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PROCEEDINGS

DR. BUSH: My name is Richard Bush. I am a senior fellow at The Brookings Institution and director of its Center for Northeast Asian Policy Studies, and it is my great pleasure to welcome all of you here today for our seminar on "North Korea: 2007 and Beyond."

We are very privileged at Brookings today to be cosponsoring this event with the Walter H. Shorenstein Asia-Pacific Research Center at Stanford University.

Actually, the origin of this meeting is a chat that I had with Dr. Gi-Wook Shin, the director of the Shorenstein APARC Center, back in April of this year. He told me about a volume that his center was publishing with The Brookings Institution Press -- I didn't even know that -- entitled *North Korea: 2005 and Beyond*.

You can see fliers about the book outside, and we welcome you to buy a copy. We are actually drawing on authors from that volume, but we decided that it would be a great idea for our two institutions to cooperate together and use the talent from that volume to put together a conference in Washington to talk about North Korea.

Now, I really cannot tell a lie. We did not know when we scheduled this conference today that President Roh Moo-hyun was going to kindly do his meeting with President George W. Bush today, but so what.

But it is fitting and appropriate actually that we should meet on the same day of the summit because really North Korea is the nub of the issue. Right? The starting point of relations between the United States and South Korea is defining what is North Korea all about, what are its plans and intentions, and where is it going. The divisions between us really have to do with answering those questions. So our conference this morning and the issues we will address are highly relevant to the issues that I hope President Bush and President Roh will be discussing this morning.

So, without further ado, I would like to call on my good friend, Gi-Wook, to say a few words and then introduce our first speaker.

DR. SHIN: Thank you very much.

On behalf of the Shorenstein Asia-Pacific Research Center, I would like to thank Richard Bush for hosting this event.

As he just said, we held a conference on North Korea last year, and I was collaborating with Philip Yun to publish conference papers. The title was "North Korea: 2005 and Beyond." Today, the title is "North Korea: 2007 and Beyond." So some people are confused whether we are expecting another volume on North Korea next year. I may have to do another volume on North Korea next year.

Last year, when we were having this conference, we wanted to address multi-dimensional

issues of North Korea because, for many American people, North Korea is a security issue or security problem, but for many South Korean people, it is much more than that. There are social, economic, and cultural dimensions. So we wanted to address all of those dimensions by paring Korean with American scholars and experts.

Especially, we wanted to invite a younger generation of Korean scholars and experts from South Korea, including NGO leaders. In the volume, for instance, there is a chapter by the leader of PSPD in South Korea about their views of human rights issues in North Korea.

Here I will take a moment to talk about our center. As you may know, we are an academic institution. We are not a think-tank. But at the same time, we wanted to combine research scholarship with policy issues. I hope that you will take a look at our annual review and also visit our website, especially looking for our many fellowships.

In particular, I would mention that there is a Pantech Fellowship for mid-career professionals working on Korean issues. We are targeting non-academics, like policy-makers, journalists, and so on. Three of the speakers today are former Pantech Fellows: Philip, Scott, and Dan.

Finally, I would like to again thank Richard Bush and his Center hosting this event, and I hope that we can do more collaboration in Washington by bringing some fresh Californian air to Washington. Also, would I like to thank all of you for coming to this event.

Now I would like to introduce our first speaker, Bob Carlin. I do not think he needs much introduction, especially in this area. As you know, he has been working on North Korean issues for a long time in the government, in the CIA and State Department. He has engaged in a lot of negotiations with North Korea. So I don't know if there is any better person, better than him, in understanding North Korea. Lucky for us, he is spending his time at Stanford working on his new book.

This morning, it is my great pleasure to introduce Bob, and he will be speaking on Kim Jong Il's internal and external strategies.

Bob?

[Applause.]

Section 1
North Korea's Internal and External Strategies

[Editor's note: The following presentation was created by Robert Carlin and does not contain actual remarks by DPRK First Vice Foreign Minister Kang Sok Ju.]

MR. CARLIN: I see a lot of old friends—and I mean old friends—but I am very, very happy to be here. Thank you, Gi-Wook, for the introduction.

When the idea for this conference first came up, Richard Bush suggested that I should emulate William Safire and channel Kim Jong Il for you. I gave this some serious thought and then decided it would show a lot of chutzpa -- I mean, doing Kim, not Safire.

So I was mulling how to proceed on this, I didn't quite know what to do, when I got an envelope in the mail postmarked "Prague," and in it, wrapped in oilskin, were notes, nearly verbatim as far as I can tell, from a speech given by North Korean First Vice Foreign Minister Kang Sok Ju to a meeting of North Korean diplomats earlier this summer.

Please don't ask who sent it to me. I can tell you the document was handwritten. It was in Korean. I only got it recently. So I wasn't able to finish the translation, and parts I may have to translate it right here on the spot.

My Korean, as some of you know, is not very good, but I think it will suffice for this morning. I hope my English will do as well.

So let me begin. "Comrades" -- that's you.

[Laughter.]

MR. CARLIN: "Comrades, it is good to gather with so many trusted colleagues again after so long."

I will just read a bit of the introduction to give you a flavor for Kang's style.

"Those of you who have been away will find that I am old and at last tired of wrestling with the same problems over and over again. This may be my last address to a meeting of this type. I will, therefore, be candid with you and trust you will listen with open minds.

"Let me begin with a personal insight." This is very much Kang. He continues, "An ignorance so profound, an amnesia so deep and pervasive has settled over Washington that there appears to be no chance of ever returning to the constructive path the two countries were on for more than a decade from 1991 through 2002.

"The problem is not so much where things are today. It is, instead, what has been lost

over the past several years. The direction events have moved is weird" -- that is the word he uses, "weird" -- "almost impossible to grasp, and it is important for those of you who are new or have been asleep for the past 6 years to understand what has occurred.

"Walking the halls in the ministry, I sometimes hear groups of younger officers debating how we are to get out of the current difficulties. I would feel better," he says, "and have more confidence in their conclusions if I knew they had real understanding of how we got here in the first place.

"Let me briefly review our efforts and the outlines of our policy. I say briefly because I see we have a tour of the Pueblo at noon." And at this point, the notes remark that low groans are heard from the audience.

Kang continues, "In 1991, our President saw the strategic danger confronting us after the collapse of the Soviet bloc. He instructed that on a priority basis, this ministry work to improve relations with United States. We had two primary concerns, with which, of course, you are all familiar.

"First, to guard against the dangers to our sovereignty and independence from Russia and China by gradually moving to circumstances in which U.S. military forces could remain in the southern half of the peninsula, albeit in a non-threatening way; second, the purpose of thus improving the external security environment was to enable us to turn our attention finally, at long last, to restoring our economy. Those were our goals. They remained our goals for 10 years. I cannot tell you today that they are still our goals because, frankly, I no longer know. In any case, it is the reason we work so diligently to achieve the Agreed Framework of October 1994.

"While in Geneva -- and you will recall I led the negotiating team -- While in Geneva with the negotiations nearly complete, the Americans asked if we would fulfill our final obligations in the future when the time finally came, and I gave them an answer which seemed to surprise them, at least those of them who were paying attention. I said that it depended on the circumstances. I said that if by 2003 or so, the political sections of the Framework had been fulfilled" -- and the notes show at this point there is raucous laughter from somewhere in the audience causing Kang to pause briefly.

Then he continues, "IF, I said, the political steps had been taken and transformed the political and security environment, then, I said, the leadership of the DPRK would face an entirely new and different set of choices embedded in a new reality. I always believed that our nature as a small and weak country is and must be essentially pragmatic. I believed then that we would decide on that basis, though I knew well the difficulties facing us within our own leadership, or at least I thought I did at the time.

"After the Agreed Framework was signed, we went through four phases. First, from '95 to 2000, we attempted to complete the foundations for improving relations with the U.S. Beginning in 2000, the pressures from General Kim became constant to accomplish this in order to prepare for his new economic measures that were then in the works.

"Second phase, I call 'protect and defend'," from 2001 to 2002. This, I would say, was a period of miserable failure for this ministry, and the criticism from the leadership became sharper and ever more severe as we lost ground. Not only could we not hold onto gains from the previous years, we could not even engage Washington anymore.

"And so we came to the third phase, from 2002 to 2004, which I call the 'slippery slope,' and I will address that a little bit more in a moment.

"Finally, we are here in what I like to call the 'Mistah Kurtz, he dead' phase. Some of you may recall that I told the Americans that my favorite book was *Gone With the Wind*, but that was untrue. Actually, it was *Heart of Darkness*.

"Let me now review in more detail the prominent features of the dismal landscape that traces the path down to our present low point.

"Incidently, I read recently that the White House Press Secretary -- his name is Fog or Snow or something inclement. Anyway, he said Clinton's emissaries had come to our country with flowers and chocolate. I certainly don't remember getting any of either. If any of you did, please report it on your contact forms immediately.

"Anyway, let me begin on a high point. Why not? October 2000, Vice Chairman Jo Myong Rok went to Washington. I was fortunate enough to accompany him. At the end of the visit, the Vice Chairman issued a joint communiqué.

"Now, the Americans had given us a draft of this document almost a year ahead of time, and we could have engaged them at any point on it. We should have done so, Comrades. I am convinced we should have done so, but never mind.

"Let me just quote two passages from that document, if they have been marked for me, and I believe they have. Yes. First, “the two sides agree that resolution of the missile issue would make an essential contribution to a fundamentally improved relationship between them.” We acknowledged, in other words, that there was a connection between resolution of the missile issue and improvement of relations.

"Second, it speaks about the Agreed Framework. “To this end, the two sides agreed on the desirability of greater transparency in carrying out their respective obligations under the Agreed Framework, and in this regard, they noted the value of access, which removed U.S. concerns about the underground site at Kumchang-ni.” Comrades, we had no doubt what this passage was in reference to. The Americans were preparing to ask us again for access to something, and we well knew by 2000 what that was.

"In any case, after Vice Chairman Jo returned home, 2 weeks later Secretary of State Albright arrived. It was an interesting visit, as I am sure you all remember, although much of the symbolism of that visit seemed to go over the heads of the Americans.

"General Kim's appearance at the mass games with Albright was sadly mishandled by

Washington. Why in the world do they think the General would want to be seen standing next to the American Secretary of State in front of all of the people of our country, if not to show them that we were no longer eternal enemies? It wasn't the games that were important. It was the symbolism of where he was.

