

THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES
2003 SPRING FORUM

**TENSIONS ON THE PENINSULA: KOREA, NORTHEAST
ASIA, AND THE UNITED STATES**

**THE BROOKINGS INSTITUTION
WASHINGTON, D.C.
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**INTRODUCTION BY:
RICHARD BUSH
DIRECTOR, CNAPS, BROOKINGS INSTITUTION**

**OPENING REMARKS:
STROBE TALBOTT
PRESIDENT, BROOKINGS INSTITUTION**

*Transcript by:
Federal News Service
Washington, D.C.*

RICHARD BUSH: (In progress) – started. There are other people scheduled to come in, but we – I think we should get going. We have a full program this morning. I'd like to thank you all for coming to this symposium on "Tensions on the Peninsula: Korea, Northeast Asia, and the United States."

I wish I could honestly tell you that three months ago we looked into the Brookings crystal ball and figured out that this would be the week that Jim Kelly would sit down with the North Koreans, but I can't say that. We're good here at Brookings; but we're not that good. Mike O'Hanlon is about that good, but the rest of us are not.

But we will shamelessly exploit this occasion, and seriously, I think that the talks in Beijing are a very important start to a process. This remains a delicate and dangerous situation, and we're pleased to have the opportunity to shed some light on it this morning.

Before I go any further, I'd like to, first of all, advertise a new publication of the Center for Northeast Asia Policy Studies, "A Northeast Asia Survey," and there are copies outside. I would like to thank some people who made this event possible; first of all, my staff – my deputy, Sharon Yanagi; our center administrator, Kevin Scott; and our interns, Daphne, Caroline, Nori and Sonia. We have an excellent staff here at Brookings for putting on events, and I'd like to thank them as well, and I would also like to thank our president, Strobe Talbott, for the strong support he's given to the center for Northeast Asian Policy Studies, and I would like to ask him to make a couple of opening remarks.

STROBE TALBOTT: Thank you, Richard. Thanks, all, to you for coming out this morning to be part of this conference.

Being supportive of CNAPS is one of the easier things that comes with my job. I quickly discovered on arriving here about a year ago that this program is really one of the jewels in the crown of Brookings, and I think it's a credit to the program, to the legacy, to Richard's leadership of it that so many CNAPS fellows – past, present and future – would be here this morning, including at least one, and maybe -- during the course of the day -- two who will be part of this program starting in the fall.

As I look out across this room, I can see all kinds of friends and colleagues from many incarnations of many of us over the years. I won't single out any of them except one, which is this guy sitting down here in the front row in – (unintelligible) – seat, but he'll be along to throw you out of it shortly, Don. The reason I want to mention Don Oberdorfer is because about two-and-a-half weeks ago, there was a rather funny scene that you, I think, would have particularly appreciated, Don, in a cabin fairly far to the front of a Korean Airlines 747 that was making its way from Dulles non-stop to Seoul. Jim and Richard and I went to Seoul for a couple of days of meetings connected, among other things, with CNAPS, and there was also a trilateral commission meeting in Seoul at that time. And in this rather empty plane, up in the near front, there were no less than four people reading Don's book on Korea – *The Two Koreas*. (Laughter.) Jessica Einhorn, who of course is the dean of SAIS, just down the street; somebody named Don

Graham – I seem to have some memory of him associated with you over the years; and then of course Richard and myself. And it could not have been a better preparation for the trip.

As Richard has said, the timing of this conference could not possibly be better. Now Richard is actually mistaken about one thing: three months ago, Mike O’Hanlon did know exactly what was going to be happening now in Beijing; he just – because he’s such a busy guy, forgot to tell Jim and Richard and me about it. But in any event, his crystal ball is excellent, as I’m sure will be apparent in just a couple of minutes.

In addition, of course, to the trilateral talks that are underway in Beijing, Jim and Richard and I, from our visit to Seoul and Tokyo – where, by the way, among other things, we met with CNAPS alumni groups. It was one of the real high points of the trip. We heard a great deal about the topic that is going to be discussed during the course of the day. The peace on the Korean peninsula, the prospect for conflict on the Korean peninsula was very much Topic A, both in Seoul and in Tokyo. Topic A prime was U.S. policy, both now and in the future, toward the DPRK, and the implications of what is happening between the United States and the DPRK with regard to the U.S.’s bilateral relationships, not only with the Republic of Korea, but also with the other CNAPS countries, which is to say China, Russia and Japan.

I think one of the themes that was in the background of the meetings that Jim and Richard and I had in Seoul and Tokyo will probably be in the background and maybe even in the foreground of this set of meetings today, and that is the United States’ role in the world, particularly in the light of what some of Jim Steinberg’s colleagues in Foreign Policy Studies here at Brookings are already calling the Bush revolution in American foreign policy. I don’t think there’s any doubt that once one lifts one’s eyes beyond the greater Middle East, the real proving ground for what’s next in the Bush revolution in foreign policy is in fact going to be on the Korean Peninsula.

I look forward – and I’m sure all of you do – to a very good discussion. By the way, Jim, who is going to be moderating the discussion, has returned from yet another foreign trip, even since we got back from Asia, so he may drift off this evening, but I’m sure he’s very alert this morning, and I see that the topic of the first session that we’re going to have this morning that Jim is going to be leading is Pyongyang’s perspective on the Korean Peninsula, and I have many reasons to want to stay around for the discussion, not least because I want to see which of the panelists is going to speak for the DPRK regime.

But thank you all for being here, and Jim, I turn the program over to you.

(End of remarks.)

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SEGMENT 1
PYONGYANG'S PERSPECTIVE

MODERATOR:
JAMES STEINBERG,
VICE PRESIDENT FOR FOREIGN POLICY STUDIES,
BROOKINGS INSTITUTION

NORTH KOREA'S MOTIVATIONS:
ALLAN SONG, PROGRAM OFFICER,
SMITH RICHARDSON FOUNDATION
DON OBERDORFER,
JOURNALIST-IN-RESIDENCE AND ADJUNCT PROFESSOR
SCHOOL OF ADVANCED INTERNATIONAL STUDIES

THE ECONOMY:
MARCUS NOLAND, SENIOR FELLOW
INSTITUTE FOR INTERNATIONAL ECONOMICS

MILITARY CAPABILITIES:
MICHAEL O'HANLON, SENIOR FELLOW
BROOKINGS INSTITUTION

Transcript by:
Federal News Service
Washington, D.C.

JAMES STEINBERG: Well, Strobe has really given a terrific introduction to our program for today, and I must say that, for all of us, the issues could not be more timely, and we could not be better served by both the panelists that we have today, but also the audience. And I'm really grateful to all of you as a very distinguished group of observers and analysts and sometimes practitioners on the problems we're going to be discussing. And so I know that not only will we get a lot of enlightenment from our panels, but also from the questions and comments from the floor. So we plan to have plenty of time for that.

I don't think the nature of the first topic needs much explanation. I think that the question on everybody's mind is exactly what is on Pyongyang's mind, and it's one of the more mystifying challenges that we all have, but fortunately we have four people here who, if anybody can help us understand it, they can. So let me not waste more time, but just briefly introduce our panel. I'll do it by distance that they've traveled to get here, which – with the exception of one case, is not very far.

First, Allan Song, who is the program officer for the International Security and Foreign Policy program at the Smith Richardson Foundation, which is a foundation known to all of you as perhaps one of the most focused on the security problems of East Asia and has been a great source of support to all of us over the year. Allan's – in particular – expertise has been a tremendous asset to the work of the foundation, and in addition to his years at Smith Richardson, he also worked as a director of Asia programs at the United Nations Association, and that gives him another interesting perspective on the challenges that we're facing. He has been a frequent commentator and writer in all the major publications that are focused on these issues.

Then the next furthest distance traveled is Don Oberdorfer, who has come from about six buildings away. Don, as you all know, is journalist-in-residence and adjunct professor in international relations at SAIS, as well as a distinguished author and journalist for a long time, and has been a frequent contributor to our sessions here at Brookings, for which we are grateful.

Next closest, from directly across the street, Marcus Noland, who is a senior fellow at the international – the Institute for International Economics, who has written – also written extensively on Japan, Korea and China, and in particular, "Avoiding the Apocalypse: the Future of the two Koreas," which won the 2000-2001 Ohira Masayoshi Award.

And finally, from five stories up, Michael O'Hanlon, a senior fellow here and a well-known author and commentator on not only the Korean Peninsula, but a number of other issues. Mike is hard at work on his own book on Korea, which is he is going to Mike Mochizuki, an alumnus of Brookings, and we hope to have that out in the not-too-distant future.

So to begin with, we're going to start and look at what's – what are the motivations behind the recent moves by North Korea, what should we expect going forward, what are the prospects for an agreement, and I want to ask Allan to begin the discussion.

ALLAN SONG: Thank you very much, Mr. Steinberg. It is a pleasure and an honor to be here today – an undeserved honor, really, because I'm not really an expert on North Korea, particularly in comparison to my fellow panelists, and in fact, ever since I got a call from you and Mr. Bush to join the panel, I've been scratching my head – gee, I wonder what the reason was for the invitation, until I recalled a conversation I had with a senior person in the foundation business a few years back when I first joined this business, and I said, "You know, I'm not really an expert. How can I be in this business giving out money to all these other fellow experts?" And he said, "Oh, well, don't worry about it. To be a good foundation man, you don't really have to be a true expert; you just have to be a cocktail party expert." (Scattered laughter.) And I said, "What's that?" And he said, "That's an expert who is expert on everything, but only for ten minutes." (Scattered laughter.) And then interestingly I noted that was precisely the time allotment that I had been given. (Laughter.) So in that spirit, for ten minutes I'll pretend to be an expert only if you will pretend to be impressed and not ask – (laughter) – and not ask any questions.

My task – one of the tasks is to kick off the discussion, but to address sort of the critical view on North Korea, the so-called hawkish view or a Republican, if you will. And true, there is this debate going in this country how to handle North Korea, how to assess North Korea, how to make policy toward North Korea. And there – that dichotomy is very real. But it is not a simplistic sort of hawkish versus dovish, or Republican versus Democratic, conservative versus liberal dichotomy or debate, although it is that, no doubt. But underlying that, it is also a debate – a very serious debate, an unresolved and possibly unresolvable debate about means and ends, about our assumptions about North Korea, the way we have analyzed, you know, bits and pieces of clues and evidences we have collected over North Korea. So the point – the first point I wanted to get across is that this is not a simplistic and simpleton's kind of dichotomy about North Korea – hawk versus doves and so forth.

My point of view probably gravitates towards – closer towards the hawkish point of view. I am convinced, as – to get ahead of myself a little bit – that North Korea is not willing to change, and that – sort of where – it's a cyclical proposition rather than an evolutionary or a transformational proposition. But before I lay them out, I wanted to sort of return to what's going on in Beijing because that's a convenient segue to address the issue of North Korean motives and intentions.

In the short term, I think – as most of my panelists will probably agree with me – I think North Korea's motive is to get the U.S. to provide them some sort of security guarantee for the regime. Whether this, in their mind, is concretely sort of a non-aggression pact or guarantee, or something less than that, I don't know. But I think it's

safe to assume that that is one of the most fundamental and overriding motivations on their part.

Second, probably access to economic assistance – not bits and pieces, but a more sustained one; you know, access to the World Bank, international financial institutions and communities, and so forth.

When you branch out into their medium- to long-term motive, it becomes far less certain, and I do have to confess I don't know what their motives are. I think it's safe to rule out – and some might charge that I'm being naïve, but I certainly rule out that their motive is some kind of a military sort of assault on South Korea or Japan or this type of thing. But who knows? They might have – they still might harbor some design to sort of unify the Korean Peninsula on terms that are at least not unfavorable to them, but again – I mean, you know, I'm now getting into sort of speculative terrain.

In terms of the nuclear crisis that they have precipitated – what is motivating them – here again, much of the debate has centered around do they want to go nuclear, is this a bargaining chip – you know, what is motivating them. Again, I don't know. Indeed, you know, there has been a lot of confusion and debate about whether they even have a nuclear program, or was this a confusion of a translation, are they still denying it, is this a threat – so there is a confusion that surrounds this – the nuclear crisis that they have very – obviously very carefully precipitated and have calibrated according to our time clock, particularly in regard to the Iraqi crisis that we had to manage.

But assuming that they are carrying on on this nuclear program, I think whether they are intent on becoming a nuclear power or not is not an either or proposition; that is, it's not either a bargaining chip or they're intent on becoming a nuclear power. Rather, I think it's a – sort of a all-in-one type of proposition; that is, they carry on with this crisis, and if they can bargain it away for some concessions, they will do so. And if they fail to, then they will always have the option of going nuclear. So it's not – as far as I can see, not so much an either/or proposition, but a sequential proposition that they will sort of adapt to as the situation develops.

One sort of last cluster of views and arguments that I wanted to end my 10-minute presentation on was what I see to be sort of the core of our ongoing debate – “our” meaning U.S. debate about North Korea and the efficacy of our policy towards North Korea, and it appears to me that at the core of all of our debates is this question of whether North Korea can change or not. If you weigh – strip away sort of all the attendant arguments and implications, at the core is whether North Korea is willing to change or not, and even if it's willing to change, whether they're capable of change or not. For example, not so much the agreed framework, but certainly the so-called Perry process, I think, was premised on this kind of conceptualization of the policy process and very much, in my judgment, the Perry process probably answered those questions in the affirmative; that is, North Korea may not want to change, but certainly could be induced to change by a very judicious application of carrot and stick so that the metaphor that I have in mind in sort of reeling in a fish once you catch it; you know, you reel it in, give it

a little slack, reel it in, and gradually sort of engineer a North Korean sort of – you know, the phrase that was popular at the time was “soft landing.” And we need to examine these assumptions. If North Korea is willing to change, if Kim Jong Il is willing to change, what is the price that he is willing to pay? What is the amount of change that he is willing to tolerate and pursue? And what is the direction of the change that he is willing to entertain? None of these sort of sub-questions, in my mind, has been very crisply analyzed in our ongoing debate about North Korea.

And then what is even less addressed and, as far as I can see, even more detrimentally to our policy process, is the second component of that question; that is, even if Kim Jong Il wants to change, can he change; that is, does he have the capability of change?

My personal view is that the answer to those two questions is no. I don't think – this is my personal view – I don't think Kim Jong Il wants to change, or more precisely and to quote my good friend, Scott Snyder of the Asia Foundation, he may want to change, but he ain't willing to pay the price. And I would take that a step further and would submit to you that he may or may not want to change – I don't know – but even if he does, my position is that he cannot change. North Korea is incapable of the kind of change that we would want to see.

I base that judgment on sort of three general issues. I don't want to generalize too much from, you know, grand historical generalizations, but the first reason that makes me deeply pessimistic that North Korea can change is sort of the historical lessons. I don't know of a single case in which a totalitarian regime voluntarily sort of devolved into a less repressive and more moderate regime, and I just don't see any evidence why North Korea would be the first exception to that rule.

The second reason why I am persuaded that Kim Jong Il is not going to change is his behavior during the past few years, but especially during and following the historical summit between him and Kim Dae Jung. I can understand why Kim Jong Il might be hesitant to make dramatic and drastic changes, but he had many opportunities – if not with us in Japan and South Korea, then with other far less sort of involved and threatening possible players such as Nordic countries, Canada, Australia, many of whom were reaching out to him, and yet beyond sort of superficial sending, you know, sending student delegations to study this or study that, Kim Jong Il never made any attempt to sort of reach out to these people for figuring a way out of the current morass that North Korea is in. I'm not necessarily even only talking about politics and security, but purely on sort of an economic dimension.

And the third reason – and this now relates to the issue of capability – is North Korea capable of change – the reason why I conclude or I'm pessimistic that they are incapable of change is his leadership. And here sort of the two – evidence that persuades me that he really doesn't have what it takes to sort of take North Korea out of its current path is just pure sort of competence issue. The two examples I would submit to you is he is sort of farcical – you know, special economic zone initiative in Sinuiju, which turned

into a great embarrassment. Obviously this was not a well-thought-out or well-conceived plan. But even more convincing to me is the way he handled the Japanese adoptee issue. Now that, in any other country, would have been a call for impeachment – the way he handled that, and not only was he so crass and callous about that, but that he was thoroughly unable to sort of adapt and cope with the fallout with Japan – all these things lead to me – lead me to believe that Kim Jong Il or his clique is not really suited to navigate the type of policy choices to get out of the current impasse. And I'll end it there.

