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U.S. China Economic and Security Review Commission

April 13, 2011

Co-Chairs Bartholomew and Brookes and distinguished members of the Commission, thank you for the opportunity to testify before you today on the topic of China's economic and security impact. This is my first time testifying before this body, and I am honored to appear before you. I request that my full testimony be submitted for the record.

Co-Chairs Bartholomew and Brookes, there was once a time when I worked on the NSC that U.S. policy actively sought out Chinese cooperation in denuclearizing North Korea. Though some may disagree, I believe that some cooperation with Beijing, particularly in the aftermath of the October 2006 nuclear test, led to some positive outcomes and achievement of some of our objectives in getting at the North's nuclear programs. It is my firm view that these days are over. For reasons, I shall describe, Beijing has chosen to support its communist neighbor unconditionally. This is not out of affinity or historical ties, but because it sees a minimum level of stability in the North as in China's interests – even if this means acquiescing at Pyongyang's provocations.

For DPRK leader Kim Jong-il's seventieth birthday in February 2011, the Chinese sent a special delegation to Pyongyang. It was led not by the foreign ministry but by the head of the Ministry of Public Security. The delegation

showered Kim with gifts including a Shou Tao -- a large porcelain peach as a birthday gift. The Shou Tao symbolized the Chinese people's wish for a long and healthy life for Kim Jong-il.

Members of the Commission, we can learn from this episode five basic facts about the relationship between the DPRK and its only really patron in the international system today.

The first basic fact is that while other nations speculate how much longer the stroke-stricken North Korean leader can hang on, China is unabashedly pronounced in its desires to see Kim Jong-il remain in power for as long as possible.

Second, China's policy toward North Korea is unlike that with any other country in Beijing's orbit. The Chinese refer to it as a special relationship, often described by the adage "as close as lips and teeth." Policy toward North Korea is not made in, nor led by, the foreign ministry, which shepherds China's diplomacy with an eye to its international reputation and compliance with global norms. Instead, this relationship is made, managed, and protected by the liaison office of the Chinese Communist Party and by the People's Liberation Army. It must always be remembered that the latter group, the PLA, has historically seen the northern portion of the Korean peninsula as geostrategically critical to its security. The key battles of the Sino-Japanese war were fought in northern Korea. During World War II, Japan's invasion of China was staged from the northern portion of Korea. And during the Korean War, the key battles that kept the U.S. away from the Yalu river were fought in northern Korea. North Korea is a strategic piece of territory for

China, not in the sense that it is intrinsically valuable, but in the sense that Beijing can never allow it to fall in the hands of the South or the U.S.

The third basic fact about China-DPRK relations is that despite the professed unique relationship, there is no love lost between the two. In public, the two speak only platitudes of one another. I sat through many a dinner in Beijing at Six Party talks where the DPRK and Chinese delegates would share obsequious toasts about the rich history and ever-lasting friendship between the two. Whenever the press took photos, the DPRK would always be shuffled into position next to the Chinese ahead of the other Six Party members. It was all smiles and hugs. This public image, however, stands in stark contrast with the private relationship. On the one hand, DPRK distrust of the Chinese is palpable. Pyongyang detests Beijing's high-handed treatment of the North akin to that of a poor Chinese province. It must accept Chinese mining contracts because it needs the money, but it does so with deep disdain for Beijing's predatory policies aimed to suck all of the resources out of North Korea for China's consumption. On the other, Beijing views the North as a huge albatross around its neck from the Cold War. Its bad behavior, which China is forced to acquiesce to, drags China's name through the mud and tarnishes its international reputation. The Chinese would often express their frustration to us about dealing with its stubborn neighbor. And behind closed doors at Six Party talks, one could occasionally hear the two sides shouting at one another, at which point the patrons at the Diaoyutai State Guest House would usher intrigued parties away from the embarrassing scene.