"Why in the world do they think we kept the Chinese defense minister cooling his heels at the gates of Pyongyang until Secretary Albright left, if not to demonstrate the new priorities in our foreign policy?

"And finally, why in the world did two U.S. fighter planes invade our air space on the very day Madam Albright left Pyongyang? It took me days, weeks to calm down the generals after that.

"In any case, the November elections came and went. January arrived with a new administration, and we sent a number of positive signals to Washington against the advice of many of you in the ministry as well as in other agencies who argued we were simply showing weakness at this early stage.

"This was, as you will recall, the same time that General Kim visited Shanghai, among other things, to show the Americans how our domestic course was being altered in light of positive developments in our relations.

"April 2001 came. By now, tempers were growing short in Pyongyang, as we had had no response at all to our signals to the Americans, other than observing how the Secretary of State's legs were cut out from under him. That should have been a lesson to us, but none of us could believe that a former military man, a general, could be treated so cavalierly by the civilians.

"We reminded Washington of the missile deal that was on the table. No response. There was a concerted push from other agencies in Pyongyang to drop this foolish notion of allowing American military forces to remain on the peninsula. We fought back. We managed to preserve the position, but by this time, I had rumblings in my stomach, I confess. Something was seriously wrong.

"For one thing, the New York channel had been essentially severed by Washington. In truth, I tell you this bothered me as much as anything we heard coming out of the new administration. The New York channel had been our secret weapon, not against the Americans, but against obstacles of many kinds. It let us short-circuit criticism here in our own capital. It let us float new ideas without full vetting. It let us help the Americans see around the roadblocks in their own thinking in their own bureaucracy.

"By the summer, the channel was nothing more than a mail drop, and not a very good one. There was a lot of grumbling about how much money the diplomatic post in New York was eating up from the Foreign Ministry's budget, and eventually, I could no longer justify the personnel expenses and had to cut back on the number of people we had.

"During the spring and summer of 2001, we made as clear as we could to the Americans

that we wanted to meet with members of the new administration, the new people, not the old faces. We knew what they thought. We knew how they operated. We needed to meet the new people because we had to establish personal contact. The best we got was a green member of the NSC.

"What we needed from Washington was some positive reference, however indirect, to the October 2000 joint communiqué. Vice Marshal Jo had gone to Washington and issued it. We could not simply throw it in the trash. It didn't have to be explicitly reaffirmed. It didn't have to be reaffirmed in its entirety. Some sort of reference is what we needed. We got nothing.

"After September 11th, we sent condolences, twice. We thought for sure, in all the focus on terrorism, the Americans would recall that we had issued a joint statement with them pledging cooperation in the fight against international terrorism. We heard nothing.

"Even in 2002, after the famous Axis of Evil speech and the Nuclear Policy Review, we continued to signal that we wanted to engage. We hoped for talks in the spring, we hoped for talks in the summer, and then again in the autumn.

"In July 2002, you will recall General Kim decided that with or without the Americans on board, it was past time to launch his economic measures. Some of us advised him that this would surely elicit a positive response from the Americans.

"In August 2002, John Bolton gave a speech in Seoul. We knew who John Bolton was. We knew what he was up to. He had become for us a rhetorical free-fire zone, but nevertheless, we toned down our response to a speech he gave in Seoul because we were getting ready for a return to positive engagement. Also in August came the first pouring of concrete at the LWR site at Kumho.

"KEDO. Let me say one thing about KEDO to you, Comrades. Some of you worked on it. Some of us argued that the LWR concrete pouring proved we had been right in keeping the KEDO channel open. We did so and continued to do so through 2005, against the advice, I must say, and constant carping in many other departments. We continued to abide by a thick—and those of you who have seen it know it is a very thick—volume of protocols we signed with KEDO because we wanted to signal the Americans that there was some place to resume progress. Still, amidst all the debris of the failed joint communiqués and other things we had agreed on, KEDO continued to be a channel which could be used.

"I can't tell you how many KEDO delegations visited our country for talks from 2002 until the last ship left the port in January 2006. We kept waiting and waiting for Washington to utilize that channel, and there was only silence.

"Finally, of course, came the start of the slippery slope, a visit by James Kelly in October 2002. Never have I seen such miscalculation and awkward use of the tools of diplomacy.

"We were fairly sure the Americans would bring up the HEU issue. There were reports of numerous public meetings in the U.S. where that issue came up, and there were remarks by

numerous American officials making it clear that this was foremost in their minds. We calculated, however, wrongly, that the meeting would follow the operating practices the two sides had worked out in the past for dealing with contentious issues, allowing the statement of views and then leaving the way open to explore a route for resolution. There was nothing of the sort. There was no sense of diplomacy in those two days. We were given a rude ultimatum, a scolding, a challenge, and that was that.

"Barely 3 months after the great General had launched his economic reforms on the assumption things would improve with the U.S., everything collapsed. Needless to say, he was not pleased. Needless to say, if he was not pleased, I wasn't comfortable.

"In an effort to repair things not long after, I passed the message from the great General to Bush through Gregg and Oberdorfer. We heard nothing in return, or perhaps I should say we did. The answer came in a meeting, a KEDO meeting, in which heavy fuel oil was suspended followed immediately, within hours as I recall, by a statement from Bush. I had no choice. We could not but respond in the logic of the Agreed Framework. Heavy fuel oil was the quid pro quo for the freeze of operations at the nuclear site at Pyongyang. Without HFO, the freeze would be lifted, much to the delight of certain agencies whose name you know.

"January 2003, we withdrew from the NPT, and thereafter, those agencies with a timetable put it in motion. Methodically, they followed it.

"March 2003 came the Air Force escapade when three of our fighter jets went out to kiss an American reconnaissance plane. I have never seen so many drunken Air Force officers in my life when they returned safe and sound. At that point, I knew the battle was nearly lost. The jig was up for the diplomatic track.

"After the quick victory in Iraq, there were very long faces in the capital, but things perked up again when people saw the American Army bogged down in Iraq and not able to turn their attention elsewhere. By February 2005, we had declared we were a nuclear power.

"From 1995 to 2000, altogether we had something like 20 different sets of negotiations going on with the Americans. I barely had personnel to staff all of these. Since 2001, we have had nothing to do.

"Some of you will say, 'Yes, but what about the Six Party Talks?' The Six Party Talks, as you know, from my belief is that they were never real. They were hopeless from the start. They were never a serious effort by Washington to utilize diplomacy. They were simply an effort by the Americans to corral us like cattle. Worse, the Six Party Talks were chasing us directly into the arms of the Chinese, which is the last place we would have expected the Americans would want us to be.

"The joint statement of September 2005 was drafted entirely by the Chinese, and then it was gutted the next day when Ambassador Hill stood up and said, in so many words, light-water reactors are completely off the table.

"Now, it would be nice to blame the Americans for everything, but we made errors on our own. We made many mistakes, and these, we must recognize and contemplate seriously. We waited too long, too long in 2000 to engage Washington at a high level. That wait was largely against the advice of this ministry, but it was our failure. We never imagined the roots of what was accomplished from 1995 through 2000 were so shallow or how quickly all that had been accomplished could be discarded.

"People say that our policy is subject to sudden change. None of us could believe how quickly the American policy turned 180 degrees. Those of us who counseled patience were left naked. For all the books and TV watching and talking to people, we were not prepared for what began in January 2001. We failed to see how the face of diplomacy would be altered and how our interlocutors would arrive at the table bound and gagged, surrounded on all sides by watchers. No one foresaw that actually, and I do not fault you, Comrades, personally for shortsightedness.

"Our constant hope stretched thinner and thinner over time. We hoped the Americans would come to their senses. Some of you thought the appointment of Ambassador Hill marked a turning point and that the ship would gradually right itself, but what he needed from us was more than we could possibly give without a better sense that he could actually deliver.

"How often we heard from the Americans that if we would just give them a little, a little to strengthen the pro engagement forces in their administration, they could use it to strengthen their position. How could they fail to see the situation was no different here in Pyongyang?

"And so for the present, there is no hope of going back, as far as I can tell. We are a nuclear power. There is no reason or likelihood that we will ever give that up. The pressures for continued development of nuclear deterrence are overwhelming. The logic of pouring more money and resources in is impossible to defeat, as senseless as that position might be. At every step, those who have wanted to proceed have had the upper hand. They have had a timetable, and they have stuck to it since 2002.

"If we could have stopped the process at five or six nuclear weapons, I think perhaps we might have found a way to step back. I am not quite sure where the threshold of no return is, but I think we are very close to being there.

"This ministry has no standing anymore in our own policy circles, as the ground has been cut out from under us completely. Those in Washington who were part of the constructive period have been purged. Those who have remained, unfortunately, have proved feckless.

"The nation will survive. The memory of our struggle will not be forgotten, though it may be soaked in the blood of innocence. The greatest victories, of course, are those won without firing a shot, and that must be our goal, but we are running out of choices, and I fear that those who have counseled strength in the end may prove correct. If we do not confront the Americans with strength, we may soon have to fight them in our cities, in our mountains, and on the banks of our rivers. It is true that the only thing they seem to understand is the logic of force.

"We cannot anymore save Washington from itself. I am not sure there is any longer room to wait this out. Our goals remain unchanged. There will be no foreign dominance of our country. We must position ourselves against Japan, and we must sustain the leadership, generation to generation.

"The floods in July, I know those of you coming back from overseas were worried the floods were bad, but we will get by as we always do. The economy is picking up, nothing grand, but it is enough for a moment.

"The question of nuclear tests, the guidance is clear. You know nothing, you have no comment, and you have no information on which to base a comment. You can say that with straight faces because it is absolutely true.

"Whether or not we will test is not for us to know. I can tell you this. The situation in Pyongyang is where we never wanted it to be. Again, we have no standing, no voice in the discussions. Our warnings on the missile tests were ignored. Every few days, I get sarcastic questions from comrades in other departments asking me, 'Well, when will the bad things begin to happen?'

"Some of you, I know are having trouble cashing checks. All I can say is do your best. From a walk around the city, you will see, as I mentioned, the economy has picked up. Your job is still to encourage foreign investment as best you can.

"On a positive note, I can tell you the American Vice President was voted unanimously a member of the National Defense Committee at the songfest last night; too much drunken back-slapping.

"And finally, in Washington, October 2000, I stayed at a hotel. I think it was called the Flower of May. It is a rather pretty name. I turned on the TV, and there were children's cartoons. One of the cartoons, I remember it was of a rabbit, and he had run over a cliff. He kept running in midair, and everything was fine until he made one final mistake. The rabbit looked down.