MR. STEINBERG: Before I turn to Don, let me just push you a little bit on that last point. One of the things that has been striking about the last two kind of big developments in North Korea's relations with outside partners is the one that you mentioned, the Koizumi-Kim Jong Il summit and the revelation about the abductees, and then, in effect, confessing, admitting to the past and then in a very parallel away, the same thing with Kelly when confronted on the nuclear issue.

What do you think was behind the decision to come clean on the abductees and to admit the – or at least apparently admit the HEU program?

MR. SONG: You mean what was behind Kim Jong Il's calculations?

MR. STEINBERG: Yes.

MR. SONG: Again, this – I'm just piecing these all together from media reports and interviews and that kind of thing. I don't have any first-hand information.

My sense is that he was convinced by the Japanese gaimasho (ph), in particular, this fellow this fellow named Tanaka who is a bright guy, and he's into this kind of activist foreign policy – may have been told, look, all you have to do is own up to it and it will be all right. So in some way he's paying the price for Koizumi and Tanaka's miscalculations as much as his own. But the overriding impulse to own up to this obviously was access to Japanese money. Without normalization with Japan, he wasn't going to have billions in compensation package that was being negotiated. And you know, with Koizumi in Pyongyang, there was no way that Kim Jong Il was going to say abduction, what abduction? I mean, that wasn't just going to work anymore.

So the underlying motivation was to access the Japanese money. The immediate motivation must have been, look, all you have to do is own up to the abduction, show some warm bodies, and that will be the end.

MR. STEINBERG: And on Kelly and the HEU?

MR. SONG: Again, I'm speculating. But he probably felt that, well, look you know, we got caught, and rather than denying, turn it into a negotiating advantage – it will be one more card that we can use – would be my best guess.

MR. STEINBERG: Don, you've told us before that you thought the key decision had been made by Pyongyang, that they were going for nuclear status. What do you see their game plan for these talks – how did that decision effect how they're going to move forward through the negotiations?

DON OBERDORFER: Well first I have a little disclaimer. I don't know what North Korea is thinking -- (laughter) -- and I don't pretend to know what North Korea is thinking. I was there in November, I guess Ambassador Gregg and I were the last two Americans to have talks with the senior level of their Foreign Ministry and military. But I became persuaded in November that there was at least a good chance that they would give up the highly enriched uranium program that the United States had found out about, and Secretary Kelly confronted them with in October – just one month before we were there – in a negotiated arrangement with the United States.

What do they want, what did they want then, what do they want now – again, I'm not in their head, but I think it's fairly clear to me that their principle objective is regime survival, and that is not something that is easily done in North Korea's circumstances. As I'm sure Marcus will tell you, their economy – if you want to call it that – is in horrible shape and they've got lots of problems.

They told us that they would “clear the concerns of the United States” regarding the highly enriched uranium program if the U.S. would do three things. One is recognize their sovereignty, whatever that means. The second was not interfere with their economic programs, they weren't asking for money or any resources, just don't sanction us, don't keep us from doing the things that we want to do. And the third was a non-aggression treaty. Having known the North Koreans for a couple of decades now, my impression – and I can't prove this – is that they would have settled for a good deal less than that.

They knew they had been caught, as Allan said. They knew they had the program. They knew because Kelly told them that the United States had found out about their program. So we came back and we met with the White House and State Department at rather high levels and told them what we had heard, and suggested they should get in touch with North Korea and see what could be worked out. Obviously, anything that's going to be worked out then or now, or in the future, is going to have to have a very important verification context to it. This just goes beyond any possibility of making an agreement with North Korea, which has broken already some agreements without a high verification content.

Instead, the administration did the opposite, they decided that they were going to pressure North Korea into given up the highly enriched uranium program. They cut off the heavy fuel oil and North Korea did what I think was fairly predictable: they escalated. And they then announced in mid-December that they were restarting the reactor, which had been shut down since 1994 at Yongbyon under the Agreed Framework. And then progressively they took steps to break the seals on the spent fuel pond, to cover the cameras, to kick out the U.N. inspectors. The next step was to announce they have left

the treaty against the proliferation of nuclear weapons, and to announce that they were restarting their factory. In early March, the second week of March, they notified the United States through some private channel that they were prepared to fire another missile into the Pacific over Japan, and to begin reprocessing their materials -- a statement very similar to the one that was so confusing about a week ago. Then they stopped. They haven't done anything since then, as far as we know. Why?

Here comes to me what is the ray of hope in this whole situation -- let me just step back one step. I think what happened was that they realized they were not going to get anywhere diplomatically, there was no chance of a diplomatic solution to this problem because the United States basically took the position, we won't talk to you until you first get rid of the program. And there, I think, the military in North Korea and others of like mind persuaded their leadership, there's only one way we're going to assure our survival and our security, and that is to go for nuclear weapons as rapidly as possible. Why did they stop in March, so far? Well, there's a lot of speculation that maybe it was because of what they saw happening in Iraq starting the 20th of March, when the U.S. engaged militarily in Iraq. That may be a factor. There is speculation they ran into some problems with their factory that could produce plutonium -- separate nuclear materials into plutonium, who knows.

But I think the most important factor, and the one that gives me hope, was the intervention of the Chinese. Secretary Powell saw the Chinese foreign minister in New York, there were other kinds of diplomatic discussions. The Chinese sent a very high level emissary to Pyongyang to talk to them. I think the Chinese have told them that if North Korea proceeds down the path that they seem to be on, there was going to be a great deal of difficulty for North Korea, and that China unfortunately would not be able to protect them from the consequences, and maybe they were even stronger. I do know that, as a result of the Chinese intervention -- at least that's my interpretation of the reason, the principle reason -- they have not taken any further physical steps since March, for about a month now. They have agreed to change their positions on several diplomatic things. As you know, they insisted on bilateral direct talks with the United States. They fell off of that and agreed to meet in this trilateral forum, which we now have in Beijing. They fell off of their demand for a treaty with the United States of non-aggression, although I think what they still probably want as their irreducible demand or the thing that they want most, is some kind of credible assurance to them that the United States will not attack.

Having said all that, let me just say a couple things about the talks and the prospects as I see them for the talks. I don't know what is going on in the Diaoyutai Guesthouse any more than any of you do, but to me there are several interesting things about it. The first thing is that the outcome of these talks depends on two people, two different participants. One is North Korea, which we have talked about. They have sent Li Gun, who was the deputy ambassador in New York for several years, an imaginative diplomat but one of rather low level for such an important meeting. I think by selecting him they selected a person who has a lot of experience -- he was involved in the Four-Party Talks, for example -- but who does not carry the kind of level of authority you

would necessarily expect, and this may be a sign that they feel that, we have got to have these talks because the Chinese have told us we got to have them but we're not very enthusiastic about them.

On the other side, on the American side, I read in today's Post that Kelly can't even agree to continue the talks without coming back and getting some further agreement from the administration. I don't know how much authority Jim Kelly has to do anything except state what the U.S. position is. As you know, the administration is completely divided about North Korea and has had a hard time making up its mind about anything having to do with North Korea.

To me, for a variety of reasons, the intervention of the Chinese is very, very important. You think down the road, suppose these talks don't work out, what happens then? North Korea begins to produce plutonium, what happens then? The only force that I could see that could be applied, without an absolutely incredible danger of war on the Korean Peninsula, which would be a disaster, is China. If China believes that the United States has negotiated or sought to negotiate in good faith, and that the North Koreans have not, and that they are moving into very dangerous territory, I think China has ways of exerting pressure that North Korea would find very difficult to ignore.

I'm not predicting this will happen; I hope it won't happen. I hope these negotiations start a process that will lead over time to a discussion involving the United States, the DPRK, and obviously has to involve at an early stage the Republic of Korea and Japan at least, and probably Russia. I hope that's what happens. But if it doesn't happen, then you're left with having to live with North Korean production of plutonium, and the only force that I could see that could intervene to credibly pressure the North Koreans about what they do then is China. I don't know where the talks are going to go. I'm hopeful, but not optimistic.

As far as Allan's point about, can they change? It depends on what you mean by change. I would submit that North Korea has changed a lot in the last several years. It hasn't changed the regime, but if you compare the North Korean behavior since 1999, of seeking a controlled opening with their neighbors, including most dramatically South Korea, and with Japan, though it didn't work out, and with the United States, sending Marshal Joh Myun Rok here, inviting President Clinton, working close to having an agreement to stop ballistic missile sales and limit the production of ballistic missiles, their implementation of what clearly seems like a failed attempt to monetize their economy in the summer of last year. They've done a lot of things, I think, all aimed at survival. They have not changed the basic nature of the regime, and I find it unlikely that they will. Most countries don't, except over a long period of time. China is a pretty good example; Vietnam is another.

So, yes, I think North Korea is capable of making accommodations, making moves, doing things to bring themselves more in line with the international community, and I think that represents change. If you expect them to turn into liberal democrats, that's not going to happen.

In South Korea, it took from the mid-1950s until 1987 for South Korea to become a real democracy, although they had parts of democracy up until then. So I think that's not a question to me that is fundamental, as far as – I mean, I think Perry had it right, Perry, after studying – former Secretary of Defense William Perry – after studying the whole thing, after talking to the Koreans, South Koreans – who, by the way, have a very important role in this, and a very tricky role because of the change of government there, because of the generational change and the political change – but after talking to the Koreans, the Chinese, the Russians and the Japanese, Perry finally concluded that we have to deal with North Korea as it is, not as we might wish it to be.

And I think that is the practical issue. If North Korea is willing to talk, is willing to work out something that will reduce the danger on the Korean Peninsula, I think the United States should take the opportunity to do that. I think that's what is being tried now, in at least a small way, in Beijing. I hope it works.

MR. STEINBERG: Marcus, Don in some ways has introduced your topic nicely. We saw what appeared to be some kind of movement, a change on the economic front. From all indications, it doesn't look like it worked out too well. What was the motivation there for the change and what are the consequences of what has happened?

MARCUS NOLAND: Well, like Don, I would remind you that my training is in economics, not in psychiatry. And so, take my speculations about motivations with the appropriate disclaimer.

Why do politicians anywhere in the world change economic policy? They change economic policy because they believe that by making policy changes they will in some way improve their political position. In the case of North Korea, I would put forward the following argument -- and I'm not sure I am convinced of it myself but I think it's worth reflecting on in this context. If you accept Allan's proposition that North Korea doesn't really have any conventional aggressive intent towards South Korea or Japan – it's not going to invade, it's not going to try to occupy and unify the Peninsula militarily – then the possession of nuclear weapons by North Korea could be regarded as a simple defensive deterrent and a way of ensuring their political and military survival.

Now, if that's the case, if they basically want nuclear weapons for this kind of deterrent purpose, then this million-man army is redundant, it's just an albatross around the economy's neck. And indeed, at the end of the summer, beginning of the fall, the North Koreans began floating several trial balloons that they were interested in conventional forces demobilization, numbers up to half a million troops – which, interestingly enough, would have reduced the size of the North Korean army to the size of the South Korean army. Now, if you're going to demobilize half a million troops, you have to have somewhere for them to go, and that's where economic reform would fit in. You would be generating employment through reform, and that's how you would move the people out of the army, and then you would get rich in the process. I don't know if that's their motivation or not, but I think that there is a way of thinking about these

various things they have done, which, from their standpoint, whether it's persuasive or not – from their standpoint would be coherent and rational.

Now, the specifics of the economic reform basically had four components. The first was a marketization of the economy, which most people agreed is a good thing in principle. I think most people have been disappointed in the progress that has been delivered on that front. People who follow this more closely than I do say that the behavior, for instance, of enterprise managers doesn't seem to have changed a whole lot in the industrial sector. In the agricultural sector, since the reforms weren't announced until the end of the summer, the real decision point comes around now with the spring planting decision, so one can say that perhaps the jury is still out on the reforms though. I think that the consensus is they have not delivered as hoped for.

The second component was this creation of an enormous increase in the domestic price level which, although technically it's not inflation, for the purpose of this discussion let's call it inflation. There are several hypotheses about why the government did this. To me, the most persuasive one was that this was politics. This was an attempt by Kim Jong Il to reward his friends and punish his enemies. Essentially, by flooding the market with newly printed North Korean won, you destroy the value of existing holdings of won. Who holds won? People who can't get a hold of foreign currencies, people who are engaged in economic activities outside the control of the state. So by doing this, you have effectively destroyed the working capital of people who are engaged in trading activities or black market activities. So rather than being a liberalizing reform, this could be regarded as an attempt to actually re-assert state control over the economy.

Now, the personality types in North Korea that are engaged in economic activity outside the control of the state are people who – they may not have MBAs but they have a certain amount of street smarts, and when this policy was announced, as one would have expected, the value of the North Korean won on the black market collapsed. People immediately began trying to get dollar, yen, yuan, anything other than North Korean won – getting goods as a store of value just because they knew that the value of the domestic currency was going to decline. As a footnote to all of this, the government later then demanded that everybody turn in their dollars for euros. I don't think anybody believed that this was really about anti-American politics; this was an attempt to just extract foreign exchange from the economy.

And then more recently, the government has begun issuing what they're calling bonds, but my understanding from a technical standpoint is that they're trying to – they're not actually bonds. They're a very peculiar financial instrument, but they appear to be actually closer to a lottery ticket. (Chuckles.) Frankly, when I wrote down the mathematics of these instruments it looked like it had been designed by somebody who managed a pachinko parlor -- (chuckles) – which I suspect, in fact, was the case. But anyway, the government now is trying to extract more resources out of the populace through that means, and there is now a mass political campaign in every farm, factory, village, county and town to encourage people to buy these new “bonds.”

The third component was the establishment of this failed special economic zone in Sinuiji that AI had mentioned, which was a fiasco. And I think that, if anything, it points to the fact that the North Koreans are being pushed outside of their comfort zone. They're beginning to make decisions on things that they have never had to make decisions on, and they're making mistakes, and I think this is a good example.

The final component was the reaching out to Japan, because with diplomatic normalizations there is the expectation that there would be a large capital inflow, a large capital transfer from Japan; the newspaper number is \$10 billion. So, if you were doing the reforms and you thought there was going to be dislocation in the economy during a transitional period, that capital inflow could be quite useful because you could keep goods on the shelves and keep the population pacified. And, as we know, for political reasons that has stalled and the incoming monies have not been forthcoming.

So the situation North Korea faces now is that basically this reform program has – either it has failed or it is failing, depending on which verb tense you prefer. And I would argue that economic distress may be one of the motivations for why they're engaging in the Beijing talks. I don't believe that South Korea, China or Japan have the stomach for pressuring North Korea in the way that the Bush administration would like to see. They have indicated they're not interested in economic embargoes, they're not interested in economic sanctions. So if the North Koreans negotiate with the United States, show that they have made an effort and so on, I think that it will improve the political environment from their standpoint and increase the likelihood that South Korea and China will continue to give them economic lifelines, given the apparent failure of the reforms that they have initiated themselves.

MR. STEINBERG: How dire is the current situation – I guess it was yesterday the Financial Times suggested that, while we weren't headed towards the kind of catastrophic starvation of the mid-'90s, that we were slowly creeping in that direction.

MR. NOLAND: The situation is very complicated for the following reason. I would argue that there are people within the North Korean elite for whom life has actually improved in the last 10 years. Their standard of livings have actually increased. One other aspect of the system fraying that has gone on is that if you can get your hands on dollars, there is a wider range of consumer goods available. You can buy a VCR if you have the dollars to do it, you can get "The Lion King" dubbed in Korean. So for people in the elite, or people whose jobs put them into position to get a hold of foreign exchange, one could argue that in some ways their lives have improved. For the mass of the population, that is not the case – and indeed, the food situation in North Korea remains precarious.

