asked to make a costly concession in return for something the linker would not only prefer to do anyway, but is only threatening to do because of the possibility of extorting the payment from the linkee. For this reason, extortion is not pareto-efficient; rather it is, when successful, a transfer of wealth from the linkee to the linker. Of the three categories, it is the least preferable from a welfare perspective.

Explanation: In this case, the linker's preference is to cooperate, or X(C), when (and only when) the linkee cooperates, or Y(C). For example, if, as the North Koreans have argued, the nuclear facilities at Yongbyon exist primarily for the purpose of energy production (a very dubious claim), North Korea's offer to give up their existing nuclear

[11] Schelling, 1956; Lebow, 2005; for a formal game-theoretic perspective of reputation effects, see Fudenberg and Tirole, 1991, ch.9.

program (X(C)) in return for the US providing light-water reactors (Y(C), or cooperate) would be an explanation, as Pongyang's preference to abandon its existing nuclear facilities would be contingent on, and possible only in the event of, the provision of an alternative (and proliferation-resistant) energy source. Explanation is the only category in which each side's preferences are dependent on the other's move in the bargaining round.

Just as extortion entails negative reputation costs, both explanation and exchange bring benefits to the reputations of both parties. Successful exchange or explanation enhances the bargaining relationship between the two parties involved and with future bargaining partners by demonstrating each party's trustworthiness. Also, perhaps even more importantly, each successful round of bargaining reveals information about each party's actual preferences, allowing future bargaining rounds to take place in a richer information environment.[12]

Of the three categories, explanation is the most preferable to both parties. Like successful exchange, explanation is pareto-efficient – neither party is left worse off as a result of the deal. Explanation, however, entails lower transaction costs, as it is less costly to identify a previously existing relationship between issue areas than to find two unrelated issues that can be successfully linked.

A neorealist critique of this argument would be that states are far more concerned with security than they are with wealth, and therefore states would be unwilling to make

[12] Banks, 1991; Fudenberg and Tirole, 1991, ch.8.

deals involving security issues in return for economic benefits.[13] It is true that states are in general more concerned with security, however a state's sensitivity to relative gains is dependent upon the strategic environment. Specifically, states are less sensitive to relative gains, and therefore find it easier to cooperate, when they have less of an expectation that the relative gains that accrue to an adversary will be translated into military capabilities that will be used against them.[14] In other words, the less states believe that the use of force is an issue, the more they can concentrate on the absolute gains of cooperation.

In the bargaining process itself, states can make concessions that affect each side's perceptions of the strategic environment. In the North Korean nuclear case, for example, US and South Korean decisions to conduct or cancel the Team Spirit military exercises affected North Korea's perceptions of security on the peninsula and expectations of future conflict. Likewise, the US decision to withdraw nuclear weapons from South Korea facilitated bargaining between the Americans and North Koreans. Moves such as these have the capacity to make cooperation more likely by lowering expectations of military conflict.[15]

Aside from the net costs and benefits that accrue to each side in the bargaining process, it is important to examine how domestic politics in each state affects (and is affected by) each round of bargaining. A state's preferences are not simply a reflection of its objective interests. Domestic factions may interpret state preferences depending on

[13] For examples of this argument see Grieco, 1998; Mearsheimer, 1995; and Waltz, 1979.
[14] Powell, 1991.
[15] Related to this, Drezner argues that states are more willing to use economic sanctions when expectations of military conflict are high and therefore attention to relative gains are most intense. Drezner, 1999.

the group's own bureaucratic or economic interests, or through their own ideological or cognitive lens. Not only should political groupings such as "hardliners" and the "old guard" on the one hand and "reformers" on the other be considered, but each round of bargaining offers a unique set of costs and benefits to each domestic group. As these groups win and lose in each round, they are positioned differently to voice their interests in the next round. In this manner, the bargaining process can be used to gain information on the interests of domestic actors and shape the terms of any deal in a manner that enhances the prospect of future deals.

All real-life international bargaining scenarios take place under conditions of incomplete information, in which neither side knows the true values of the preferences of the other. It is for this reason that the possibility of extortion is an overriding concern – when the linker's true preferences are not known, there is always the possibility that it is misrepresenting them to extort payment.[16] Likewise, real-world bargaining usually consists of multiple rounds of offers and counteroffers, not one-off, all-or-nothing deals. Each round allows the parties to reevaluate their beliefs about the other's preferences in light of actions (agreement, reneging, offers, threats, etc.). This information can then be used to make better-informed strategies for future rounds.

Sequential bargaining under conditions of incomplete information does not always produce signaling that builds trust and fosters effective bargaining. Both sides, for example, have an incentive to adopt strong bargaining postures and demand costly concessions in order to establish a reputation as a tough bargainer, and therefore gain more concessions in future rounds. North Korea in particular used the tactics of

[16] Oye, 1992.

brinkmanship during the years examined in this paper. As will be seen, it is very difficult to bluff in this manner without convincing the other party that it is being extorted.

In the sections below I examine the details of the North and South Korean nuclear cases. I first lay out a detailed chronology of each case that focuses on how each side's beliefs about the other's preferences are shaped through a sequential bargaining process. I take note of how the parties involved attempt to use this process to signal their preferences to the other side through offers, threats, and bluffs. In the process, I examine how bargaining moves can shape the security context in which the negotiations take place, making cooperation more or less likely. I especially consider each state's concern with extortion, and how negotiations can serve to allay such concerns. Finally, I highlight the roles of relevant domestic political groups, and how their preferences shape (and are shaped by) the bargaining process.

NORTH KOREA AND THE 1994 AGREED FRAMEWORK

The North Koreans likely saw themselves as entering a bargaining process over their nuclear program from when they agreed to sign the Nuclear Non-Proliferation Treaty (NPT) in 1985. The United States had first detected evidence of construction of nuclear facilities at Yongbyon in 1982. By the end of 1985, the Americans had successfully pressured the Soviets to secure Pyongyang's accession to the NPT. This was accomplished by a Soviet offer to Pyongyang of four light-water nuclear reactors (that would in fact never be delivered).[17]

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[17] Mazarr, 1995, p.41; Oberdorfer, 2001, p.254.

In spite of their willingness to sign the NPT, the North Koreans engaged in foot-dragging when it came to the required International Atomic Energy Agency (IAEA) safeguards agreement and the scheduling of IAEA inspections.[18] It is likely that the North's subsequent stalling on the issue of safeguards stemmed from changes in the country's security environment. Pyongyang felt increasingly vulnerable to the American military (and nuclear) presence on the Korean peninsula as both the Soviets and the Chinese reoriented their foreign policies progressively toward the West and in the process distanced themselves from North Korea, reducing subsidies and calling their nuclear defense of the country into question. Both the Soviets and the Chinese increased diplomatic and economic ties with South Korea during this period, reflecting the South's growing economic influence in the region, a further source of insecurity for Pyongyang.[19] At the same time, economic problems in the Soviet Union called the reactor deal (in return for which the North signed the NPT in the first place) into question, as the Soviets began to demand hard currency in return for their delivery, something Pyongyang was unwilling to do.[20]

Once the United States had withdrawn its nuclear forces from South Korea - accomplished by the end of 1991 - and the Americans and South Koreans had announced the suspension of the Team Spirit exercises, North Korea was indeed willing to move

[18] In part, North Korea was able to successfully stall for years on IAEA safeguards because the IAEA initially sent Pyongyang the wrong forms, something that went undetected for 18 months. This incredible episode symbolizes the low priority given to North Korea's nascent nuclear program prior to the Gulf War and revelations about Saddam Hussein's nuclear program.

[19] Oberdorfer details many of the changes that take place during the late 1980s and early 1990s in Soviet-Korean and Chinese-Korean relations; Oberdorfer, 2001, pp.197-248; also Sigal, 1998, pp.22-3.

[20] Mazarr, 1995, p.41.

toward cooperation with the IAEA on safeguards.[21] Pyongyang was remarkably forthcoming in its 150-page declaration to Vienna. While the North Koreans did disingenuously describe their vast nuclear reprocessing facility as a "radiochemistry laboratory," sought to hide nuclear waste storage facilities that could reveal important information about past reprocessing activities, and greatly understated the amount of plutonium they had reprocessed in the past, they nonetheless admitted to having reprocessed plutonium, when it was not otherwise in their interest to do so. In fact, the US intelligence community had been unaware that the North Koreans had done any reprocessing, and it was not until Pyongyang's admission that US analysts would go back over the data to discover the evidence. Sigal argues that this admission by the North Koreans was a bargaining signal intended to inform the US and the IAEA that they were willing to cut a deal on the nuclear issue.[22] According to this view, Pyongyang was revealing just enough information to send the necessary signal that it was willing to bargain over its plutonium-reprocessing capability, but withholding enough to maintain leverage.