"Comrades, I wish you a pleasant stay in the capital, a joyous reunion with your loved ones, and a safe journey back to your posts."

Thank you.

[Applause.]

DR. BUSH: Thank you very much, Bob, for sharing that very revealing “document” with us. I wonder if you would take a few questions for about 10 minutes.

MR. CARLIN: Sure.

DR. BUSH: Before you do, there are a number of people who came in. You might want to for their benefit just describe what you were doing in your brilliant presentation, just so there

is no misunderstanding. I will let you field the questions.

When you ask your question, please identify yourself and wait for the mic. Who wants to ask the first question?

PARTICIPANT: [Inaudible.]

MR. CARLIN: Oh. Well, I have long ago learned that it is impossible simply to address this sort of issue head on. People stop listening very quickly. So I thought perhaps it would be wise to look at it from a slightly different angle and from an angle I think I understand at least a little bit and see how the North Koreans might have viewed the last 6 years, although I really did NOT get something from Prague.

MR. WARNE: That is my question, Bob, and I am Rob Warne.

What I would like to ask you is, would you care to comment on just the source of this? How do you feel about those remarks? What is your assessment?

MR. CARLIN: I think that First Vice Minister Kang is an extremely frustrated man. I think he sees everything he worked to achieve, under incredibly difficult circumstances within his own system, torn up.

I think we were just incredibly lucky that we had the array of personnel existing and the bureaucratic alignments that existed from 1995 through 2000, especially in North Korea, because foreign ministries in communist countries tend not to be very strong. The people who have the most contact with the outside tend not to have a lot of influence and leverage.

In this case, it was true that Kang Sok Ju had a very good relationship, as far as we understood, with Kim Jong Il, and therefore, our discussions with their foreign ministry went directly to the top and had an impact. I strongly suspect that he is now in a position of the Maytag repairman, and his foreign ministry has lost tremendous prestige and influence. Those people who are today advising Kim Jong Il are the mirror image of people elsewhere.

Herb?

PARTICIPANT: Bob, I think that Liu Xiaoming was appointed the Chinese Ambassador to Pyongyang. Liu served here a few times in the Chinese embassy, and he is kind of a leading light of American experts. Do you think the DPRK will be complimented in having an American expert sent as ambassador? Do you think his job is to advise them how to handle the Americans, or will they think this is suggesting that they are simply one function in the American equation? How do you think they view Liu's arrival?

MR. CARLIN: I would assume that they are not happy that he is so junior. In their minds, I believe that they think he is a fairly junior inexperienced diplomat. It is not so much what his experience is, but where he stands. Nevertheless, the Chinese Foreign Ministry is suffering from a loss of power on this issue, on the Korean issue. As it may be, they may not be

surprised.

Other than that, I would have to think about it some more. It is an interesting problem, and I haven't had a chance to really go into it.

Joe?

[Tape change.]

PARTICIPANT: [In progress] -- not mention China.

MR. CARLIN: Who is that man?

Comrade -- excellent, excellent observation. I think it is because we all, with mother's milk, understand that the Chinese are our biggest problem. You are absolutely right.

The Chinese shadow looms exceedingly large over small North Korea, and it is always constantly their concern to stay out from under it. So you are absolutely right.

The Japanese threat is of a slightly different kind. It is not as insidious in some respects, I think. Yes, the Japanese are not about to embrace the Koreans. That is not the problem. They might gobble them up, but not embrace them.

PARTICIPANT: Bob, Secretary Rice on several occasions has said that the North Koreans cheated on the Agreed Framework even before or almost before the ink was dry, and I think her point is that there was evidence of insincerity in Pyongyang, even before there was a change of approach here in Washington. My question for you is, how would Vice Foreign Minister Kang respond?

MR. CARLIN: His response would be that they knew that there were agencies in Pyongyang who wanted to push ahead with the nuclear program anyway, and that is why the answer he gave to the Americans in October '94 was so important that the ultimate disposition of the Agreed Framework depended on fundamentally altering the political and security environment in order to give the leadership a brand-new set of choices.

I think Kang would say, "Look, we knew that this HEU clock was ticking against us, but we thought we could handle it in the same way that we handled the plutonium clock; that is, at some point, the Americans would raise it in a way that would allow us to negotiate over it and have the leadership make the decisions which would allow us to put a cap on it." And in fact, that is what the October 2000 joint communiqué was. It was the first step in that process, and that is what they expected to develop over the next several years.

So it is not a light switch in which you are either observing it or you are not. This was a long process of change in the relationship, and there were going to be these negative developments that would have to be met at each stage along the way.

PARTICIPANT: Thanks very much, “Mr. First Vice Minister.”

If the regime were to change in Washington, would it perhaps be obvious to the Great Leader that what has happened over the last 5 years might, in fact, be rolled back and we could return in some dimensions to paths that we were hopefully following at that time?

MR. CARLIN: I am afraid I don't think that is possible. We might be able to gather a few shards from the broken vessel and try to start a new process, but things cannot be rolled back, I believe, both because of changes in Pyongyang, the development of the nuclear program as far as it is, and because of the entire situation in Northeast Asia. I think we had a window of opportunity. I think it is largely gone.

I don't think we are necessarily on a downward path for all eternity now, but I don't think that rolling things back is going to be possible. We will have to start afresh.

DR. BUSH: We need to move on to our next panel. Please join me in thanking Bob for an outstanding presentation.

[Applause.]

Section 2
Economic, Political, and Social Developments

DR. BUSH: If I could ask Bruce Klingner and Wonhyuk Lim to join me on the dais.

Let's move on. This panel looks at the internal situation in North Korea, and we have two excellent panelists to help us take that look.

On my right is Bruce Klingner, who was a colleague of mine when I was National Intelligence Officer for East Asia. I will say no more. He is now serving ably with the Eurasia Group.

To my left is Wonhyuk Lim, who last year was a CNAPS Visiting Fellow at The Brookings Institution, and is now doing a consultancy with The World Bank.

Let's start with Bruce. Bruce, in your assessment, how secure is Kim Jong Il's hold on power? To what extent are there factions within the North Korean system that might threaten that hold and create a dynamic within the North Korean political system?

MR. KLINGNER: First of all, thank you very much, Richard, for asking me to be here, and thank you all for attending.

The format here is a little different. I feel like I am on a talk show. I guess we don't know yet whether it is Oprah or Jerry Springer. So we will have to see, and perhaps that will become more clear from some of the questions.

First of all, looking at Kim's grip on power, I think it is very firm. There are neither viable opposition or dissident movements within North Korea that pose a real threat to Kim, nor are there really any identifiable challengers from within the government that would pull power away from Kim. That is due to the repressive technique, the tactics and techniques of the regime, the numerous security services which are competing with each other, which overlap with each other, which monitor each other, and then also a degree to which the elite within North Korea identify their own future as closely tied with the future of Kim Jong Il.

So, to be sure, there have been reports over the years of failed coups and assassination attempts, and whenever there are reports of a failed coup or an assassination attempt, it is always a double-edged sword in that it either shows how precarious the hold on power is since the next attempt could, of course, be successful or it shows simply how effective the security services are and that they will be able to deal with any future attempts.

Whenever I have spoken about how I think Kim's hold on power remains firm, I am always a bit nervous that the very next day, we will read in the papers that someone gave him a .9-millimeter headache and Kim woke up dead, but I think I am fairly confident that that won't be happening in the near future.

To be sure, there is the anti-regime activity. Non-governmental organizations have reported on this, but it tends to be very low level, very tactical, sort of anti-Kim graffiti or posters, and I think that just shows the extent that Kim's security services are able to repress any opposition from amongst the populous.

Then even during the great famine of the 1990's, there were very few, if any, reports of unrest or uprisings amongst the villagers. Any potential alternative leader is seen clearly as a threat to Kim, and he takes care of them in any number of ways, whether it is permanent or sending them out to the countryside for reeducation and eventually perhaps bringing them back.

The question of factions within the government has been one of great debate amongst Korea watchers. My sense is that there certainly are differences of view within the government. There are those who advocate economic reform. There are those who advocate engagement. There are those who are more skeptical of the outside world and the threats that it poses to North Korea, and it tends to parse along the lines seen in other countries. Those who are engaged in diplomacy tend to be more in favor of engagement. Those in the military tend to be action-oriented and seeking a more immediate change and more skeptical of opponents.

I disagree, though, with characterizations that there are warring factions, that they compete for Kim's attention, and that they periodically gain influence over Kim and get him to change policy, only to be ousted or policy reversed later when the other faction gains control over Kim.

I also disagree with the characterization that the military controls Kim Jong Il. I think, instead, it is the opposite, that Kim Jong Il firmly controls the military. So, along those lines, the characterization that the 4 July missile launch reflects a need by Kim to appease the military or to push back against any military threat or advocacy from within his own regime, I don't think that is the case. I think the missile launches were for foreign policy objectives and to influence the outside world, especially the U.S.

Now, that is not to say that just because Kim's hold on power is firm that the regime itself may not be shaky. I think Kim may be the lone and uncontested captain of the ship, but that is not to say that the ship isn't the Titanic.

DR. BUSH: Based on what you said about the state-society relationship, the repressive character of it, how do you evaluate the human rights situation in North Korea?

MR. KLINGNER: As many disagreements as we have amongst Korean analysts, I think the status of human rights in North Korea is one that we all agree on. Quite simply, there are no human rights in North Korea. It is a brutal, repressive regime. It is clearly heinous in its actions toward its populous, and that it is a regime that is unmatched currently and perhaps in history in its views and its attitudes and its policies towards the people.

I think where the disagreement comes is in how best to deal with that by other nations, and clearly, there are great policy differences between South Korea and the U.S. That has been

another source of strain in the alliance.

The U.S., as folks know, has been focusing clearly on trying to use the human rights issue as another way of beating up North Korea, as another way of providing an impediment to resuming nuclear negotiations. That is not to say, though, that the independent organizations, the human rights organizations, are not clearly working for their own purposes, for very admirable purposes to try to improve the human rights and the condition of the citizens of North Korea, but I think the Bush administration is using that issue along with counterfeiting and money-laundering, et cetera, as a way of putting speed bumps in the path back to the Six Party Talks.

South Korea has a different view. They see it as in prioritizing policy objectives towards North Korea, human rights is an admirable goal and one that has to be pursued, but it must follow lower in the pecking order, and that, first, one has to engage North Korea in order to get it on the discussion track before one can identify that.