The way I would summarize it would be to say that this is a society – it's always been hierarchical, but this is a society that is now showing increased social differentiation. With system fraying, there is a kind of implicit marketization of the economy, but it is marketization without any institutions. And so what is happening is the creation of an increasingly gangsterish sort of economy and society which, if you are

not part of the gang, then your livelihood and your life in fact is in a fairly precarious situation.

MR. STEINBERG: There's certainly a fair amount of evidence that the Chinese have sought to advise/influence North Korea on the economic side. Are they listening, are they indifferent? What's the dynamic there?

MR. NOLAND: Yeah, I would like to – that and something Don said about China and Vietnam. It is certainly the case that, from the standpoint of receiving policy advice, the group of people who the North Koreans will most intensively interact with are former socialist economies, or the Chinese. But from an economic standpoint, North Korea is not China. Let me give two basic reasons.

First of all, when China and Vietnam began their reforms, both of those economies had more than 70 percent of their labor force in the agricultural sector. Those are essentially agricultural-led reforms, and without going into all the details, there are reasons to believe that that reform path is more likely to be politically sustainable because essentially you can design it so that, in essence, everybody is made better off, then a reform path of a much more industrialized centrally planned economy. In economic terms, in terms of the composition of output, the composition of the labor force and so on, North Korea looks more like Romania or Belarus than it looks like China or Vietnam. So I'm sure they get a lot of advice from the Chinese, and given the state of North Korea, almost any advice they get from anyone would be an improvement over the status quo. But I think that you should not think that somehow or another North Korea is going to adopt, quote, “the China model” and start growing at 10 percent a year. It's fundamentally a different economy; it looks more like Eastern Europe.

The second reason, of course, is that it's a dynastic regime. Vietnam had a civil war, one side won. They became the monopolist definers of what it meant to be Vietnamese and what Vietnamese national ideology was. China, right, we have Taiwan, but nobody I think would claim that Taipei presents a fundamental ideological challenge to Beijing. So when Deng Xiaoping started doing those reforms, the ideologues could come up with slogans about black cats and white cats, and they could get on with it and reinterpret marketization as what Marx and Mao really had in mind.

In the case of North Korea, the divided-country nature of the Peninsula and the dynastic nature of the North Korean regime makes the political trick of reinterpreting Juche as meaning not self-reliance but globalization and increasing ties with South Korea, your richer and more powerful cousins – a much more difficult political task than what the Vietnamese or Chinese reformers faced. So I think that while I'm sure they get a lot of advice from the Chinese, and I'm sure it's good advice, I don't think anybody should think that this is necessarily going to be an easy thing for the North Koreans to pull off.

MR. STEINBERG: Mike, Marcus' suggestion that the North Koreans were looking to downsize the military and hitching the economical reforms, for example,

sounds awful like the O'Hanlon proposal for saving the North Korean economy and bringing peace to the Peninsula. (Chuckles.) How likely -- what are the challenges that they would face to do it and how does the military fit into this equation?

MICHAEL O'HANLON: Thanks chairman, it's an honor to be on this panel. And I will second you in saying great things about Marcus Noland's book, as well as Don's, that we learned a great deal from in doing our project on economic reform prospects in North Korea.

I guess I wanted to, in answering your question, look at three military issues. One is, what is the basic military balance and to what extent does North Korea have any threat we have to worry about? And secondly, do we have a preemption option against Yongbyon and the nuclear facilities? And then finally, do we have a preemption option against the regime in North Korea, should it come to that? And so I'll be speaking on those latter points, less about reform and diplomacy than what we might do if those things failed.

On the issue -- first of all, it's worth -- I'm not going to go into a lot of facts and figures on the nature of the North Korean military -- I think most of you are familiar with the basic facts -- but a couple are worth reemphasizing. In addition to the 11,000 artillery tubes and 500 long-range artillery tubes that could hit Seoul even from where they are today, and chemical weapons capabilities that are quite substantial, it's worth saying two additional things. One, North Korea spends by far the highest percentage of its GDP on its military of any country in the world, which ties into the issue of economic reform. Certainly there are a lot of reasons why economic reform would be hard in North Korea, but there's also this big huge burden that, if we could ever convince them to gradually lift or reduce, it's just an enormous burden right now compared to any other country in the world -- 25 percent, roughly, of their GDP. And secondly, related to that, they have by far a higher percentage of their population in their military than any other country in the world: one million out of 22 million. It's just a staggeringly huge burden. So these are additional numbers to keep in mind.

Now when you ask, does this huge military give North Korea anything, does it buy it an offensive option? We've tended to dismiss that. It was only three or four or five years ago the U.S. military worried a great deal still about a North Korean -- (audio break, tape change) -- and continued to build this two-war capability, largely around the prospect of defending against such an effort. And Pentagon doctrine officially said they considered North Korea to have a plausible invasion option, at least against the South Korean military plus limited U.S. forces that are in place day-to-day.

I think we are seeing a consensus emerge in the United States and in the Pentagon as well that the North Korean invasion option is drying up or going away. Donald Rumsfeld would not be talking about repositioning U.S. forces well below the DMZ if that were not the case, and whether or not Rumsfeld's idea is smart diplomacy I'll leave to a broader discussion later. But I think it's a perfectly sound military consideration, or perfectly sound military strategizing, that we do have the option, in their own military

terms, of reducing our forward deployed presence up north without reducing allied capability to defend the Peninsula.

Just think, we have an overwhelmingly strong defensive capability based largely, if not primarily, on the Republic of Korea's excellent military, which I think is now one of our 10 best allied militaries in the world, the ROK military -- very, very good. A lot of systemic weaknesses remain but it has come a long way, and if I had to pick five or six allies that we were going to be left with and we had to choose which five or six to keep out of our current 50 or 60, I would probably put North Korea -- excuse me, South Korea -- (laughter) -- getting ahead of myself -- I would put South Korea on that list.

So what this means in policy terms is North Korea does not have an invasion option, and I think they may even know it. And it also means we have arms control options, that we do not have to insist that the only kind of conventional arms control plausible on the Korean Peninsula is an option in which North Korea cuts a lot and we leave our forces unchanged. North Korea should make larger cuts if there is to be a conventional arms control proposal of any kind, and they do have the larger force; they do have 70 percent deployed near the DMZ, they are the ones who devote way too much of their national economy to defense, and they still have a deterrent against invasion by virtue of their ability to damage Seoul very seriously. So they should make the larger cuts, but they don't have to make the only cuts. And in fact, I believe allied forces could make proportionate cuts, equal in percentage terms, in any kind of a conventional arms deal. And this will be further elaborated in the book that Mochizuki and I are doing. So that's the conventional arms piece: does North Korea have an invasion option, how much do we have to worry about it?

The second issue, what about our preemption option against Yongbyon? And this is an issue that we have thought about now for 10 years pretty carefully in the Pentagon, and Bill Perry has spoken publicly here and written publicly in the last few months about some of the options that were looked into in 1993 and '4. And to sum things up, we do actually have some militarily interesting preemption options against Yongbyon, but there are a lot of caveats to that. The most obvious caveats -- well, there are a few obvious caveats. One, we have no idea where North Korea's potentially existing nuclear arsenal is today, the one or two weapons they may have. They're certainly, or almost certainly, not at Yongbyon, and even if they were they would presumably be in one of these famous deep underground facilities that would be difficult to reach by any kind of a conventional weapon in the U.S. inventory. So I don't think we can assume we can hit those one or two weapons.

Secondly, we have no idea where the uranium enrichment program is. So even though it's not yet to the point of producing a bomb's worth of material and it might take another year or two or three to get to that point, we do not have the ability to destroy it -- we should not assume we have the ability to destroy it with a preemptive attack against North Korea.

Third point, if North Korea is able to sustain or retain two or three or four nuclear weapons and a gradually growing arsenal over time, even after we have destroyed Yongbyon, what are they going to do with those two or three or four weapons? I get more nervous about a North Korea that has been provoked that way. I don't think they would necessarily start launching wars or threatening attacks against allied interests, but you have to start to worry, maybe the gloves would come off a little more on their willingness to sell those weapons if indeed they had been pushed into a state of quasi-active hostilities by the United States after that kind of a preemption strike. So it may be an option we have to consider.

But of course there is the fourth and final caveat, which is they could do something directly to South Korea with their conventional forces. And they could say, okay, you attack Yongbyon, we're going to launch a thousand artillery rounds at Seoul -- not all-out war. You start all-out war, that's your business and your responsibility, but you cannot attack a sovereign capability, a national asset of North Korea, one that we have every right to have because you have nuclear weapons yourselves; why shouldn't we be able to develop our own nuclear capability? And by the way, it's not even necessarily for nuclear weapons; it's first and foremost for energy. You know the whole spiel they would use, and if we're going to attack that, they would say in response, we have a right to respond -- we have to respond to remind you that we are a country to be taken seriously, a country that you cannot simply use force against with impunity. So I think you would have to assume some kind of at least a limited North Korean strike against Seoul in response.

And to my mind, that may be something that we have to accept as a potential risk if the North Koreans keep going ahead with their nuclear program, provided that Seoul itself is willing to accept that risk. I don't think we have a political or moral right to require Seoul to essentially bear the brunt of the likely counterattack without South Korea being aboard the basic strategy we use in advance. And that means trying diplomacy in a much more serious way before we would ever get to this kind of a last resort preemption attack against Yongbyon. So that's my second point on Yongbyon. You could attack the facilities; the radioactive fallout would be limited according to these Pentagon studies. The main danger would not be the direct downsides of the attack so much as the fact that you could not eliminate the existing North Korean nuclear capability and you could not prevent them from responding in some way against Seoul, and possibly even selling what nuclear materials they would still retain.

Third issue -- and I'll stop here after making this point. Do we have a preemption option against the regime itself? So, let's say I'm Donald Rumsfeld and now I'm the king of the world; I've just won these two big wars -- (chuckles) -- and I have inherited this wonderful military that Ronald Reagan and Bill Clinton built for me, and I figured out a clever way to use it in a way that even they hadn't quite figured out, using Special Forces more and using reconnaissance. And there are some people who want to assume that these capabilities are ones that Rumsfeld himself has established -- actually he is using the military he inherited, but he's using it very creatively and very effectively, and he's just done a nice job in Iraq. Okay, could that Donald Rumsfeld, with this excellent

military built up over the last two decades in the United States, could that military do things that we just haven't thought of, we haven't been creative enough to assume? There might be some way to overthrow the North Korean regime without losing a million people in the process, which are the sorts of numerical estimates you get from the U.S. command in Korea when they war game the possible conflict. Is there some way to be clever, some way to be creative and use this dominant American military capability to avoid the sorts of tragic consequences that people fear on a lesser scale, at least, in Iraq? We thought there would be oil wells set on fire, Israel attacked, so on and so forth – these things didn't happen in Iraq. Maybe Rumsfeld's clever enough to figure out how he could avoid them in Korea while overthrowing the regime.

Well, I do give Rumsfeld a lot of credit for cleverness, but I don't think he has the ability to limit the carnage in a future Korean war to anything less than many tens of thousands of deaths. That would be a dramatic improvement over some of the scenarios and some of the war game results, but I will tell you a few reasons why, and then I will stop.

First of all, we had, in the Iraqi military, a force that had been battered for 20 years, and that really only had 75 (thousand) to 100,000 elite forces that were believed to be likely of fighting hard. Anybody who had studied the Iraqi military knew the distinction between the Republican Guard on the one hand and the conscript army on the other; and we also had some access to the conscript army. Iraq is a more open society. Even under Saddam Hussein it was a more open society than North Korea. We had some ability to reinforce the message to the Iraqi conscript army, we really don't want to fight with you. And we had air supremacy and other kinds of access into that country to spread this message. So we ultimately had to worry about 75,000 or 100,000 relatively hard-line, hardcore fighters on Saddam's side.

In the case of North Korea, in addition to the tenacity that North Korean fighters showed in the Korean War, we have every reason to think they are still fully indoctrinated by the North Korean regime to the point of fearing Americans and hating Americans so much that any invasion would be fiercely resisted. Now, if a war happens, I would of course love to be proven wrong, and I don't claim I can prove this, but I do think that, given the nature of North Korean society and the propaganda machine and the very, very limited contacts with the outside world, we have to assume that Kim would be capable of continuing the control of most of the thought processes of his military – of his troops.

Secondly, the terrain in North Korea is so difficult. We could not do these rapid armored thrusts towards Pyongyang. Sure, you could try to use Marine amphibious forces, try to use the 101st air assault, try to go around the DMZ, try to avoid that 70, 75 percent of North Korean military capability near the DMZ and march directly on the regime. You would probably try to do that. In fact, that would be smart tactics, I think, in a future war. But you're still going to have to go through relatively narrow approaches to the capital city, you're going to have to go through areas where roads are relatively few, where driving off-road is harder than it is in the desert, where there's a much more

built-up infrastructure in the approach to Pyongyang than in many areas in the approach to Iraq.

And it just strikes me that, on balance, you combine those geographical facts with the size of the North Korean military, with the presumed dedication and loyalty of the North Korean military to the existing regime, and you're in for a tough fight. And while you're marching on Pyongyang, they're going to be shelling Seoul. Now, while they're shelling Seoul, we're going to be trying to take out the long-range artillery, and this is probably a more even competition than some people assume. We actually know where a lot of it is, and if we are allowed to choose the time and place at the beginning of the war – which may or may not be the case, I mean, you know – I think it's more likely that we would take this kind of an action in response to a North Korean attack as opposed to out of the blue.

But if we can determine some of the specifics on the day, time, weather of these attacks, we can use laser-guided bombs and probably destroy a certain percentage of those 500 long-range artillery tubes. So I actually think there is a hope for limiting the damage to Seoul to maybe several thousand artillery rounds or maybe a couple tens of thousands of artillery rounds. This would not be 10,000 tubes firing for days and weeks on end at a rate of several rounds per minute. The North Koreans can't do that, I don't believe. I think we have an ability to limit the carnage, but they do have dozens of short-range missiles, they do have chemical weapons, they do have these 500 tubes, they do have their special forces that they are probably willing to send down just to cause damage even if there's no plausible war-winning capability.

And I think you would make a big mistake to assume anything less than, again, tens of thousands of dead Koreans in the course of this kind of a war, and probably several thousand dead Americans. That would be a very optimistic scenario. That would be equivalent to the sort of optimistic outcome we got in Iraq. If you were establishing a range of plausible outcomes for a future Korean war, that would be the plausible best case, and we win the war within a few weeks. Of course we have to build up this big force -- you have to ask, when are we going to have the opportunity to build up this big force, and are the Koreans really going to let us do this before they initiate some hostilities on their own? So timing is a big issue as well.

You add it all up -- and I'm sorry to go on at some length -- but you add it all up, we do have some preemption options in regard to North Korea but they're mostly -- well, they're entirely last resort sorts of options. They may be preferable to seeing North Korea develop a full-fledged nuclear arsenal, and I would consider a preemptive attack against Yongbyon preferable to a North Korean nuclear arsenal that they acquired dozens of weapons and had the ability to export. However, the risks are so great that you would only do this as a last resort and only do this once you had developed a strategy that Seoul, in particular, would go along with, and we are certainly not there yet.

MR. STEINBERG: Well, it's a good setup because we will get a chance to hear some of the answers to that question on our next panel, but now let's turn to the audience

and take questions from you all. I think we have mikes, yes, so if you could wait until the mike comes and identify yourself, and ask your question. We will start with Alan.

Q: Thanks. Alan Romberg, The Stimson Center. I want to go back to the exchange between Al Song and Don Oberdorfer on the issue of change in behavior, or change. It seems to me there is a way of squaring the circle between you two, because I think I heard Al talking about change, primarily domestically, which he thought was impossible, and I think Don was saying, yeah, and that isn't what we want to change. And if I understood both of you correctly, I agree with that.

The problem I have with the administration's policy at the moment is that the more-for-more deal does, or at least did, encompass domestic change of various sorts. And it seems to me that makes it mission impossible, and I wondered if you would comment on that.