The fourth basic fact is perhaps the most significant and disappointing to many: Despite China's frustration with its poor and pathetic neighbor, it will never abandon it. There were three brief periods, arguably, when Beijing contemplated changes in their support of the DPRK. After the Korean War, China was indignant at how Kim Il-sung's folly had cost China over 900,000 lives, a war with the United States, and the loss of Taiwan. Peng Dehuai, who was commander-in-chief of Chinese forces during the Korean War, in particular wanted to have Kim's head for his mistakes. He argued forcefully for this position and might have succeeded had he not also criticized Mao's Great Leap Forward, which put him in disfavor among the Chinese leadership. The second moment was at the end of the Cold War when Beijing normalized relations with South Korea in 1992, it had to balance relations with Pyongyang against a new and economically vibrant partner in the South, creating tensions. And the third moment was after the first nuclear test in 2006. Beijing was so upset with the North's actions that it undertook some punitive measures including support of UN Security Council sanctions and other bilateral measures. But these were very brief episodes in an otherwise consistent policy of support for North Korea. This underwriting of the regime has only become more apparent after Kim Jong-il's stroke in 2008 and the accelerating of the process to hand over power eventually to his youngest son, Kim Jong-eun. In the end, this support derives less from some anachronistic communist allegiance, and more from the fact that the two are mutual hostages: North Korea needs China to survive. It hates this fact of life and resists all Chinese advice to change its ways. China needs North Korea not to collapse. It hates this fact. And as the only patron supporting the

decrepit regime today, it is, ironically, powerless more than it is omnipotent because the regime's livelihood is entirely in Chinese hands. It must therefore countenance DPRK bad behavior because any punishment could destabilize the regime.

Pyongyang knows this, and deftly leverages its own vulnerability and risk-taking behavior to get sustenance, diplomatic support, and protection from its ambivalent big brother against the South Korean and American "aggressors."

Cheonan and Yeongpyeong

It is because of this mutual hostage relationship that China did nothing in response to North Korean provocations in 2010, including the Cheonan sinking, the artillery shelling of a South Korean island, and the brash announcement of its uranium enrichment program. Because China's goal is preserving at least a minimal level of stability in the North, it did not take punitive actions that might escalate the situation. Instead it made the same empty calls for dialogue and for a return to Six Party talks. Beijing took much criticism for this and the biggest cost was a complete about-face in South Korean public attitudes toward China, which only a couple of years ago was quite positive. Today, across the political spectrum self-identified political progressives and conservatives poll consistently that they have negative or somewhat negative views of China. In the wake of the shelling of Yeonpyeong Island, 91 percent of South Koreans were dissatisfied with China's reaction to the attack, and nearly 60 percent favored a strong protest, even if doing so damaged economic relations with the Chinese.¹ I do not believe Beijing was happy at all with

¹ Unpublished survey by the ASAN Institute for Policy Studies, (27 November 2010).

its position. Indeed, I think Chinese were as disgusted with the North as others, but because it feels it cannot allow the situation to escalate and destabilize the delicate leadership transition, it finds itself stuck once again, cleaning up North Korea's mess.

Chinese-style reform?

China's consistent position has been the need to promote economic reform in North Korea as the primary way to address the security problem. China references its own reform experience as a model for the DPRK, and always trumpets the list of high-tech factories that Kim Jong-il visited in his last trip as evidence that the North is on the road to reform, and that we need to engage, not sanction this effort. There are three reasons that this argument is wrong, in my view. First, the DPRK and China experiences are not comparable. Many of my friends who are China scholars in the U.S. are bullish on economic reform in the DPRK because they believe that if China could do it, surely the DPRK could as well. The main difference here, however, is that China had Deng Xiaoping – a visionary and potent leader who pushed reform. Today, there is no Deng Xiaoping in North Korea. The second difference has to do with the leadership's values. In China, it is often said "to get rich is glorious." This phrase embodies a value that allowed the Chinese to pursue a capitalist economy in a communist polity. But in North Korea, for the leadership, retaining political power is more important than money. Finally, I do not see visits by Kim Jong-il to factories in Shanghai as evidence of a preference for reform. The attached table lists all of the

factories that Kim visited dating back over a decade. Each time, Beijing claimed it was a new day in Pyongyang. And each time they were wrong.