I think there are merits to both sides, but I think South Korea has been criticized and, in my view, correctly so to some degree for its lack of candor and its lack of pushing North Korea to address some of the issues.

DR. BUSH: Great. Thank you.

Let's turn to Wonhyuk and the economy. Wonhyuk, Bob Carlin mentioned the economic reforms that were put in place in the summer of 2002. What has been North Korea's performance since then?

DR. LIM: I think the popular story in D.C. is that North Korea's economy has basically collapsed, and it is in a desperate situation. So, the story goes, maybe that is why the North Koreans are engaging in illicit activities like counterfeiting and so on, but if you actually look at the numbers, the numbers tell a different story. Trade has recovered to a great extent.

In fact, North Korea's total trade in 2005 is on a par with its total trade in 1990 before the so-called "collapse" began.

What is kind of interesting is that Pyongyang has become confident enough to think about implementing a multi-year economic plan. In fact, they announced that this year that they have a 3-year program from 2006 to 2008. That is the first time they are doing so since 1996 when North Korea's economic crisis made multi-year planning basically infeasible.

The kind of picture you get from looking at the numbers and accounts from border crossers, refugees, and also merchants visiting North Korea is rather different from the story you get in D.C.

DR. BUSH: What impact, if any, have the so-called "financial regulatory actions" had on the North Korean economy?

DR. LIM: I think it is important to separate the financial side from the real economy side, and as Bob mentioned, North Korean diplomats might be having a tougher time cashing their checks. That said, it is not difficult to imagine North Korea using front companies and individuals to do financial transactions under their names within China and Russia, but have real goods move across the border.

In fact, if you look at trade statistics, in the first half of 2006, North Korea's trade with China and South Korea increased compared to last year. So there isn't really clear evidence that financial regulatory actions, per se, are having a serious impact on North Korea's real economy, but at the same time, North Korea's great fear is that financial regulatory actions would escalate and become sort of blanket sanctions, and that might have a more serious effect on the North Korean economy.

DR. BUSH: Bruce, do you want to comment on any of these issues?

MR. KLINGNER: I think one of the biggest debates that Korean analysts have had is really to what degree North Korea is implementing reforms, and it is one that we have argued kind of back and forth. The fact that we are still having the argument, 10 or so years later, I think for me it is very telling.

I think North Korea has implemented economic reforms. I think they have walked back on some of the ones that they have implemented. We can argue if you look at the 2002 reforms and some of the others, but in a way, even though it is a very strong argument within the Korea watcher group, I think the issue above it is to what purpose are they doing these.

Clearly, it is to maintain the current regime, and even though China has been long advocating and long pushing Pyongyang to adopt Chinese-style economic reforms, in my view they have not. It has been something that they have been pushing and that they hope would moderate North Korean behavior, and to date, it has not.

If you look back in January of this year when Kim did his trip that was reminiscent of Deng Xiaoping's southern tour, at the time in the media, we saw many articles that this was sort of the precursor to old economic reform, and we saw many of the same comments that we saw back in Kim's 2001 Shanghai trip where that was going to be leading to technical cities and bold reform. To some degree, the 2002 reforms could be seen as that.

I think also if you just look back, though, the adulation that this would be the year where we saw Kim boldly coming out, implementing these reforms as he had wanted to do for many years -- clearly we have not seen that. At the time, there were articles in the sense of this showed China's growing influence over North Korea and its ability to moderate North Korean behavior. I think after the 4 July missile launch, Dr. Phil might say, "Well, how did that work out for you?"

Even if sort of taking the next step, if North Korea were to implement bold economic reforms that everyone agreed were Chinese-style economic reform, clearly the purpose, as Gorbachev's was, is to maintain the system. Clearly, Kim is not a Gorbachev. We may have Perestroika; we certainly don't have Glasnost. Even if they were to implement the reforms, it is

not going to change North Korean political behavior.

If you look at China where clearly they have capitalism, although with Mao's or Deng's face, we have a “McDonaldization” of China in that we have the golden arches off of Tiananmen, we have a lot of economic engagement between the U.S. and China, but we still think China is a threat.

So, even if Kim were to implement these reforms, it may be “The Devil Wears Prada,” but it is still the devil.

DR. BUSH: In the audience, we have a lot of smart people when it comes to North Korea. So I think we should open up the discussion and invite your questions and comments. Again, wait for the mic, and identify yourselves.

Who would like to ask the first question? Don't be shy.

MR. WILKERSON: Larry Wilkerson, George Washington, William and Mary.

Just to move back to the comments you were making and to take them out a little bit further on Kim, when John DeLillo, Bill Perry, and I were in Pyongyang in November 2004, we had an array of Koreans on the other side. They went from the ultra left to the ultra right, if you will, with sort of the military middle sitting in between the former Minister of Defense.

Bill Perry and I in particular, but John DeLillo, too, went to great effort to try and find out what these Koreans thought, including the ROK chairman of the joint chiefs of staff at a luncheon, about the future of the leadership.

We compared notes afterwards, and we all concluded that what the South Koreans we had talked to, anyway, in conversations and during the exercise and the exercise itself showed us that they believe Kim is it, that he is the last one. When we would inquire, “What do you think will happen afterwards”, we get a little bit of a different answer, but it boiled down to certain of them at least having pretty firm ideas of what member of his regime -- usually, it was a general -- would at least have initial control. The implication was that they are talking to some of these people, and they are very comfortable -- I shouldn't say very comfortable, but they at least have a firm belief that they are going to be able to handle this. Could you comment on this?

MR. KLINGNER: Integration of South Korea handling the Korean change regime?

MR. WILKERSON: Right.

MR. KLINGNER: I think the fact that we don't have an identified succession plan for North Korea clearly leads to some uncertainty, whether it will be a senior government official, whether it will be one of his three sons -- and there is a lot of Kremlin watching as to which son right now is the most likely descendant. But right now, it is seen as Kim will be in power for a long time, and then there is the uncertainty as to what happens if he leaves the scene suddenly, either natural causes or a coup or an assassination attempt. Then, if you don't have a clearly

identified succession plan, clearly there is the turmoil of whether you have warlords. Some may have control of the nuclear weapons and all of that.

So I think without them identifying the succession pattern, you can't help but be a bit nervous about what would happen if there is a sudden departure of the scene by Kim Jong Il.

Whether South Korea or all nations working together can manage the change, I think also would be of great concern and uncertainty in that you clearly have a military threat. You have the uncertainty of what Chinese intentions are, what any of the successor's intentions would be. I doubt anyone is thinking that they are going to implement Jeffersonian democracy, and what would be the views of anyone who is most descendent? What their views are towards South Korea, towards China, towards the U.S., whether they would fall into the Chinese sphere of influence, whether they would want to unify with South Korea on South Korean terms, whether they would pursue very nationalistic policies, I think right now is very uncertain.

I would not be very confident right now that if we had a sudden change of leadership or regime, we could handle it without a great deal of turmoil and concern.

DR. BUSH: Do you want to comment, Wonhyuk?

DR. LIM: I think it is not very productive to engage in a speculative exercise. As long as the North Korean army remains strong and the police apparatus remains strong, I think North Korea should be able to handle any kind of political change.

DR. BUSH: Next question? Professor Matsumura.

DR. MATSUMURA: I am Masahiro Matsumura from Japan, and I am a visiting fellow at The Brookings Institution. I have a question for Dr. Lim.

My question seems a little bit technical, but it is still very important and concerns statistics. Speaking about the recent financial regulatory actions against North Korea, you said that you didn't see any significant impact.

What do you think about statistics? Do the statistics effectively capture not only the so-called "first economy," which is known as the national economy, but also the second economy under Kim Jong Il's personal account and also the same account under the control of the party organization?

I think there is no open source about the second portion, but still you can speculate on the size of it in relation to the national economy.

We do have to think about the two segments of the economic sectors when you think about impact by the recent regulatory action.

Thank you.

DR. LIM: That is a very good point and a good question as well.

Trade statistics are the ones that are most reliable because you look at the mirror statistics of North Korea's trading partners, not North Korea's trade statistics. One mistake that one can easily make is to look at the size of North Korea's trade deficit and conclude that North Korea is financing its deficit through illegal activities, "second economy" activities and so on.

Much of North Korea's trade, especially on the import side, has a characteristic of foreign aid. China provides oil to North Korea as a loan, for instance. South Korea provides rice to North Korea as a loan as well. Those kinds of things have to be taken out, and if you take that out, the size of the trade deficit is diminished by a great deal.

It is also a mistake to say that the current account has to be in balance all the time. Another option you have is to increase the size of your debt. You don't say the U.S. economy has to keep its trade deficit at zero. So it is kind of a mistake to deduce that kind of conclusion based on trade statistics.

Also, from the other side, the illegal activity side, I think it is important to stop speculating and look at the facts, although it will be very difficult to get facts.

For instance, if you look at the Senate hearing held on April 25th this year on North Korea, there were two important testimonies provided by the Secret Service and State Department officials. A Secret Service official, Michael Merritt, said that since 1989, North Korea-related counterfeit dollars, so-called supernotes, confiscated by the U.S. Secret Service are about $50 million. That comes out to about $2.8 million on average annually.

By comparison, the total amount of counterfeit dollars seized in Colombia during the same period is $350 million. You can speculate about the size of North Korea's illicit activities, but when you actually talk to people who do have the information and intelligence to make an educated guess about the size of illegal activities, it turns out to be quite small.

That is all I have to say.

DR. BUSH: Don Oberdorfer.

MR. OBERDORFER: To me, the most fascinating thing that has happened in recent months, beyond obviously the missile shots, is the Chinese attitudes, and I would like to ask you about the economic side of this, to the extent that you can guess it or see it from statistics.

The Chinese, for the first time ever, at the U.N. condemned North Korea -- their word -- in the thing that was finally adopted by the Security Council, and they are very irritated with the North Koreans.

On the economic side, I think, as far as I know, the Chinese trade has continued to grow. It is now a very big part of all North Korean trade, and yet, the Chinese reportedly have slowed down the amount of fuel that they have sent into North Korea, not stopped it, but slowed it, since

their emissary got stiffed by Kim Jong Il. There are reports that they are squeezing the North Koreans a bit at the borders. They are requiring visas where they never did before. They just required an exit permit. They are cracking down on North Korean businesses in that part of China which abuts North Korea, and they are taking other measures that indicate their displeasure with North Korea.