MR. OBERDORFER: I think you – I agree with you. Maybe not mission impossible, but mission very difficult. They're not going to become democrats, they're not going to become human rights advocates, they're not going to open the gulags, they're not going to let free people who they consider their enemies domestically. Those things, I think, are at the far range, in my mind, of inconceivable. But what is our principal problem here, what is our principal objective? You know, I have known a lot of oppressed peoples in my life, and I feel for them a lot, but I don't think we can remake North Korea. I think our objective at the moment should be to reduce the chances of war, to reduce the chances of a full-fledged North Korean nuclear breakout in Northeastern Asia, which would have immense consequences.

Therefore, while all those things – human rights, other kinds of things that the United States might ask for; a big reduction in the conventional forces right off the bat – would be desirable, I think that starting off with a big package, if those are real preconditions, is just a way to see that these negotiations won't work.

MR. STEINBERG: Allan, do you –

MR. SONG: Well, in terms of the change, I don't expect North Korea to become sort of a liberal democratic society. And so by change, you know, I don't expect North Koreans to be watching "Oprah" and worrying about their SUVs and cholesterol and that kind of thing – (laughter) -- I'm not – you know, I just want to make sure what my bar is.

But, I mean, at least shutting down some of the gulags, I think that's perfectly within our rights to demand of North Korea. After all, they're receiving aid from us, food. This is a country that's demanding recognition. Do we really want to accord diplomatic recognition to a country that has sort of, you know, gulags in which people are killed and tortured? Apart from the moral issue, just on sort of national security level, I think the answer really should be no.

Second, obviously there's a limit to how much they can change and therefore how much we should expect them to change. Again, the regime is not going to evolve into a more moderate type with some kind of a CCP-style election and so forth. But this sort of unalloyed repressive totalitarian regime needs to change. Now, whether it is an effective position for our administration to take in terms of policy matter, that's another question because then we're getting to the efficacy of the policy. But as a conceptual matter, I think that's perfectly within our right to think.

Q: Bob Hathaway, Woodrow Wilson Center. Four good presentations, and congratulations to all four of you. I'm struck by a discussion of the perspective from Pyongyang which had so little to say about North Korean perceptions of an outside threat, security threat primarily. And I'm certainly not referring simply to the rhetoric or the actions or the policies of this administration because I think we all recognize that the HEU program was started under the previous administration. And in fact, North Korea has had -- almost certainly had security fears for many, many years.

But I would be interested in comments from one or several of the panelists as to the extent to which you believe -- even if we disagree with their analysis, you believe that North Korean actions can be explained by genuine security fears, and therefore the implications, if you in fact believe that they are motivated in part by their perception of U.S. or other actions, what this means for the policies, particularly of the United States.

MR. STEINBERG: Don, we were talking about this a little last night. What do you think the U.S. could do if in fact the North Koreans feel that this kind of sense of threat from the United States that would be adequate to address their insecurity?

MR. SONG: I don't know, and if they fear the U.S. in sort of a non-paranoid way but in a healthy way, good -- I mean, I'm glad, that would get their attention and our diplomacy and negotiation, bargaining, whatever you want to call it, probably gives it a little more focus. Now, if they are, sort of to use Mark's phrase, you know, clinically paranoid about the outside world, particularly the U.S., I don't know if there's anything we can do short of giving them, you know, everything they want. And even then they might say, oh, you're duping us, type of thing. So I'm not sure whether it's, again, a resolvable type of question.

Now, returning to a question that Bob raised -- and Mr. Oberdorfer and others, certainly in the audience, might differ, but for them the train has left the station. You know, before the Bush and so-called hawkish -- and certainly now the hawkish crowd, post-Iraq, have come in -- they had plenty of chance, they were dealing with a relatively moderate administration in Bill Clinton -- certainly after Kim Dae Jung, you know, went to Pyongyang and extended his hand, and poured billions of dollars and so forth, and all the Nordic countries were falling over themselves, you know, recognizing North Korea -- there was a good window of two, two and a half years and they didn't seize on this in any significant way. And now for them to say, oh, we are besieged and they're going to, you know, drop these 2,000-pound JDAMS on my head one morning -- they had a chance and they blew it.

MR. OBERDROFER: Could I just address Bob Hathaway's question more directly, to the extent – you asked, to what extent are they legitimately – are they motivated by concern about their security fears for their security? I think they are motivated in part by that but I think that that is not their only motivation. This is a militarized state; it has been since Kim Il-Sung was planted there by the Soviet Union, and he relied principally on the army to ensure his rule. What has happened more recently is that, in the past few months, it has become even more of a militarized state, and part of it may be insecurity, but I think as things close in on the regime economically and military and otherwise, the military rule in North Korea – “military first,” which is their slogan – becomes even more important.

They had, a couple months ago, an absolutely remarkable two-page, two full pages in Rodong Sinmun, the official organ, about military first. And that, to some serious Korea watchers, was an absolute important moment. And since then they have really gone, I think, on pretty much of a wartime footing in North Korea. There are reports of all kinds of air raid drills and other things there. They're expecting to have to fight. Part of it is their insecurity, but I think part of it is built into the system, and that part of it, I don't see how it can be easily shifted or changed.

Q: My name is Ko Gyun Cha (ph) from Korea Economic Daily. I didn't hear anybody mention about the role of South Korean government in resolving this nuclear issue. President – new government has reasserted that they want to – do play a leading role in solving this problem, but after Beijing talks turned out with the trilateral meetings there are more and more criticism against South Korean government in South Korea. So I would like to know, any one of the panelists think there is any room for South Korean government to do – to get involved in resolving this problem, and in these Beijing talks? Or any one of you think South Korean government should do some kind of role in these Beijing talks?

MR. STEINBERG: I'm going to modify the question just slightly because we're going to have the South Korean perspective in the second panel. But what I would like to get an answer -- which will partially answer your question -- is what do you think the North Koreans' objectives are here? Are there – are they going to work hard to keep the South Koreans out? Do they expect ultimately that they will have to accept the South Koreans, or will they want the South Koreans to be part of these talks? Don or Allan, do you –

MR. OBERDORFER: Well, the reports are that it is North Korea which has objected to the presence of the South Koreans. I mean, I don't know that for certain, but that's – all the reports that you read – I don't think they want South Korea involved in these particular talks, but inescapably South Korea has an important role, both positive and negative. I won't go into it because you're going to have a panel on the whole thing. And I think the talks cannot proceed over a lengthy period of time without the involvement of South Korea. It would be a huge mistake on the part of the United States,

and I don't think it would be practical. South Korea has too important a role and position in all of this to be left out -- as it was pretty much left out in 1994.

MR. STEINBERG: I think –

MR. OBERDORFER: Can I continue this?

MR. STEINBERG: Yeah.

MR. OBERDORFER: In the long run, South Korea and Japan have to be on the table for there to be a solution. But in the short run, the North Koreans have initiated these cabinet-level talks with the South Koreans, and it seems the reasonable hypothesis – that this is designed to play the United States and South Korea off against each other, especially since South Korea is on record as not supporting the sort of coercive measures the Bush administration is talking about. So I think, you know, if I had to guess I think that's the North Korean game plan, at least in the short run.

MR. SONG: In terms of South Korean, and even Japan's involvement, I fully agree with Mr. Oberdorfer and Mark's plan. They should be involved, just for our, sort of, the prudent in terms of our diplomacy. In terms of North Korean view of South Korea, I think – my sense, or my sort of analyst sense is that they have been written off by North Korea. I mean, South Korea is really a non-player, and why should they be seriously concerned about South Korea?

During the second half of the Kim Dae Jung administration, and certainly in the first few days, during the campaign phase of the Noh Moo Hyun administration, they've been supine to the point of being laughable. And basically, South Korea has been turned into a huge ATM machine and they have given North Korea the PIN number. (Laughter.) If they intrude into their waters and your soldiers get killed and, you know, the South Korean president is busy, sort of, you know, defending this outcome – if I were Kim Jong Il I really don't see any reason why I should take this, sort of, my counterpart seriously.

MR. STEINBERG: We will let the government have equal time on the next panel. (Laughter.) In the back.

Q: Rupert Hammond-Chambers with the U.S.-Taiwan Business Council. A quick question for Marcus Noland. I wonder if you looked at all at the impact on the U.S. economy that a Korean conflict may have, specific to the disruption of supply chains, U.S.-Korea-China, U.S.-Taiwan-China? Anyway –

MR. NOLAND: No. (Laughter.)

Q: Mark Jarvis with Emerging Markets Management. I have a question for Mr. O'Hanlon. You know, recently with Gulf War II we were treated to even more of a high-tech weaponry – the military, it was more like a Super Mario 2. I have a couple of

related questions with regard to repositioning the military in Korea. Has the nature of warfare changed such that it no longer makes sense to have troops forward deployed like that, either for technological reasons or just the military thinking? And related to that, why do you think Donald Rumsfeld, in this sort of charged environment, chose to suggest that possibility – I think you alluded to that a little bit in your remarks about whether it made sense diplomatically or not.

MR. O'HANLON: On the issue of, has warfare changed radically in general nature, I'm less persuaded by that than by the fact that the South Koreans have kept getting better while the North Koreans have gotten worse, and I do think that there is a robust capability for defense now, essentially by the ROK, with very limited American support. I'm not in any way encouraging a reduced U.S. commitment to ROK security; I think we need to be there to reaffirm deterrence and to be involved in any counteroffensive to minimize the damage of any war that happened. But in terms of preventing the invasion from working, I think the ROK is in very good shape, and so I would support Mr. Rumsfeld's thinking, not because we're in some 21st century era of new high-tech warfare – by the way, I think Army fighting in the streets of Baghdad, it was as impressive as anything else in this last war, using things like Abrams tanks and riflemen, so I wouldn't push that argument too far. But in the Korean context, our ally has done an extremely good job of improving its forces while our potential enemy has continued to atrophy. I think that's the fundamental strategic fact.

And in terms – Jim may want to comment on this as well – I think what's going on now is Rumsfeld says, you know, the guy is obviously very creative and very entrepreneurial in many ways, whether you like all of his diplomatic forays or not. And he says, listen, we are at a point where we have got a quarter-million people in the Persian Gulf. We are going to wind up redeploying a lot of our military, at least in that region, over the next year or two, and what better opportunity to rethink our entire global military presence? And of course you're seeing this debate happen now in regard to U.S. forces in Germany. You're seeing the debate in regard to the U.S. forces in Korea. The collaboration with the Philippines, I think, has echoes of this kind of strategic thinking behind it as well, even if it's a very preliminary and limited sort of discussion and U.S. presence, and I think personally it's fine. I think there are worries about, with Rumsfeld being so antagonistic in some of his comments towards allies that this looks like payback time for friendly governments he doesn't like, and that part I regret.

But I actually think that, on the other hand, you have a moment here where we are going to be rethinking our global military presence, and it's actually appropriate to rethink, especially, the U.S. military headquarters inside of Seoul. We are just gobbling up way too much urban space in a very densely populated East Asian city, and we owe it to the South Koreans to get out of there.

As for the redeployment from the DMZ to points further south, I'm not sure there's any big hurry about that, but I do think that militarily you have the option of considering that now because the balance has improved so much in our favor.

MR. : I think that it's inescapable to look at the diplomatic and public diplomacy side of this. I mean, it is – for all the reasons Mike said, these decisions may make a lot of sense. But timing is everything when it comes to relations with allies, and I think it's no accident that within two to three weeks of each other, the administration of Rumsfeld announced redeployments out of Germany and in South Korea. It can't be seen in any other light but sending a signal that says, things have changed. We're no longer going to worry as much about how this appears to your publics; we're going to do what makes sense to us. There's no serious consultation about this. We certainly heard from the new South Korean ambassador to the United States about the views of the South Korean government, about how this decision was taken, and the same was true vis-à-vis Germany.

Yes, these things are going to have to happen, but in a moment when there is a serious question about how the United States is seeing its alliances and its commitments, to make these announcements right now, I mean, even insensitivity I don't think would account for those kinds of decisions.

MR. STEINBERG: One more question and then we will go to the next panel. Harry?

Q: Thank you. I'm Harry Harding of George Washington University. I have two very simple questions for whoever wants to answer them. Number one, can we solve or even well manage the security and humanitarian issues raised by the situation in North Korea without regime change in North Korea, by which I simply mean a significant reorientation of the domestic and foreign policies of that country? I would say that the emergence of Deng Xiaoping in China was regime change, if you have a sense of what I mean by this. And number two, if it does require regime change so defined, are there alternative ways of getting that regime change in addition to the military option that Mike has laid out?

MR. STEINBERG: Allan?

MR. SONG: My answer is no, that without regime change the objectives that you raised, Professor Harding, probably would not be possible. Now, when I use the word regime change, it has a certain connotation – oh, you mean dropping, you know, more – (unintelligible) – on Pyongyang, and all that kind of thing. Clearly, as you know, Mike said, if it absolutely has to come to that it will come to that. But hopefully it won't, because the consequences will be too dire. But there are other ways of getting at this regime so that it will either go away or will change enough – although I doubt it, but at least conceptually it's possible – change enough so that it's moderate enough so that there is some kind of meaningful interaction going on.

I mean, for example, let me give you one good illustration. The food assistance, it, you know, ebbs and flows, but the U.N. world food program has insisted that -- you know, it's getting to the needy; the military's not siphoning off and so forth. And when you sort of critically examine what their methodology in claiming that is, it's very shaky.

I mean, this is not an unfettered World Food Program staff member going and visiting civilian houses and, you know, this kind of thing. You know, where is that food going, where is the material assistance going? And unless we can rely in some comfortable degree with the regime, I don't think this is a plausible proposition.

MR. OBERDORFER: Could I just add -- Harry, you posed a question: can we manage it; can the United States manage? Well, the United States, it definitely cannot because of -- the gentleman here raised -- South Korea. Nobody has a greater claim to important consideration and decision about the Korean Peninsula than the people of South Korea. They don't have it exclusively; the U.S. has some international aspects of things, and China and Japan for that matter, to say nothing of Russia. I don't think the United States is in a position to make decisions and make them stick in any way, about the regime -- domestic situation in South Korea, nor do I think it's legitimate for the United States to do so, with all of our other considerations, unless there is some absolute threat to the United States or the international community. So I don't think we can do that. The world community as a whole, I think it would be very hard -- this is the most isolated country on Earth already, so to isolate them further, I think, is not going to, I think, have a major effect.

MR. O'HANLON: The short answer I would give you is the same answer I gave that fellow, which is no. The longer answer to your question is that SARS will have more of an impact than some punitive war in the future. But no, I mean, you can't resolve this in any fundamental way without regime change. The one thing I would add, pointing at your second question, is think about what would happen if, god forbid, tonight Kim Jong Il choked on a chicken bone. This is a political system in which the Korean Workers' Party is basically, as far as I can tell, withered away as a government institution. It's increasingly reliant on the army. The bureaucracy increasingly seems to be unable to formulate and implement policies in any coherent way. One of the reasons these economic reforms were half-baked is that they couldn't get anything out of the traditional governmental organs, and this was cooked up by an extremely small group of people around Kim Jong Il.

They have -- if you believe everything you read in the newspaper, he's attempting to now groom, not Mr. Tokyo Disneyland, but the younger son, to be, you know, the next in this dynastic succession. This is a country that, in certain -- is a very strange place. On the one hand, we're talking about nuclear programs and missiles. On the other hand, it has real characteristics of a failed state. And so it may not be a matter of management. I mean, a heart attack may make some of these issues, you know, put in play -- not anything that people like us are going to think about, sitting around in, you know, Brookings Institution.

MR. STEINBERG: Michael, any last thoughts? Well, we've gone a bit over, but I think you will all agree with me that the insight of the panel made it well worthwhile. And so let me ask you to join me in thanking them. And we will try to take a short break, for 10 minutes.

(Applause.)

RICHARD BUSH : Thank you Jim; thanks to the panel. We will take a break for about 10 minutes. Coffee and eats are right out here; the restrooms are straight back.

(End of Segment 1.)

THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES
2003 SPRING FORUM

**TENSIONS ON THE PENINSULA: KOREA, NORTHEAST
ASIA, AND THE UNITED STATES**

THE BROOKINGS INSTITUTION
WASHINGTON, D.C.
APRIL 24, 2003

LUNCHEON SPEAKER:
GENERAL JOHN TILELLI

Transcript by:
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MR. JAMES STEINBERG: Ladies and gentlemen, I know you're all still in various stages of continuing to eat, but I want to take advantage of our guests today to both add to your physical nourishment some intellectual nourishment as well.

As I was getting up to introduce General Tilelli, he said to me that I was only allowed one sentence of introduction. And so it's going to have to be one with a lot of clauses in it, but I won't say a great deal. You have his bio in the program, which allows me to both honor his wish and also not skirt the really remarkable career that he's had.

But I just want to say that it's a personal privilege to have him here because in his four years as CINC in Korea -- and I can still call them CINCs even if the Pentagon doesn't -- he really was a remarkable friend and advisor and somebody that we looked to with tremendous trust and confidence to deal with what was then and continues to be one of the most serious and difficult challenges we as a nation face, so it's really an honor and privilege for us to have General John Tilelli here for this.

(Applause.)

GENERAL JOHN TILELLI: Well, thanks for the opportunity and invitation here today. I truly appreciate it, and I appreciate being with you today. First, all of the disclaimers: I'm just an old soldier with some opinions and a great love for the Republic of Korea and its people, and when I speak, I speak from that context. This is a very important time; it has been a very important time for our great allies and for us. But after I reviewed the agenda of discussions in the panels this morning, I said much of what I say may be redundant, so I'm going to use the old analog of Julius Caesar to show you I learned something in Catholic school. (Laughter.) You know, I heard he was a great general. I read about that, and he was a great orator, and he gave long speeches, and his friends assassinated him. (Laughter.)

So what I am going to do today is give you a very short presentation, and after that, allow for some questions and answers. I'm going to give you my best shot because the topic I was going to discuss and was asked to discuss are what are the Korean peninsula challenges in the future?

So let me start by paraphrasing a comment made by our U.S. commander in the Republic of Korea, and this may give you a little bit of insight on what I'm going to talk about. General Leon LaPorte -- a great American of character and courage who sacrifices every day for our nation and for the people of the Republic of Korea -- and I paraphrase what he said. He said North Korea represents a growing threat to the world through its proliferation of missiles and potential nuclear materials and technologies. North Korea's large conventional force and special operational force directly threaten the Republic of Korea.

So let me put that as a baseline. A rhetorical question that I ask that you answer in your own mind's eye, as I move forward, may lead you to the answer of what are the challenges we face, and that rhetorical question is, has North Korea shown a sincere attempt to address threats to peace within the international community? So in my humble view, the challenge remains the same, and I'll give you the bottom line up front: the maintenance of peace and stability on the Korean Peninsula and in northeast Asia, a free and democratic Republic of Korea, our great alliance.

Now, let me talk a little bit about that. I will tell you as we go forward -- and we have been moving forward and backward -- it's been very fitful with North Korea. All of us hope -- and I know that hope is not a method when dealing with the North Koreans -- that multilateral discussions will lead to the positive results that we desire. No one in their right mindset would ever think that conflict on the Korean Peninsula is a desirable outcome.

So as we think about the peninsula, it remains one of the world's few potential theaters for a conventional interstate conflict. Risks persist in northeast Asia, even while forces and energies are devoted elsewhere around the world. And even though the international community has done much to bring North Korea into the global community, generally status quo remains. And as I think about it, and I look at the many opportunities, from the Republic of Korea, Japan, China, Russia, the United States, other countries, North Korea can be categorized as the masters of missed opportunity. And in my view, that missed opportunity also lays out a blueprint for us as we think about North Korea and how they might act in the future.

You all know that the U.S. maintains about 100,000 troops in the region, with 37,000 in the Republic of Korea as part of the mutual defense treaty. That 37,000-commitment is a commitment of the United States of America, and a commitment to the people of the Republic of Korea, in coordination and coalition with them to defend the republic against aggression. The force is a deterrent for us and has been very successful in deterring conflict on the peninsula, and this deterrent -- and there's some question, especially after some of the -- if I could, use the term "pre-election theater" oanti-Americanism -- there's some question in America whether or not this force should still stay in Korea, and if the people of the Republic of Korea still want the United States to be present on their land. But this force as a deterrent often lessens the need for more substantial cost later. And the fact, as you think about this deterrent, and you think about its success over the years, even as we've drawn down in size and scope, it's been a very, very vital part to this alliance and to our Republic of Korea.

The security offered by this presence and the alliance -- and I can't emphasize enough the alliance -- is directly or indirectly responsible for the economic vitality and stability of the region. A magnificent -- for lack of a better descriptive -- a magnificent miracle from a war-ravaged society and country dealing with the dual legacies of colonization and a fratricidal war into a free market democracy that I am proud to have served in.

Let me just shift for a moment and talk about this great alliance of ours. First, this U.S./ROK alliance is a unique and a model alliance for any other alliance to emulate. It's unique in its model because it's truly a partnership, and it's an alliance based on this partnership and friendship. And it is one – if anyone were to track historically the alliance since the Mutual Defense Treaty, and since the establishment of the Combined Forces Command, it's one that's ever-changing and maturing. And that is, if you will, the life's breadth of what's been done there. It's an alliance between people, it's an alliance between country, and it's an alliance where the burden of costs -- not only in the military but also in the real dollar -- is shared by the countries. And it's an alliance over time, as we all know, because I think we are here today for that reason that's based on more than any documents, but based on a true friendship between many people of the Republic of Korea and many people in the United States of America.

The Republic of Korea, Japan, the United States, and other countries have made many initiatives to normalize relations with North Korea, and as I've said, it's moved fitfully, backward and forward. The masters of missed opportunity have gone to a certain point, and then backed off. That's been their blueprint and their pattern. We look at the June 2000 summit as a touchstone for discussion about the peninsula and where it might go, but I think the question we have to ask ourselves – and again, it's rhetorical – where has it gone since that summit? What has been the give and take, not only the take, by North Korea?

Certainly, the Sunshine Policy established by former president Kim Dae Jung was not the first initiative, nor will it be the last. A notable initiative preceding that was the 1992 agreement on reconciliation and non-aggression and exchange and cooperation, which did not go very far. So you have to look at the half-life of these agreements as we think about the north, and I'm not a pessimist. I try to be a realist as I look at things. That agreement was short-lived, because in 1993, when the U.S. and the Republic of Korea became aware of North Korea removing spent fuel rods from the Yongbyon nuclear reactor. And then after that, the standoff occurred, and the standoff ended when North Korea and the United States signed the agreed framework.

And that proceeded along, and then in the late '90s, we had the Perry Review, which again laid out a very realistic blueprint, you know, the path of good and the path of status quo. And the path of good would have essentially done those things that I think all of our countries that are interested would have liked to see happen. Last October, it was again discovered that North Korea had initiated over time a nuclear program, once again a violation of an agreement, and the follow-on withdrawal from the nuclear non-proliferation agreement, and we read about the rest today – the crisis that has been caused by that.

I guess the thing that is frustrating to me -- and certainly, being an impatient American as I am -- this was being done in spite of all the initiatives of the Republic of Korea and other interested countries to try to help, to try to make change, to try to reconcile, to try to draw Korean to Korean, because truly, that's what we are all about.

So let me in shorthand give you a little bit of discussion about what I see as I look at North Korea, and you've all talked about this this morning. You know, Ford has a slogan that says "Quality is job one." In North Korea, regime power is job one, and retention of regime power in my view is job one. I think it's a paranoid regime that looks externally for threats not only to keep itself in power but to act the way it does. It's an economic basketcase that over 10 years – and I know I will be criticized on this – that had nothing but economic downturn. Now, that's not exactly true. They had about eight years, and then they had a blip that moved it up a little bit, but it moved it up from so low in the basket, I don't know how you can call it an upturn. It's not self-sufficient, so Juchay (ph) is not reality in any event. It's somewhat isolated from the international community, although there have been moves by relatively progressive countries to try to establish relationships with North Korea.

It's a state that requires welfare for its people to survive, and it's a state where there's been recurring famine, disease, lack of all of the social activities that we would think would be humanitarian for the people by the Republic of North Korea, and in that context, the Republic of Korea has done much, along with the United States and Japan, to try to alleviate some of that horror. So in spite of horrifying economic conditions, the regime has demonstrated its priorities, which are not only the survival of the regime but also its military-first policy.

And in the context of we think about North Korea, and we think -- if we don't like to think about the military aspects of North Korea, which I will talk about in a moment, think about it from this context of those of us who believe in humanitarianism and how those people suffer and how those children suffer. Kim Jong Il's policy of military-firsts compounds the distribution of limited resources to the people of North Korea.

Let me just talk about the military because that's probably the area that I know a little bit about. It's technologically not sophisticated, but the regime does do selected modernization of its forces. So anyone who thinks that they're back in the 1950s hasn't paid attention to what it's done. It does have weapons of mass destruction. It does have missile programs. It does proliferate missiles as a cash crop. It's the fifth largest army in the world, about 1.2 million people under arms. I used to use the term "the tyranny of proximity" as I thought about the forces in North Korea, because they're so close to the de-militarized zone. And if you wanted to put it in the context of how we sit here today, if you put as much North Korean artillery missiles and forces in Baltimore, they could reach the mall today.

So in a great context, they're not in a defensive posture because they're well forward. They have large artillery and special operational forces, and the military is the largest purchaser and user of consumer goods, no matter how you describe those goods -- food and fuel. And it's a tragedy when you think that it continues to invest 30-plus percent of its GDP for the military. Now, 30 percent – it's hard to figure out exactly what that equates to in any real terms, but when you compare it to our 3.1 percent, you can understand the deprivation that must occur in a country that economically has collapsed long ago.

Without fundamental change, North Korea will continue to rely on charity and on its military as its last element of national power. So going back to my bottom line, the major challenge for us and our alliance is the maintenance of peace and stability and security on the peninsula and throughout northeast Asia. And at the same time, using those elements of power to try to cause positive change as we move to the future, I can say that all of us who served in the Republic of Korea, and who have any heartfelt feelings about the Republic of Korea, truly hope for reconciliation. But I think as we try to lay the blueprint of what will happen next, as we think through crisis to crisis, we must use the past as a blueprint. It's a history of brinkmanship, provocation, incidence, going so far, and then backing off. And I think as a nation and as an alliance and as the Republic of Korea, we must think our way through that.

You know, as we think about North Korea, many of you have forgotten already that there was a sea battle in the West Sea in this past June -- well, North Korea sunk and killed Republic of Korea sailors -- that there have been missiles fired -- again, anti-ship missiles off North Korea; that there was an acknowledgement of a nuclear weapons program. So the consequence is maintaining this great alliance, deterring aggression, continued programs that in fact might, over time, because I don't think you're going to see a paradigm shift tomorrow morning when we wake up. There will not be free elections. Hopefully, a paradigm shift in North Korea. And with this alliance, with peace and stability on the peninsula, with deterrence, I think we can hope that the remainder will flow from there. But I also will say without peace and stability in the Republic of Korea and in northeast Asia, the positive effects that we desire will not occur.

So with that, I thank you for your time and interest. I would be glad to entertain some of the questions, and if I can't answer them, I'll defer them to the smart people at this table on my right here and pick them out. So, any questions -- I'll be glad to answer them. Thank you.

(Applause.)

MR. : Thank you very much, General. If I could ask any questioner to wait for the mike, and then please identify yourself so the General will know who he's talking to.

GEN. TILELLI: Well, this is good. There are no questions. Yes?

Q: (Inaudible). General, I was wondering if you could comment. There's been a lot of discussion this morning and the last couple of days about the issue of U.S. force deployments in South Korea. How do you think about them? Are these the right leaders to be making the -- (off mike)?

GEN. TILELLI: You know, I think -- the question had to do with U.S. force deployments and footprint of those forces in the Republic of Korea. In my view, and this again is a personal view, I don't believe it makes a hell of a lot of difference of where

those forces are in the Republic of Korea. I think that's an agreement that through collaboration and coordination with our great alliance that those decisions are made. And the fact is – do I believe we need to keep the deterrent force in the Republic of Korea? The answer is yes. Do I think we need to keep the second ID where they exactly are, up close to the DMZ? I'd say the answer is no, because we have great capability.

This alliance – remember, the Republic of Korea forces and the United States forces are there to complement each other. And in a real sense, those Republic of Korea forces were developed based on the complementary capability that the United States would provide. So as the Republic of Korea forces attain greater capability – and I will tell you this is a rock solid Army, Air Force, Navy, Marines, well-led, well-trained, well-equipped, well-disciplined – that there's no reason why there cannot be a change of the footprint.

The question, I think, in our mind's eye as we think about that, is there a lessening of the commitment of the United States of America towards this alliance, and I would say absolutely, there should not ever be a lessening of commitment. And I don't think that that would show a lessening of commitment, because I think we are as a people, as a nation, and as an alliance, committed to our friends in the Republic of Korea. So a lot of folks will churn over, you know, do we have 1,000 folks north of the Han River or south of the Han River or 2,000, and in my mind's eye, it doesn't make any difference. I think that's up to the two governments to decide.

And remember, when we – and you know this, but I think, to be quite frank with you – and one of the things good and bad about me is I'm generally candid about things, even in an audience where I probably shouldn't be – many of our Koreans don't understand that when we serve in a host nation, we serve there at the pleasure of the host nation. So consequently, if through discussions and dialogue that the host nation desires that we change our footprint, we sure as heck should do that, after the facts are known on what impact it might have our ability to deter and defend.

Q: General, Richard – (inaudible) – with CNAPS. You mentioned the – (inaudible) – that recently was a republic of freedom. I wonder if you think if this is a passing phenomenon related to an election campaign? Is it more enduring, and whatever the – (inaudible)?

GEN. TILELLI: I think there'd be others here who could talk better about whether it's enduring or not. Certainly, I do think that some of it had to do with the campaign. I also think that some of it will be enduring. I think the way that you try to achieve this understanding – because it truly is an understanding – falls into two pockets of responsibility. The first pocket of responsibility has to be within the Republic of Korea and the people and the administration of the Republic of Korea. Those in government who understand what this alliance is all about and what is it guaranteeing and what it has done and what it could possibly do for the Republic of Korea must articulate that well. You cannot have a faint heart when it has to do with moral courage.

Secondarily, in my view, part of the responsibility is on we as Americans, who must always be good neighbors, must understand the culture, must work within that culture, and must accommodate our host nation where possible, where it will not affect readiness and will not affect the very alliance itself.

And I think the third part is wouldn't it be horrible if people in this free democracy called the Republic of Korea couldn't protest? That's what democracy is all about, and the fact that if it's non-violent protests, that is a way of voicing your concerns. And at times, that's the way that both governments hear concerns.

At the same time, I will say -- and this is my personal view, once again -- that I think the vast majority of the people of the Republic of Korea understand why the Americans are there. And those same people have an abiding respect for our soldiers, sailors, and airmen and Marines, who are there to give their all, if necessary. I can tell you from my perspective, when I served there, I -- and I was fortunate. I mean, luck is as good as talent at times. I was very fortunate in that the protests we had were tens and twenties, you know, we'd talk about one thing or another. I never had to cope with that in four years. But I will tell you, in my view, the people of the Republic of Korea understand, and you've seen it come out in the press now that there's a little more progressive view of the worth of having American forces where they are. But you can't be complacent about it; you've got to work. You've got to work, you've got to love what you're doing, and you've got to try to accommodate where you can.

Yes, sir?

Q: (Inaudible) -- General, you said two things in your remarks that I'd like to ask you about. You said North Korea has weapons of mass destruction. You also emphasized several times in your remarks the importance of the U.S. of a deterrent -- (inaudible). Do you think that the acquisition by North Korea of nuclear weapons is an unacceptable thing, or do you think this is something that is deterrable, even if North Korea were to possess nuclear weapons?

