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## Lessons on Sanctions and North Korea – A Dual Approach to Slowly Enact Change

LSE IDEAS

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Financial sanctions are measures taken to identify, target and disable the financial support networks of foreign states and regimes, terrorists, international narcotics traffickers, proliferators of weapons of mass destruction, and other threats to national security.<sup>[1]</sup> They are currently imposed by the United States on fifteen states ranging from Belarus to North Korea, and individuals and organizations such as Charles Taylor and Al Qaeda.<sup>[2]</sup> Though their ability to achieve their stated purpose is contested by such scholars as Haufbauer and Robert A. Page, <sup>[3][4]</sup> sanctions are commonly used in international relations and are a prominent tool of coercive diplomacy.



In the field of International relations, literature on this subject is both diverse and comprehensive, but can be grouped into four main types of studies; the first emphasizes single-case studies on the impact of sanctions, the second, on the broader political as well as economic success of sanctions through comparative analysis and the third, highlights the use of sanctions as a means to signal or reveal intent on the international stage. The last, relates to the significance of the role of cooperation to impose sanctions.

Single-case studies seek to ascertain the effectiveness of sanctions in causing policy change. John Galtung developed a model for society's responses to sanctions, and outlined people's ability to undermine their effectiveness. The practical strategies applied by people in Rhodesia to British sanctions offer an insightful assessment of the problems entailed in making sanctions effective and lead to the establishment of a series of conditions for sanctions to be effective.<sup>[5]</sup>

Using such studies as a platform, the second type of study, led by such scholars as Gary Hufbauer, Jeffrey Schott, Kimberley Elliott and David Baldwin, outlined definitions, variables and determinates, that constructed a framework for sanction success. Applying their collection of statistics on most of the sanctions implemented throughout the 20<sup>th</sup> century they identified the variables needed to have a successful sanctions system as a contribution to a desired policy change.<sup>[6]</sup> Scholars such as Baldwin, advanced the field by accepting the relative ineffectiveness of sanctions according to statistical evidence but highlighting their appeal as a policy measure that can demonstrate resolve and act as a sign of intention on the international stage. <sup>[7]</sup>

The third stage of sanctions literature relates to issues beyond effectiveness. Like Baldwin, they stress that sanctions can be implemented for reasons other than the inducement of a policy change from the target nation. However, rather than focusing on the use of sanctions as a signal or reputation-builder, they stress the economic benefits of particular sanctions on domestic interest groups. The fourth stage revolves around the role of cooperation in the implementation and effectiveness of sanctions. Costs were found to significantly impact the level of cooperation, and cooperation levels were discovered to be higher when international institutions implemented sanctions, and trends of bandwagoning were also found amongst potential sanctioners. These four stages bring the current scholastic debate to a close on sanctions and reflect the varied study and assessment of sanctions that exist.<sup>[8]</sup> The effectiveness of sanctions, the elements of imposition needed to make them work, and the interpretation of their success are evidently lacking in agreement. This is also true of the case of sanctions related to North Korea.

The use of financial sanctions on North Korea is a divisive subject that has been discussed by a number of prominent scholars. Haggard and Nolan note that the impositions of sanctions may be more effective than trade sanctions, but only if augmented with other economic concessions, stressing that sanctions are not likely to have an effect in the short run. <sup>[9] [10]</sup> Regarding sanctions initiated in 2009, after North Korea's second nuclear test, Marcus Noland noted that they had had "no perceptible effect" as it would not "have much effect on North Korea's trade with China."<sup>[11]</sup> Ruediger Frank explains that sanctions are a non-friendly, aggressive policy with a shaky legal and moral foundation and should therefore be applied, if at all, with care and only as part of a well-defined strategy.<sup>[12]</sup> Victor Cha also asserts that the imposition of sanctions is unlikely to cause positive behavioral changes with regards to North Korea, and though advocating their imposition, notes that they may lead to war rather than a collapse of the regime.<sup>[13] [14]</sup> Others like Leon V. Sigal emphasize the notion that despite some

having had some success with financial sanctions in North Korea, there needs to be incentives and engagement as well, as he argues, “leverage without negotiations makes no sense.” [15] Again, division on the use of sanctions is clear.

Research into this area, sanctions and their consequences, especially in light of the fact that even as recently as October 2011, the Obama administration chose to increase the levels of sanctions imposed on North Korea, and that North Korea has a new leader, and their role in affecting U.S. policy goals is of vital importance. [16] It is with this in mind that the lessons of previous sanctions policies towards North Korea must be looked at. If lessons are learnt, sanctions that incorporate a holistic approach; hurting those in North Korea that run the state, include the support of allies, in particular China, and that are sustainable enough to maintain the support of factious right-left US domestic politics, could have a positive role to play in the future of the peninsula.