In fact, the North Koreans would later communicate to the IAEA their price for doing business. Hans Blix was stunned during his six-day visit to the country in May 1992 when his hosts offered to trade their entire nuclear program for light-water reactors (LWRs) and fuel. The same offer was made to the Americans in Beijing that June.[23]

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[21] The US also agreed to one-off high-level talks, which were held in New York in January 1992. The chief participants were Kim Yong Sun, the North Korean Workers Party secretary for international affairs, and Arnold Kanter, US undersecretary of state for political affairs and the third ranking official in the Bush State Department.
[22] Sigal, 1998, pp.39-40.
[23] Sanger, 1992; Wit, Poneman, and Gallucci, 2004, p.54.

The United States and the IAEA rejected the North Koreans' offer, focusing strictly on compliance with safeguards requirements and the DPRK's obligations under the NPT. Few in Washington even took the offer seriously, failing to see North Korea as a legitimate potential bargaining partner.

Not only did the US and the IAEA fail to respond favorably to North Korea's offer for an exchange (nuclear concessions for light-water reactors), but once inspections began to reveal discrepancies in North Korea's original declaration to the IAEA, both turned instead to coercive measures.[24] Inspectors discovered evidence that the North had processed significantly more plutonium over a longer period of time than was claimed. As a result, the IAEA sought additional inspections, including "special inspections," provided for in the safeguards agreement but never before used with any other country. The agency further demanded access to North Korea's hidden waste storage facilities, including the notorious Building 500, which could reveal additional information about past activities.[25] Meanwhile, to apply greater pressure on Pyongyang to comply with the IAEA, the United States and South Korea made plans to restart Team Spirit exercises in 1993.[26]

In a surprising move, North Korea reacted by announcing its withdrawal from the NPT.[27] The North's signals of their bargaining preferences – first a willingness to allow

[24] Sigal, 1998, pp.38-42.
[25] Mazarr, 1995, pp.94-9.
[26] Oberdorfer, 2001, pp.272-3.
[27] Citing the IAEA demand for "special inspections" and the resumption of Team Spirit, Pyongyang announced its withdrawal from the NPT on March 12, 1993. The North Koreans were particularly incensed by the resumption of the Team Spirit exercises, which it saw as a betrayal by the Americans. Under the terms of the treaty, withdrawal would not take effect for three months after North Korea's declaration of intent. Oberdorfer, 2001, pp.278-80.

inspections and even a revelation of past plutonium activities in return for security concession, then a willingness to forego the nuclear program entirely in return for light-water reactors – were rejected. IAEA pressure, and especially the resumption of Team Spirit, signaled that the Americans and their allies in the West were unwilling to stick to any security concessions. Consistent with Pyongyang's traditional practice of diplomatic brinkmanship, the DRPK's withdrawal from the treaty was a way to call the Americans' and the IAEA's bluff. Rather than yielding to American pressure, they chose to escalate, gambling that the Americans would be forced to back down. The three-month window before withdrawal from the treaty could take effect afforded time to negotiate.[28]

The Clinton administration settled on diplomacy with the North Koreans only after examining more coercive measures and deciding they were either too costly or unlikely to succeed. Washington accepted the North Korean request for talks once Pyongyang appealed directly to supporters of negotiations in the US State Department, and talks were scheduled to begin on 2 June 1993, only 10 days before North Korea's withdrawal from the NPT was scheduled to take effect.[29] In these meetings, the North Koreans again communicated that their foremost concern was security assurances. The chief North Korean representative at the talks, Kang Sok Ju, repeated the offer of a deal for LWRs, but this was rebuffed by the Americans.[30] The North Koreans also sought to apply pressure by, for the first time, openly suggesting the pursuit of nuclear weapons.[31]

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[28] Mazarr, 1995, pp.102-7.

[29] Oberdorfer, 2001, pp.283-4.

[30] Wit, Poneman, and Gallucci, 2004, p.54; Bluth, 2008, p.71

[31] The usual North Korean trope was that its facilities at Yongbyon were for civilian energy purposes. In the first Gallucci-Kang meetings, the North Koreans suggested that they faced a "decision" about whether or not to pursue nuclear weapons, based on the American security threat. Wit, Poneman, and Gallucci, 2004, pp.53-4.

The Gallucci-Kang talks yielded, on the very eve of the June 12th withdrawal date, a joint statement containing mild security assurances and an agreement to conduct further talks through North Korea's UN mission. In return, the North Koreans agreed to "suspend" their withdrawal from the NPT indefinitely.

The US security assurances to North Korea were weakly worded, broke no new ground in substance, and in fact simply borrowed its wording from the UN Charter and earlier US official statements.[32] But they carried symbolic weight for Pyongyang, especially as it was the first official statement ever released by the two countries. Although it offered very little immediate tangible benefit to the North Koreans, it was a powerful symbol to decision makers in Pyongyang that the Americans were willing to bargain, and it strengthened the hand of those in North Korea that saw the country's nuclear program as a bargaining chip.[33]

The Americans honored the agreement for future talks, which were held in Geneva in July 1993. On the second day of these talks, the North Koreans yet again offered to trade their nuclear program for light-water reactors. This was, however, the first time that the North Koreans did so in a formal meeting rather than through informal or indirect channels.[34]

North Korea's offer, however, was puzzling to US diplomats. It was unclear why Pyongyang would ask for reactors that it could not, on its own, maintain or fuel. A LWR

[32] The entire six-paragraph text can be found in Sigal, 1998, p.260. Also see Mansourov, 1997, p.234.

[33] As Oberdorfer puts it, "Even if it had only described the weather in New York, the statement would have been tangible evidence that the United States had recognized the legitimacy of North Korean and was willing to negotiate." Oberdorfer, 2001, p.286.

[34] Kang made a LWR offer to the Americans in New York at the first Gallucci-Kang meetings, but it was brought up informally over dinner. Sigal, 1998, p.68.

would produce far more electricity than the country's existing 5MWe reactor and the 50MWe reactor under construction, but it would not do so cost efficiently, at least in relation to other forms of energy such as fossil-fuel burning power plants. And the idea that North Korea would be dependent on outsiders for nuclear fuel seemed to fly in the face of Pyongyang's long-held belief in self-reliance.[35]

The Americans rejected the offer. American negotiators were distrustful of an offer that appeared to have been designed more to save face than for any practical interest on the part of the North Koreans.[36] In the end, after six days of talks, the US and North Korea issued separate formal statements that contained only boilerplate. Specifically, the US only stated its "support" for a LWR deal in the abstract, and to "explore" possible avenues of pursuing such a settlement. No progress was made on IAEA inspections. The United States told the North Koreans there would be no further talks unless Pyongyang made progress with both the IAEA and the South Koreans (over the inspection regime established by the North-South Denuclearization Declaration between the two countries). The North Korean offer did, however, help to push the American bargaining position in a favorable direction. Negotiations had previously focused on inspections and adherence to the NPT, whereas now the United States began to consider a broader settlement to eliminate North Korea's program entirely.