GEN. TILELLI: When I said North Korea had weapons of mass destruction, I was generally talking about missiles and chemical weapons of mass destruction. I think, in my view -- and I've said this in open forum in a panel that I sat on called -- (unintelligible) -- in the Republic of Korea in November -- that I think it is intolerable for North Korea to have nuclear weapons. I think it's absolutely intolerable. And I think if you were to ask our friends in the Republic of Korea what they think, they'd say the same thing. I think it's intolerable.

At the same time, I think we have to be very cautious when we think about what these nuclear technologies and where they might evolve to. If missiles have been become a cash crop, which we have seen missiles moving to different places, what makes us so confident or complacent that nuclear technologies for reprocessed material might not become the second cash crop?

Thank you all for your time. Thanks for the invitation. It's been great. Thank you very much, sir.

(Applause.)

MR. : General Tilelli, thank you very much for – I broke the microphone. Thank you very much, General Tilelli, for being with us. For lunch, we have a small token of our deep appreciation to you.

(Applause.)

MR. : And if I could just take a couple more seconds of your time. I'd like to thank a few other people. First of all, Mr. Lee Folger, over here at table one, for his generous support of CNAPS. Second, my staff. They're the ones who did all the work to put this fine event together – Sharon Yanagi (sp), Kevin Scott, Daphne Fan (sp), Nori Katagiri (sp), Sonia Naga (sp), and Carolyn Kwok (sp). Thank you all very much. Thank you for the audience for coming and joining us today. We really appreciate your support of our program. Thanks again.

(END)

THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES

2003 SPRING FORUM

**TENSIONS ON THE PENINSULA: KOREA, NORTHEAST
ASIA, AND THE UNITED STATES**

**THE BROOKINGS INSTITUTION
WASHINGTON, D.C.
APRIL 24, 2003**

**SEGMENT 2
VIEWS FROM THE REGION**

**MODERATOR:
RICHARD BUSH, DIRECTOR
CNAPS, BROOKINGS INSTITUTION**

**SEOUL:
JAE HO CHUNG
BROOKINGS/CNAPS FELLOW;
ASSOCIATE PROFESSOR, SEOUL NATIONAL UNIVERSITY**

**BEIJING:
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**TOKYO:
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**MOSCOW:
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*Transcript by:
Federal News Service
Washington, D.C.*

RICHARD BUSH: Why don't we get started? I think the first panel went very well. I'd like to thank all the panelists. This panel we're going to take a different perspective and get reports on the views of North Korea's neighbors, which I think in this case is a vitally important issue, that one could make the argument that how this crisis develops and works out depends on how the United States, Japan, South Korea, Russia and China work or do not work together to try and resolve it.

And to help us illuminate these issues we have four outstanding scholars: Jae Ho Chung of Seoul National University and this year's CNAPS visiting fellow from the Republic of Korea; Michael Swaine of the Carnegie Endowment, who's sort of third over; Jim Przystup from National Defense University; and Alexander Lukin of the Moscow State Institute of International Affairs.

And we will start with the country that is most affected by this, which is South Korea, and I would like to turn to my colleague, Jae Ho Chung and ask him, how is Seoul, the new government of President Roh, viewing the situation? How dangerous do they think it is? What do they view the nature of the military threat? Do they think that North Korea, for example, has nuclear weapons? What do they see as – how do they evaluate the U.S. approach to this? And how does the South Korean government think we should proceed to resolve it?

Professor Chung.

JAE HO CHUNG: First of all, a disclaimer. I cannot speak for the Korean government. I'm just giving you my understanding of what has been happening and what the South Korean government is viewing the entire situation.

In the minds of the South Koreans, I think there are two types of concern. One is the danger of having a North Korea that has nuclear weapons capability. Once North Korea goes nuclear, the Sunshine policy, or alternatively, the Peace and Prosperity policy will no longer be on South Korea's terms; it will be on North Korea's terms. So that's one concern the South Koreans have. The other concern is still – I think Michael O'Hanlon said the preemption option is still on the table. I don't know where it is, but – so South Koreans still have this concern about preemptive attack by the U.S. against North Korea.

I think the use of the term "crisis" has been controversial in South Korea because it has had enormous negative impact on South Korea's economy. I mean, the recent up and down of the stock market is a very good example. Compared to late last year, however, I think we definitely see a heightened – enhanced public awareness about this nuclear program that is being developed in North Korea.

Regarding South Korea's assessment of North Korea's intentions, my understanding is that the Seoul government assessment over this problem has been evolving over time. I think initially, during the Kim Dae Jung administration, the major

thread of thought was that North Korea was basically planning to bargain it away, but I think under the current administration I'm not sure whether that still remains the main thinking.

Currently, I think North Korea's bargaining the nuclear program away and actually going for the nuclear weapons capability are not necessarily mutually exclusive. I think Allan Song made a very good point along this line earlier. So I think a timely intervention was the goal of the South Korean government, or even the current Roh Moo Hyun administration, has been striving for.

So it's interesting that – or even ironic, the South Korean government, which has not yet confirmed North Korea's position of nuclear weapons, has been viewing the situation as more urgent than the Washington – Bush administration which has already announced that North Korea might have already developed one or two nuclear weapons.

South Korea's evaluation of the Bush administration's policy on North Korea; this is a very tricky issue. My reading is that initially there was some confusion and displeasure on the part of South Korea in regard to the Bush administration's policy toward North Korea. First of all, there was confusion and differences in terms of what kind of role South Korea should play in the resolution of the North Korea conundrum. Obviously we know that the Kim Dae Jung administration defined a role for itself as leading, but that has been – (audio break, tape change) -- offered the role of being a mediator between North Korea and the United States, that has also been rejected by the Bush administration. And Assistant Secretary James Kelly, during his visit to Seoul, he defined South Korea's role as active, which – we don't really know what that really means. But nevertheless, I think -- up to this point I think the role of the U.S. mainly was in the negative leading role rather than proactive – actually promoting something that can be constructive. But now I think more positive efforts are being made by both North – I mean, U.S. and South Korea in the resolution of this problem.

I will get to the exclusion of South Korea in the three-party talk later on. But let me add a footnote on this particular issue; that is, this whole issue is as much South Korea-U.S. relations as it is North Korea-U.S. relations because I think South Korea-U.S. consultation and close coordination is very important, and it will actually provide both countries a very good opportunity to patch up the rift created since last summer.

Finally, what is the best way out of this problem? I think the only way out for Seoul is getting in – that is, more active engagement and involvement, and closer consultation with the U.S. and China in the resolution of the problem. More specifically I mean the following couple of things. After the preliminary phase -- I mean, whether you call it preliminary phase or initial talks or initial phase, whatever that is going on right now in Beijing – after that is happening, I think South Korea should get involved as soon as possible. Inter-Korean talks – they were suggested by North Korea, which may be useful – but that can never supplement direct involvement by South Korea in any format of the multilateral talks that will transpire.

Second, I think South Korea, in consultation with the U.S. and China, somehow has to define what constitutes the red line. This has not been mentioned or analyzed or discussed in any explicit way so far, but somehow South Korea now has to come up with a concept of what red line constitutes. It doesn't have to be publicly announced, but it has to be conceived.

Third, I think South Korean government, down the road in my view, should announce a no-say, no-assistance principle. I think South Korea should get involved, should have a direct say in the process – otherwise, North Korea should not expect any direct assistance program from South Korea at the least.

And then, when the format – whether it is a three-party, four-party or five-party or more, whatever the format is, I think the fundamental outcome should concern whether or not parties involved can agree upon an irreversible and very viable program regarding terminating North Korea's nuclear program in exchange for some kind of regime and security assurance -- but non-aggression pact is not likely because it needs congressional approval.

But then again, the alternative would be some kind of communiqué between North Korea and the United States, but then again we have this precedent in the year 2000 there was a communiqué between Cho Myong-nok and Albright, which actually specified that U.S. does not harbor any reserve of intention against North Korea -- which has now been virtually nullified. So, I'm not quite sure whether North Korea will go for this, the similar thing once again, and again be nullified.

Well -- and I think this process of actually agreeing upon how verification program will be sorted out and what kind of reward will be given to North Korea in exchange, this will take a long time in my view. At some point down the road during this process, I think the missile issue as well as economic assistance programs will be added.

In conclusion I think premature pessimism is not warranted, because we are in for a very long, bumpy journey. So I think we – I would like to be hopeful, but very cautiously.

I will end there.

RICHARD BUSH: Thank you very much. Michael Swaine, Don Oberdorfer talked a little bit about the importance of China's role. I'd like you to sort of analyze that -- you know, where is China sort of lined up with the other parties involved in this, where is its position different? How is it viewing, sort of, North Korean behavior right now?

MICHAEL SWAINE: Well, I think China's position is certainly that it wants to see a peaceful resolution of this issue in a way that will reduce the chances of any kind of confrontation and will eliminate, ultimately, nuclear weapons on the peninsula. I think the Chinese are genuinely committed to that objective. They believe that this can be best handled through, ultimately, direct discussions between the United States and North

Korea, but they have recognized that they really need to play a more active role in trying to make that happen.

And so they have moved their position somewhat, from initially just pushing the United States on a direct bilateral discussion, to offering to host discussions between the two sides and facilitate that, to actually being involved in direct discussions among the three countries. To what degree they're going to actually be actively involved in the back-and-forth with the United States and North Korea I think, at this point, remains somewhat unclear.

I think they regard the situation as clearly a crisis of sorts. There was, I think, some time back, a view that the Chinese thought that North Korea was essentially using the nuclear issue as a card to gain a lot of concessions and other advantages from the United States without really developing a viable program and that there shouldn't be an overreaction to this kind of maneuvering on the part of North Korea by the United States. I still think they believe that -- they certainly don't want an overreaction by the United States, they don't want conflict over this -- but I think they take the North Korean nuclear program much more seriously now than they did some time ago, and that in part has motivated them to get more actively involved.

And I think the other issue that has motivated them to get more actively involved has been the Iraq war, and the entire context of that that suggests that the United States is certainly willing and able to use extremely effective military force, and they're concerned about that I think, and they certainly don't want that to happen. Where the differences lie are primarily over this issue of pressure and the right sort of methods and process to arrive at a lot of similar objectives to the United States in several areas -- and there they are not convinced at all that sanctions will work in dealing with North Korea -- certainly not a sanctions-led policy and an open sanctions-led policy.

They believe very much that North Korea is a regime that is highly insecure, feels highly isolated, and that you don't want to try and pressure them because they are just as likely to overreact and lash out in some way as they are to become more cooperative. In fact, they're more likely to respond the former way. And I think they also -- the Chinese feel that if you get the dialogue going, gradually if you introduce other -- involvement by other countries, particularly South Korea, that you have a higher chance of succeeding.

And their -- the Chinese I think have a very acute sensitivity to their position relative to the South Koreans because I think they ultimately believe that the Korean Peninsula issue is going to likely be unified on the basis of South Korea's regime -- that there's going to be an absorption of the North by the South -- and that they have improved their position radically in recent years with South Korea across the board. It's really a major, major success story in China's diplomacy, and they don't want to do anything that is radically out-of-synch with South Korea's views on this issue. And so, they have significant agreement with the South Koreans on the need to have negotiations, the need not to press the North Koreans too far.

And one other point is the Chinese have, I think, shown that they are willing to put some pressure on North Korea -- most recently indicated by their supposed, for technical reasons, cessation of oil shipments for a few days to North Korea, which I think sent a very clear signal to them. So they're certainly willing to do that; they just don't want to raise this up to a level where it leads the strategy in dealing with North Korea, and I think as long as South Korea has that same view -- and they probably will for some time -- I don't think you're going to get much change in that perspective from the Chinese viewpoint.

At the same time I would say that I think a successful solution to the problem really does require the kind of coordination, among all the powers concerned, over the process of negotiation. There certainly has to be involvement by not just the Chinese, but the other powers as well: South Korea; probably Russia; certainly Japan; to understand how far to go in placing certain things on the table with North Korea, and then how to respond to certain responses that you're going to get from North Korea.

And there, if you can achieve this level of coordination, there is the likelihood that the Chinese would be more willing over time to adopt more pressure on North Korea, if it thought that the strategy had really reasonably proceeded to try and exhaust or test North Korea's willingness to give up its nuclear program -- and if North Korea refused consistently to do this over time, I think the Chinese could be brought along over time, eventually, to putting more pressure on North Korea. But it would involve an enormous amount of diplomatic finesse, which I'm not sure the parties involved are capable of at this point.

MR. BUSH: Let me ask one question that was provoked by Marcus Noland's discussion of sort of quote, unquote, "the Chinese model." He seemed to indicate that perhaps it was not applicable to North Korea because the economic structure in North Korea is more like Romania than it is in China circa 1978. Do you have any sense whether the Chinese draw those distinctions, or whether they think that if only North Korea would follow our way everything would be fine?

MR. SWAINE: I don't get much of a sense that they make that kind of a distinction. What I've been told consistently over time, and talking with Chinese about this, is that they believe that their model of economic reform can in various ways be applied by the North, and they have encouraged them to do that. It's not that they think it should be accepted lock, stock, and barrel; but they certainly think they could have moved in certain areas, as the Chinese did, in a staged way -- to gradually liberalize elements of the economy, and gradually open it up to the outside world.

And that's one area where I think they have been enormously frustrated, although the North had shown -- prior to the emergence of this now more recent crisis -- had been showing more interest in adopting certain areas or certain aspects of the reform process in China. They had been sending more people over to China -- scholars, analysts, who had been actually residing there in various places in China -- to study the process. There had been more positive interactions, I was told, about this, and there has been some, of

course, indications that North Koreans had begun to initiate some types of changes. But it has really been more on the sorts of form than it has been in substance thus far.

MR. BUSH: Okay. Let's turn to Jim Przystup and the perspective from Japan – how are they positioning themselves vis a vis the United States and others, how do they define the situation, how would they like to see it resolved? And I'll also give you a chance to comment, if you want, on some of Michael O'Hanlon's observations on the military side.

JAMES PRZYSTUP: Okay. Al Song talked about being a cocktail party 10-minute expert, and I want to take a slightly different model in this presentation, based on my former experience as a south side of Chicago bartender, where – (chuckles) – the conversation was generally direct and to-the-point. And I'll probably be even shorter today because I left my glasses in my car this morning, and looking at my notes – it's really difficult to decipher.

And I'll begin with a double disclaimer, of course -- the traditional one from the National Defense University, that these views are my own and do not represent those of the Institute for National Strategic Studies, the National Defense University, the Department of Defense, or the U.S. government. The second part of this of course is these views do not represent those of the Japanese Foreign Ministry, the Japanese Defense Agency, or the Office of the Prime Minister. (Laughter.) That said – (chuckles) -- let me begin.

Now, the first question that Richard asked was – asked me to address was, how dangerous is this situation as seen in Japan? And I think the answer is: very. I think this was underscored recently by the testimony of the head of the defense agency, Mr. Ishiba, in the Diet when they asked, well, what if our intelligence picks up a picture where the North Koreans are fueling a rocket and it has Japan written on the nose cone, what do we do about it? And the defense minister said, nothing, we can do nothing – we are defenseless in this context – and that, I think, really brought home the issue to a lot of Japanese in ways they had not thought about this before. And we've seen subsequent talk about preemption, the need for a first strike offensive capability, talk about tomahawks, mid-air refueling – and mid-air refueling is going to happen some time towards the end of this decade – and so they're looking ahead at this as a real national security problem.

How to they assess North Korea's capability? Well, I think they have come to the conclusion that, basically, North Korea has nuclear weapons; that it has not only nuclear weapons, but it has delivery systems to bring them to Japan, and the – of course the Taepodong launch of August 1998 is a real case in point, the recent threats have brought that home along with other test firings of missiles into the Sea of Japan -- this is a pretty scary picture.

And I think they've also come to the conclusion that the North Koreans have nuclear weapons to have nuclear weapons, and not to trade them. They're there as the ultimate life insurance policy for the regime. This is a survival-focused regime, and the

weapons are made – have the purpose of keeping the regime around. And I would say that the Japanese probably look at this and say, you know, if you look at it from North Korea's perspective, the value of these nuclear weapons has probably only increased after Iraq, because the clear message of Iraq is going to be: if you have got nukes, well, U.S. hasn't dealt with you yet; and I think the hedge is, we're going to keep them to keep that hedge.

