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Press Briefing
THE NORTH KOREA CRISIS:
WHAT ARE THE STAKES? CAN IT BE DEFUSED?

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P R O C E E D I N G S

MR. STEINBERG: We have a truly extraordinary group of analysts with us today to talk about the situation in North Korea. As you know, Mike O'Hanlon, our colleague, Senior Fellow here at Brookings, and Mike Mochizuki, an alumnus and colleague from down the road at GW, have recently published a book on the crisis in North Korea, with their approach and their suggestions as to how the United States and the international community should move forward to try to address this question. And we're going to begin today hearing from Mike a little bit about their book and their prescriptions going forward.



And then to comment both on their proposals and the overall situation that we now face in North Korea, we have three unusually talented and experienced professionals who have had extensive government experience dealing with this problem. First, Arnie Kanter, who was Under Secretary of State for Political Affairs in the first Bush administration; also a veteran of the NSC. Then that will be followed by Ambassador Jack Pritchard, who has recently joined Brookings as a Visiting Fellow but was the special negotiator for North Korea and Representative to KEDO until a few weeks ago. And finally, on my right, Ambassador Richard Holbrooke, our Ambassador to the U.N. and an individual who's had extensive experience in dealing with Korea in many of his previous incarnations, including as Assistant Secretary of State for East Asian Affairs.

So, Mike, are you going to begin?



MR. O'HANLON: Yes, sir. Thank you. And thank you, everyone, for being here. And I want to very briefly thank all the people who have helped us with the book from McGraw-Hill, from Brookings, Jim Steinberg, and our fellow panelists today who have made the effort to be part of this event--and all of you for coming.

The basic argument in our book is that we need to think bigger about the Korea problem and enlarge the agenda. You could take a line out of Secretary Rumsfeld's famous list of adages: If you find a problem you can't solve, enlarge it. And the argument here is that if we stay where we are today, we're essentially in a Catch-22. The United States demands that North Korea denuclearize, and makes that almost a precondition for anything else, and makes more or less complete denuclearization a

precondition for almost everything else--not entirely; I'll get to that in a second. That's the main U.S. demand.

North Korea, I believe, recognizes it only has one or two cards to play in its entire inventory, or hand, or possible national assets, possible ways to gain international attention, the nuclear capability being perhaps the most notable. And therefore it's unlikely that North Korea is going to unilaterally disarm without more inducements, without American pledges that it believes, it can believe, that are concrete, that are specific.

And so we feel like we're in a Catch-22. The President doesn't want to be blackmailed, refuses to be blackmailed. That's understandable. The North Koreans, however, are unlikely to give up their nuclear weapons capability without some kind of prospect of a more stable and more prosperous future. I don't say this to defend the North Korean position in any way. Certainly our book, like any other book I've read on North Korea, is extraordinarily critical of that terrible and Stalinist regime. But we have to deal with that regime as it is, not as we would like it to be.

A couple of quick words on where we stand with negotiations. We have Jack Pritchard here, and others, to say a lot more, so let me just give my very broad take and how it relates to the argument of our book.

I give the President credit for having convened these multilateral talks. I think there are benefits to being in this kind of a format. According to our plan, which I will detail a little bit more in just a second, we would need other parties to be part of any implementation of the proposal we've got, because we need the Chinese to help with economic reform, we need the Russians to help with conventional force reductions and verification. We certainly need the South Koreans and the Japanese as well.

So the multilateral concept is very smart, and it also makes it harder for the North Koreans to divide the various regional partners from each other. That plus the so-called Proliferation Security Initiative seems to be the gist of the Administration's policy. And that PSI, as many of you know, is designed to squeeze the North Korean economy by using existing national laws in many countries to make it harder for the North Koreans to use drug smuggling, counterfeiting as sources of illicit income.

So this is the Administration's strategy: Convene multilateral talks, squeeze the North Koreans, keep at least the remote prospect of escalation or coercion or even military force on the table, even though our South Korean allies right now have no interest and we don't have much more. But that's the basic strategy. And possibly talk about some kind of a multilateral accord on peace and stability in the region, not a U.S. non-aggression pledge or treaty per se--that would imply that we are the problem, which is not true--but be willing to talk about some kind of a pact that would agree to stability and peace in the region, have a number of countries, including South and North Korea, sign that.

That's about the Administration's policy. It's not very much, however. It doesn't give much in the way of tangible benefits to the North Koreans. It doesn't help them out of their economic fix, which, among other things, has led to the decline by half of North Korean GDP in the last decade. It doesn't leave them any way to see a better trade relationship with the United States, which continues to keep trade sanctions in place with no intention of giving those up any time soon and no discussion of giving those up in the recent talks in Beijing or any future talks that are likely to occur in the next couple of months. It doesn't get to any kind of a broader diplomatic or security improvement in the situation.

So we think the North Koreans are unlikely to go down this route because we're just not offering enough to deal with their problem. On the other hand, Mr. Bush is right, you can't give in to blackmail. So how do you get out of this Catch-22? You enlarge the problem. You demand more of the North Koreans as you offer more. And by demanding more, we would quickly enumerate a couple of things. I'll just mention those briefly. Mike will have more to say about this, and we'll of course continue to discuss it in the rest of the panel.

We would demand that the North Koreans cut their conventional military force at least in half. And there would be South Korean and American reductions, but they would be smaller in size because we're starting from a smaller base. This would be modeled on the so-called Conventional Forces in Europe Treaty, focusing on large combat equipment, relatively easy to monitor and verify. The argument here is that if you don't reduce the economic burden that the North Korean military places on its meager GDP, you have no hope of economic reform and therefore you have no hope of preventing the next crisis. Even if you somehow talk them out of this current nuclear crisis, they're going to still be in the same bind, the same declining economy, the same inability to generate revenue or any kind of meaningful interaction in the international community otherwise. They're going to go back to their tactics of extortion and blackmail even if we can somehow get out of this problem. So you have to focus on the conventional forces.

You have to also focus on economic reform, on these special economic zones in North Korea, which have been created but have essentially been stagnant--very little foreign investment, very little effectiveness. The political climate has been incompatible with making these work. There hasn't been enough effort to improve the infrastructure. Our economic aid packages are not doing anything now to address this issue. We have to try to jump-start the North Korean economy a little bit the way Vietnam and China have reformed their communist systems in the last 25 years. It can be done; there is the precedent. Just as there's a precedent with the CFE treaty for reducing conventional forces in a verifiable way, there's a precedent for a communist system beginning to write its economy even without giving up power, even without fully adopting capitalism in the near term.

There are a few other things I'll just very quickly mention, including, for example, all the Japanese kidnapping victims should be allowed to leave North Korea for good; North Korea should begin a human rights dialogue with the international community, perhaps

somewhat akin to the Helsinki process of Cold War days; we should also require the North Koreans to abide by the Chemical Weapons Convention, allow verifiable elimination of their chemical inventory--all these things should be part of the grand bargain. In exchange, the United States and its regional partners should be willing to offer aid up to the tune of a couple of billion dollars a year, not in cash but in in-kind assistance to build the infrastructure and otherwise help the North Korean economy. We should then ultimately lift trade sanctions. We should make modest reductions in our own forces. And we should engage in diplomatic ties, working up to a peace treaty.

You can implement this over a period of years. You can make sure the North Koreans are behaving and complying, as they have promised, before you continue to deliver each round of additional aid. You don't have to cut your forces until you see them cutting theirs. And therefore, the process has a natural way for the two sides to gain confidence in each other and build up confidence that compliance is occurring.

That's the basic argument. I hope you buy the book and read and see more about the argument.

The very last point, and I'll stop, is that if this potentially Pollyannish, or at least a scheme that may strike some of you as Pollyannish and just an overload of the system--some people have criticized this as being too much for the diplomatic agenda--if it fails, there's a much better chance, I believe, of the regional partners that we're working with recognizing that diplomacy has failed and therefore being willing to get tougher along with us to put coercion back on the table in the way the Clinton administration actually was more successful in doing in the early '90s than the Bush administration has been able to do in the last few months.