Neojuche Revivalism

Finally, all indications are that the new leadership under Kim Jong-eun are against any major reform. Despotic regimes like North Korea cannot survive without ideology to justify their iron grip. And the ideology that accompanies Kim Jung-eun's rise appears to look backwards rather than forwards. I call it "neojuche revivalism." This constitutes a return to a conservative and hardline "juche" (self-reliance) ideology of the 1950s and 1960s – harkening back to a day when the North was doing well relative to the now richer and democratic South. Neojuche revivalism is laced with "songun" (military-first) ideology which features the North's emergence as a nuclear weapons state (Kim Jong-il's one accomplishment during his rule). This revivalist ideology leaves no room for opening because it blames the past decade of poor performance on "ideological pollution" stemming from experiments with reform.

The revolution in North Korea died long ago but the young son will be forced to cling to the core but outdated ideological principles that worked during the cold war. It is no coincidence that Kim Jong-il has frequented visits in the past two years to factory towns that used to be the center of North Korea's mass worker mobilization (Chollima) movements of the 1950s. It is no coincidence that NKEconWatch's website, which has the best Google earth imagery of the North, has

reported the rebuilding of chemical and vinylon factories which were the heart of cold war-era Pyongyang's now decrepit economy.

Neojuche revivalism is untenable in the long term. Mass mobilization of workers without reform can only work with massive inputs of food, fuel, and equipment which the Chinese will be increasingly relied upon to provide. Beijing seems content to backstop its communist brethren for the time being. But heightening world food and fuel prices because of the revolutions in the Middle East may make them a bit stingier with Kim.

TABLE 1 Visits by Kim Jong-il to China, 2000 to 2011

Date of visit		Factories Toured	Location
2000	5/1 /00	Zhongguancun (中關村) IT complex	Beijing
		Lenovo computer	
2001 (1/15- 20)	1/1 7/0 1	Shanghai Hua Hong NEC Electronics Company Ltd (上海华虹NEC)	Shanghai
		1/1 8/0 1	
	1/1 7/0 1	Shanghai Bell Telephone Equipment Co. Ltd (上海贝尔股份有限公司)	
	1/1 9/0 1	Zhangjiang (長江) High tech complex	
		Shanghai Pudung (浦東) Software complex	
		Human genome research center	
		Shanghai Sunqiao Modern Agriculture Development Zone (上海孫橋現代農業開發區)	
2006 (1/10- 18)	1/1 1/0 6	Chang Fei Optical Fiber & Cable (長飛光光有限公司)	Wuhan, Hubei Province
		Fiber Home (烽火通信科技股份有限公司) (communication technology)	
	1/1 3/0 6	VTRON Technologies Ltd (display, information visualization)	Guangzhou, Guangdong Province
	1/1 4/0 6	Industrial and Commercial Bank of China Software development center	Zhuhai, Guangdong Province
		Gree Electric Appliances Inc. (珠海格力电器股份有限公司) (air conditioning)	
		Eastcompeace Smart Card Co. Ltd (东信和平智能卡股份有限公司)	
	1/1 5/0 6	Huawei Technologies Co. Ltd (華為集團) (telecommunication equipment)	Shenzhen, Guangdong Province
Han's Laser Technology (大族激光公社)			
2010 (5)	5/3 /10	Dalian Port, Shipyard	Dalian, Liaoning Province
		Dalian Development Area	

	/10	Intel factory	
2010 (8)	8/2 6/1 0	Jilin Chemical Fiber Group Co. Ltd. (吉林化纖集團)	Jilin, Jilin Province
	8/2 8/1 0	Agricultural exhibition	Changchun, Jilin Province
		Jilin Agricultural University (吉林农业大学) Changchun Li Chi Motors (FAW Group) (長春第一汽車製造廠)	
	8/2 9/1 0	Harbin Engineering University (哈爾濱工程大學)	Harbin, Heilongjiang Province
		Steam turbine factory	

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