I think the Japanese are also very suspect about any North Korean attentions with regard to market reform and market opening. I think there's great skepticism that the North is interested in the kind of economic opening and reform that Tokyo might be interested in. And so I think we're going in different directions, when we think about it, conceptually when we talk about reform and opening.

As for the Bush administration -- well, how do they feel about the Bush administration's policy? Well, I think they have been reassured, at least publicly in the president's statements, that the administration has focused on resolving this issue diplomatically -- and the president has contrasted Iraq and North Korea, and that some situations will be dealt with militarily, others will be dealt with diplomatically. And so I think there is a degree of reassurance that we are going to try diplomacy first, before anything else. But I think their concerns are, even in the context of diplomacy, one is the trilateral coordination with the ROK, which I think may -- particularly with the government in Seoul, I think they're concerned about the ability to maintain the coordination that could allow for a Perry process.

And I think they're also concerned about what -- how, and when we are going to play them in to this broader multilateral framework. I think they remember very well the Agreed Framework, the four-party talks on the Korean Peninsula in which they did not participate, and I think -- with the nuclear question right at the core of this -- they are very much concerned about being included in the diplomatic process as it moves ahead. I think they're also concerned very much about the statements that came out of the Pentagon, and out of the office of the Secretary of Defense, about the drawing out of U.S. forces on the Korean Peninsula, but the reality is -- I think we all understand that it's very difficult to deal with the Korean Peninsula --

MR. BUSH: Jim? Could you find your mike, I think it has --

MR. PRZYSTUP: I think it fell off, you're right.

MR. BUSH: Thanks.

(Laughter.)

MR. PRZYSTUP: And I think they're very concerned about being -- you know, the concept of dealing with the peninsula in a vacuum. I think it's exceedingly difficult to do, the Japanese see talk of troop draw-downs, changes, transformation of the peninsula as directly effecting the nature of the U.S. presence in Japan, on Okinawa. And

I think, when we think about this, I think we really need to have a broader strategy that links transformation, the global issues, and takes it into a regional context. And I think to me the pattern that we need to keep in mind is what we did in the first – first administration, Bush administration, did with the East Asia strategy initiative, which kind of laid out a 10-year timeline about strategic change in the region, how we would go about it. And that allowed the different countries in the region – our allies and friends in the region – to understand change and to play into it, so I think that's something to keep in mind.

What's the best way out? Well, I think for the Japanese the best way out is kind of a fairy tale solution where the North Koreans turn in their nuclear weapons, open to reform, and we all live happily ever after. Getting from here to there, I think, is kind of viewed as mission very difficult if not impossible. And beyond that, you know, there are other issues that directly effect the Japanese relations with North Korea. The issue of the abductees is still out there, there's drugs, there's counterfeiting, there's spy ship incursions in which drugs and counterfeit currency has come into the country. So this is a very difficult relationship to manage.

Now, two quick points that I wanted to pick up from the previous discussion, and the first one dealt with – let me see – why did the – why did Kim Jong Il come clean to Koizumi and Kelly? Well, I started thinking about this, and you've got to put it in a larger context. The first context is, North Korea's economy is in really bad shape overall and it's probably getting worse. The second context is of a Charlie Chaplain movie, where Charlie's in the factory and he's pulling all these levers to see which one is going to work.

So in July he tries economic reform and price decontrol and liberalization, and that turns into a disaster – there's nothing behind that lever. So then he says, oh, we will try another lever: let's try Japan. And this is kind of like the Rumpelstiltskin strategy, where you trade 10 bodies for \$10 billion – and so he goes to Koizumi and says, so I have a deal for you. And he pulls that lever, and Japanese politics say, no, that doesn't work either. And then he says, oh, we'll try something else – we'll try South Korea. And if you look what happened at the end of August, the beginning of September – North Korean delegations were in Seoul and they were talking about reconnecting roads and reconnecting railroads and Kaesong as a special economic zone – big, big think items. And I think what they were really doing was hedging against a conservative victory in December. And so, I think the thinking was, well, if you connect these roads and railroads, even if the conservatives win there's no way that they're going to disconnect these roads and railroads – and so we're building in insurance policies against the outside world by linking up with the South.

So that's September, and then comes Kelly in October. And I guess my take on why they came clean with Kelly is they read too many grand bargain op-eds, and they figured this was the time to make a deal – and Kelly said, well, sorry gang, no deal this time. So that's kind of my view on what happened, and why did he come clean. They're

trying everything – they’re pulling every lever they possibly can to get some traction, to try and get some connection – and it hasn’t worked.

The Yongbyon option is the other thing that I wanted to talk about, and I agree with Mike that getting at Yongbyon is not going to take out the nuclear weapons, it’s not going to take out the HEU program, and getting at Yongbyon essentially only gives us half the problem. But I’m starting to think about the other part of the equation that Mike raised, and that’s North Korean retaliation against Seoul. And the more I started to think about this and the more it seemed that Yongbyon was a big, fat target sitting out there – and Kim Jong Il is kind of like Dirty Harry, and the message is, go ahead, make my day. You’ve attacked Yongbyon, and we’re going to turn it around on you so fast, politically and diplomatically, that any concept you have of maintaining an alliance with the South – and particularly this government – is going to disappear very quickly. So when I think about Yongbyon, I say, yeah, we can do it but the consequences may be more than we bargained for thus far. Thanks.

MR. BUSH: Thank you very much. Professor Lukin, North Korea, or the Korean Peninsula, has been a major issue in – or major initiative in Russian diplomacy, and I wonder if you would enlighten us on how Moscow views the situation, what it sees its interests are, and how it is pursuing it.

ALEXANDER LUKIN: Thank you very much. First let me say that I am twice happy today: first, that I was invited to such a learned panel – thank you for inviting me – and second, that I don’t have to speak for North Korea, just for Russia. (Laughter.) To speak for Russia is not very easy, but there are much messier places in the world, so it makes my task easier.

So let me first say that Russia officially and unofficially has two fundamental interests in Korea – concerning the Korean Peninsula – and this has been announced by the Russian government representatives not once. First, that Russia does not want weapons of mass destruction there. Russia is part of control over the weapons of mass destruction all over the world, and it is, of course, particularly interested from this point of view in the North Korean situation, because North Korea is on the Russian border – is a Russian neighbor.

The second fundamental interest is that there is no war in Korea, and there are several reasons for this. One is the general Russian understanding of the situation – the current international situation – and, speaking bluntly, Russia does not want a world where the United States can strike anybody at its own will, and without consulting anybody – that’s not the world we are looking for. And this is the Russian official view of the future world, is that it should be a multi-polar world, and we share this idea with China and I think with France also.

So the second reason is more practical, that if there is a war near the Russian border it will be a terrible disaster, and nobody knows what might happen. We don’t want a nuclear cloud to come into our territory, we don’t want, you know, thousands of

hungry people fleeing to our territory, and neither do other neighboring countries. And then some people in this – in nice rooms like that will be sitting and announcing that it has all been done to free the North Koreans from an oppressive regime and to create democracy there, and we will be cleaning the mess. And of course, both North Korea and South Korea are our partners, including – and economic partners, we have several interesting economic projects there. One example is the building of a trans-Korean railway, for example. So generally, we want -- Russia wants a friendly and cooperative situation on its borders.

So how to proceed with settling the weapons of mass destruction problem in Korea and how to settle current situation there really does matter to Russia. If the United States and North Korea come to some conclusions and to some kind of settlement on the bilateral level, it will be good. If three-party talks are needed, like we're having now, in China, this is fine. If somebody wants to include Russia it would be also fine. So the result is important.

All this does not mean that Russia has no ideas on how to go about with this, it just doesn't insist on that. The Russian proposals were first what our Foreign Ministry officially calls a package deal, which is basically a solving in package the problem of WMD, the problem with, shall I say, the security concerns of North Korea, and the North Korea concerns about energy -- there's a kind of official language that the Russian Foreign Ministry uses. And the second proposal is that we would prefer multilateral talks. We don't insist on them, but we think that it's a more reasonable way of solving the situation. And the reasoning for this is that there are much more problems than just WMD problems there, and many more parties concerned. For example, this month the deputy foreign minister of Russia in charge of this area said that Russia supports the Japanese proposals of the early 1990s about six-party talks.

Actually, he also admitted that the side that is against it is North Korea. He said that we approach North Korea saying that we are ready to give some kind of guarantees to you under certain conditions, but they refused. Well, I personally think that it's not a very reasonable position, but you don't really speak reason when you talk about North Korean government. It is unreasonable because I don't think that United States security guarantee would be very valued – would be of a great value to them. And it was said here in the morning that China was the only country which can press South Korea to fulfill the agreement, if the agreement is reached with the United States, but the other thing is also right, that China and Russia are the only – if China and Russia think that North Korea disarms, these are the only two countries that can really prevent the war -- and it would be very easy to do if there is a will to do that. So I think Russia and China can give a reasonable guarantee to North Korea, so why they refused is not very clear to me.

And I just want to say a few words about a more general understanding of Russia, of the future of the situation in Korea. I think that most people in Russia understand very well that North Korea and South Korea are going to unite and be one country sometime.

We cannot say if it is going to happen in one year, five years, or twenty years; but it surely is going to be one country. And it surely –

MR. BUSH: Can you speak a little bit louder?

MR. LUKIN: Ah, okay. And then it will surely be a country that's – let's put it this way, will be more like current South Korea than more like current North Korea. But at the same time it is also understood in Russia that an abrupt unification will be a disaster for – will probably be a disaster for Korea and for its neighbors because of the great gap between North Korea and South Korea. It will be nothing like – if we compare a situation like this, it will be nothing like Czechoslovakia, because Czechoslovakia was a quite developed country. It will be more likely like Romania, or I would say much worse than Romania -- and of course, the neighbors will take the consequences.

So it was said in the morning also today that totalitarian regimes does not change without pressure from the outside. I don't think it's entirely correct. Actually, I think – actually, if you don't call the entire international situation pressure – if you are talking about just military pressure, no totalitarian regime changed under military pressure. Military pressure can only consolidate a totalitarian regime. We saw it in Iraq, for example, in Yugoslavia also, but more contacts, more engagements change people's thinking.

So I think that neighbors of North Korea understand it very well. That's why South Korea is seeking more contacts with North Korea, and this is also position of Russia. And for this reason I think that Russia is going to coordinate its activities and its policy towards North Korea, mainly with other North Korean neighbors; namely, and first and foremost, South Korea, and then China. And we, of course, are ready to work with the United States and to talk to reasonable people in the United States, but the United States is too far to understand the whole complexity of the situation, especially the current government, I think so. So I think we are – and we are already coordinating very closely with both South Korea and China. Thank you very much.

MR. BUSH: Okay, thank you very much. The floor is now open to questions. We have about half an hour before we close. Please raise your hand and wait for the mike, and identify yourself. I saw the first hand in the back, Jim Goodby.

Q: All right, Jim Goodby, Brookings Institution. I wonder if the speakers, perhaps collectively, could address the question of the Agreed Framework. I haven't heard that discussed yet today, and to my mind it is an issue – do we reinstate it if everything goes well, do we continue funding and building the two light-water reactors, does KEDO keep doing what it's doing? How do you all read this in light of the changed circumstances in recent months?

MR. BUSH: Anybody want to take that on?

MR. PRZYSTUP: I think they put the spike right through it. (Chuckles.) I don't think it's coming back to life. There may be another form of energy transfer, but it's not going to be the Agreed Framework. At least, from what I understand of the administration's position, the position on the Hill – I think it would be very difficult to see a resurgent Agreed Framework.

MR. BUSH: Do you want to speculate how it might be folded into something different?

MR. PRZYSTUP: Well, I think, you know, if you're going to get to the "Let's Make a Deal" process," and you know, door number one is you trade in your nuclear weapons and door number two is the great economic future, and behind door number two is some kind of form of energy supply -- and I think that's the way it would be folded in. But getting to door number two, I think, is going to be a difficult, very difficult problem.

MR. BUSH: The gentleman back there?

Q: Hi, this is Chong Hyun-Kim, Washington correspondent working for – (inaudible) – of Korea – of course, South Korea. And I have two questions, mainly for Michael Swaine. As you mentioned, China seems to have started playing a very important role to resolve the current crisis in Korea. And my question is, how much, do you think, that China going to play that role – to what extent and how long? Do you think that China is going to do that job, or role, after this first step of dialogue is finished?

And my second question is, what kind of political system and ideological identities does China think, and expect, for the future of Korea, when the South and North Korea is unified? Thank you.

MR. SWAINE: Well, I think China's role in all of this is going to be a critical one. It has already become pretty evident that, I mean, it's the only country involved in this process that has reasonably decent relations with North Korea, although they're not the best by any means – and, I would say at this point, better than reasonably decent relations with the United States. And of course it has some significant amount of leverage in dealing with North Korea. So I think it's definitely wanting to play a role here that can facilitate the kind of deal that I think it believes is necessary in order to solve the problem.

Now, that doesn't mean they're going to take the lead in bringing out proposals -- and certainly not, on a public level, are going to be making statements to try and guide this process. They're going to say in, I think, very much in the lower profile and try to facilitate in the dialogue some kind of deal to get control of this situation. I don't think they're going to want to get into – a lot will depend on how this thing unfolds as to how the Chinese play a role in it. They have certain kinds of, I think, concerns and priorities that they want to see observed as this thing unfolds. They don't want to get into a

situation where there is an effort to try and start muscling the North Koreans early on, that's obvious.

At the same time, it's unclear at this point how far they're willing to go in dealing with certain very fundamental issues that are going to come up if they get to the point where they do try and strike a basic bargain here, where the United States is willing to talk very substantively about trading certain types of assistance and guarantees for certain responses from North Korea. And one big issue will be the question of verification: what type of credible verification can be made to ensure that the North Koreans will, in fact, give up their program if, in fact, they get to that point where they agree to do that. There could be a significant difference over that, because – between the United States and China because I think there will be a fundamental difference between the United States and North Korea over this issue. And how will the Chinese play that issue, as this thing goes along, I think could be really very critical.

Another one is the question of the level of security assurance that the United States might be willing to give. North Korea will want more than the United States may be willing to give. In that role, the Chinese – it's unclear how they will come down on that, what sort of position they may want to take on that, and pressure the North, if at all.

And then the whole basic question of sanctions, ultimately -- if the process unfolds in a way that shows that the best efforts have been put forward to offer the North Koreans things that the Chinese think that are very reasonable, and that the North Koreans, in fact, have responded by not being very reasonable on this -- then the question becomes how far do you go in putting pressure on the North Koreans to get them to agree to a deal? And in that area, too, I think the Chinese again will be faced with a question of trying to balance between wanting to see – to avoid North Korea being pushed into the corner and wanting to see some kind of resolution of the issue.

Now on the second issue, of long-term future for the peninsula, I think the Chinese ideally would like to see – in my view, they would like to see a reunified Korean Peninsula, non-nuclear, and one that is very positively disposed towards the Chinese, clearly -- not a Korean Peninsula that has a very close strategic relationship with the United States or Japan. At the same time, I don't think the Chinese are driven by that vision in their diplomacy and in their thinking. I think they're more realistic than that. They believe that there's a lot of hurdles that have to be overcome before you get to that, and their priority is, I think – or their preference rather, would be to establish some kind of stable status quo on the peninsula for the time being that would ideally allow the North Korean regime to transition to greater reform and to become a more viable entity, and also a more flexible entity; again, along the lines of the way China has evolved over the last 15 to 20 years. But certainly, in both cases, they want to see a non-nuclear peninsula for a whole host of reasons. I don't think that's just rhetoric; I think they're very committed to that objective.

MR. BUSH: Gene Martin?