So even if you don't think this plan is feasible, we argue you should support it anyway as a mechanism for getting to a more coercive environment where we can convince regional partners like South Korea, Japan, and China to go along with that strategy. We think the plan can work; we think the history of North Korean negotiating behavior in the last 10 years suggests it can. But even if that proves to be wrong, it's the right way to get to the necessary next step of preventing this regime from developing a large nuclear arsenal, which, we argue, absolutely cannot be allowed to occur.

So with that, I'll turn it over to my co-author, who knows quite a bit more about the region than I do, and he can talk more about these regional dynamics.



MR. MOCHIZUKI: Thank you, Michael. I want to join Michael in expressing my appreciation to the Brookings staff and also to McGraw-Hill in helping us get this book out in a timely manner.

I'd just like to say a few words about the regional dimension of our grand bargain strategy. First of all, I would reiterate Michael's praise of the Bush administration in terms of the development of a multilateral strategy. I mean, it is a truism that developing a regional strategy is a difficult enterprise given the different perspectives, priorities, and policies that the various regional players have in the region regarding North Korea. And also, over the last decade, it's been quite clear that even among the United States, the Republic of Korea, and Japan, the domestic politics of the North Korean issue have been out of sync, and so it's been very difficult to develop a tight regional strategy. So in that sense, the Bush administration deserves kudos in trying to push towards a regional strategy. But I would have to give a lot of the credit to North Korea for the development of this regional coalition because of its provocative behavior.

But right now, it's quite clear that there is an important consensus in the region. First of all, there's a regional consensus in terms of the denuclearization of the Korean Peninsula, a total dismantling of the nuclear programs in North Korea. Secondly, it seems that China and Russia as well as the Republic of Korea might be willing to join the United States and Japan in accepting the principle of conditionality regarding economic aid to North Korea. And then finally, even on the military front, the regional powers seem to be embracing certain aspects of the pressure strategy of the Bush administration. The Chinese have already announced that they're willing to prevent the North Koreans from using the back door in terms of smuggling parts regarding weapons of mass destruction. The Russians and the Japanese on August the 25th engaged in military exercises, which definitely sends a signal to North Korea. And later this week, we will have the first military exercises led by Australia as part of the Proliferation Security Initiative.

So all of these things show that we now have a regional coordinated approach towards North Korea. And this, of course, increases our pressure and our leverage vis-à-vis Pyongyang.

But in the course of diplomacy, one must leave a way out for the other party if we try to reach a diplomatic solution. And I think it would be misguided for us to see this multilateral coalition that has emerged as just a coalition of pressure. Cooperation with the Bush administration's pressure strategy is contingent in the region on the way the United States behaves. China wants to help mediate a diplomatic solution between the United States and North Korea, so some U.S. compromises are necessary, as Vice Minister Wang Yi mentioned recently, that the United States needs to bargain in earnest. Even in South Korea the willingness to cooperate with the United States is conditional

on continuing U.S. efforts to seek a diplomatic solution. And here, the Republic of Korea shows some softness in this multilateral coalition, because of the reluctance to join the Proliferation Security Initiative.

We feel that the kind of strategy that would really get the regional consensus would be the more-for-more strategy that we outline in our book. Both China, the Republic of Korea, and even Japan would prefer such an option.

Let me just close by focusing in on the least problematic partnership that the United States has in terms of North Korea policy, and that's the partnership between the United States and Japan. Since 1997 and the revelations about the abductions and the 1998 launch of the Taepo Dong missile, the Japanese have moved towards a stridently hard-line strategy, and in many ways it looks like Japan is there with the United States on such a strategy. And also, I think, the North Korean factor was a key variable in encouraging Japan to support the United States in Iraq despite the fact that the public opinion profile in Japan is very similar to the public opinion profile in France or Germany regarding Iraq. And I think the most compelling reason that the Japanese supported the United States in Iraq is because Japan was seeking United States support on its agenda in North Korea. But the agenda is not so much simply the nuclear issue, nor is it simply the missile development issue. The Japanese are clearly trying to seek America's support on the abduction issue, and Japan's support on Iraq paid off, because in the recent six-party talks, James Kelly was the only representative to explicitly mention the abduction issue in the context of these talks.

But nevertheless, the Japanese would like a comprehensive solution. They want a solution not just on the nuclear issue, but on the missile issue and the abduction issue. And there are some questions as to how far Japan is willing to go in terms of a pressure strategy against North Korea. Right now, it's clear that the Japanese are willing to provide more, implement more, stringent inspections of ships entering Japanese ports from North Korea, using safety as a pretext for these inspections. But I believe Japan is reluctant to stop all shipping to North Korea, and it is unlikely that it will participate in inspections on the high seas to stop shipping to and from North Korea; in other words, to impose an economic blockade without the United Nations' backing. So even our most loyal partner in this pressure strategy may not go all the way with Washington on such a strategy.

Now, some commentators have expressed some possible concern that the Japanese may have about the grand bargain. For example, the president of the National Defense Academy in Japan, Masashi Nishihara, stated that the non-aggression pact that would be part of our grand bargain might really be a Trojan horse. There is a fundamental conflict between the U.S.-Japan Security Treaty and such a non-aggression pact. I feel that that is not the case. The U.S.-North Korean pact could be reassuring to the region, especially if the regional powers play a role in negotiating and guaranteeing such a pact. And the non-aggression promise would be contingent on North Korean behavior in terms of denuclearization and avoiding threats against regional allies.

Secondly, in terms of conventional force reductions, we propose that those reductions be limited to the Korean Peninsula so that it would not affect our forces in Japan. And finally, if there is clear movement towards reconciliation, then the time would be right for the United States to consider a much more thorough and comprehensive review of its force deployments in the Asia-Pacific region.

Thank you.

MR. STEINBERG: Thank you both for that very eloquent defense of your proposition. I'm sure we'll have questions and comments from both the panel and the audience. I have a few of my own, but I'll hold them for the moment.

Arnie Kanter, as many of you know, was perhaps the first of us to have to deal with this particular incarnation of the North Korean problem as the first nuclear crisis began in the late '80s, early '90s. Arnie, how does it look to you?



MR. KANTER: It looked a lot easier then than it does now.

Let me say how happy I am to be here this morning and to second what Mike O'Hanlon said, which is you certainly ought to read this book. I have no objection if you also buy it. I don't think it accrues to the financial interests of the authors, but go ahead and buy it, too. It's a book that, I think, makes a real contribution to the debate, and we need some creative thinking about this issue and I think they've really added to that.

What I'd like to do is to try and engage some of the points that have been made and that are made in the book by trying to frame the "North Korea issue." And I want to do so by very briefly addressing four things. First, what are we trying to achieve here; or at least, what are we trying to avoid? Second, what are our policy options to achieve those objectives? Third, what should be our approach and our priorities? And fourth, what should be our expectations?

Let me begin with what I think we're trying to achieve, or at least ought to be trying to achieve. And because I'm that kind of guy, I want to state our objectives negatively, that is, in terms of bad things to be avoided. And I think that there are three bads, each of which--all of which we want to avoid. We don't want a nuclear North Korea. We don't want a war on the Korean Peninsula. And we don't want an abrupt collapse of the North Korean regime that leads to chaos and a destabilizing vacuum that others rush in to fill.

Now, I draw your attention to two features of these three negative goals, the three bads. The first is that everyone at the Beijing talks, with the exception of North Korea, support all three goals. And even the North Koreans go for two out of three; that is, they don't want a Korean war and they don't want the regime to collapse.

The second thing I'd point out about the three bads is they're all in tension with one another. That is, the more you try to reduce the risks of one, the more likely it is you will increase the risks of one or both of the others. And that's one reason why there could be agreement among the parties at the Beijing talks on ends without necessarily having agreement on means.