So my question is, from what you can see of the economic side, how significant is this? Is this just a kind of little blip to show internally and perhaps externally that they don't like what is going on, or does this represent that potentially, something that would be worrisome to the North Korean regime could lead to some much bigger changes in the future?

DR. BUSH: Why don't we start with Wonhyuk and then go to Bruce.

DR. LIM: At least until June of this year, North Korea's trade with China showed no problems. In fact, imports from China increased a great deal compared to last year, but as you mentioned, there was some sign of friction between the two sides after the July 4th or 5th missile launch.

But at the same time, I would caution against over-interpreting this new development because, if you recall, back in 2003, just before the commencement of the Three Party Talks, there was some measure taken by the Chinese regarding fuel supply to North Korea. It was a way of expressing their displeasure about North Korea's stubbornness regarding negotiation and so on, but China did not go so far as to squeeze North Korea to the verge of collapse.

I think we are sort of in a similar situation, but there is a significant difference in that from North Korea's perspective, they are not getting anything in return for their self-imposed missile moratorium and participation in the Six Party Talks. In fact, they were relying on China to get the United States to adopt a more flexible position in the Six Party Talks. From North Korea's perspective, when the Chinese failed to deliver in that regard, the agencies that Bob referred to in his presentation could just argue, “We are not getting anything in return for our moderation—so what is the point of keeping the moratorium?” And they went ahead with the missile tests.

I think what is likely to happen in the next few months is that the Chinese and the North Koreans will work it out and see where they are with respect to the Six Party Talks and so on. I don't see this supposed expression of displeasure by the Chinese side escalating.

DR. BUSH: Bruce?

MR. KLINGNER: That is a great question because there are so many facets to it.

I think, first of all, I have tended to be in the group that questions how much influence China actually has over North Korea and how much influence they are actually willing to use.

Since the 4 July missile launch, I think it escalated. Even before that, I think there was a change in Chinese policy, but I don't think it is a sweeping or as much of a sea-change as some

have made it out to be.

The wording on the U.N. resolution clearly was stronger than many envisioned, including myself, before they actually came out with it, but it was in reaction to U.S. threats that they would make China veto the Japanese-U.S. resolution. So China clearly showed their displeasure with North Korean behavior, but it was sort of in reaction to U.S. pressure.

The Bank of China restrictions or sanctions, even though they came out recently, were apparently actions that took place back in September or October of last year. Even though Representative Park Jin sort of released the information or made known the information now, it apparently was back during the same time as the Banco Delta Asia. So, in a lot of press reports, it was seen as a reaction to the missile launch, but, in fact, it wasn't, and there, you can even argue that under U.S. Patriot Act and some of the RICO laws that Bank of China had to do that because otherwise the Bank of China's U.S. assets faced punitive measures, seizure or whatever, in the U.S. Again, Beijing might push that action, but in response to some other measures.

The fuel -- we have talked to some folks who question the reports that they cut off fuel or restricted fuel, that either that was not the case or it was not a punitive measure after the launch, which raises the question of whether activity is being done by local officials.

A couple years ago, people will remember, there were reports that China had cut off trade with North Korea because railcars were not going across the Dandong-Sinuiju Bridge, and in fact, they later found out it was local Chinese authorities who were cutting off the trade until North Korea returned the 2,000 or more railcars that they weren't returning once the railcars went in.

All that being said, I think China has changed its policy. I think they clearly are even more displeased with North Korean behavior. I think they are more willing to tighten the screws on North Korea, but I think it is going to be limited to certain directed issues.

Clearly, I think they are going to take a stronger line on illicit activities and trying to prevent proliferation of WMD or missiles, but I think they clearly are still going to be against, as senior officials have said, the U.S. push for broad measures and broad sanctions. The U.S. is saying that the U.N. Resolution 1695 gave the authority for more restricted economic restrictions than Beijing is willing to go along with. So they shifted a bit towards the U.S. view, but perhaps not as far as others, some would think.

DR. BUSH: Paul Chamberlin?

MR. CHAMBERLIN: Thank you very much.

I am a little perplexed, and hopefully, we can all be perplexed together and acknowledge it, or maybe I am just missing something, which is probably the case.

Considering this conference is "North Korea: 2007 and Beyond," as I take the tone of your comments, I infer that one shouldn't expect any change in North Korea beyond what we see

today, and I question that.

As I understand it, cell phone usage in North Korea is growing, computer usage in North Korea is growing, and around the world, when that happens, there are social, political, and economic implications. Those changes may occur at glacial speed, but they do occur.

The United States seems to be determined to perpetuate North Korea as an enemy, which can lead to certain foreign policy developments, while South Korea looks at North Korea as a desired friend, not in terms of appeasement, but in terms of it is better to have friends than enemies and try to move forward patiently towards reconciliation and unification; hence, the policy on peace and prosperity, the case on industrial complex, and ideas of other sorts of complexes like that in the North.

So I guess my question is, is 2007 going to be just like 2006 and, therefore, no initiatives are going to make any difference, or what kind of changes might one expect? Because surely, 2007 will be different from 2006, economically, politically, and socially, it seems to me.

Thank you.

MR. KLINGNER: I think Mark Twain might have said of Kim Jong Il that reports of his political demise are often greatly exaggerated. I am not trying to be flip, but I know in early 2005, that was seen as the crossroads year. Then-Minister of Unification Chung Dong-Young said, basically, by the end of 2005, the situation was either going to be resolved or we were going to be in crisis, a bigger crisis than we are now.

Folks who have been watching the peninsula for a long time have kind of chuckled whenever we see the "crossroads" phrase because we have seen it so many times.

On some of the factual points, I think the cell phone usage is growing, but when foreign visitors go into North Korea, I believe they still have to check their phones outside before they go in. The usage of cell phones was drastically cut back by the security services after the train explosion in the fall of 2004. That was seen as perhaps an assassination attempt on Kim Jong Il. So they cut back on cell phones, and also, it tends to be most of the usage is within a few miles or the service is within a few miles of the North Korean-Chinese border. Also, there are reports of how the security services have gone into villages to look for influence from South Korea, videotapes, et cetera.

So I think there is a continued fear by the North Korean regime of outside exposure and the contagion that that can do, and I think that is one of the reasons why, on the economic front, we see this enclave capitalism of walling off Kaesong and Najin-Sonbong and Kumgangsan and others to try to gain benefits from outside engagement, but to keep it walled off, so that it doesn't influence the others.

So I think, as we have over many years, seen that it just doesn't seem like the system can continue, either because the economy has collapsed or whatever, as some would say, that North Korea has shown an amazing ability to muddle along or muddle through, and we very likely may

see that continue.

Now, that is not to say that initiatives can't change it. If we just throw up our hands and say it will always be there, it will never change, let's not try anything, I don't think that is the right lesson to take from it.

Whether it is engaging or whether it is a hard-line policy or kind of a Goldilocks policy of "not too hot, not too cold, let's try a bit of both," I think we always have to attempt to change the regime. I think based not only on the past, but the current situation, the regime may continue virtually unchanged for some time.

DR. BUSH: One question here, quickly.

MR. MARSHALL: Michael Marshall, United Press International.

Perhaps Mr. Lim can answer both of my questions together, which are going to be complementing Paul's question.

There is probably more information available within North Korea than at any time in its past history, and I just wondered what evidence there was of what impact this might be having on the society and on relations in the society and how that flows into the politics.

Obviously, if you have a people who are deprived of information about what is happening in the wider world and they don't know how bad their situation is, their situation might not appear so bad, but with information, that changes. So I wondered what evidence there is of that having any impact.

DR. LIM: I think the economic crisis of the 1990's has had a big impact on people's attitude in North Korea. For instance, a lot of North Koreans had to cross the border into China to get food. They looked at China. Remember, North Korea used to have a higher standard of living than the northeast provinces in China until the '70s, and things have changed so greatly over the past 20 years. When these people came back, they had this new information, and they could see that economic changes could also alter their lives as well.

This is based on anecdotal evidence, too, but when people who form the elite in North Korea talk to their sons and daughters regarding future career choices and so on, it seems like they are now emphasizing going into business, rather than going into the army or just being a regular party member or something like that. These are huge changes in people's attitudes.

Although I agree quite a bit with Bruce, one thing I would point out is that the degree to which the North Korean regime tried to ensure commercial viability for economic zones and so on has changed quite a bit since the early 1990's. He talked about Rajin-Sonbong, but it is in the northeastern corner of North Korea, and not many investors found the location attractive. By contrast, while Pyongyang is still concerned about regime stability, it has made serious efforts to ensure commercial viability for companies in the Kaesong Industrial Complex, just north of the DMZ. Wage, tax, and land lease rates in Kaesong were set at competitive levels in comparison with China and other

late-developing countries.

[Audio break; tape change.]

MR. KLINGNER: [In progress] -- have both at a populace level and the government level that it will cause change in policy and behavior. I think what we are seeing is that the regime wants the benefits of engaging with the outside world, whether it is purely commercial basis or receiving aid from governments or NGOs, but it also has the fear along with it of what that will do to its grip on power.

I think if there is an expansion of access to the outside world, it is going to be in fits and starts, and it will be two steps forward, one step or two or three steps back.

DR. LIM: I'd also like to mention one common misunderstanding regarding engagement policy. In both the United States and South Korea, some critics of engagement policy claim that engagement policy was supposed to deliver moderation in behavior on the part of the North Koreans in vital security areas, but that it failed to do so as we can see from the continuation of North Korea's nuclear and missile programs.

I think it is nonsense, really, to presume that increased economic changes alone would lead to concessions on the part of North Korea regarding security matters. If you look at North Korea's behavior over the past 20 years, moderation occurred when there was mutual threat reduction.

When you have serious negotiations on nuclear and missile programs, you are likely to get some moderation in behavior on the part of North Koreans because they see that as a part of mutual threat reduction, but by just providing food or economic assistance and support, you are not going to get much change in North Korea's behavior in vital security areas. And that is a big misunderstanding that I often see.

DR. BUSH: Thank you very much, Wonhyuk. Thank you very much, Bruce. Thank you to the audience for your questions.

[Applause.]

DR. BUSH: We will now have a short break. The bathrooms are this way. The coffee and tea is this way. The schedule says 10 minutes. I am not sure it is logistically possible to do everything in 10 minutes. If you could, please just come back as soon as you can.

Thank you.

[Break.]

Section 3
External Relations

MR. SNEIDER: This is the last phase. I am Dan Sneider. I am the associate director for Research of the Shorenstein Asia-Pacific Research Center at Stanford.