During consultations in Seoul in September 1993, South Korean Foreign Minister Han floated with Robert Gallucci the idea of a "big package" deal with Pyongyang. They would abandon the position that Pyongyang would have to meet preconditions before the Americans would make concessions and move toward a "comprehensive approach," in

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[35] Oberdorfer, 2001, pp.289-90.
[36] *Ibid.*, p.290

which a third round of talks would produce a settlement on nuclear issues based on a *quid pro quo* exchange, after which the two countries could then move to a fourth round of talks to discuss normalization of relations.[37] This represented an important change in the US bargaining position. The realization that the North Koreans were willing to bargain with their capacity to make weapons-grade plutonium, and not simply inspections, had the effect of moving the American position closer to that of domestic US advocates of a deal focused on the security situation in East Asia (*i.e*., focused on neutralizing the North Korean nuclear threat) and away from that of arms controllers who preferred to concentrate on the preservation of the international nonproliferation regime through the NPT, the IAEA, and inspections. Under the package-deal approach, a third round of talks would be the last chance for a diplomatic resolution to the nuclear standoff, and the North would be given clear incentives to come to an agreement. Such an approach had the benefit of assuaging conservative critics who warned that Pyongyang had no intention of reaching agreement and merely sought to stall for time while developing nuclear weapons. However, the package-deal approach also put pressure on the North by presenting them with an ultimatum. Additionally, the Americans would find that their existing channels of communication with Pyongyang would prove insufficient to set up such a package.[38]

The North Koreans, in October 1993, communicated their counteroffer to the package deal. Their offer set out a series of reciprocal concessions to be made by either side. Its centerpiece was a proposal to trade their nuclear program in return for LWRs

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[37] Wit, Poneman, and Gallucci, 2004, p.92; Sigal, 1998, pp.77-8.
[38] Wit, Poneman, and Gallucci, 2004, p.93. Absent any diplomatic ties or even regular contacts between the US and North Korea, the Americans had to rely on "a series of coincidental encounters."

and security assurances. Also, the North would reaffirm its commitment to the NPT and acquiesce to all IAEA safeguards, including, implicitly, 'special inspections'. Once the nuclear issues were resolved, the US would commit to normalization of relations. This "big package" would be preceded by a "small package" in which the North Koreans would allow expanded IAEA inspections, while the Americans and the ROK would cancel the 1994 Team Spirit exercises, and the Americans would agree to a third round of Gallucci-Kang talks.[39]

However, the North Koreans failed to follow through on their commitments with the IAEA. Vienna was having difficulty assuring continuity of safeguards at Yongbyon, and Pyongyang and the agency remained in a standoff. The UN General Assembly censured North Korea and urged their cooperation with the IAEA in a 140-to-1 vote (the DPRK itself was the only no-vote) on November 1st. On December 2nd, the IAEA reported that it could no longer provide assurances of the continuity of safeguards.[40] As a result, the United States explored ways to apply pressure on Pyongyang. Washington proceeded to prepare the way for UN Security Council action, hoping that the threat of coercive measures would add further incentives to follow through on the package deals.[41]

The Clinton administration also made a point to publicly explore the military option. The South Korean defense minster, Kwon Yong Hae, hinted at the possibility of

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[39] North Korea's counteroffer was given to the US State Department's Kenneth Quinones in Pyongyang in the form of a handwritten note when he was there accompanying a visit by US Congressman Gary Ackerman to the DPRK capital. The terms of the "small package" were actually suggested by the North Koreans the previous October when a senior DPRK diplomat was visiting the UN in New York. See Sigal, 1998, 77-9; Wit, Poneman, and Gallucci, 2004, pp.93-7; Oberdorfer, 2001, p.293. The North Koreans reiterated their offer for a package deal in November, and the Americans agreed to such a settlement in principal. Mazarr, 1995, pp.135-6.
[40] Lee, 2006, p.166; Mazarr, 1995, p.143.
[41] Wit, Poneman, and Gallucci, 2004, p.100.

military intervention in a press conference in Seoul. Defense Secretary Les Aspin, interviewed en route to Washington from meetings in Seoul, was quoted as saying that relations with North Korea were in a "danger zone," and that the country may "launch a desperate conventional attack on the south." President Clinton himself was careful not to exclude the military option in public discussions of the North Korean nuclear crisis.[42]

These threats, however, did not succeed in pushing the North Koreans toward compliance with the IAEA or accommodation with Seoul. At the same time, once military moves and open threats had begun, Washington had trouble controlling the course of events. Threats, however carefully worded, were filtered through the American media. They also provided an opportunity for domestic proponents of a more coercive approach to put pressure on the administration.[43] More concrete threats ran even greater risks. A US buildup of military forces south of the DMZ could put pressure on the North and deter a military strike on the South, but it could also convince Pyongyang that an attack was imminent and provoke a preemptive strike.[44]

Concerned of the possibility of military conflict, and alarmed that the IAEA could declare North Korea to be in violation of treaty obligations - a situation that would torpedo the nascent package deal and force Washington to adopt aggressive measures – the Clinton administration, through a flurry of backdoor diplomacy, finally came to a tentative agreement with Pyonygang on a way forward.[45] In the March 1st or "Super Tuesday" settlement, Pyongyang agreed to the broad contours of a comprehensive

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42 Oberdorfer, 2001, pp.294-5; Mazarr, 1995, p.134, 142.
43 Sigal, 1998, pp.81-2; Mazarr, 1995, pp.136-9.
44 See for example, the discussion of the deployment of Patriot batteries in South Korea and the DPRK reaction in Wit, Poneman, and Gallucci, 2004, pp.121-9.
45 Mazarr, 1995, pp.142-9; Wit, Poneman, and Gallucci, 2004, 134-8.

package: to allow minimal IAEA inspections in order to certify continuity of safeguards and to conduct talks with the South at Panmunjom to pave the way for an exchange of envoys. In return, Team Spirit 1994 would be canceled, and a third round of US-North Korean official talks would be held beginning March 21st. Under enormous pressure from conservatives both in government and in the media, however, the Clinton administration insisted that the new round of talks could not begin unless the North had first fulfilled both of its conditions in the agreement.[46]

Just as before, however, Washington's preconditions proved to be the undoing of any potential deal. Pyongyang failed to make progress on either talks with Seoul or with IAEA inspections. Instead, the North Koreans appeared to again rely on stalling tactics with both in an attempt to play one against the other (and both against the United States).[47] The IAEA and South Korea, to protect their own reputations, adopted inflexible stances themselves.[48]

As the Super Tuesday deal collapsed, in Washington, talk both inside and outside the government about the use of military force increased, and the Americans began to answer North Korea's brinkmanship with similarly aggressive moves of their own.[49] Suspecting Pyongyang of extortion, Washington adopted the same approach.[50]

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[46] Oberdorfer, pp.302-3; Wit, Poneman, and Gallucci, pp.137-8; Sanger, March 1994.
[47] Oberdorfer, 2001, p.303; Art and Cronin, 2003, pp.178-184.
[48] Wit, Poneman, and Gallucci, 2004, pp.146-152.
[49] The 19 March 1994 Principals Committee meeting initiated a US plan for coercive diplomacy and gradual escalation. Team Spirit would be rescheduled, a military buildup in South Korea would proceed, sanctions would be pursued, and the US would support a tougher stance by the IAEA. Wit, Poneman, and Gallucci, pp.152-161.
[50] Many in Washington believed that North Korea had purposely precipitated a crisis with the IAEA in order to pressure the United States on its preconditions for

The situation reached a crisis point when, in May 1994, North Korea began to remove fuel rods from its 5MWe reactor.[51] While such an action was not, by itself, a violation of the NPT, the way in which it was done violated Pyongyang's safeguards agreement with the IAEA. The fuel rods removed from the reactor contained sufficient plutonium for several nuclear weapons. Testing of the fuel rods could have shed light on past activities, something their removal and storage threatened to make impossible. The North Koreans would allow the IAEA to monitor their removal but not to perform the tests necessary to shed light on earlier reprocessing activities.[52] Pyongyang likely decided to take this step as an extortionate bargaining move intended to put greater pressure on the United States to continue bilateral talks.[53]

On 2 June 1994, the IAEA determined that its ability to verify past plutonium activity had been lost due to the defueling process; the agency voted a week later to suspend all technical assistance to North Korea. Prompting fears that diplomacy had utterly failed, on June 13th, Pyongyang announced that they would withdraw from the NPT.

The Clinton administration, meanwhile, moved forward with preparations to impose international sanctions on the North Koreans through the UN Security Council. Sanctions, however, were both unlikely to work (in fact, the administration believed they

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future talks, particularly with respect to an exchange of envoys with the South. Sigal, 1998, p.106; Wit, Poneman, and Gallucci, 2004, p.151.

[51] The reactor was shut down in early April in preparation for refueling, and the Noth Koreans announced their intentions to do so before the end of that month. Mazarr, 1995, pp.157-8; Sigal, 1998, pp.113-4.

[52] Sigal, 1998, pp.113-4; Oberdorfer, 2001, pp.307-8.