So what are our options? Well, there are three broad alternatives and they, too, have something in common. They're all bad, too. One thing, of course, we could do is nothing--just put this one in the too-hard pile and just learn to live with a North Korea armed with nuclear weapons and missiles and so forth. Now, that has some downsides both with respect to regional stability and WMD proliferation.

Another option is to use military force to address the problem. But this alternative, too, has some serious drawbacks, starting with a significant risk of full-scale war on the peninsula and the very real prospect of casualties in the six or seven figures. And I think given North Korea's clandestine and thus-far hidden uranium enrichment program, there are real questions about whether there are any realistic military options for confidently destroying North Korean nuclear capabilities even if one were prepared to run the risk of all-out war. So we've got some problems with the military alternative.

And of course the third option is to try to negotiate a deal with the North Koreans. Now, given the track record to date, there are between little and no grounds for optimism that the North Koreans will make, much less keep, any deal. And even if they did, we would still be left with a lousy example for other would-be proliferators. But at the end of the day, I think it's hard to avoid reaching the conclusion that everyone seems to have reached, namely that the negotiations route is the least bad of a set of bad alternatives.

With respect to the negotiating approach, I think we need to confront the twin questions of how comprehensive the approach should be and what our negotiating priorities should be. I think these are twin questions, not the same question.

Let me tick off the most oft-mentioned negotiating objectives. We want to dismantle North Korea's nuclear program and capabilities. We want to eliminate North Korea's long-range missiles and production capacity. We want to substantially reduce North Korea's conventional military capabilities. We want to achieve dramatic improvements in North Korea's human rights performance. And we want to restructure and rebuild the North Korean economy. That's the standard list.

From an American point of view, I also think the list I read to you is in the right order of priority. Now, I hasten to add, as Mike has already pointed out, the American point of view is not the only one that counts; but from an American point of view, I do think that's the right list.

North Korea's nuclear program poses both a direct military threat and a serious proliferation risk. It gets--it scores highly, if you will, on both of those criteria. Absent

nuclear weapons, the North Korean missile program--again, from an American point of view--is primarily a proliferation threat. And even in that respect, a lot of those horses are already out of the barn.

I think the conventional force problem is just too hard. We might be able to make some progress around the edges, but no negotiated deal for the foreseeable future is likely to have any measurable impact on reducing the North Korean conventional threat, starting with those thousands of artillery tubes within range of Seoul. And while the North Korean human rights record is unspeakable, I think it's virtually impossible to negotiate improvements in the way Pyongyang treats its own people absent a fundamental change in the relationship between the United States and North Korea, and North Korea and other countries. And finally, I regard economic growth and reform as a means to an end, but I would assert that we have little or no intrinsic interest in the development of the North Korean economy.

So I conclude that we're right to concentrate on the nuclear problem first and foremost, but at the same time we need to remain mindful of the fact that the "North Korean nuclear issue" is not co-extensive with the "North Korean issue." And so we should not expend all of our carrots and stakes up front. Or put a little differently, I think we want to be comprehensive in our analytical approach but rather narrow and focused in our negotiating approach.

And so, at least from a negotiating perspective, I think the current preoccupation with the North Korean nuclear program is right. I think the alternative of establishing a comprehensive goal at the outset of negotiations seriously risks getting bogged down from the beginning in arguments about what the ultimate objectives of negotiations should be and about what kinds of linkages there need to be among the various elements. And frankly, I get worried about getting bogged down not just between the North Koreans and everyone else on the other side, but I worry about getting bogged down inside each of the governments. And we can't afford to get bogged down, because the clock is ticking on the nuclear crisis.

What outcome should we be trying to achieve? I think in answering this question, we need to be clear-eyed, if not necessarily explicit, about the distinction between a stated goal and unstated expectations about what is likely to be achievable. The stated U.S. goal is the verifiable and irreversible dismantling of North Korea's nuclear capabilities and programs. I have no quarrel with that stated objective. But I think that, realistically, our unacknowledged negotiating objective should be to achieve reasonably high confidence that significant cheating could be detected in time for us to take appropriate responses.

Or to state the same proposition in broader and probably more controversial terms--that will get me in even more trouble--this would amount to buying as much time as possible by effectively reducing, constraining, and managing a problem that may not be solvable. I admit this position is also based on a bet. And the bet is that the North Korean regime is not sustainable in the long run, and that over time it will wither and die. And so our

tacit objective is to preclude any meaningful North Korean nuclear capability until it does.

Now, I want to be very clear, this is quite different than calling for a regime change in North Korea. In fact, I don't know what regime change means in the North Korean context, other than being a euphemism for the implosion of North Korea, which, as I mentioned above, I think is one of the three bads we want to avoid. And whatever regime change means, I can't imagine how it could be achieved without at least the tacit support of China, something that I think is very unlikely to be forthcoming.

And finally, where does restructuring and reform of the North Korean economy fit in all of this? Although it surely would not substitute for the security assurances that Pyongyang is demanding and, I think, really means to have, as I said above, I think economic development could serve as a means to an end. And indeed--again, to be utterly undiplomatic--it could help facilitate what might be called slow-motion regime change, which I would consider to be a good.

And so I think the United States should be open-minded about facilitating economic assistance in the context of resolving the nuclear issue, recognizing that the global investment community is not panting at the North Korean door waiting to invest. The economic incentives to invest in North Korea are, to be generous, negligible. But I think the more interesting question is whether North Korea could take yes for an answer to offers of economic reform and development. And my answer to that question is, Don't bet on it.

Thank you.

MR. STEINBERG: Arnie, before I turn to Jack, let me ask you what for many people has been the \$64,000 question. And you hinted at it in your opening by saying that the odds of negotiation were little to zero. Does that reflect a view that you think that North Korea has decided unequivocally that it needs nuclear weapons for its security, or what are the factors that make you pessimistic?

MR. KANTER: Yeah, I don't think I said that the chances of success were small to zero. I just said it was a bad option, but is the least-bad one. I think the prospects for success have to be regarded as low. One, it's at least an unknown about whether North Korea would ever give up its nuclear weapons. Two, even if you posit that they are willing to do so, the negotiations are immensely complex with all kinds of conflicting objectives and all kinds of conflicting agendas. And so getting to yes among the now-six parties, even stipulating that North Korea under some circumstances would give up nuclear weapons, makes you kind of pessimistic. And finally, if you ask how could one verify any agreement with respect to the dismantling of North Korea's nuclear program and what it would take both for North Korea to say yes to that inspection regime and what it would take for the American political system, starting with the Congress, to accept that inspection regime, again, you have to be pessimistic. And while I haven't had math in a

long time, I know that when you multiply probabilities, the compound probability gets smaller and smaller.

MR. STEINBERG: Thank you. It's helpful that you brought Congress into this, too, because it has been an important factor in the whole history of this negotiation. Jack, you recently sat across the table from these guys. What's your view?



MR. PRITCHARD: Well, first, Jim, thanks very much. I'm very pleased to be here at Brookings and look forward to being able to speak out on these and other issues in the forthcoming months.

Let me first of all say that, as Jim has indicated, I've recently departed the U.S. government, so I'm coming at this from a practitioner's point of view. And so let me focus on one element here in which I'll start off by saying I'm very much in agreement with Arnie Kanter that the prospects for success, unless the format is slightly altered, are very grim.

First, let me take a point that Michael O'Hanlon made and Mike Mochizuki made in their book in the broad scope of what they would term as the necessary objectives for the United States. And one of that is the reduction by 50 percent of conventional forces, mostly along the DMZ. Let me go back in time with you just a little bit in that to Bill Perry.