A look back at the Clinton, Bush and Obama administrations reveals that sanction-imposition and coercive approaches to North Korea have not been overly successful to date. It is clear that Clinton pursued a coercive diplomacy approach to the DPRK, and in the case of the 1994 nuclear crisis and managed to stop North Korea’s exit from the Non-Proliferation Treaty (NPT) by using a mixture of diplomatic and economic “carrots and sticks.” The carrots were the normalisation of relations culminating in the Albright visit and the promise of Light Water Reactors (LWRs) to cover the North’s energy needs as well as other inducements, and sticks the threat of force and sanctions, worked to convince North Korea that it should not leave the NPT. This policy however, was not fully cemented as a lack of a presidential visit and stalling from a Republican-dominated Congress meant that promises made under Clinton’s approach were not fulfilled. Right-wingers also complained that the policy was too soft and rewarded North Korea for bad behaviour, thus making its maintenance unsustainable. [17]

The Bush Approach was again coercive, but this time a more hawkish engagement strategy meant that the flexibility shown by the previous administration was gone. Sticking to dismantlement as a pre-requisite, the talks largely stopped – though some claim success in the fact that North Korea actually partook in the six-party talks at all. There seems to have been more “stick” than “carrot” in the Bush execution of coercive policy, with hawks such as John Bolton advocating further sanctions on the pariah state. [18] Though such sanctions as the BDA financial sanction, imposed in 2005, managed to damage North Korea financially, had the support of both South Korea and China and initially galvanised domestic US support, the sanction did not maintain these key ingredients and thus could not be fully realised.

Under President Obama the imposition of sanctions has increased as the policy of “strategic patience,” whereby the US waits for North Korea to change its bad behaviour before engaging with the state, has been implemented. Yet, trade between North Korea and China has increased and sanctions do not seem to affect the state in enough of an effective manner to encourage the new leader to bring de-nuclearisation to the table. Priorities dictate that the US is focusing elsewhere, but with the incumbent American President expected to win the next election and thus soon to begin his second term, greater attention to sanctions needs to be taken.

For sanctions to work, firstly, China must be engaged and encouraged to support them, as they did in 2005, anything less negates their value. Secondly, unlike Clinton’s policies that failed to appease the right, and Bush’s policies that failed to appease the left, a middle ground must be fought for and won in order for sanctions to be agreeable to the US Congress. Lastly, the sanctions implemented should not target the ordinary North Korean citizen but instead hurt the elites of the regime by focusing upon the financial systems, weapons sales and institutions that cement their control. Sanctions, if effective, could help to push the North Koreans to rethink their policies, but this should not be to the detriment of the regular man on the streets of Pyongyang.

It is important to add that a dual-approach is needed. Sanctions to limit such activities as money laundering, the sale of weapons and luxury goods, cannot be implemented in isolation. Such measures need to be augmented by a more ground-up directive, a people-centric approach that accepts the intrinsic link between politics and economy. Whilst attempting to damage the power of the elite, steps to engage the people of North Korea and limit the effects of sanctions upon them must be made. Exchanges on educational, cultural and political levels must be encouraged, NGOs be supported to re-enter North Korea and political rhetoric toned down. Concrete steps to help North Korea normalise itself should ensue and sanctions reduced if it behaves according to international law. The current armistice should be replaced by an internationally guaranteed and permanent peace regime which would help the realisation of arms control on the Korean Peninsula and subsequently help North Korean resources to be directed towards economic development. Introducing elements of market reform into North Korea to encourage interdependence will make it more likely to follow international norms as well as the boost interdependence between the two Koreas and ASEAN nations. [19] Increased economic engagement will only help foster peace on the peninsula. This is a more open, economic-based and bilateral approach that should run in parallel to any imposition of sanctions. While sanctions provide the international community with a way to signal to North Korea its discontent, and if imposed effectively, can damage the ruling elite, they alone cannot solely bring about change. A holistic strategy that attempts to destabilise the top by sanctioning the elite, while supporting the bottom through a people-first approach is needed. Such an approach would appease regional partners, satisfy hardliners and liberals alike in the US and ultimately be sustainable. In terms of sanctions, lessons learnt from the past and applied to the present may actually help to forge a better future for the ordinary people of North Korea.

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