[53] Sanger, May 1994.

could trigger military conflict) and difficult to enact.[54] The Chinese in particular were unlikely to back sanctions, and yet no sanctions regime could work without Chinese participation, something the Clinton administration very well understood.[55] Also, the North Koreans had made it clear that they interpreted sanctions as a serious threat, and their passage could invite military retaliation across the 38th parallel.[56] The United States began to take the possibility of military conflict very seriously.[57] While the Clinton administration sought to avoid a major conflict in Korea, Washington hardliners and their conservative allies in the media began to put pressure on the administration and make a public case for war.[58]

It was in this environment that former president Jimmy Carter left for Pyongyang in June 1994 on an ostensibly private mission to defuse tensions. Carter had received several invitations to visit from Kim Il Sung over the previous few years, but had never taken Kim up on the offer (largely because the US State Department had asked him not to go). Carter was also unhappy with the fact that the United States had no direct lines of communication open with Kim.[59] High-level meetings had been consistently viewed in

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[54] Wit, Poneman, and Gallucci, 2004, pp.186-7.
[55] The Clinton administration was well aware of the risks and difficulties with passing sanctions, and offered China strong incentives to put pressure on the North Koreans behind the scenes to avert a vote in the Security Council. China did confront the North Koreans, and many believe this did have the effect of making Pyongyang more willing to bargain. Mazarr, 1995, p.160; Wit, Poneman, and Gallucci, 2004, pp.198-9; Tyler, 1994.
[56] Lewis, 1994.
[57] Oberdorfer, 2001, pp.311-6.
[58] Sigal, 1998, pp.118-9.
[59] In fact, Clinton had originally wanted Senators Sam Nunn and Dick Lugar to go to Pyongyang, but the North Koreans refused. Oberdorfer, 2001, pp.317-8.

Washington as a "reward" for bad behavior; by this logic, direct official communication with Kim Il Sung, the ultimate decision maker in North Korea, was out of the question.[60]

Carter's visit succeeded in breaking the impasse. The former president focused on the most pressing issue: allowing IAEA inspectors to remain in Yongbyon (they had been asked to leave on the 13th when Pyongyang announced its withdrawal from the NPT, but not all inspectors had been evacuated by June 16th). Over the course of the visit, which involved Carter straying from administration talking points (and even stated US policy) at times, and a controversial appearance on CNN, an agreement was reached in which the North Koreans would agree to "temporarily" freeze plutonium reprocessing and allow inspectors to remain. In return, the two countries could proceed with a third round of talks.[61]

The next round of Gallucci-Kang talks were scheduled for early July 1994 in Geneva. Kim Il Sung's death, however, and the resulting formal transition of power to Kim Jong Il, led to their postponement until August. Over the course of these talks (progress in August led to a continuation of negotiations in September and October), the details of a sweeping settlement between the two sides were ironed out. The Agreed Framework, as it came to be known in the United States, laid out a map according to which concessions would be made stepwise, with the concessions becoming more significant over time.[62]

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[60] *Ibid*., p.317. In months past, the administration had made use of unofficial visits by Americans outside the government such as Billy Graham.

[61] The history of the Carter trip to Pyongyang is both complicated and colorful. A detailed retelling by key actors is Wit, Poneman, and Gallucci, 2004, pp.221-235. Also see Oberdorfer, 2001, pp.326-36 for a version that is much more sympathetic to the former president.

[62] Mazarr, 1995, pp.173-7.

At the center of the deal was North Korea's long-standing offer to trade its nuclear program for LWRs. Building on the 'freeze' agreed to during the Carter visit, the North would abandon its plutonium production and reprocessing facilities in return for two LWRs, whose supply would be arranged by the United States and funded, for the most part, by South Korea. The Americans would provide heavy fuel oil in the interim. Additionally, the North Koreans would put the recently removed fuel rods into storage, and submit to IAEA inspections (but not, in the near term, special inspections).

Both sides had to make significant concessions in negotiations to reach the agreement. An important one was the Americans' willingness to postpone IAEA special inspections until the LWRs were at least 70% completed, something that was expected to take roughly 5 years. The Clinton administration had to overcome significant domestic opposition to this move[63], however the provision of American concessions upfront, something the US had avoided in the past, allowed the North Koreans to reciprocate. For the North Koreans, it was a concession to agree to special inspections at all, which Pyongyang had consistently claimed were illegitimate. Importantly, the cores of the promised LWRs would not be delivered until the North Koreans allowed these inspections. Later steps would normalize relations between the two countries.

THE SOUTH KOREAN NUCLEAR PROGRAM

Despite South Korea's economic ascendancy during this period, the Park Chung Hee regime was, at the end on the 1960s, acutely anxious about the South's security

[63] There was significant domestic opposition to the deal in both the United States and in South Korea. See Sigal, 1998, pp.188-99.

situation. This was aggravated by the United States's failures in Vietnam and the Nixon administration's decision to reduce the American military presence in Asia as a whole (the Nixon Doctrine, 1969).[64]

Several incidents during this period illustrated for Seoul the weakening of support from the Americans. In 1968, the United States failed to respond effectively to the seizure of the *USS Pueblo* by the North Koreans. In 1970, the Nixon administration announced that it would withdraw the US Seventh Army Division (one third of the Americans' combat capability) from the Korean peninsula, while other US forces were redeployed to bases further south of the Demilitarized Zone. In 1971, the Americans announced plans for even more troop reductions. Finally, Nixon's surprise 1972 visit to China, and its effects on the US defense relationship with Taiwan, raised serious concerns in Seoul that the country to continue to count on the United States for its defense.[65]

At the same time, the North Koreans had, over the previous decades, and with substantial help from the Soviets and Chinese, built up a substantial military force.[66] The late 1960s and early 1970s were also a period of increasing boldness and adventurism on the part of the DPRK. North Korean boats had seized a South Korean patrol vessel on the high seas, confiscated the craft, and took the South Korean sailors prisoner. In 1968, a DPRK commando raid was launched against the Blue House in Seoul (two days before

[64] Oberdorfer, 2001, pp.68-9; Choi and Park, 2009, pp.375-6.
[65] Pollack and Reiss, 2004, p.261.
[66] In fact, the Korean People's Army would continue to grow substantially over the 1970s, and would reach one million ground troops by the early 1990s. See GlobalSecurity.org, "Korean People's Army," 2009: http://www.globalsecurity.org/military/world/dprk/army.htm. Also see Hamm, 1999.

the seizure of the Pueblo in international waters). In the span of a few years, the North Koreans hijacked passenger planes, infiltrated South Korean territory, shot down US aircraft, and ambushed US soldiers, all with few repercussions.[67]

Ironically, while the South feared military decline against the North and abandonment by its principal ally, the North was confronted with the similar worries. In fact, both sides were at a rough parity in military terms by 1970, with the South enjoying a significant advantage over the long term due to its much more vibrant economy. In practice, the ROK was in a much more secure position than the DPRK, with the significant US military presence in the region and US security guarantees (including the nuclear umbrella) making up the difference. In this light it is not surprising that Nixon's moves to reduce that military presence, and the additional uncertainties raised by the US's failures in Southeast Asia, created an impression of insecurity in Seoul.[68]

South Korea's security anxieties were reflected in the country's failure to ratify the NPT after having signed the treaty immediately after its drafting in 1968. Aside from growing concerns about the US nuclear guarantee, South Korea was influenced by both China's and North Korea's failure to sign the treaty, and Japan's delay in ratification. By 1968, North Korea already had an operational research reactor supplied by the Soviets (this reactor would not be placed under IAEA safeguards until 1977). [69]

The Nixon Doctrine and the announcement that the US would begin to downsize its military presence on the peninsula was the final impetus for President Park to pursue

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[67] GlobalSecurity.org, "Korea Demilitarized Zone Incidents," 2009: http://www.globalsecurity.org/military/ops/dmz-list.htm.
[68] See Hamm, 1999 for a scholarly treatment of the historical military balance between the two Koreas.
[69] Solingen, 2007, p.122.

the nuclear option in 1970. Park feared the US commitment to South Korea's defense was weakening.[70] Nuclear weapons were therefore just the most important component of a wider plan to ramp up the South's defense capabilities.[71] The goal of the program was not to acquire actual weapons but to achieve a 'breakout' capability comparable to what many believed Japan possessed. Park also reasoned that a nascent nuclear program could be used as a bargaining chip against the Americans to pressure them to maintain a security commitment to the ROK.[72]

Park created the Agency for Defense Development (ADD) and the secret Weapons Exploitation Committee (WEC), charging the former with the task of bolstering the ROK's domestic arms industry and defense capabilities, and the latter with exploring ways to import sophisticated weaponry, including nuclear weapons technology and the components needed to build an indigenous capacity to produce fissile material.[73]