As you know, former Secretary of Defense Perry led what was later called the Perry process in the previous administration. In the very first organizing meeting that Bill Perry had at the State Department in a room that contained about 40 people by my count, in early 1999, was What Are We Going To Focus On? Bill Perry looked at the nuclear problem and the delivery means as the most critical.

There was a discussion about the conventional side of this, and starting with U.S. forces in Korea, and in a general murmur of agreement, most believed that the force ratios of U.S., ROK, and DPRK forces were such that there existed a reasonable deterrent to a North Korean conventional attack and our ability to prevail relatively quickly in that. What changed the equation was the acquisition by North Korea of nuclear weapons and their means of delivery.

Now, I bring this up as an extraordinary complicating issue. Bill Perry, designated as the policy coordinator, spent an enormous amount of time bringing outside views, internal government views, NGO views together to pursue a track that focused almost exclusively on the WMD nuclear component and the delivery means of this. So what I want to do is to pick up from there and to tell you why I believe there needs to be a change in the formulation.

But first, let me say that the six-party formulation is in fact the right one. Multi-party internationalization of the issue, particularly on the nuclear issue, is the right track to take. Now, can we get there doing that? The answer is no, we can't. The change that has to occur is putting in the component of a true bilateral engagement between the United States and North Korea.

And I'll throw this out, and I know Ambassador Holbrooke will be able to pick up on this a little bit later--can you imagine trying to resolve a serious issue within the Security Council of the United Nations only in plenary session, having prohibition from working the problem out beforehand in conferences or bilaterally among affected nations? And the answer, in my opinion, is absolutely not.

So what we're faced with is getting to a mechanism, however you want to define the problem, whether it is more narrowly focused, as Arnie Kanter has suggested, or a broad solution, as The Crisis in Korea--is this a plug? Can I do that?--suggests.

Take a look at what we have done. Initially, in the Bush administration, we began by saying yes, we do want to have a serious discussion with North Korea, and that meant bilaterally. That was the position that we took until October of last year, 2002, when Jim Kelly led a delegation to Pyongyang that made known to the North Koreans we understood that they had begun a secret ATU program, and that was unacceptable and would not allow us to move forward in the manner in which we believed that we could.

What's occurred since then has been a relative stalemate, with the exception of the active participation of the Chinese, and at the suggestion of Secretary Powell, the Chinese modified a proposal that the Secretary made to them; they made it their own and they ran with it, creating for the first time trilateral negotiations in April, in Beijing. Going into those negotiations, the U.S. instructions were "You will not have bilateral contact with the North Koreans." And, now, there was, of course. Ambassador Li Gun cornered Jim Kelly and had a very short conversation in which they acknowledged their possession of nuclear weapons and suggested that, depending on U.S. attitudes and change in policy, it would be potentially possible for them to transfer those weapons and technology to others at a later date.

In the intervening period of time, from April until August, we worked very hard to get the talks back together and to bring in a couple more of the primary players--that being South Korea. No resolution of the Korean Peninsula can occur without the active participation of South Korea. The Japanese, likewise, have a major stake as a regional power, and they have their own equities in which they are going to need to be represented at any solution. And then finally, the Russians were brought in. To what extent the Russians will play a positive role is yet to be determined. But it's about the right mix to discuss from a regional perspective a solution to the problem.

But you cannot, in plenary session, where you have delegations, very large delegations--have you figured out the numbers of interpreters that are required? Twenty-four, as a minimum, and if you have any back-ups, because these guys go brain-dead after awhile,

you multiply that and you have 48 interpreters in a room at any one point in time. Plus the note-takers and everything else. The idea that in a short period of time, that you can resolve this problem, even if you have a commitment to come back in plenary session every couple of months or so, is ludicrous. It cannot happen.

What is required is a sustained involvement by the United States with North Korea. Does that mean that we're going to resolve the problem bilaterally? No. We're going to lay the ground work that will put it back into the six-party format for a more regional focus and a resolution. But it cannot occur without a sustained and serious dialogue between the United States and North Korea. You cannot get to the point where you understand who your opponent is at the negotiating table unless you have had continuous contact with them over a period of time.

For the North Koreans, they don't understand what it is that the U.S. is trying to do, while unwilling to talk to them directly about that. Now, there's no suggestion that this is any kind of an apology for the North Koreans, that they've got it right and we've got it wrong. Quite the contrary. Not only is this a difficult undertaking, the North Koreans are--it's going to be very difficult to trust any arrangements that are made with the North Koreans. But the alternative is not acceptable. Allowing the North Koreans to become a declared nuclear weapons state, testing the nuclear weapons and potentially having the ability to transfer the technology or the weapons is not acceptable. Nor is not negotiating acceptable.

So faced with this, we've got to get serious about this. Rather than the drive-by meetings that occur, where we roll down the window and we kind of wave to the North Koreans and then move on, we've got to have a full-time negotiator who can do the coordination with North Korea, do the coordination of our policies with our allies, Japan and South Korea, on a continuous basis, and touch base with the Chinese and the Russians so there is at least a complementary approach in the dialogue that we know about in advance and we can begin to control both the pace and the direction that we take.

So let me stop there and wait for questions and answer later.

MR. STEINBERG: Thank you, Jack.

Richard, you've spent a lot of time in the region, you've done some pretty tough negotiations yourself, how does this stack up?



MR. HOLBROOKE: Thank you, Jim.

Well, the first thing that strikes me, as somebody who started going to Korea in 1972, is how much the situation has changed in unexpected ways. I must say that many people, myself included, had hoped, and perhaps even believed, that what had happened in Germany would gradually be the model for North Korea--the place was rotten and corrupt and totalitarian--and that it would collapse under its own weight, as Arnie said, and that it would have already.

And indeed, I think that the policies that were started in the previous administration, the Sunshine Policy, might have done that, because I think nothing undermines a totalitarian regime more than the light of what's happening in the rest of the world. And as everyone in this room knows, there is no regime on earth which is as closed as North Korea, none. The famous example of the radios and televisions being fixed only to one channel, one station, speaks to itself. And some of you may have seen in today's newspapers this dramatic appearance of the North Koreans in, I think it was Taegu yesterday at the sports stadium, and the reaction of that. It's a regimented society, and opening it up to what's happening in the outside world might have accelerated its disintegration.

And in that sense, I think what happened starting in March 2001, when President Bush reversed, without any warning, the Administration's inherited policy and, indeed, a policy that had been stated the previous day by the Secretary of State, with Kim Dae-jung sitting next to him, was a seminal event in this process.

I agree with the two Mikes, who've written a very important book, that this is a crisis. But I do not believe that war is a likely outcome. I think the chances of a war on the Korean Peninsula are minimal to nil. And I recognize that other people with more recent experience in the area don't share that view. But it's hard for me to see a scenario that leads to the outbreak of hostilities--with perhaps one exception, which I'll return to in a minute.

First of all, any attack by the North Koreans across the DMZ would, as the two Mikes have pointed out, be militarily unsuccessful and would result in the most massive American counter-attack. The plans are there, they've been there for 50 years, they're upgraded regularly, you can be sure they've been dusted off and studied, and the North Koreans know full well what would happen.

As for pre-emptive action by the United States, I think that's equally inconceivable. Anyone who has been following what's been happening in Iraq knows full well that the Pentagon would be violently opposed to action in North Korea at this time, because there'd be no such thing as an easy, quick surgical strike. The military would not agree to do such a thing without forces to back up a counter-attack, and the forces simply

aren't there. Seventy-three percent of all American maneuver battalions are now deployed in Iraq and Afghanistan. And as you know from last night's speech by President Bush, he is asking for a third international division for Iraq. But he was very careful not to say that the American forces were sufficient last night; he said they were appropriate. And what I understand that to mean is that if we don't get a third division, the Pentagon may come back and ask for more troops. So in that context, you can be absolutely sure that the Pentagon would not want a pre-emptive strike, notwithstanding the fact that some prominent commentators with ties to this administration have called for that.