Q: Gene Martin, consultant on East Asian affairs. I guess the dilemma is that everybody wants to have multilateral talks except the North Koreans, and they're the ones that would like to talk only to the U.S. -- and President Roh, of course, now is under criticism domestically for not being part of the -- in the talks. I guess the question is that we don't trust the North Koreans, the North Koreans don't trust us in terms of a non-aggression pact. So at some point, it seems to me you're going to have to have some other people backing up whatever we might or might not agree to, in terms of assurances for North Korea, whether it's Russia, China, South Korea, the U.N., whatever it may be -- which I think historically is quite ironic.

But I wonder if the panelists would like to talk about, how do we get to where we are now to trying to figure out a way in which North Korea can be assuaged? I'm not sure they can be, because I'm not sure that the non-aggression pact is really their end game -- particularly since they exclude South Korea and exclude others from having private talks.

MR. BUSH: Does anybody want to take a shot at it?

MR. SWAINE: Well I mean, this is really similar to some of the other comments I have just made. I think that the only way, in my view, that you can proceed with this is to establish a process of interaction with the North Koreans where you can test their intentions ultimately, and then be able to respond to whatever those -- whatever you judge their intentions are. And so that means -- and that requires, I think, that there's got to be coordination, consultation, acceptance -- or at least acquiescence by the other powers involved, including the South Koreans, certainly the Chinese, certainly the Japanese, and probably the Russians -- in understanding the basis of trying to test this proposition with North Korea, because all these countries are agreed on the need to have some kind of movement here that leads to a non-nuclear peninsula and are willing to consider, very much I think, giving an assistance to the North Koreans of some kind of an offer.

So some kind of a larger 1994 Agreed Framework is, I think, inevitable in some way if you want to try and test this proposition. But in order to be realistic, then, about how you deal with that, you've got to make sure that most all the parties agree that you have given this the best-case effort you can do, and if the North Koreans are even then unwilling -- and they're showing that they're going to keep a nuclear deterrent under any conditions -- then at least you have a better basis, having developed this coordination, to then have support for using other means to try and deal with the North. Because if you don't have that kind of basis going into this, and the testing is, sort of -- it's very based on U.S. beliefs and U.S. assumptions about what should happen, then the chances you're going to be able to apply something later on -- more in the way of pressure, sanctions, whatever -- are much, much less I think, because it will involve coordination by all of the powers to deal with that issue.

MR. BUSH: Jae Ho? Please.

MR. CHUNG: About the exclusion of South Korea in this current three-party talks, I think that does not really contradict what South Korea has originally proposed. My understanding is that the so-called road map, that was presented earlier by South Korean foreign minister to the United States and other countries – that, at some places, that involved allowance of a lot of different formats, including three, four, five parties. Main purpose is just to promote the atmosphere for dialogue. So I don't think what is happening in Beijing right now necessarily contradicts South Korean government position, despite the outcry in Seoul. But down the road I think South Korean government should be represented in any format that is responsible for producing any agreements.

MR. BUSH: Jim?

MR. PRZYSTUP: Yes, just a comment on the point Mike was making is that, you know, this has been at the heart of our diplomacy toward North Korea going back a decade. It was always let's make a deal, can we test, mistrust, and then verify – and that's what has consistently been the driving force behind our diplomacy. And I guess, having watched it happen, I'm very pessimistic about the way it all plays out.

There was an interesting article about – last November I was in Seoul, and there was an interesting article that was in the press, an op-ed, and I think it was a fair analysis of the evolution of policy towards North Korea. And he said – the writer said, well, the Agreed Framework was a sticks-and-carrots policy, or carrots-and-sticks policy, and the Perry process was bigger carrots and bigger sticks. And he said, the problem with that is that – this is a South Korean writing – is that, the problem with that is that, what happens is that Kim Jong Il eats all the bigger carrots and he knows we don't really have a stick, so he's just going to move on and do what he wants to do. And so his solution to this was a policy of no carrots and no sticks. In other words, if you think that nuclear weapons are better for you than Cheerios for breakfast, well, go ahead and spend the money on nuclear weapons – just don't export them.

That will be -- I think, when we talked about defining red lines, that's the key issue, I think, we have to come to grips with. And, how do we define a red line, knowing that if you define it, you have got to enforce it. And I think this points to the degree of difficulty when we talk about multilateral coordination, this kind of a security policy that we're really faced with.

MR. BUSH: David Brown?

Q: David Brown from SAIS. I certainly endorse the idea that we need to have a new process of testing what North Korea's intentions right now are. But I'd like to pose a question, which is based upon the fact that the various panelists have described different assumptions about what North Korea's current status is. Jim and Mike seemed to talk as though it's understood that they have nuclear weapons already, and that is a different red line; whereas, I think, Jae Ho and maybe others don't accept the fact that North Korea right now has nuclear weapons.

My question is, if North Korea moves ahead and takes certain steps – begins reprocessing, and there is a story in The Washington Times this morning that that was the message they conveyed to Jim Kelly yesterday, whether they did it or not I don't know, but that's what the Times says. Let's assume they take that step, or if they go a step further and test a nuclear weapon so that they are very obviously a declared nuclear weapons state. How do those steps affect the views – attitudes of the various countries that you are helping us understand? Thank you.

MR. BUSH: Why don't we start here and work down the –

MR. CHUNG: That's a very tough question first of all. Actually, if you ask me what my position on the current status of North Korea's nuclear program, my answer would be I don't know. I do not necessarily presume that they do not have it, I just don't know. I just don't have the privileged information as to whether they already have it, or if they have it what kind of stage they are really at – is it really at the so-called weaponization stage? Or are they really simply having the materials that can be used to produce weapons? I just don't know.

South Korean government position on this is not known yet. Once North Korea declare that they already have tested nuclear weapons -- but my guess is that – which is speculative, of course – is that there will definitely will come forth with some kind of idea of managed penalty. I hope that doesn't reach that stage, and certainly not to the pre-emptive action that Michael O'Hanlon was talking about, but I think – at that stage I think that might be necessary, because, for the last five years under the Kim Dae Jung administration, I think we have used and implemented sunshine policy. I think a lot people are supportive of that because we have never done it before, and using it and experimenting with it for five years actually gave South Korea a certain legitimacy for any other major steps it might resort to if engagement policy eventually does not work out. So now I think we are coming at a crossroads for the sunshine policy, or peace and prosperity policy, because it is time for us to impose certain quid pro quo requirements for North Korea, which we didn't have under the Kim Dae Jung administration.

MR. LUKIN: The official Russian position is that Russia has no evidence of nuclear weapons – that North Korea possesses nuclear weapons. And what happens if they announce that they do have nuclear weapons? Russia is very serious in cooperating with other countries on the nonproliferation system. So Russia announced many times – and the last time I remember it was a joint Russian-Chinese declaration signed in February of this year that North Korea should renounce nuclear programs and generally all weapons of mass destruction programs, and the United States should give some security guarantees.

So Russia is ready to work with other countries, with any countries, to make the North Koreans give up weapons of mass destruction. But in saying this, I can also say that it is also true that if and when they have nuclear weapons, the fact that we don't – the idea that we don't want any kind of war there is more important I think. So Russia will

also probably act in a way that there is no war, there is some kind of peaceful solution of the problem.

MR. BUSH: Michael?

MR. SWAINE: Well, I don't necessarily assume – (audio break, tape change) – have a certain number of nuclear weapons, and I'm not sure that the Chinese assume that either. But if the kinds of actions you just mentioned were to come to pass, obviously this would have an enormous impact on the entire negotiating process.

If the North Koreans are indeed intent on reprocessing and doing other things that represent, in some people's minds, crossings of red lines, then you've got a very different situation, I think, because from the U.S. perspective a clock begins that could result in – there are various estimates that the North Koreans could indeed acquire a certain number of nuclear weapons within a certain number of months. So then you have several options in talks with them. You can either try convince them to stop what they're doing, through carrots and sticks – and you have to acquire, I think -- the greater degree of coordination you can get with the other parties involved in that effort, the better the chances are that you can get them to stop that.

But if they don't, then you're really faced with a choice ultimately between two things: you either contemplate the idea of a military strike against North Korea before, indeed, the reprocessing can proceed further – despite the fact that this could not necessarily guarantee that you would eliminate the program; or you decide that that is just simply an impossibility, and you opt for option two, which is you try to live with a nuclear weapons capability and invoke some type of quarantine, sanctions-based effort on North Korea to try and limit the proliferation or prevent the proliferation of any kinds of fissile material that would result from this process.

And that itself has enormous problems. It would require absolute coordination on the part of the countries involved, and even then the chances that you would be able to stop the small amount of nuclear material that it would take to build a nuclear weapon is – from what I'm told, from people who know much more about this than I do – is virtually impossible. So you would be faced with a very serious situation at that point. But some people, I think, in Washington and in the administration, believe that ultimately that may be the option that we're faced with in this. You're not going to get the North Koreans to give up the weapons, so you have to face either the issue of a military strike or the issue of a very messy type of quarantine effort.

Q: How do the Chinese feel?

MR. SWAINE: (Chuckles.) Well, I think the Chinese very much hope it never gets to that. I think they believe that a deal can be struck. If the North Koreans continue to ignore this and they just push forward, I think that would go very much against what the Chinese have been telling them they shouldn't be doing. And so the Chinese at that point will be faced with a very basic decision in talking with the United States, because I

hope, I think, the Bush administration would want to consult very closely with the Chinese on how to respond to this and not just take off on its own and say, well, this thing has been pushed so far, now we have got to do something about this. They should consult closely with the Chinese, and the Chinese will be faced with a big problem with this.

I'm not sure what they would decide to do at that point. I think they would certainly want to try and convince the North Koreans to back off on this and they might even be willing to apply pressure in this regard. I think that's a definite possibility. But if that doesn't work, where they would stand on the plan B options – I think they certainly would not go for a strike. I mean, I can't envision the conditions under which the Chinese would say, okay, this is just – we've tried everything, you know, hit them. That's just not going to be a viable option under any circumstances for the Chinese in my view.

So you're faced with the quarantine issue. In that area, they might be willing to try that for a period of time as they continue to try and pressure the North Koreans to perhaps back off the program.

MR. BUSH: Jim?

MR. PRZYSTUP: I think one thing the Japanese would not do is move towards any kind of nuclear weapons program. What I think they would do would be to move very quickly to cooperate with the United States in development and deployment of missile defenses, and to really look towards reassurance in terms of the alliance, as they have with regards to North Korea at this point. So that's what I'd be looking for the Japanese to do. They would not go nuclear but they would certainly move very quickly to deploy missile defenses and to increase and strengthen the alliance with the United States.

MR. BUSH: Steve?

Q: Steve Schlaikjer here with the U.S.-China Economic and Security Review Commission. Doctor Lukin has made a couple of comments about what Russia's attitude would be if North Korea were to go nuclear. First, in talking about the morning's conversation, he said that the best guarantors of a security guarantee for North Korea would be Russia and China. He didn't elaborate on what that meant, but then later he said that Russia would be even more concerned about war on the peninsula if North Korea were to go nuclear. So the combination of those two comments makes me think that he's perhaps suggesting that the real security guarantee for North Korea will come from Russia and China together, and the subtext to that – or behind that, is that Russia and China's strategic nuclear deterrents. Is that misunderstanding of what you said? But I thought that was maybe your implication.

MR. LUKIN: Well, I didn't say it was nuclear deterrent. What I meant is, it is true that – and I didn't say that Russia and China will give a guarantee, but Russia and

China can give a guarantee -- only on the conditions that there is a deal between the North Koreans and the United States, for example, that the United States goes its part of the road and the North Koreans should do something. And it was said here before, if the Chinese and Russians, if they're asked to do that, if they think that the United States has done what it had to do and the North Koreans didn't, they can pressure North Korea and they have means to pressure North Korea. But then they think that North Koreans have done what they should have done but the United States hasn't, then they can give a guarantee, and to prevent a war. And of course I was not saying that we are going to threaten the United States with nuclear weapons, but you know, there are all kinds of options to prevent the war because we have a common border. I mean, send there a couple of S-30 antiaircraft device and there will be no war I think.

MR. SWAINE: Could I, just to comment on it, I don't think the Chinese would in any way participate in an effort to bolster North Korean security in the face of an adverse U.S. position; that is to say, if the United States didn't provide the adequate security guarantee that the Chinese would take on that responsibility if that involved any substantive types of behavior on the part of the Chinese in actually protecting the North Koreans with military deployments or very direct warnings or statements or other kinds of communication to the United States that North Korea needs to have its security assured.

I think it would be more in the line of trying to convince the North Koreans -- well first of all, a reaching of some kind of an assurance, a security assurance, that the Chinese think is reasonable, from the point of view of the United States and North Korea -- and then saying to the North Koreans, this is the best deal you're going to get and we feel that the United States is not going to go overboard on this, they're not going to attack you. We're reasonably sure that this is a good deal, this is the best deal you're going to get -- and use their persuasive power to say, we have been involved in it throughout the entire process, we think it's a credible security assurance, we don't think the United States is going to be, you know, unleashing some kind of pre-emptive strike against you. More than that I find doubtful the Chinese would do.

MR. BUSH: Gentleman back there?

Q: (Off mike, inaudible) -- of Kyoto News, Japan's news wire. I have a question to Doctor Swaine, could you elaborate on the status of the treaty between North Korea and China. I mean, that peace treaty, and how does it effect the U.S. decision, I mean, when the United States decides to do some kind of military option against North Korea. How does it -- does this treaty work in such a case? Thank you.

MR. SWAINE: I couldn't say with great confidence that I know the ins and outs of the North Korean-Chinese security relationship. They do still have a treaty in effect. I don't believe that the Chinese interpret this as obligating them to come to the defense of North Korea if they are attacked by the United States. I would find it very difficult to believe the Chinese would take that interpretation, and that they would invoke the treaty at any point along the way as a way of trying to deter the United States from attacking

North Korea. So I don't think it operates as a viable security mechanism for the North Koreans in any way. Now, some people might disagree on this, but I doubt very much that it's an active element in this.

MR. BUSH: Jae Ho?

MR. CHUNG: In 1994, Premier Li Peng, after his visit to Seoul, made a comment in Beijing that the security treaty with North Korea does not necessarily include automatic involvement of China in case of conflict with North Korea. But that doesn't nullify the fact that China can get involved militarily – under the circumstances, that would be defined by China itself -- so stretching the ambiguities there.

Strategic ambiguity. (Chuckles.)

MR. BUSH: I'd like to presume on the prerogatives of the chair to ask the last question, and pose it to Professor Chung. In about three weeks, President Roh will be meeting with President Bush in a summit, and I wonder if you would care to speculate on what might happen or how we should analyze that event when it occurs.

MR. CHUNG: A couple of things. I think North Korea's negotiation behavior is like the escalators in Metro, so you need work on this one today and that one tomorrow. (Laughter.)

So I think the most likely outcome would be the package deal. The package deal would presuppose multilateral talks, which involve more countries that will be more time consuming. So I don't what kind of agenda will be created for the summit -- it will be evolving.

Second, I think the cancellation of Vice President Cheney's trip to Korea is, in a sense, unfortunate, because that might have created a very convenient context where President Roh Moo Hyun could have familiarized himself with what is going on in the White House and some corners of Washington.

Since it is a working trip, not a state visit – a working visit, not a state visit – so hopefully some kind of working relationship between President Bush and President Noh Moo Hyun will be created. I'm not quite sure. Both people, in my view, are very straightforward people, so if something goes well with their personal chemistry I think that will continue. And I think President Roh Moo Hyun likes to have a very personal feel about things, so if something goes well during the trip I think that will be very positive. I certainly hope that his summit with President Bush will go much better than the one by President Kim Dae Jung three years ago.

MR. : It couldn't go worse. (Laughter.)

MR. BUSH: We've come to the end of our time. I would like to thank each of the panelists for their participation. I think we have had a very productive session. I

would like to thank again the panelists from the first session, but most of all I would like to thank the audience for your participation and intention, and your very good questions. This is a situation, to use Jae Ho's term, that will evolve in the days to come. And I hope that we all, as a result of today's session, will have a better sense of how to understand it and analyze it. With that, thank you very much and have a pleasant day.

(Applause.)

(End of Segment 2.)