This panel is intended to look at the external relations of North Korea, and we are going to do sort of a talk show format, too, with a little variation on the theme.

We have three very distinguished panelists, and I am going to ask each of them to make a short opening statement, and then I will interrogate them a little. Then we will re-gather all of the participants for a final question-and-answer session. So that is the format of how we will proceed.

We will begin with Dr. Shin, the APARC director, who is going to address the relationship between North Korea and South Korean in particular.

He will be followed by Scott Snyder from The Asia Foundation, who has been my colleague as a Pantech Fellow at Stanford for the previous year where he has been working on a forthcoming book on the Chinese relationship to Korea. He particularly is going to focus his remarks on the North Korean and China relationship and also the broader Chinese relationship to the Korean peninsula.

Finally, Philip Yun, who many of you know and served in the State Department during the Clinton administration, was deeply involved in the North Korean negotiations, who is now also at The Asia Foundation and was also a Pantech Fellow at APARC. He is going to look at the U.S.-North Korean interaction.

So without further ado…

DR. SHIN: Thanks, Dan.

For the last 4 or 5 years at our center, we have been discussing a lot of issues on North Korea. We had conferences and publications, but after all the talks, still we are quite stuck at this time in terms of the North Korean problem.

Since I would have only a few minutes, I was thinking about what I should say in the brief period of time, and I meant to bring up an issue for discussion later, and which is reflected in my own background as a sociologist.

I wanted to say that for Americans, especially in Washington, it seems to me that the North Korean issue is a policy matter. North Korea is part of a larger issue like global terrorism, nuclear proliferation, and maybe balance of power in northeast Asia and so on. So this is largely a policy matter for Americans.

But I think for the South Koreans, in my view, it is much more than a policy issue. It is an issue of identity or at least they are framing it in that way.

For instance, regarding North Korea, not many people see North Korea anymore as an enemy. Many people are treating North Korea as a partner to engage. While they are questioning the status of the United States in Korea, maybe not any longer a patron , they are rethinking their position about China as well. So I think that is why it seems like there is a big gap between Washington and Seoul in dealing with North Korean issues, and I think that is why there are such intense debates within South Korea. There exist competing identities.

One is arguing for close cooperation with North Korea. The other one wants to try to maintain alliance with the United States. That is why there is a big, big debate going on, sometimes intense and even emotional.

I think that is why all those issues on North Korea, wartime operational control, FTA, are all tied together. That is why they are framing all those issues as an issue of national sovereignty.

To be brief, in my view South Korea is now going through a very critical period of identity reformulation or even identity crisis. I don't think this issue will be resolved at any time soon. There will be continued debate and discussion about how they will position themselves vis-à-vis North Korea, China, United States, and so on.

On the other hand, they have not changed their views of Japan.

So, once again, I don't think this issue of identity among Koreans will be resolved at any time soon, and Americans, especially in Washington, should prepare for that in dealing with South Korea as well as North Korea.

I just throw these out as ideas for more discussion.

MR. SNEIDER: Scott?

MR. SNYDER: My subject of the China-North Korea relationship has already come up a little bit, but I just want to begin by noting that there is an emerging debate within China, at least outside the government, among scholars over policy toward North Korea. I think the lines of that debate have been increasingly clear, especially in recent years.

The part of it that I find the most interesting is that there have also been a lot of attempts by Chinese scholars to try to identify what are the core elements of a foreign policy that can accompany China's rise. One set of principles I ran across that actually was featured at a Brookings program earlier this year was from David Shambaugh's edited book *Power Shift*.

Tang Shiping and Zhang Yunling said there were six core principles in China's emerging regional security strategy, and what is interesting to me is that, in many respects, all of these principles are challenged by the dilemma—or by what the Chinese might call the

contradictions— inherent in trying to deal with North Korea.

So I just want to list these core principles that they identify. One is that China wants to have comprehensive cooperation with regional states. A second principle is that China wants to promote benign intentions and demonstrate an exercise of self-restraint in relations with its neighbors. Third, China can line up with the United States if the United States does not threaten China's core interests. Fourth, China's regional development strategy should be pursued in an open way. Fifth, China should embrace regional multilateralism, and sixth, China's ability to shape its regional environment will provide opportunities to enhance China's stature on the global stage. I think that there are at least five and possibly six dilemmas that China faces in terms of reconciling the issues that come up in its dealings with North Korea with those broader principles.

One is the challenge of managing U.S.-DPRK tensions because it involves the need to maintain good relationships with a major power, the United States, versus the desire to maintain North Korea as a security buffer.

A second dilemma that China faces is the characteristics of North Korea as a failed state. Those attributes could possibly threaten China's need for regional stability, and actually, in some respects, they create a contradiction between the desire to adhere to the principles of non-interference in Chinese diplomacy versus the need to reign in or moderate possible provocations by North Korea.

A third dilemma is related to the fact that North Korea's isolation and failure to embrace economic reforms is directly contradictory to China's vision of a more open regional economic strategy that would work across the region.

A fourth dilemma that the Chinese are facing right now is that, in fact, what we have seen over the course of the past 3 years is a dramatic increase in China's trade and investment with North Korea. It is actually about a 100-percent increase from 2002 to last year, and one desire I think that exists on the part of China is to use those tools as a vehicle for enhancing their leverage and for expanding North Korea's dependency, but whether these tools can actually be used to constrain North Korea's behavior is an interesting challenge.

Then a fifth dilemma is that North Korea has been the traditional strategic buffer, but at the same time, China has moved to a policy that addresses the entire peninsula, so how does it balance those two particular imperatives?

Then the final dilemma and I think the one that might be most challenging is related to the fact that, at least over the course of the past year, the United States really has in some respects tried to frame for China the issue of North Korea as a choice between joining with the world or backing North Korea.

So, if you look, for instance, at the choice posed by the question of the financial regulations that the United States has suggested be implemented, the Chinese have really done the heavy lifting on that, but it has involved a choice that the Chinese have had to make between

participation in the global regulatory environment and supporting North Korea.

So I would just lay those out as things that we can think about.

MR. SNEIDER: Thank you, Scott.

Philip?

MR. YUN: Well, it has been quite some time since I have been in Washington, especially to talk about North Korea. I find that not much has really changed. The usual sort of discussions are ongoing as we speak, much along the same lines that were happening when I was back here 6 years ago.

As I prepared for this conference, I wasn't sure how many of you were going to be interested in my own personal views about what was going on, to be quite frank. I don't know, after all the other speakers, that I have really got much more to add in certain ways, and perhaps a lot of you, as I said, are probably much more up to speed in terms of things of what is going on because you are here in Washington.

But given what is going on with North Korea and the United States, the financial sanctions from Treasury and also the talk about additional sanctions, I thought about using my time to talk about the book—ironically, the chapter that I wrote—because I think it has particular relevance to what is going on in the thesis that I have in that chapter. That is the idea that the use of coercion to bring about regime change as a way to deal with the North Korea nuclear weapons program is not going to work.

A recent op-ed by Don Oberdorfer and Don Gregg talked about and made the case against additional sanctions, and if I read what they had written correctly, it is really based on a misreading of North Korea and the North Korean leadership.

The chapter in my book comes to the same conclusion, but I use a slightly different framework, which I thought might be interesting for the folks here. What I did was take a theoretical, but also practical policy framework of Alexander George on international conflict. Alexander George, who was at Stanford, recently passed away.

For those of you who are not familiar with Alexander George's work, he, along with others that he inspired, took 15 instances from the 1930's to 2001 in which the U.S. used pressure threats, including the threat of wars, against another country to bring about some kind of change in behavior, and I thought that was quite interesting. These 15 cases were descriptive analysis of past events, and they include U.S. efforts to stop Japanese expansion in the 1930's, the Cuban missile crisis, the U.S. and Nicaragua in the 1980's, Somalia in the 1990's, North Korea, and Haiti.

Looking at these cases, George and his colleagues came up with common elements that were distilled with what things people should look at to see, if you use coercive diplomacy later on, what might indicate the potential for success or failure of a specific policy.

So what I decided to do was apply this framework to North Korea on a prospective basis, something that to my knowledge no one had done before, just to see what would come up and, again, a basis for discussion for people moving forward. The results very quickly boiled down to the criteria that a U.S. policy of employing coercive diplomacy with the perceived goal of regime change will have a greater chance of success if you can answer yes to four questions, and these all have to do with North Korea perceptions.

The first one is, does North Korea believe that U.S. motivation to achieve its policy goal is greater than North Korea's motivation to prevent it? That is the first one.

Second, does North Korea believe the U.S. threat is credible and potent enough to escalate to a point unacceptable to North Korea?

The third question, does North Korea believe the U.S. government has domestic and international support?

Fourth and last question, does North Korea believe there is a time-sensitive urgency to respond to U.S. demands?

Those are the four basic criteria. In the academic literature, there are a lot of criteria that are used, but these are the ones that I felt were the most salient.

As I go through the analysis, I argue that the answer to the first three questions is probably no, with the last question about time sensitivity unknown at this point.

So, if we use past U.S. instances where they use coercive diplomacy as a guide, it seems that a policy of pressure, sanctions, and threats, something which in the case I just talked about is very difficult to succeed to begin with. In the case of North Korea, it is going to be even more difficult.

So more problematic to me, then, is the next question. If we know from the outset that coercive diplomacy is probably not going to work, yet we continue down on that path, what is Plan B? Is it the use of force, or is it backing down which, in certain cases, can be more dangerous? So this is a really terrible choice.

Part of the focus and the last part of my conclusion was that this is a choice we need to work on now to try to avoid being forced to make it later.

I will end right there.

MR. SNEIDER: Let me follow up each of these presentations with some questions, and let me start with Dr. Shin.

If the North Korean issue is one of identity for Koreans, for South Koreans particularly, does that mean that you would expect that U.S.-South Korean relations would make a change for

the better and be restored to whatever higher level they were on before, if and when the North Korean issue is resolved?

DR. SHIN: I think for that question, we might take one step back because we know that without full collaboration between the U.S. and South Korea, it is very difficult to resolve those kinds of issues. The U.S. sanctions wouldn't be very effective unless the U.S. can get cooperation from South Korea and China.

For the last 50 years, the U.S. and South Korean relationship was pretty much based on military security relations and alliance. Now if South Koreans consider North Korea to be no longer an enemy, they don't have any common threat. Then we don't have a common basis for the alliance.