The one caveat would be if the North Koreans actually conducted a nuclear test. If they went that far, I think that would create a different level of crisis. But short of that, I don't think war is an option.

Now, Arnie Kanter listed three things we're trying to achieve: avoid nuclear North Korea, avoid war in the Korean Peninsula, and avoid a quick collapse of the DPRK, which would lead to chaos. So I would submit that the second of his avoidances is one you can pretty well say we can avoid that.

Now, nonetheless, as the two Mikes say, it is a crisis. And they've made a very important proposal which deserves study. It's unusual for private citizens to do this sort of thing, even if, as the Washington Post Book Review said yesterday, this is a book of wonks, by wonks, and for wonks. I think these two wonks on the left here have done a terrific job. And perhaps they can turn the word "wont" into a word of qualified praise.

They have raised several questions, which I want to leave before you. And I should say at the outset that I don't have the answer to this. I yield to Jack's intense personal involvement in this and the two Mikes' focus on it. It is not an issue that I feel comfortable in prescribing solutions to. Still, let me raise some concerns which haven't been raised so far, just to broaden the discussion.

First, the effect of Iraq on North Korea. My concern is--and this goes well beyond Iraq--that the lesson that countries like North Korea and others will draw from Iraq is you damn well better get your weapons of mass destruction built fast, because it gives you negotiating leverage. And I might also point out that India and Pakistan, in a different sense, sent the same message. Both countries tested nuclear weapons during the Clinton administration, violating the NPT, raising grave concerns. And at the end of that process, President Clinton became the first President in 22 years to go to the subcontinent. U.S.-Indian relations improved, and the Bush administration continued that.

Now, I happen to think President Clinton was completely right to make this trip to India, which was an historic trip and a major step forward in U.S.-Indian relations. But I would underscore that the lesson of the South Asian story, and, I'm afraid, the lesson of Iraq, and the lesson of North Korea is once you get the weapons, you're in a stronger bargaining position and less vulnerable. That's not a good lesson to draw. But I must

bring it up because it seems to me to be one of the outcomes of the events of the last few years.

Secondly, the two Mikes have raised a very important issue, which is the politics of their own proposal, without quite solving it. But they have raised it. And that is, how do you negotiate with North Korea without appearing to be weak? How do you avoid appearing to reward them? This builds on my first point. They have got what they call a very tough bargain. But the macro perception will be, partly because the Administration inflicted this on themselves by their own rhetoric and by the fact that very vocal advocates within the Administration, close to it, are opposing the negotiating process and arguing for regime change, and not just regime change, but coercive regime change, that the impression will be left by their own constituency that they will have negotiated out of weakness. This is a very tough problem for the Administration, one which I know you at every single tactical moment of your negotiation, this must have been one of the most critical variables for you: how can you talk to Pyongyang in whatever format--and I agree, the six-nation format is the best--without appearing to be weak?

The third point I would make refers to U.S. relations with the Republic of Korea, with our allies in the South. I find it very troubling that these relations have gone to a stage which the two Mikes, rather politely in their book, call mediocre. Mediocre compared to what? The fact is it's the worst relationship between the U.S. and Seoul in memory.

Now, we had huge problems with Park Chunghee over human rights issues, but the relationship on a people-to-people basis was strong because the Koreans of that generation remembered what we had paid in lives and treasure to defend them, to rebuild them, and the Koreans were prospering. And so from the '60s through Park Chunghee's assassination in 1979 to the Olympics in 1988, which was a seminal event in Korean history, through the Sunshine Policy, you could go to Korea, as I did regularly, and sense a tremendous bond between the two people at every level--personal, professional, business, cultural. The current state of relations is extraordinary. And whose-ever's fault it is, and I'm not here today to assess blame, it must be repaired. We can't go forward in discussions with North Korea without a greater sense of confidence in Seoul as to our relationship. So unlike what's been said so far here, I would put that right at the center of our discussions: Strengthen relationships between the U.S. and the Republic of Korea, an indispensable part of any negotiation.

Fourth, I want to address the issue of regime change that Arnie rather excellently addressed, roughly in the same direction, but phrasing it slightly differently.

First of all, we really are going to have almost no control over whether it's a quick collapse or a managed collapse. I'm well aware of the fact that the South Koreans have gone through several phases in their attitudes towards this. In the immediate aftermath of the collapse of East Germany, the South Koreans were euphoric. They prepared for unification. They studied the Korean model. I remember going there as a private citizen representing an investment bank in the early '90s, just after German unification, and every major Korean utility, power plant, everything, had plans--railroads, postal service-

-they all had plans for how to merge the two systems. They costed it out. How would you do the railroad, how would Pepco--how would Kepco, excuse me--how would Kepco extend the grid. Pepco can't even keep the lights on around here, so...

It was very dramatic. And then they looked at Germany again and they saw the costs. And they pulled back. But the fact is, we still don't know enough about the internal situation in Korea to know whether it's going to follow the pathology of the Soviet Union and just rot from within and implode, or whether it will hold together in the way totalitarian regimes do, much longer than expected. It's already lived longer than I had hoped. Cuba's an example of another isolated state that has outlived its time but has survived.

But I do want to underscore one thing. And this is not to disagree with Arnie so much as to put a caveat on what he said. I don't believe these processes move slowly and in a linear way. Once it starts, it will be uncontrollable. And the regime is so rotten and so hopeless that it will sooner or later collapse. And it will collapse very fast once it starts. Once people realize, particularly because of the family unification issue and the extraordinary passion that Koreans have that they are a single people that has been surgically severed, that this is temporary, as the sports event yesterday in Taegu showed, that tremendous outpouring of emotion--once it starts, I don't think it's going to be controllable. And it will be an historic event, and it will be messy, but it will happen. And we can't control it.

So Arnie, with due respect to your trying to achieve to avoid a quick collapse of the DPRK, I don't believe it should be a policy goal in the United States. I would be delighted if there would be a quick collapse. Yes, there would be some chaos and it would be very expensive, but I'm absolutely certain that in the end, the genius of the Korean people, their fantastic sense of unity, and their feelings would transcend what you refer to as chaos. And it would remove the problem we're here to discuss.

Therefore, if I were to say today could we get a quick collapse of the North Koreans, I would say great. Where I do agree with you--and any policies we can do to further it, we should further, and that very much to me means getting inside the regime with public affairs, public diplomacy, letting the people realize that there's a world out there. But I would agree with you completely about coercive regime change. That's not going to work. It would create utter chaos, it would put us at odds with Seoul, Beijing, Moscow, and Tokyo simultaneously. And it wouldn't succeed anyway. So I just want to adjust my own views to what you just said.

Finally, the biggest problem of all, which is the export of nuclear material. As I said at the beginning, I don't think there will be a war on the Korean Peninsula. But dealing with their export of what has been accurately described as their best cash crop is a really huge problem. And I would like to hear more on what the authors of the book and Jack and Arnie have to say on that. I don't have a solution, or I'd offer it here.

But thank you, Jim, for asking me to join you today.

MR. STEINBERG: Thank you, Richard. Before I turn back to the Mikes for comments and then the audience, we talked about the regional dimension. One actor or forum that hasn't been mentioned is the Security Council. There was some discussion early on from the Administration that they might want to take this there. The IAEA has obviously been involved from the beginning in this crisis. Particularly with respect to that latter part, the proliferation part, do you see a role for the Council as part of this?

MR. HOLBROOKE: Very, very unlikely, but the answer lies in Beijing. The Chinese have a very peculiar view of the Security Council and their role in it. They're enormously proud of the fact that they're a permanent member with a veto and the only Asian permanent member. They have steadfastly prevented almost all Asian issues of consequence from reaching the Council, as you well remember, Jim, because you and I worked together. East Timor was an exception. But, and this is relevant to your question, they only voted for the multilateral force in East Timor, in September of 1999, after the government in Jakarta said it's okay. And what that suggests to me is their basic attitude towards the Security Council is they don't want to use it as an international forum to put pressure on Pyongyang. So I would not think that that's a likely major forum.