The WEC unanimously voted to recommend the creation of a full-scale nuclear weapons program in 1972, and sought to initiate deals with the French, Belgians, and Canadians for the construction of related nuclear facilities. By the end of 1973, the ADD had completed a plan for the development of an indigenous nuclear weapons capability

[70] According to Pollack and Reiss, Park also drew parallels between what he saw as the United States betraying Taiwan's security interests with rapprochement with China, and the a weakening US commitment to Seoul. Pollack and Reiss, 2004, p.261.
[71] Lee, 2006, pp.68-70. The United States also provided aid for conventional military modernization to partly offset the effects of withdrawing 20,000 troops and repositioning the US 2nd Infantry Division away from the DMZ.
[72] Oberdorfer, 2001, pp.68-9. Oberdorfer cites a senior adviser to President Park. Given South Korea's later behavior, he likely means that Park wished to possess the ability to develop weapons on short notice and refrain from doing so as long as the United States maintained its defense commitments.
[73] House Committee on International Relations, 1978.

within the next decade, at the cost of $1.5-2 billion.[74] To this end, the Park government made plans to purchase a heavy-water reactor from the Canadians (South Korea at the time had one small research reactor in operation, another ready to go online, and a Westinghouse LWR under construction, none of which was suitable for plutonium production on a large scale), a plutonium reprocessing facility from the French, and a mixed-oxide (MOX) fuel fabrication facility from the Belgians.[75]

The South Koreans managed to keep their nuclear weapons ambitions a secret from the Americans without much effort, as the United States paid little attention to the South's search for nuclear suppliers in Western Europe and Canada. Additionally, South Korea's efforts were taking place at a time when plutonium-reprocessing capabilities were widely pursued as a potential source for civilian reactor fuel, and the acquisition of such technologies was not by itself a sign of a weapons program. This, however, changed when India tested a nuclear device in 1974. The fissile material that fueled the Indian weapon was created through ostensibly civilian nuclear facilities, including a Canadian-designed heavy-water reactor of the same type sought by the South Koreans.[76] India's test prompted a reevaluation of plutonium reprocessing among the nuclear powers in general and a greater vigilance of nuclear exports on the part of the United States in particular. An American review of nuclear import data quickly led to concern that Seoul was pursuing the development of nuclear weapons.[77] A US intelligence review concluded that the South Koreans would have a primitive nuclear weapons capability

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[74] Pollack and Reiss, 2004, p.262.
[75] Mazarr, 1995, p.27.
[76] An NRX-type research reactor.
[77] This conclusion was based on more than nuclear import efforts. Among the Americans' sources was a disaffected Korean nuclear scientist. Pollack and Reiss, 2004, p.262.

within a decade, and that the imminent revelation of the South's nuclear weapons program would trigger destabilization across East Asia. In particular, the United States worried that Japan would produce nuclear weapons of its own, and that the Soviets and Chinese would provide nuclear weapons support to the North Koreans.[78]

Canada ended the heavy-water reactor deal with the ROK immediately after the 1974 Indian test, and the Belgians soon followed suit.[79] The French, however, refused to back down in the face of pressure from the United States, and French-South Korean cooperation over a plutonium reprocessing facility continued apace. The South Koreans, for their part, denied they were pursuing a weapons program, and maintained that the search for reprocessing technology was based on economic imperatives and the need for civilian energy independence. Fully aware of South Korea's security anxieties and the flagging credibility of US security commitments, the Americans resolved to tread lightly on the nuclear issue. Despite possessing significant evidence that the South was indeed pursuing a weapons program, Washington never directly accused them of it, nor did they present them with the evidence. Instead, the Americans were all too happy to publicly maintain the fiction that South Korea's nuclear efforts were of a civilian nature, while at the same time vigorously objecting to the reprocessing deal on the grounds of "the appearances of things" and "the difficulties that it would cause."[80] This approach was

[78] Harrison, 2002, p.248; Young and Stueck, 2003, p.18.
[79] Drezner, 1999, pp.255-6; Bratt, 2006, pp.128-9. Canada canceled a deal to sell South Korea a NRX research reactor but continued with plans to provide them with a safeguarded CANDU design.
[80] Oberdorfer, 2001, pp.70-1. If South Korea's worries about US security guarantees were not already apparent to the Americans, they were certainly made apparent by President Park's statement in 1974 that the South had a capacity to develop nuclear weapons, and would be forced to do so in the absence of the US nuclear umbrella. Mazarr, 1995, p.27.

also intended to avoid any regional destabilization that could result from a public showdown with the South Koreans over nuclear weapons.

As would later be the case with US nonproliferation efforts with North Korea, the United States adopted a multi-pronged diplomatic approach to the South Korean nuclear program, one that consciously sought to mix both incentives and threats. In August 1975, Defense Secretary James Schlesinger met with Park in Seoul and, again without directly accusing the South Koreans, communicated that while US security assurances would endure, one thing that could disrupt them would be the South's development of nuclear weapons.[81] The same year, Kissinger made the threat more overt, stating that US security guarantees would be withdrawn if the South Korean weapons program did not end.[82] By the end of 1975, the Americans upped the ante, threatening to end both security assurances and technological and economic aid, and, in 1975 and early 1976, to cancel hundreds of millions of dollars in loans, withhold export licenses, and cut military aid.[83]

Several incentives were offered to Seoul. To address South Korea's claims that the French reprocessing deal was undertaken with economic intent, the Americans offered guaranteed access to reprocessing under US control and technology transfers from the United States.[84] More importantly, the Americans made clear that the US nuclear umbrella covered South Korea, and would continue to do so indefinitely provided the South abandoned any nuclear pretensions of their own. Henry Kissinger, for example, warned the North not to doubt the US defense commitment to South Korea, while Secretary of Defense Schlesinger threatened massive retaliation and the use of

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[81] Oberdorfer, 2001, p.71.
[82] Mazarr, 1995, p.28; Drezner, 1999, p.256.
[83] Bilgrami, 2004, p.106.
[84] Oberdorfer, 2001, p.72.

tactical nuclear weapons against an attack from the North.[85] The Americans also offered to roll back some of their plans for troop withdrawals from the peninsula. At the same time, the United States increased its pressure on France and on Canada, with whom the South Koreans were still working out a deal on a CANDU-type reactor.[86]

The South Koreans responded to pressure from both the Americans and Canadians by finally ratifying the NPT in April 1975, which they had originally signed in 1968. The Canadians made NPT ratification one of the conditions for continued consideration of a deal for the CANDU reactor.[87] The US Congress had directed the US Export-Import (Ex-Im) Bank to freeze loans and loan guarantees for a Westinghouse-produced LWR.[88] There is little reason to believe, however, that the South Korean government's ratification of the treaty represented a real change in the country's approach to nuclear weapons. Seoul continued to pursue the reprocessing deal with the French after ratification of the treaty, and stated after ratification that abstention from developing nuclear weapons was dependent upon continued US nuclear guarantees.[89] Indeed, Seoul proceeded to sign a contract with Paris for a reprocessing facility.[90] Given this, ratification may have been nothing more than a way to try to reassure allies while at the same time continuing to pursue a reprocessing capability that could quickly be used to produce nuclear weapons should the strategic situation change in the future.[91]

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85 Lee, 2006, p.76.
86 Sigal, 1998, p.20.
87 Bratt, 2006, p.129.
88 Yager, 1985, pp.188-9.
89 Oberdorfer, 2001, p.71.
90 Harrison, 2002, p.248; Drezner, 1999, p.257.
91 Yager, 1985, p.189.