Logically speaking, in order to resolve the North Korean issue, I think the U.S. and South Korea should establish a new basis of a relationship and then make a common approach toward North Korea, but, once again, the U.S. and ROK relations are going through a very tough time. Now within South Korea, once again, there is a big debate between liberals and conservatives.

In a sense, ironically, until the U.S. and South Korea reestablish their relationship, it may be very difficult to expect any resolution on the North Korean issue.

MR. SNEIDER: You refer to the debate within South Korea, and part of that debate has been a questioning of whether the engagement strategy, which has been followed for the last 10 years by the previous government, the government of Kim Dae Jung and the current government, has really been effective. I wonder what your assessment is. Is there evidence, and how is that evidence perceived within South Korea that engagement is working?

DR. SHIN: I think, once again, there are different views between liberals and conservatives. Let's assume that GNP takes over power next year. How much are GNP policies towards North Korea different from the current policy?

I expect some differences in the actual policy area, but I do not expect any fundamental change in the policy approach to North Korea.

I can't think of any alternative to engagement for South Korean people. I do not think South Korea can support a regime change or any policy undermining the regime. So, probably, maybe a new GNP government, for instance, might demand a more reciprocal return from the North Koreans and so on, but they will still have to maintain the fundamental principle of engagement to the North Koreans.

MR. SNEIDER: In that interaction between North Korea and South Korea in the last months, for example, in the process leading up to the proposed trip of Kim Dae Jung to North Korea, which was going to occur just at the point when the missile test took place, and during those negotiations, there were fairly tough negotiations on the part of the North Koreans, including at the last minute pulling back from a deal for a train trip across the border and then, subsequent to the missile test, the North-South ministerial meetings that took place were pretty

contentious. Is there any change in perception of the North and the North's attitude towards South Korea that you see?

DR. SHIN: I think to be fair, there are many South Korean friends here, but, obviously, there is frustration amongst South Korean policy-makers for lack of cooperation from the North.

In my view, the South Korean government is really trying to help and support North Korean reform in whatever they need, but oftentimes, what they get in return is not always positive. So, obviously, there is frustration on the part of the South Korean policy-makers.

At the same time, if you look at the South Korean reaction to the missile tests in July -- I was in Seoul at the time -- unlike Americans, South Korea seemed to be okay. They weren't happy, but they didn't go crazy or panic.

So, even with a missile launching, I don't think there was any big change in perception among the South Korean people towards North Korea, especially among those young liberal people. That is why it is an issue of identity. Identity doesn't change very quickly or very easily.

Their perception of North Korea I don't think will change easily by one or two missile events.

MR. SNEIDER: What about the circumstances that might surround a nuclear test on the part of North Korea? What impact do you think that will have on South Korean perceptions and reactions?

DR. SHIN: It might be, probably, something similar to a missile launch. Obviously, they will be very unhappy, and there will be very tough opposition internationally, just like in the previous missile launch, but what can they do?

I think this is what the North Koreans know. That is why I think they are sort of manipulating. Even if North Korea tests a nuclear weapon, there is some, maybe, cooling off in relations for 6 months or for a while, but eventually, I think this is what North Koreans believe, that South Koreans will eventually have to come talk to them again.

It is really a difficult question, but in my view, I wouldn't be surprised if North Korea goes ahead with testing, maybe not immediately, but let's say within a one-year framework.

I am not advocating their position. I am trying to understand what they are thinking and what they are going to do.

MR. SNEIDER: How much do you think that the goal of unification remains an active issue, both for North Koreans and for South Koreans, when they think about the inter-Korean relationship?

DR. SHIN: I did a survey about these issues some years ago. My conclusion was that it is a politically correct issue. Whether you believe it or not, you have to say, as a Korean, that we

have to unify. It is a politically correct issue, but when you talk over drinks or private occasions, I think the South Korean people became much more realistic. They know that potentially there are consequences of the sudden collapse of the northern regime, especially if you talk to younger people. I don't think they want any big, sudden change.

So, certainly, at an official and rhetorical level, unification remains a major goal, but I don't think the South Koreans are eager to achieve unification any time soon. Once again, maybe my South Korean friends can correct me if I am wrong, but that is my assessment.

Moving on to Scott, you talked about the current interaction between China and North Korea, and I wonder if you could place that in the context of the Six Party Talks process. To what degree has that process fostered interaction between China and the United States or, I guess, to some degree, South Korea in terms of their interaction with North Korea? Has it reshaped the way that the Chinese approach North Korea?

MR. SNYDER: I think one of the major things that the Six Party Talks has done is it has given China an opportunity to try to rebuild a closer high-level leadership with North Korea because it has required a concerted effort to engage, and essentially, since 2003, the Chinese have been sending on a quarterly basis senior-level people to Pyongyang for meetings with Kim Jong Il.

Now, what I think is most interesting in the current context, which is related to Don's earlier question, is that we had a similar effort immediately following the missile test when a Chinese vice premier who went to Pyongyang, but he didn't get the audience with Kim Jong Il. So I think that that has to be troubling to the Chinese, and it probably also ought to be a little bit troubling to others who are invested in this process because it reveals limits in terms of China's capacity to manage its relationship with North Korea under certain circumstances.

As it relates to China's interactions with South Korea and the United States, I think the Six Party Talks have been an opportunity, but there have also been a lot of downsides, and what I mean by that is that China is playing a mediating role, but they are trying to be very even-handed. I think here in Washington, at least with the current administration, there has been a general feeling that China also has equities. So it is not just enough to be an impartial mediator. There is an expectation that has been unmet that China is also going to weigh in with endorsing its own set of interests.

This could reflect a misjudgment of what China thinks its interests really are. Maybe we are seeing China actually managing a process in a way that they think is satisfactory to their own interests, but, clearly, this particular gap is complex because North Korea has been an area of cooperation that both sides, the U.S. and China, have pointed to in the relationship as positive, but also it is clearly an area where expectations for the relationship are unfulfilled.

MR. SNEIDER: There is this ongoing debate about the question of Chinese leverage on North Korea. One side says China has leverage and doesn't want to use it for various reasons. The other side said, no, China's leverage on North Korea is greatly exaggerated; in fact, there are clear limits to what it can do to pressure North Korea. Where do you sit on the leverage debate?

MR. SNYDER: I think China has considerable leverage with North Korea, but a lot of the leverage that they have, if they use it, is going to have counterproductive results in terms of China's policy objectives because China's top policy objective is clearly regional stability. It is not denuclearization, necessarily, if they have to make a choice between those two.

So what that means is that they may feel a lot of the economic tools that China has been using in order to enhance its influence with North Korea can't necessarily be very easily withdrawn because that could actually result in precisely what China is trying to avoid.

So, in a way, I think the Chinese situation with regard to their economic assistance to North Korea actually parallels the situation that the South Koreans have found themselves in as the Sunshine Policy has sort of proceeded, and that is, it is really a question of to what extent does what you call leverage in the initial stage actually end up making you a hostage to this other weak party that is trying to exploit the situation.

Especially over the course of the last year or so, we have seen increasing levels of investment and trade, I think with the intent of enhancing leverage, but also a possible beginning of a realization that all of those inputs are not generating necessarily the desired return on investment for China.

MR. SNEIDER: What are the routes by which the Chinese most clearly communicate to the North Korean leadership? We understand the foreign ministry route, and that is one that exists also between China and North Korea, but there are also relations between parties and relations between militaries. Where do you see the principal interaction and communication taking place between the Chinese and North Korean leadership?

MR. SNYDER: The principal channels that have been regularly used have been the party-to-party channels through the international liaison department and using a higher level of party ties as a way of trying to have a dialogue with the North through these high-level contacts.

It is very interesting that the entire top-level leadership in China met with Kim Jong Il when he came to China last year. I mean, it was really an incredible display of attention to Kim Jong Il. So you have to wonder at this point, what do those top-level leaders feel that they have gotten as a result of the investment of their time, given the difficulties that North Korea continues to create for China in terms of their foreign policy.

MR. SNEIDER: During the course of the Six Party Talks, it has been observed by many people that China and South Korea have, in some sense, more closely coordinated their approach to these negotiations than they have necessarily with the United States. Where there has been divergence, it has been a divergence between Chinese and South Koreans who advocate greater flexibility and some degree of criticism of the United States for its negotiating position. Do you still see that going on? Is there any change in that? Is there any questioning on the Chinese part of their engagement strategy, if you will, with North Korea in the same sense that we are seeing a debate, to some degree, in South Korea?

MR. SNYDER: It has been very interesting to see the coincidence of priorities that China and South Korea have had at earlier stages and a sort of alignment of priorities, but at least as far as I can see, there is not an overt coordination of positions. I think that primarily is related to the fact that that would be seen as a betrayal of the alliance with the United States for South Korea to actively coordinate with China.

One trend in South Korea that has also emerged over the course of the past year, which is quite interesting, has been essentially South Korean anxiety about China's enhanced economic position in North Korea, the idea that somehow China is ready to turn North Korea into an economic colony of China and sort of thwart aspirations for reunification. I think that that, along with the Koguryo issue, is an ongoing source of difference or problem in terms of the China-South Korea relationship.

In terms of China's assessment of how to deal with North Korea, there has clearly been this ongoing debate. The Chinese, I have heard, remain frustrated with the U.S. position because they see the regional security environment for North Korea as key to being able to promote reforms and, therefore, to secure stability inside North Korea.

I think that the economic focus of China's policy has been both to secure North Korea stability and to promote North Korea's reform, but the problem has been that ultimately, because of the partners they are choosing—for example, the North Korean government—and because of their own sort of policy configuration, stability continues to win out over the imperative for trying to promote reform in North Korea. So, at least up to this summer, stability has still won out. Whether that might change in some way in the future, we will have to see.

MR. SNEIDER: We had the unusual circumstances, in the period leading up to the missile test on July 4th, of the Chinese government very publicly, at the level of the premier, warning North Korea not to carry out a test. I wonder, first of all, how unusual was it for the Chinese to deal with the North Koreans in that manner, and then what does North Korean defiance of China's warnings imply in terms of their relationship?

MR. SNYDER: I also thought it was very notable that the North Korean tests basically caused the Chinese premier to lose face, having made this public statement of where he wanted things to go, but it is not the first time at all that the North Koreans have basically used that kind of opportunity to thumb their nose at China. In fact, it is really sort of a regular occurrence.