Secondly, the Security Council is only structured so that it can do only one thing, which is pass resolutions, authorizing resolutions. To get a resolution retroactively agreeing or sanctioning or approving a deal, that isn't hard. Once the deal's done, they will agree to it. Secondly, to get a general resolution encouraging something wouldn't be hard if the wording was meaningless. But if it's meaningless, why do it? And finally, the Security Council really can't function as a negotiating platform. And the six countries you want, three of whom are in the Security Council as permanent members, are there already, so I don't think it's a starter.

MR. STEINBERG: Mike and Mike, do you want to have any rebuttal or comment on the comments before we turn to the audience?

MR. MOCHIZUKI: Well, I'd like to just respond to Arnie's point about why it's better to focus on the narrow rather than the broader. And I think the problem of focusing just on the nuclear issue is that it just looks at the symptom of the underlying disease. I mean, of course the nuclear program may be a way of meeting North Korea's security concerns, also to gain diplomatic leverage, but I think it's also a symptom of the underlying disease of North Korea, which is it is the most highly militarized society in the world. And until you address that problem, I don't think you're ever going to get a solution.

And that's why we engaged the conventional force issue, because the fact that such a large portion of the GNP of North Korea is dedicated to maintaining mammoth military forces that you have the economic problem in the first place. It also shapes their preferences, it also shapes the way it treats its own citizens. And so unless you really engage that part of it, I don't think you're going to get at the nuclear problem.

MR. KANTER: I agree with everything you said except your last point. I mean, it is the world's most militarized society. North Korea doesn't have an economy with a large defense budget; it has a militarized economy--the entire economy is geared to the support of the military. It isn't just an expenditure. So I agree with all of that. But if you look at why that is so and what it would take to change, I despair of getting at the root causes directly. I think the only way to get at the root causes is over time, and we don't have that much time to deal with the immediate crisis, which is why I suggest that we want to take a comprehensive approach analytically, but a targeted approach for negotiating purposes.

MR. STEINBERG: Mike O'Hanlon, do--

MR. O'HANLON: I'll just make one very brief comment in response to Ambassador Holbrooke's question about the nuclear exporting worry. My conviction is that this is something the North Koreans said in April in Beijing as a threat because they sensed they needed to do something dramatic. My understanding is they did not repeat that threat in Beijing. My understanding is as well that we would have a very hard time physically preventing them, because, as you know, the size of a nuclear warhead, or the fissile material in it is the size of a grapefruit. Even if we expand this Proliferation Security Initiative, we're not going to have the kind of naval quarantine that would be necessary to prevent that.

So if I put all that together, it says to me what we have to do is prevent this crisis from getting worse, because right now the North Koreans are just raising this idea as something to which they could go if things really get worse. They don't intend to do it in the short term. We can't stop them from doing it anyway, even if we wanted to in the short term. So to me it reinforces the argument for a serious diplomatic track. It's a worry that could develop if and when the diplomacy completely breaks down or we threaten to use force. But I don't believe it's one that's imminent at the moment, and I think they were doing this more as an attention-grabber than anything else.

MR. STEINBERG: I would point out that there's not only the problem of exported materials, but there's also exported know-how. And the further that they get down the track, and the experience that we've seen in some of the other relationships that they've had, it may be as much--if you think about other potential proliferation countries of concern that just the technical know-how that the North Koreans could have could be a problem and raises a set of issues which would be harder to deal with even from an interdiction point of view.

Okay, let's turn to the audience. We have mikes, and when I call on you, if you would wait for the mike, identify yourself, and ask away. We'll start with Arshad.

QUESTION: Arshad Mohammed of Reuters. A question for Mr. Pritchard. How exactly would you envisage the kind of serious and sustained bilateral dialogue that you were talking about? Would you imagine a new Special Envoy being appointed who

would spend his or her life going back and forth to Pyongyang, talks in some third country like Switzerland, the New York channel? How would you see that evolving? And secondly, what do you think are the chances that this Administration will embrace doing that, something that it would seem would require them to completely, irreversibly, and verifiably eat their words on their previous policy?

MR. PRITCHARD: You have a nice phrase there at the end of that second question. Let me go to the first. This is an extraordinarily serious problem that requires a dedication that heretofore we have not had. In my opinion, it requires a policy coordinator of the stature of Bill Perry. I don't have any recommendations to make other than in terms of what he would have to do. And that is a full-time job. Whether it is shuttle diplomacy back and forth between allied capitals--Tokyo and Seoul, whether or not there are-- Well, one, the New York channel in the past has not been designed for negotiations nor is equipped to negotiate in terms of who the North Koreans have available to do that. And I'm not suggesting that. Beijing is a fine location. There's a great deal of merit in conducting inter-sessional meetings, bilateral or otherwise, in Beijing or other capitals.

The problem, as you know, in terms of going to other venues, is one of secure communications. The North Koreans have access to embassies in secure locations in only a certain amount of locations. They can't come to Washington to negotiate; we can't go to Pyongyang to negotiate. You cannot communicate back with capitals.

So venue does matter. Whether it is Beijing, Berlin, Kuala Lumpur, or places like that is rather immaterial. It is the sustained and dedicated nature of this. And it is not that the United States would sit down with the North Koreans for week after week after month, but the coordination that is required amongst the allies and with China and Russia is extensive. You cannot wait until the 11th hour before the talks are to begin in Beijing, do it in a plenary session, hope for another plenary session two months later, and expect to have progress, when what is at stake, what has been articulated here by Arnie, Ambassador Holbrooke, and others, is a North Korea that, in my mind, has already made the decision that they are on a nuclear path. We have the ability to halt that, to move them off that path, but inaction will in fact lead to a nuclearized Korean Peninsula with the type of know-how that Jim Steinberg referred to, and that's the technology. The ability to transfer that is something that we should not live with nor should we tolerate it in any form. But the alternative of periodic six-party talks is a sustained and dedicated effort to do so.

QUESTION: [Off microphone, inaudible.]

MR. PRITCHARD: I don't know that. I hope that the Administration-- We've seen some shift recently, at least publicly, in their briefings last Friday and otherwise, to suggest that there is some modification or movement in a positive direction. That's rather minuscule in my mind, but it's a movement in the right direction. You know, like everybody else, I wish them well. I hope it works. But the path that they're on now says it won't.

QUESTION: Steve Cohenson with AFP. Following up from that point, is it reasonable to think that there can be any solution to this crisis, however it comes, without some kind of involvement by a high-profile member of the Administration with global stature? Is it possible that Kim Jong-Il will mandate the North Korean position to comparatively low-level officials? We saw before how they tried to get a visit from President Clinton. Will it require that kind of high-stature official to end the crisis this time?

MR. PRITCHARD: I guess you're talking back to me. And let me just go back briefly. In the previous administration, on the 10th of October in 2000, Vice Marshall Cho Myong Rok arrived in Washington, had an Oval Office meeting with the President, and essentially declared if you, Mr. President, come to Pyongyang, then all issues on the security matter will be resolved. That's a North Korean perspective, that it is reserved for Kim Jong-Il to make those final decisions.

That, of course, is true. But getting there is not the manner in which the--you know, the United States is not prepared to do that, nor should it be. I'm not suggesting that George Bush or someone of cabinet rank immediately step in and go to Pyongyang to resolve that. That's not what the purpose of Madeleine Albright's trip on the 23rd, 24th, and 25th of October of that year was all about. It was preparing to see if there was the possibility for significant movement and perhaps resolution of the missile issue prior to the involvement of the President of the United States.

Those are steps that were far along in the chain of events leading up to the possibility of a presidential visit to Pyongyang. We're nowhere near that as of now.