The South Koreans held fast on their plans for plutonium reprocessing well into 1976, and did not cancel the contract with the French until US pressure was ramped up to a fever pitch. It was not until December 1975 that US Ambassador Sneider explicitly broadened the US threat to include cutting off a wide array of military, technological, and financial aid.[92] In May 1976, incoming Secretary of Defense Donald Rumsfeld told the ROK Defense Minister that the United States would, in light of Seoul's continuing pursuit of a reprocessing capability, "review the entire spectrum of its relations with the ROK." It was only in the face of these overwhelming consequences that President Park agreed to cancel the French contract.[93]

This was not, however, the end of South Korea's nuclear ambitions. The Park regime, in practice, neither abandoned its nuclear weapons research program nor discontinued its search for reprocessing technology.[94] The election of Jimmy Carter, who had promised to withdraw US troops from the Korean peninsula, combined with the oil crisis of the late 1970s, led Park to reorganize the country's nuclear bureaucracy and refocus the search for nuclear weapons technology on the piecemeal acquisition of reprocessing-related equipment.[95] By 1978, Seoul was back to renegotiating a deal for a reprocessing facility with the French.[96] This deal was killed only by direct US

[92] Drezner, 1999, pp.257-8; Oberdorfer, 2001, p.72. Sneider himself, however, favored using reassurances to address South Korea's strategic anxieties and worries about decreasing US support rather than threats. See Lee, 2006, p.78.
[93] Oberdorfer, 2001, p.72.
[94] Harrison, 2002, p.248.
[95] Solingen, 2007, p.93; Pollack and Reiss, 2004, p.263.
[96] Oberdorfer, 2001, p.73.

intervention with the French government by the Carter administration and additional threats to withhold Ex-Im Bank loans.[97]

Evidence exists of active steps toward acquiring the ability to process plutonium, if not the actual pursuit of a nuclear weapon, even beyond the 1979 assassination of Park Chung Hee. According to some sources, it was not until General Chun Doo Hwan came to power as the result of a coup in the early 1980s that interest in reprocessing truly subsided. The new president was willing to pledge a nuclear-free South Korea in return for US recognition of the legitimacy of his regime and a pledge of continued support. [98] Perhaps more importantly, the Reagan administration was willing to offer substantial security incentives to the new regime. Weapons sales were accelerated, troop and weapon system withdrawals from the peninsula were terminated, and the US-ROK alliance was upgraded to a similar level as NATO.[99] It was only at this point that the South Koreans were willing to abandon nuclear plutonium reprocessing.

EXTORTION AND REPUTATION COSTS

Extortion and reputation costs were a principal concern for all of the actors involved throughout the period leading up to the 1994 Agreed Framework. Decision makers in Washington worried that the North Koreans were playing a game of brinkmanship by adopting tough bargaining stances or instigating crises in order to

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[97] Oberdorfer claims Carter intervened directly with the French prime minister. Oberdorfer, 2001, p.73. Pollack and Reiss cite a South Korean government source to claim that the Carter administration threatened to cancel $300 million worth of loans. Pollack and Reiss, 2004, p.263.
[98] *Ibid.;* Kim, 2004, p.199.
[99] Siler, 1998, pp.76-7.

enhance their leverage in negotiations, extract concessions, or force the Americans to the negotiating table. The North Koreans resisted pressure from the IAEA over sanctions, American preconditions for talks, and threats of economic sanctions and military threats for the same reason: they feared that by backing down, they would simply invite further demands.

Both the United States and the IAEA saw the North Korean case through the lens of their experiences with the Iraqi nuclear weapons program.[100] Washington and Vienna were badly burned when their estimates on the progress Iraq was making on its nuclear program were proven badly wrong as a result of the Gulf War, and it was revealed that Saddam Hussein had made much greater progress than inspectors had suspected.

The IAEA, in particular, was worried about the credibility of the agency and the nonproliferation regime. They feared that the Americans and their Western allies would come to doubt the efficacy of IAEA inspection regimes in the future as a way to stem the proliferation of nuclear weapons, and that the agency would be increasingly marginalized. For Vienna, North Korea was an essential test case. For this reason, they were often willing to adopt an inflexible position and uphold the letter of international law even if it meant foregoing possible cooperation with Pyongyang and forestalling a crisis.

Many in Washington also believed that compromise on the North Korean nuclear issue would encourage future proliferators to extort, and believed that any agreement with Pyongyang that involved payment for nuclear cooperation (i.e., successful exchange), however effective in keeping nuclear weapons off the Korean peninsula,

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[100] Wit, Poneman, and Gallucci, 2004, pp.79-80.

would undermine the international nonproliferation regime as a whole by encouraging future proliferators. Indeed, it was the dominant view in Washington that the very holding of talks with Pyongyang was a form of reward, and could only be agreed to once preconditions were met by the North Koreans.

The North Koreans were concerned with their reputation as hard bargainers. Pyongyang frequently relied on brinkmanship with the Americans, the South Koreans, and the IAEA, often successfully playing these allies off of one another. Brinkmanship often had its own rewards – the North Koreans certainly recognized that their relationship with the IAEA was one of its few bargaining chips, and they tried repeatedly to extort the Americans by putting the international nonproliferation regime under threat – but it also helped form expectations in Washington of how Pyongyang would act in the future.

Pyongyang was also aware that its nuclear weapons program was one of the few – and certainly the most significant – cards it could play in its relationship with the United States, and it sought to use this leverage to maximum effect. Because of this, the North always had to be concerned that it could get a better deal from the Americans if it were only to drive a harder bargain. Therefore, even though the North was willing to trade its nuclear program for the right package of incentives, particularly security assurances, in doing so it would be surrendering its only real form of leverage.

In this sense, the relationship between the United States and North Korea could be modeled as a game of chicken, as each party had a strong incentive to be unyielding and uncooperative in order to deter future attempts at extortion. These very attempts to preserve reputation and bargaining power often led to each side adopting extortionate tactics of their own. The United States sought to apply pressure and enhance its

bargaining position by threatening UN sanctions and military force. This was extortionate, however, as the costs of either action were high for the United States, and Washington's hope was that it would not have to carry either out. The North Koreans, meanwhile, knew that stringing the IAEA along was one of the few means of leverage they possessed over the United States. It was a way to coerce the Americans and bring them closer to the North Korean bargaining position. However, it also fed into the arguments of hardliners in Washington that the North Koreans were seeking extortion, and actually pushed the United States further toward a confrontational stance. Thus even though both sides preferred to strike a deal, they were both presented with incentives to adopt bargaining stances that made any agreement difficult if not impossible.

The South Koreans were faced with similar concerns about bargaining strength with respect to the Americans. Seoul's reluctance to yield to American demands were, however, over-determined. South Korea saw itself facing a hostile security environment, and believed (rightly or wrongly) that its strategic situation was deteriorating over time, at least in the near term. The Park regime's decision to pursue nuclear weapons was undertaken because of these security worries and because of the increasing lack of credibility of the American security guarantee. Seoul therefore had intense concerns not over the relative gains problem *vis-à-vis* the United States, but with respect to North Korea. Fear that the American commitment to South Korea was weakening served only to exacerbate these relative gains concerns. Yielding to American demands, extortionate or otherwise, was impossible as long as the South had to worry about deteriorating American security assurances and had reason to believe that they would have to assume

responsibility for their own defense and could not indefinitely rely on the American deterrent.

The Ford administration's pledges of security guarantees were not sufficient to offset these concerns. Throughout the period that the United States attempted to reassure Seoul that its defense commitment would continue provided the South abandoned nuclear ambitions, in terms of actions, the Americans continued, in concrete terms, to provide nothing but signals that this commitment was actually weakening. The US went forward with the withdrawal of an entire US division over Seoul's objections. US efforts in South Vietnam came to an end in 1975 with the fall of Saigon. The Americans withdrew their troops from Thailand. US rapprochement with China led to a weakening US security commitment to Taiwan, a relationship many in Seoul saw as analogous to their own with the United States. Even as late as 1977, President Carter was talking about withdrawing US forces from the peninsula. Drezner highlights an exchange between Defense Secretary Schlesinger and a reporter in September 1975 in which Schlesinger, after promising continued strategic commitments to the South Koreans, effectively ruled out a US nuclear response to a DPRK invasion of the South even in the event of the fall of Seoul itself.[101] In fact, the South Koreans seemed to have little reason to believe that US security assurances would endure whether they continued to pursue nuclear weapons or not. Regardless of verbal commitments being made to maintain the American nuclear umbrella, no substantive steps were offered (at least so far as is known) to reduce the American plans for scaling down its military presence. A deterrent threat that is not

[101] Drezner, 1999, pp.271-2.

coupled with reassurance that the threat will not be carried out if the target state complies is likely to be ineffective.

The South Koreans, did, however, make at least token gestures to convince the United States that they were giving up on their nuclear weapons program in January 1976, and in fact seem to have scaled back their search for nuclear technology, at least until 1978. They also agreed to sign the NPT in 1975 (although this did not seem to affect their commitment to develop a reprocessing capability). This occurred despite US attempts to use extortionate measures, such as cutting trade ties and economic aid. None of these concessions, however, fundamentally resolved the nuclear issue, and could simply be attempts to reassure the Americans that Seoul was willing to trade its nuclear ambitions for firmer security commitments. This would be consistent with the repeated statements by Park and others in the South Korean government that Seoul would refrain form developing nuclear weapons but only if the United States continued to cover the country with its nuclear umbrella.

