

For the Love of Money

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Articles & Testimony

From whiskey to nuclear secrets, North Korea plays a remarkably entrepreneurial role in international affairs for a Communist regime.

Pakistan and North Korea have been involved for decades in a secretive trade: The Pakistani military acquired missiles from North Korea, and Pyongyang, as part of the deal, gained access to Pakistan's uranium enrichment centrifuges. Now, new details have emerged that reveal how this relationship was smoothed by money. The *Washington Post* published revelations today, attributed to me, that top-level North Korean officials bribed Pakistani military officials with over \$3 million in exchange for the nuclear technology. This disclosure offers fresh details about how nuclear weapon secrets have proliferated across the globe -- and provides a unique insight into the dangerous consequences of the hermit kingdom's "entrepreneurial" role in world affairs.

The story, in short, is this: Abdul Qadeer Khan, the founder of Pakistan's nuclear weapons program, provided me with a [letter \(http://www.washingtonpost.com/wp-srv/world/documents/north-korea-letter.html\)](http://www.washingtonpost.com/wp-srv/world/documents/north-korea-letter.html) written in 1998 by a high-ranking North Korean official, which laid out payments of cash and jewelry intended for two Pakistani generals in exchange for nuclear know-how. Khan, who I have been in correspondence with since the early 1980s, also provided a written narrative that described how he personally handed the money over to one of the generals. While Pakistani officials maintain that the letter is a forgery, both senior U.S. officials and the former International Atomic Energy Agency official in charge of investigating Khan said that the documents accord with their understanding of the corruption that fueled Pakistan's crucial assistance to North Korea's nuclear weapons program.

But the larger issue of why North Korea has been so enthusiastic about acquiring, and subsequently exporting, nuclear technology remains unanswered. What motivated North Korea to reportedly build a plutonium-producing nuclear reactor for Syria -- a project destroyed by Israeli jets in 2007? Why has Pyongyang sold missiles to Iran and may be helping the Islamic Republic with its nuclear program -- perhaps with the P2 centrifuge enrichment technology that it revealed last year?

You don't have to be a specialist in East Asia, or on North Korea's "Juche" ideology of self-reliance, to know the answer. It is simple: cash. American diplomats might go on overseas postings determined "to build and sustain a more democratic, secure and prosperous world," as the State Department's mission statement puts it, but their North Korean counterparts go to make money. Indeed, they have to. It's partly because of their national ideology, and partly because of practical necessity. And it's not just about boosting Pyongyang's foreign exchange reserves.

I remember, when living in Pakistan as the BBC and Financial Times correspondent in 1978, a conversation I had with an American diplomat at the U.S. embassy in Islamabad just before the arrival of North Korean Vice President Pak Sung Chul on an official visit. I asked the diplomat, who happened to have an impish sense of humor, what would be a good question to ask Pakistani officials about North Korea.

Why don't you ask whether North Korea will find another way of funding its embassy?" he suggested, explaining that Pyongyang did not give the embassy enough money to function. Instead, its diplomats would buy duty-free alcohol from diplomat-only stores, and then sell it at vast profit on the local black market.

Islamabad, as the capital of an Islamic state, was dry -- but it was also thirsty. And the North Korean diplomats' bootlegging scheme was a very lucrative business. It drove the Pakistani government crazy, but there was little they could do about it: North Korea was an important provider of artillery and munitions for the Pakistani army.

I only got around to asking Pakistani officials about this some 20 years later, during a trip to Islamabad in summer 1998. Just before my arrival, a curious news item had appeared in the international press: The wife of a North Korean diplomat, Maj. Gen. Kang Tae-Yun, had been shot dead in Islamabad, apparently accidentally, by a neighbor's servant. (It was the transfer of her body home that is referenced in the letter published today in the *Washington Post*.) In conversation with a senior Pakistani official, while trying to probe the story, I recalled the anecdote about how the North Koreans funded their local embassy. He smiled ruefully and muttered: "They still do."

The most frequently mentioned line of conjecture for why Mrs. Kang was shot suggests Pakistan's Inter-Services Intelligence (ISI), the country's feared spy agency, organized the operation because it thought she was revealing information about contacts between Pakistan and North Korea to Western intelligence agencies. But North Korean official Jon Byong-Ho, who authored the letter, clearly thought that the real target was Mr. Kang -- officially the North Korean economic counselor in Islamabad, but actually Pyongyang's coordinator of nuclear and missile cooperation, working closely with A.Q. Khan.

According to Khan, the Kangs were walking up their driveway of their home, when the telephone in the house started to ring. Kang rushed ahead to take the call just as a shot rang out. Kang was not hit, but his wife was peppered with shotgun pellets and fatally wounded.

An investigation by the Pakistani military found that the shot was "accidentally" fired by the neighbor's cook, who had been holding the shotgun of the neighbor's armed watchman. (The Kang's house was in a smart neighborhood of Islamabad; nearby villas were rented to Chinese military sales executives as well as a Japanese diplomat. Such houses usually have several servants and a cook, as well as a watchman on the gate.) But why would Kang have been the real target? Perhaps his greed got to him: The possibility should not be ruled out that Kang had been running commercial rackets in Islamabad, and had upset or had forgotten to pay off the right people.

But it might not have been whiskey that was Kang's game. Khan told me that, in 1997, Kang was involved with one attempt to buy so-called maraging steel from Russia, a vital material for making uranium enrichment centrifuges, particularly of the P-2 type recently observed by U.S. scientists visiting North Korea. A sample of the steel had been sent to Kang in Pakistan, but was shipped via British Airways and, unsurprisingly, impounded by British authorities. In early 1998, again according to Khan, Kang tried to buy additional undisclosed, high-tech items in Russia.

Like the North Korean diplomats who lined their pockets by running a liquor smuggling business out of the embassy in Islamabad, Kang's motives may not have been simply nationalistic. He was, I am told, trying to turn a profit on the transactions in order to fund his son's schooling. North Korean Supreme Leader Kim Jong-Il provided his son with a Swiss education, and it sounds like Kang thought his child deserved the same. The Juche philosophy of self-reliance may be meant to protect the hermit kingdom, but as the experience of North Korean officials and those caught in the crossfire in Pakistan attests, it is also a good excuse to make a killing.

Simon Henderson is the Baker fellow and director of the [Gulf and Energy Policy Program \(template102.php?SID=23&newActiveSubNav=Gulf%20and%20Energy%20Policy%20Program&activeSubNavLink=template102.php%3FSID%3D23&newActiveNav=researchPrograms\)](#) at The Washington Institute. ❖

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