MR. STEINBERG: Jack, maybe you could just say, in terms of thinking about how the North Koreans think about the stature issue, how they're choosing their negotiators, how that compares with the decision to have Bob Gallucci as the special negotiator in the previous administration, and what they would be looking for.

MR. PRITCHARD: Let me just narrowly focus this. The North Koreans, I believe, reluctantly came to the set of talks in April. They did so because of direct and persuasive involvement by the Chinese. They would not have done that on their own. Doing so in a reluctant manner led to their choice of head of delegation. They chose Ambassador Li Gun. Li Gun was--working backwards, he is currently the Deputy Director of the American Affairs desk. He was in New York their Deputy Perm Rep handling the American issues. Prior to that, he had the current job that he holds now, Deputy Director for American Affairs, at a lower rank.

What it says to me is they were not committed to serious discussion. They were not ready to commit their more senior and appropriate person. That should have been Vice Minister Kim Gae Gwan, their American handler. They didn't do that. They wanted to test the waters to see what the United States would say and whether there was room in later negotiations for the appropriate level to occur. Fast-forward to August. I would have originally bet that Kim Gae Gwan would have shown up. The choice of Vice

Minister Kim **Yong** -il, who is an Asian specialist, a Chinese specialist, suggests to me that they are still not committed, nor did they believe that the United States was committed to this. So they sent a person who, by resume, would have been their Asia handler. He would have made nice to the Chinese, he would have been able to interact with the Japanese, and all the while been noncommittal in his interaction, to whatever degree that might have been from their point of view, with the United States.

So they are slightly raising this, but have not yet committed to this as well. They watch to see who the Americans will have there. If the U.S. had someone of more seniority, or if they believed that the U.S. was involved in the sustained dialogue, you would first see Vice Minister Kim Gae Gwan as a signal that they were indeed prepared to talk about any number of things. When it got to the point where the North Koreans were very serious about the potential for resolution, they would probably up that to First Vice Minister Kang Sok-Ju, who has a kind of open door, right hand to Kim Jong-Il, and then you're very close to the opportunity for the Dear Leader to weigh in on that.

QUESTION: Sonni Efron with the L.A. Times. Mr. Pritchard, could you comment on what form of engagement you would support? And the question of sequencing, the step-by-step approach that's been floated at these Friday talks, do you think that's enough? If not, what explicitly do you think the U.S. has to do in order to break the logjam, other than the bilateral--or in the bilateral?

MR. PRITCHARD: Well, we're going to go far afield of that. Sequencing is for North Koreans important because it signals that you are dealing with them more or less on an equitable basis. And for them, face means a lot. I'll go back to one example, and that was for the original missile moratorium that was worked out in Berlin in September 1999. Jim Steinberg was on the other end of the telephone as we called back from Berlin and said the North Koreans were willing to accept this, a moratorium on their missile talks; however, the U.S. has to make a first step on this. Jim was extraordinarily uncomfortable with that idea, and it resulted in having to go back to the North Koreans for clarification on that.

Ultimately, when you take a look at the record, in fact the United States made what was the first public step, followed several days and various degrees of anxiety later by those of us who were in Berlin, the North Koreans made good on their public pledge for a missile moratorium.

So sequencing is for me a part of a formulation. It is the substance that you attach to it that is important, and it is not the sequencing there. The North Koreans are familiar with that. It has special meaning to them in terms of their stature. But other than that, I'm not wedded to that terminology or that outcome.

QUESTION: Miles Pomper from Arms Control Today. Mr. Kanter said that he's not sure if the North Koreans can take yes for an answer. Assuming from some of your answers that you think they can, what gives you an indication they can? This is for Ambassador Pritchard.

MR. PRITCHARD: Yeah, the North Koreans have in the past taken yes for an answer. They are clearly their own worst enemies. They have to be persuaded. It's something that the Chinese have to do, the Russians have to do, all parties involved have to do. But ultimately, in a sustained dialogue, they can get to the right answer. That does not address one of the things that Arnie brought up and others of us are concerned with, is can you trust them, will they carry it out? But I go back to a point I think Arnie made, and that is that whatever the resolution is that you come up with, if the North Koreans are going to cheat, we will eventually find out about it and it will affect how we deal with that. Does that deter you from an engagement process? Not at all.

MR. STEINBERG: Let me ask Arnie, as you look back, and given your prescription about this and your view about what a realistic outcome ought to be, how do you look back now on the Agreed Framework? Would something like that meet your criteria now, something that kicked it down the road but didn't decisively resolve the issue?

MR. KANTER: No. I mean, I think the Agreed Framework is dead. I think it carried so much political baggage that anything that reminded people of the Agreed Framework would be very difficult to get accepted in the U.S. And so I think that, as I said, our stated objective--I think we should not start negotiating with ourselves about our stated objective. I was simply calling for being realistic about how one achieves that objective. And one could imagine a step-by-step approach in which sides take a series of steps which cumulate to changing the reality on the ground, even if those steps do not culminate in the grand agreement. So that I think that as a practical matter you can hope to walk this cat back step-by-step, and indeed walk it back past where the Agreed Framework was. And if we can't get to a formal agreement that blesses all these steps, so be it, as long as the steps are being taken. In other words, I'm looking at the practical effects of taking the steps and worrying less--because I worry more about what it takes to get yes on a formal agreement and get a formal agreement ratified in the various capitals.

MR. O'HANLON: Just one point on the issue of the urgency. I think we agree very much in our book with Arnie's point about the urgency of this issue. We actually see the bigger deal as the quicker way to get resolution. But if we're wrong, we are more than happy to fall back on a more limited deal. I think the main caveat we would place on that would be you don't want to give the North Koreans too much of a reward just for ending the nuclear program, because then you get into this pattern of extortion that I think they've begun to fall into and you don't address the underlying economic problems. We would be prepared, however, to see a more modest set of initial accords with the ultimate agenda being the broader concept, the grander bargain.

But right now, we think the North Koreans actually need to hear about more being on the table for themselves to be interested in any kind of a deal, so in that sense we stand firm in our conviction that focusing just on the nukes and saying you have to give them up before we give you any major incentives is actually a slower approach and we think the Bush administration's record, frankly, proves that point. The Bush administration

has been trying to fall back on the nuclear issue for 12 months, and despite the fact that I'm happy about the multilateral format, all they've gotten out of 12 months, or 11 months of work now is one six-party-format meeting with no substantive progress. So I think broadening the agenda actually has a better chance of getting us towards progress, but we're prepared to fall back on a more limited initial accord followed by subsequent accords if necessary.

QUESTION (Gary Mitchell from The Mitchell Report): Jim, as you know, I asked a question last week when we were talking about the Middle East and prefaced it by saying that it is often said that the definition of insanity is doing the same thing over and over again and expecting a different result. And I'm wondering if, in the North Korean situation, we are either in or coming close to that point. And to be more specific about it--I think this may be a question for Ambassador Holbrooke. I'm interested to know--we talk about North Korea, but we're talking about Kim Jong-Il, I believe, and I'm interested to know are we dealing with the sort of Asian Yasser Arafat, who, you know, never misses an opportunity to miss an opportunity; or is this a Qaddafi? What's the nature of this leader?

MR. HOLBROOKE: First of all, on the first part of your question. I agree with your definition of insanity, but I don't think that describes what happened in North Korea. I believe that the previous administration was on the right track. And although the 19--but I also agree that the '94 agreement's now gone. And I think that opening up North Korea gradually and working towards its collapse--and again, I underline that a collapse will have some chaos with it. And I know the South Korean government doesn't want a chaotic collapse now, but I also believe that when it happens, the overwhelming emotion of the moment will have a dramatic effect. And I would remind you all that that's exactly what happened in Germany. Everyone wanted a soft landing. What you got was unification in 326 days. It cost a fortune, but it was the right thing to do. Therefore, I don't accept your premise on the first part of your question.