Importantly, the nuclear issue seems to have been most firmly resolved when the two sides engaged in mutual exchange. Specifically, the United States agreed to forego further troop cuts and to recognize the Chun regime in return for a South Korean commitment to forego reprocessing technology. The United States also offered, successfully, to provide reprocessing services in order to fulfill civilian nuclear needs. It was only after this point that the nuclear issue was most successfully put to rest.

For their part, the South Koreans successfully framed their development of a nuclear program and concerns about the declining US security commitment in the form of explanation. Park and others in the South Korean government consistently sent the

message to the Americans that the development of a reprocessing capability was a hedge against any American withdrawal of the US strategic presence. They made it clear, even after signing the NPT, that any weakening of US commitments would prompt the development of nuclear weapons, yet reassured Washington that they would refrain from developing weapons as long as US guarantees remained in place. While this put pressure on Washington, it was not extortionate: Seoul saw itself in a precarious strategic situation in the absence of the US nuclear umbrella, and would have no choice but to compensate through the development of nuclear weapons, something they clearly had the capacity to do. While the Americans threatened to withdraw their strategic support if the Koreans did go nuclear, they did seek, throughout the 1970s, to offer reassurances, and managed to eventually put Seoul's nuclear ambitions to rest, beginning in 1978 by reversing Carter's plan to withdraw American troops, then more substantially under the Reagan administration through a set of incentives aimed at strengthening strategic cooperation.

DOMESTIC POLITICAL EFFECTS

Several scholars have argued that competing blocs existed within the Pyongyang ruling regime, each with a different perspective on nuclear weapons.[102] One group, most closely affiliated with the country's military apparatus, saw the development of nuclear weapons as a necessity for the defense of the regime and important for the prestige of the country. It was likely this security-minded bloc that was most influential over Pyongyang's decision to pursue nuclear weapons in the first place. This group also

[102] Mazarr, 1995, p.101, 105-7; Mansourov, 1997; Mansourov, 2004; Solingen, pp.125-138.

gained strength after North Korea's international situation became more precarious in the wake of the Soviet collapse and Russian and Chinese rapprochement with South Korea. The other group was more skeptical of the need for nuclear weapons, in some respects even viewing them as a liability, and saw the existing program as something that could be bargained away for the best price. Most closely associated with North Korea's foreign ministry, this was the driving force behind negotiations with the Americans and South Koreans. Members of this group also saw the Soviet collapse and reorientation of Chinese foreign policy as threatening, but saw open trade and rapprochement with the Americans as the best route to ensure regime survival.[103] These groups competed with one another for influence over Kim Il Sung and Kim Jong Il, the country's ultimate arbiters of nuclear (and all) policy.

These two domestic policy camps likewise had competing bureaucratic interests. The North Korean military, one of the world's largest, saw its own prestige and well-being enhanced through the acquisition of a nuclear arsenal. It also stood to have its influence over policy greatly increased in a world of threatening outside powers held at bay through nuclear deterrence, as opposed to one in which the country enjoyed normalized relations with the United States and South Korea. The military leadership continued to entertain hopes of unification of the peninsula by force, and opposed any thaw in relations with Seoul. The foreign ministry, on the other hand, could expand its

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[103] Mansourov describes this coalition of "civilians and pragmatic softliners" as being centered around the (somewhat ironically named) Institute for Peace and Disarmament, the Minstry of Atomic Energy, and the Ministry of Foreign Affairs. Mansourov, 1995, p.32. Solingen refers to the "old guard" and "*ancien regime* supporters," drawn from the military and security complexes, competing with civilian bureaucrat reformers, and ties this competition over nuclear policy into a wider debate over *juche*, openness, and economic reform. Solingen, 2007, pp.125-138.

relatively smaller role in policy were the country to move away from the official state doctrine of *juche,* or self-reliance, and toward greater integration in the international system.[104]

On the American side, there were two primary domestic cleavages: one ideological, between those who favored strongly coercive diplomacy and pragmatists who supported bargaining on a quid pro quo bases; the other policy-oriented, between arms controllers primarily concerned with upholding the international nonproliferation regime (and therefore very sensitive to reputation effects) and a security-minded faction willing to make a deal if it reduced the strategic threat from the DPRK nuclear program.[105] These complex and shifting factions created an often trying policy-making climate for the White House.

Concessions were often sought by both the Americans and the North Koreans not simply for their value to the country as a whole, but as a means of addressing the concerns of these domestic factions or appeasing domestic critics. For example, the reformers in Pyongyang repeatedly sought tangible concessions up front from the Americans – often ones of only token or minor value, such as the heavy fuel oil required under the Agreed Framework – simply to demonstrate to hardliners that the bargaining was effective and that they were capable of extracting concessions from the other side.[106] Likewise, the Clinton administration's decision to seek a 'package' deal with North Korea was that it would set an ultimatum of sorts for the North, assuaging conservative critics who argued that the earlier policy of incremental steps played into the North

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104 Solingen, 2007, p.133.
105 Wit, Poneman, and Gallucci, 2004, p.8.
106 Oberdorfer, 2001, p.352.

Koreans' hands by giving them an opportunity to string the Americans along while pushing ahead with its nuclear program.[107]

This need to demonstrate success in the bargaining process to domestic critics also heightened sensitivity to extortion. No advocate of a negotiated settlement could afford to appear as a weak negotiator. Thus reputation costs need to be considered not only at the state level but also with respect to domestic factions, as each bloc has an interest in establishing itself as a tough bargainer.

The need to satisfy rival factions often led to policy choices that played into the hands of hardliners in the other country's government. Both sides frequently failed to see how their mix of concessions and coercion often strengthened the other country's critics of the negotiating process. The North Koreans likely saw themselves as making significant concessions by signing the IAEA safeguards agreement and admitting to past plutonium reprocessing (however misleading the admission was). Yet discrepancies between North Korea's declaration to the IAEA and findings from inspections fit well with the argument made by conservatives in Washington that North Korea could not be trusted to negotiate in good faith, and that they would exploit any concessions made by the United States, interpreting such moves as a sign of weakness and an opportunity for extortion. The reaction was similar in Vienna, as it gave a stronger voice to those in the agency who were concerned about the IAEA stature in the wake of its failures in Iraq.

When the IAEA and the United States responded with coercive measures – demands for more invasive inspections and the announcement that Team Spirit would proceed in 1993 – the reformers in Pyongyang were caught in a difficult position. Their

[107] Wit, Poneman, and Gallucci, 2004, p.93.

risky efforts at making conciliatory gestures to signal a willingness to bargain over the country's nuclear program was used as an excuse for coercion by American hawks. This fed directly into the policy arguments that the military-centered faction had favored all along: self-sufficiency, avoidance of any ties with the West, and the rapid pursuit of a nuclear deterrent.

The leadership transition that was taking place in Pyongyang during this period likely complicated matters. Kim Jong Il and his supporters were in the process of solidifying their claim to succession. Kim had been sympathetic toward supporters of reconciliation and normalization of relations with the United States, a position that complicated his relationship with many in the conservative military elite.[108] Yet Kim's efforts with the United States and the IAEA were going unrewarded. He had taken credit for the cancelation of the Team Spirit exercise the year before, only to see it resumed the next year.[109] Likewise, cooperation with the IAEA on inspections had unexpectedly put North Korea in the position of being caught in a lie about its past nuclear activities. More invasive inspections would only yield further, and unacceptable, embarrassment, not only for Pyongyang in the eyes of the world, but for Kim Jong Il as well, in the eyes of powerful domestic constituencies. This was particularly true in a political culture in which *ch'emyon*, or saving face, was an overriding concern.[110]

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[108] Kim Jong Il's relationship with reformers is, in fairness, a matter of debate, as are most issues in the murky world of North Korea's domestic politics. See Becker, 2005, ch.9; Harrison, 2002.
[109] Martin, 2004, p.491.
[110] As Oberdorfer describes it, *ch'emyon* was of "tremendous, almost overwhelming importance to the reclusive North Korean regime." He quotes senior North Korean officials as stating "For us, saving face is as important as life itself," and, another time, " Even if we had done it [cheated], we would never admit it." Oberdorfer, 2001, p.278.