On the second part of your question, I don't know. I don't know the Dear Leader very well. In fact, I don't know him at all. You'd have to ask somebody like Madeleine Albright or Wendy Sherman, who spent a lot of time with him, went to the ball park with him. Ask them what he's like. I've talked to Madeleine about it, and they don't compare him to the people you just mentioned.

My own impression, however, is that--and this is within the framework of the fact that we know nothing about the North Korean regime. Jack knows a lot about the biographies of some mid-level bureaucrats, but you don't actually know what they think, I assume, and none of us do. My own impression is that this is a very, very weird group of people, who are completely--who are more isolated than you can believe. And my own limited experience with dictators--Milosevic, Marcos, Mugabe--I get all the M's--I missed Mobutu--is that these people--the more powerful and totalitarian they are, the more totally out of touch they are. They really are out of touch. And finally, they believe all the junk they're told about themselves. I read that he has access to the outside world and he watches pornographic movies and great outreaches like that, but I don't

believe it has--I think he's completely out of touch, the place is out of touch. I assume he will be the last totalitarian leader of North Korea, that after him something else will open up. But I would not compare him to Arafat, who has spent years traveling around the world, manipulating public opinion, manipulating a very strange internal dynamic among the Palestinians. This is something--there's no other precedent. There's no precedent like this in the world.

MR. STEINBERG: I'll tell you, the one that I think is closest is Assad, especially the father.

MR. HOLBROOKE: That's very good.

MR. STEINBERG: Not the current one. But Assad has many of the same characteristics. And he was a brilliant man and, you know, would have these conversations, like the conversation that Kim Jong-il has had with Koizumi and with others, so that he's not totally, totally--but he never leaves the country, you know, disappears for long periods of time. So I think there's a lot of Assad. And the problems we had getting to a negotiation with Assad is probably more instructive than--

MR. HOLBROOKE: That's a good analogy, Jim. But even Assad never remotely approached the isolation of North Korea. That's something-- Partly for locational reasons. He's an Arab in an Arab world; have to interact. This is-- I know of no historic precedent except perhaps, briefly, Cambodia and China at the height of their--

MR. : [Inaudible.]

MR. HOLBROOKE: Yes, that's a good analogy, Albania. That's a very good analogy. And Albania, of course, imploded totally. What happened in Albania is truly unbelievable. Just one day they woke up and it was all gone. And all that's left is those little million pill boxes all over the country.

QUESTION: Bruce Klingner in Intellibridge. Ambassador Pritchard, if you could comment on the role of the Chinese in the negotiations. Specifically, do you believe their policy has evolved since October out of concern of Pyongyang's actions? And secondly, how much influence do you think the Chinese have or are willing to use against Pyongyang to get them to drop the nuclear program?

MR. PRITCHARD: For me, the Chinese are very pivotal. I have always believed that the Chinese would ultimately end up doing what they are doing, but I had no idea that they would do it as quickly as they did. There is an evolution in their own thinking, for their own strategic interest that they've come to terms with, all of which we're not completely in the know about. But at this point in time, they have made a decision that it is in their interest to be involved in this way, both from a strategic point of view and from their domestic point of view as well, as a neighbor of North Korea. I think they are pivotal, they are playing a positive role, they have used an element of coercion with the North Koreans, they have used an even-handed approach. They've used a combination

of diplomatic tools that have resulted in North Korea arriving a three-party talks after having first declared they would never go, and then coming to six-party talks, having declared again they would never go.

My experience with the Chinese, as an example goes back to the four-party talks. When it was suggested, from a South Korean and a U.S. point of view, we viewed this as relatively even-handed. It would be simply two against two, and therefore the North Koreans would be receptive to the idea. In fact, the North Koreans viewed this as three against one. They didn't believe the Chinese would be even-handed. But to their credit, the Chinese performance during the four-party talks was extraordinarily even-handed. They chided the North Koreans when it was appropriate. They asked the Americans to be more flexible on occasion. And they represented their own national interest. That's what their doing now.

MR. HOLBROOKE: What is the Chinese objective here?

MR. PRITCHARD: Well, the Chinese clearly do not want a nuclear-armed peninsula. For them, it is both a regional and a proliferation issue. They do not want instability along the border there. It is a national security issue for them. And in development of relations with South Korea, Japan, and others, it is important for them to be involved. They have made their own internal decisions that they can't sit on the sideline and watch things go by. They were not headed in the right direction, they stood up to the plate, and they've taken charge.

MR. HOLBROOKE: Do you think they have a vested interest in the survival of the DPRK?

MR. PRITCHARD: I think that their views are changing. I'm not a China specialist. But you go back, what, 11 years now and their development of a relationship with South Korea, they have a more important relationship with South Korea, they have a lingering relationship with North Korea. And if in the future there is no longer a North Korea, if it is done in a manner which is acceptable to the Chinese, the Chinese are going to accept that in a heartbeat.

MR. STEINBERG: But you don't accept the characterization for the Chinese as was said about Mrs. Thatcher and the Germans, that she loved them so much she was glad that there were two of them?

Well, let's take one more, Alan, and then we'll wrap up.

QUESTION: Thank you. Alan Romberg, Stimson Center. One comment on your point on the Chinese. One of the other things they don't want is the United States to get to the point where it wants to use force on the peninsula. And I think that's a major motivating factor. I think they were afraid that we were heading in that direction.

It seems to me, Michael, when you say that the fastest way to get to the solution is not to say you do everything on the nuclear front first is correct, but that's not the same thing as saying that you put the nuclear issue up front as a priority. It's the way you handle the nuclear issue. I would suggest that the North Koreans have already suggested a more-for-more deal. I mean, they want three things that they've said from the United States. They want us to change our hostile policy, however they want to interpret that; they want us to show respect, which I think means diplomatic relations; and they want us to get out of the way of their economic relations with the rest of the world. And they say if that happens, they will, quote, satisfy all our concerns.

Now, one can be a little suspicious about whether that in fact will be followed through, but I do think that they have laid a table which is not so narrow that it doesn't make sense, and one ought to pay some attention.

I would suggest two other things. One is it may--you know, words have been used here, it's unacceptable for them to have a nuclear program, Dick says that if they were to test a nuclear weapon, that would be the one case in which we might go to war. I would suggest that unless we do what Jack is suggesting, which is to get off the dime on bilateral talks, along with and in the context of six-party, we may face both of those things. And I'm not sure we will go to war, actually, over that. I think that's a debatable point. But we may have to cope with all of that.

And so I think the point about time is really crucial, and I just don't see at the moment, despite what was briefed on Friday about either sequencing or step-by-step or parallel steps--I'm not sure what all those things mean to the people who are using those terms--but unless we get really serious about a negotiation with the North, where we take their issues into concern along with, obviously, our own, I think we may face some of these rather dire circumstances that you all are, I think, quite rightly pointing to.

MR. STEINBERG: Last comments?

MR. O'HANLON: Let me say something very quickly in response. Thank you for that. And let me agree with Arnie, I don't believe the investment opportunities are going to be so good in North Korea even if we get to a more politically appealing situation, and therefore I think the North Koreans would go back on that kind of a deal. If all they got from us was a pledge to let other people engage in economic development and investment and so forth, it would not in the end be a good enough deal for the North Koreans. Which is part of why I think we have to push them into a direction where we help them develop their infrastructure and start to move towards economic reform. Because it's not going to happen on its own, and this great wave of investment that's been bottled up somehow by American hostility is really not there and the North Koreans are going to find out sooner or later. So any deal that just addressed the nukes and our "getting out of the way," in the end I do not believe they would abide by. At a minimum, we have to talk about this broader agenda and get it on the table, so once they're frustrated by the lack of foreign investment, they know that we're still willing to talk about a more serious and U.S. and activist role as well.

MR. STEINBERG: Well, thank you all. Thanks to the panelists and the authors. And thanks to the audience.

[Applause.]