Alternatively, taking a hard-line stance against the West could create a rally-round-the-flag effect, serving to solidify Kim's grip on power and to squelch criticism from the conservatives. Thus the North was forced to adopt a tougher stance than may otherwise have been possible.

In both countries, bureaucratic self-interest helped shape the preferences of domestic factions. In the US, the State Department, responsible for US relations with international organizations such as the IAEA and the UN, was acutely sensitive to how negotiations with North Korea would affect the broader global nonproliferation regime. They were primarily focused on bringing the North Koreans back into the NPT fold, and perceived North Korea's withdrawal from the treaty as first and foremost a threat to the international regime. Many in the Pentagon, however, were more concerned with North Korea's ability to produce plutonium and ultimately build a weapon. They were more concerned with putting an end to this capability, and were more willing to compromise on safeguards and inspection issues to that end.

Meanwhile, the foreign ministry and the military in North Korea sought to enhance their power by pushing for, respectively, accommodation with the United States and the international community, and self-reliance through the acquisition of the ultimate deterrent. These divisions in Pyongyang were revealed in the various rounds of the Gallucci-Kang talks, as North Korean diplomats referred explicitly to their difficulties with military hardliners. The North Korean representatives warned their American counterparts that if Pyongyang failed to come to terms with the Americans and the IAEA, the military would restart plutonium reprocessing and publicly announce their intention

to create a nuclear deterrent. This threat no doubt was meant to put pressure on the Americans, but also likely reflected political realities in Pyongyang.

This competition for influence in Pyongyang appears to have been shaped to a significant degree by American bargaining positions and by the external strategic environment. Conservatives in North Korea seem to have gained an upper hand, for example, during the summer of 1993. The Americans' insistence that the North give in to IAEA inspections – inspections that were likely to shed further negative light on past North Korean NPT violations and reprocessing activity – before a third round of talks could take place, while at the same time standing firm on Team Spirit and making only token concessions on LWRs, gave reformers in Pyongyang little to show to mollify critics.

In South Korea, as was the case in the North, pursuit of an indigenous nuclear capability was part of an overall political orientation that favored economic and military self-sufficiency. Solingen identifies two major domestic political groups during the 1970s that were relevant to the country's decision to pursue nuclear weapons.[111] On one side was a group that included President Park which believed that South Korea, poor in energy, capital, and natural resources, needed to stick to the export-oriented model of economic openness that Park introduced after his seizure of power in the 1960s. This group saw the maintenance of the military alliance and a strong economic relationship with the United States and its allies as a core element of this approach. Flaunting the global nonproliferation regime, they argued, would endanger both the US defense commitment and South Korea's access to foreign markets and sources of capital and

[111] Solingen, 2007, pp.86-94.

technology. Continued growth and security, therefore, depended on openness, reliance on the US nuclear deterrent, and, therefore, nuclear self-restraint. The other group, echoing North Korean *juche*, favored economic and military self-sufficiency. Not willing to bet the country's security on the continued favor of the United States, they preferred to develop an indigenous nuclear fuel cycle, strong modern military, and their own nuclear deterrent.

US policies and changes in the strategic environment in the 1970s exacerbated the dispute between the two camps. The oil shocks, the Nixon Doctrine, US setbacks in Southeast Asia, and the decision to withdraw the 7th ID from the peninsula all strengthened the self-sufficiency camp, which argued that future American security commitments could not be relied upon. From this point of view, the Americans' threats to sever military and economic ties were paradoxical. America's weakening commitment to South Korea was exactly what the self-sufficiency camp feared and expected. US threats to fulfill these fears only strengthened their argument that the South could only rely on itself, and that the support of the Americans would be conditional at best. The Americans did, however, bring pressure to bear in ways that cost the supporters of self-sufficiency. The US threatened to cut loans, technical, support, and access to civilian nuclear technologies that would have been necessary to South Korea's plans for energy autonomy. Similarly, the US threatened to cut access to military technology and training, which were essential for the development of an independent South Korean military capability that could successfully deter the North. This likely explains why these threats had a stronger effect than threats to cut strategic ties, and prompted at least token shows of compliance such as ratification of the NPT.

Nonetheless, the United States did not finally succeed in bringing Seoul into line with Washington's nonproliferation demands until it was willing to make concrete gestures of its continued security commitments. It was made clear to the South Koreans that self-sufficiency would be complicated by the Americans were the country to continue to pursue nuclear weapons. At the same time, the United States demonstrated that it would take actions to bolster the South's own military capabilities and energy resources were they to acquiesce to nuclear demands. In other words, the United States was willing to move from extortionate demands to an exchange that linked military and energy self-sufficiency to the nuclear issue. Most importantly, incentives were targeted to domestic groups that most strongly supported the development of an indigenous nuclear weapons program.

CONCLUSION

This paper puts forward an analytical approach to nuclear nonproliferation negotations borrowed from the literature on international political economy. This framework models bargaining moves as issue linkages, and moves the discourse on nonproliferation efforts from the contrast of 'sticks' and 'carrots' to that of a multi-round game, under conditions of incomplete information, in which the two sides seek to find a Pareto-efficient agreement. I have argued that a major flaw in the literature on nuclear nonproliferation and on economic statecraft in general has been the treatment of sanctions and incentives in isolation, when in fact these forms of statecraft are almost always used in concert. I have focused on the significance of extortion and reputation effects, the role

of domestic politics, and the use of iterated offers and counteroffers as signals aimed at providing one's bargaining partner with greater information on preferences.

A brief examination of the negotiations leading up to the 1994 Agreed Framework and US efforts to prevent South Korea from developing a nuclear weapons capability demonstrates that this analytical approach offers novel insights, and is worthy of further research. Of greatest importance, this study points to the significance of extortion. Specifically, tactics that are perceived as extortionate are likely to fail. Success is most likely when bargaining is framed as exchange or explanation, and each party demonstrates to the other that it is willing to make costly concessions up front in return for the other side's cooperation. In the North Korean case, Pyongyang successfully framed the plutonium-for-LWRs deal as explanation: the energy from the LWRs (and their face-saving value for domestic hardliners) would offset losses from shutting down the existing graphite-moderated reactors. On the other hand, American demands that Pyongyang meet preconditions before *quid pro quo* exchange could even be discussed were viewed as extortionate and were a prescription for failure. It was not until both parties were willing to agree to the stepwise and reciprocal exchange of concessions that a settlement could be reached.

In the South Korean case, the United States finally succeeded in putting the country's independent nuclear ambitions to rest only when it was willing to meet the military and energy concerns of key domestic groups. Throughout the second half of the 1970s, the US employed extortionate threats with mild reassurances to minimal effect. Progress was made at points where the United States was willing to back down on troop withdrawals or to reaffirm security commitments, or when threats were made that put into

question South Korea's ability to maintain a sufficient defense capability independent of US power. Only an upgrading of the alliance between the two countries, the end of plans for further troop withdrawals, and increased military assistance eliminated serious concerns about a South Korean nuclear weapons program.

Both cases demonstrate that concessions can be crafted in a manner that makes cooperation in later bargaining rounds more likely by making the strategic context more benign. Offers by the United States and South Korea to cancel Team Spirit exercises had this effect, as did the US decision to withdraw its nuclear forces from the peninsula. Conversely, military reinforcements by both parties along the DMZ and the decision to deploy Patriot batteries complicated nuclear negotiations. US security commitments and efforts to bolster the South's indigenous military capabilities had a similar effect.

Bargaining relationships in both cases could not be efficiently modeled as interactions between two unitary actors. The preferences of domestic actors needed to be considered, as did relationships with allies. The US need to satisfy the IAEA and Seoul on the one hand, and Pyongyang's relationship with China on the other, greatly restricted both side's abilities to negotiate. In the South Korean case, the Americans needed to address a domestic debate over economic openness and strategic self-sufficiency. Threats and incentives offered to the South were inextricably linked to the strategic threat from the North.

Finally, this study has also highlighted the importance of direct channels of communications between states, particularly adversaries. The American view that high-level talks with the North Koreans were in and of themselves a concession, and could only be held once preconditions were met, proved to be self-defeating. It is telling that it

required the odd spectacle of former president Jimmy Carter visiting Pyongyang as a private citizen to avert what could very well have been a second Korean War. When bargaining is conducted under conditions of incomplete information, preferences must be communicated through complex signaling over multiple rounds of offers and counteroffers. This is best facilitated when there are clear and open channels of communication between the two parties.

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