I had a chance to speak earlier this year with one Chinese analyst. I asked this person about whether he felt that China's economic influence could restrain North Korea politically, and basically, this person said no. One part of North Korea's strategy is to preserve its independence and ability to defy China, and I think in the context of Six Party Talks, we see the same kind of pattern where, even when the North Koreans initially announced that they were coming to Six Party Talks, they did it through the embassy in Moscow rather than doing it through China. Other things like that are indicators of precisely what we heard from First Vice Minister Kang this morning.

MR. SNEIDER: Let me finish up with the nuclear test question in the case of China.

What is the Chinese response if the North Koreans carry out a test of a nuclear device?

MR. SNYDER: Clearly, Dan is falling back on old tricks of the trade as a journalist and asking as many hypotheticals as he can to our panel, and since we don't have any responsibility, I guess we are obligated to provide an answer.

[Laughter.]

MR. SNYDER: It is going to be very interesting to see. I think there will be some kind of additional U.N. Security Council resolution activity that would follow that kind of event, and probably, the outstanding and very interesting question would be whether the Chinese, following that kind of event, would actually accept a resolution that included some kind of Chapter 7 language. Even if they were to accept that kind of language, I wonder whether the Chinese would really enforce that kind of resolution in any way that would jeopardize North Korea's essential stability.

MR. YUN: Are you going to ask me that question?

MR. SNEIDER: You will have to wait and see.

You outlined these four questions and your answers to them, the three “no’s” and the one “maybe” is the way I got it. Could you elaborate a little bit on what your reasoning is in each of those cases?

MR. YUN: The first question relates to higher motivation, the U.S. resolve to pursue its objective of a regime change and North Korea's resolve to prevent it.

I think it is very clear, as our First Vice Foreign Minister Kang talked about, the North Koreans believe that, in fact, regime change is our policy. Given that circumstance, I think it is hard to argue that the North Korean leaders' motivation to survive is going to be less than U.S. resolve.

I think the case studies that I referred to bear this out, that the whole idea of regime change as a goal is probably the most difficult case in which to succeed. So, on that basis, very quickly, that is why I come to the conclusion that it is a “no” and not a “yes”.

With respect to the U.S. threat, whether it is credible and whether it is potent, in my opinion, the Bush administration has serious credibility problems. I think up to this past year or for the first time we had sanctions, whether it was the Treasury sanctions and then the U.N. sanctions, the administration's policies have been mostly rhetoric, and we can see the reaction to the IEEA being kicked out, the MPT withdrawal, the reprocessing of the fuel rods, and the restarting of the reactor in Pyongyang, which theoretically were red lines in 1994. We did absolutely nothing.

I think there is also another aspect. I think North Koreans believe they can withstand the pressure. Whether that is right or wrong or whether that is true or false, they believe they can,

and there is historical precedence for that in terms of the way they operate.

Finally, this is something -- I was actually hoping that Bill Drennen was going to be here because I wanted to thank him for his article on the 1994 crisis. His article was all about the ability of the North Korean's belief that they can counter-coerce, and when a party believes they can counter-coerce, then the dynamic changes a great deal.

A missile test is a great example of counter-coercion—and I think that I am sort of preempting a little bit here. A missile test, rather than a nuclear test, is probably what we are going to see, if there is going to be more North Korean provocation. It is maybe another kind of missile test—one that goes perhaps a little bit farther and is perhaps a little more successful than the last one.

In terms of the question about whether the North Koreans believe that the U.S. government has domestic and international support, I think that is fairly self-explanatory. We are clearly domestically bogged down, weary of Iraq, the war on terrorism. Internationally, I think Japan clearly supports the United States, but there are doubts about Russia and China, even with the U.N. sanctions, and I think the ROK as well. Any kind of sanction regime or coercive strategy is going to necessarily have to include, I believe, the ROK to be successful.

In fact, if you will recall, that was one of the things that the Perry Report talked about, most importantly, is that no U.S. policy with respect to North Korea can succeed without having the ROK on board, and I still firmly believe that.

Finally, the thing about urgency, we haven't set a deadline at this point. So it is not really a salient factor.

MR. SNEIDER: It seems to me, there is a kind of logical disconnect in the North Korean thinking, the way you describe it. If, on the one hand, they believe that U.S. threats are not credible, then why do they believe that there is a serious threat of regime change?

If you look at North Korean rhetoric, they are constantly talking about the threat of American attack, and every military exercise that takes place is described as being a preparation for war. So, in fact, is their fear of attack and/or regime change completely a facade? Otherwise, how do you explain those two belief systems that coexist?

MR. YUN: I can understand where people may think it is somewhat inconsistent, but in my view, you have to focus on the fact that we are talking about North Korean perspectives and beliefs. I think that the North Koreans genuinely believe that the United States wants regime change, and if it could, it would.

That is a totally different question as to whether the United States has the capacity and the resolve at this point to do so, and I think right now, there are a lot of constraints, particularly on the international system, that do not permit the United States to go full bore in the way that it probably would if perhaps it weren't. So I think that is how I explain the consistency.

Again, these are factors here that point to greater success or failure of a policy, coercive diplomacy.

MR. SNEIDER: Now, the administration -- [audio break; tape change].

MR. SNEIDER: [In progress] -- 2000 under the Trading With the Enemy Act, and we had some discussion earlier about whether or not those measures, the financial measures in particular, were having any impact economically. How would you assess the potential coercive impact of those measures and how they might be received or perceived in Pyongyang?

MR. YUN: I guess there are three questions to ask here. If you are talking about whether they are stopping banking transactions, yes, I think that is clearly the case. Also, I think Treasury, whether it intentionally or inadvertently stumbled on something that really had some momentum, the fact is, for most banks, it is not worth doing business with North Korea if, in fact, you are going to get hammered by the United States. So I think that most banks feel that it is too much trouble, but if North Korea had trillions of dollars of assets, it would be interesting to see what, in fact, would have happened.

Is it making it difficult on the elite? First Vice Chairman Kang Sok Ju says yes, definitely, it is making it difficult on the elite.

Now, the real question is, is it really having an impact on policy, is it forcing the North Koreans, in a sense, to reassess what it is that they are currently doing. It certainly makes us feel good that we are doing something, but I am not clear at all that, in fact, it is really having the desired effect.

I think the question we also have to ask is, is it having adverse repercussions; and I think, arguably, it may have, and that is something we have to consider. The first thing is that it does reaffirm the North Korean belief that we want to basically have regime change, so we are out to destroy the current leadership. I don't think that, necessarily, given the context of coercive diplomacy, if that is what we want to try to do, it is something that we want to try to continue.

Also, over the longer term if, in fact, it does become successful, I think the danger is that it does increase the chances that someone in North Korea, not the North Korean government necessarily, but someone in North Korea will have a greater incentive to sell or transfer the material, and that is what, quite honestly, I am most concerned about.

When I was last here in Washington a few years ago, the key was that some would-be terrorist would get it, and I think there is still that lingering concern to some degree, but I also think now that we need to be concerned about what is going on in the Middle East, particularly with Iran and particularly the implications of the ongoing business relationship between Iran and North Korea. I do not think we can totally discount the fact that some kind of business arrangement on the nuclear side, some relationship might happen at some point in the future. I am not saying that is going to happen, but as policy-makers, you have to deal with contingencies, and I think that you would be irresponsible if you do not think about that possibility.

MR. SNEIDER: Let me ask you about a suggested coercive measure that was made from your old boss Secretary Perry and Ash Carter in the pages of *The Washington Post*, I believe.

Would you endorse that form of coercive diplomacy? Is that effective? Not to put you on the spot.

MR. YUN: I have the utmost respect for Bill Perry, and when I read it, I sort of chuckled to myself.

On one hand, I welcomed it because I think it was sort of a wake-up a call, a shot off the bow for a lot of people, both in Washington and China and in North Korea, that this is a serious issue and you have got to deal with it.

However, on the substance of it, I had some concerns. I understand the logic of what was proposed. However, as an exercise in coercive diplomacy and for that threat to be effective, one needs to have some credibility. As I stated before, I don't think the U.S. has that credibility with the North Koreans. On top of that the North Koreans believe they can counter-coerce, which reduces even more the effectiveness of the original threat. In the case of an actual strike, I think Jack Pritchard wrote an op-ed that talked about a lot of the downsides as well. So I will just sort of leave it at that.

MR. SNEIDER: Let me ask you about the view that Vice Minister Kang gave of the period from 1995 to 2000, in which you were intimately involved. Can you offer a different view of those events? Are there points where you think you and Vice Minister Kang maybe didn't see the same things happening?

MR. YUN: Yes, I think Vice Minister Kang's position is one-sided – though his viewpoint is very useful for us to have a better understanding of what happened in the past. The North Koreans made things extremely difficult to move forward because of its provocative and threatening behavior – there was the attempted infiltration by a submarine full of commandos in the mid-1990'; there was the 1998 missile launch; and of course their purported activities regarding HEU, to name a few. However, I want to emphasize that there is enough all the way around in terms of blame, in terms of missed opportunities. The most significant thing though is that there was a clear window in the 1999-2000 period that the North Koreans could have walked through, and they didn't. I hold them responsible for that because I think if they had gone through that window, we would be in a very different circumstance right now.

MR. SNEIDER: I won't ask you the nuclear test question. Okay?

MR. YUN: I preempted it. Okay.

MR. SNEIDER: The Bush administration has 2 more years to go. We know where things pretty much stand. What could happen in the next 2 years? What do you fear might happen in the next 2 years, and what would you like to see happen in the next 2 years? I could ask you about nuclear tests.

MR. YUN: I am not going to answer all of those questions. Let me say this. I have always considered myself an optimist, and I always thought the question about North Korea were three questions: one, is North Korea willing to give up its nuclear weapons; if so, what do they want; and third, can we give them what they want? I don't think really we have seriously explored the first question. We have in bits and pieces, but it hasn't been consistent all the way through for us to get a real answer.

My concern, as Bob said when he was Bob, is that the first question which I thought was still open is starting to close and may already be closed. That is my greatest fear, but being an optimist, I think we need to pursue and move forward as best we can to see if there is a possibility we can contain this in some fashion and work out a political sort of agreement.

I think there is no incentive for either side, the Bush administration or Kim Jong Il's regime, to move forward at this point. I just don't see it.

So the Bush administration, election-year politics, possibly lame-duck presidency have painted themselves into a rhetorical corner. Kim Jong Il—each day his leverage increases. The plutonium increases day by day, and I think that is something people really have to focus on. That is the real danger.

So my perspective is quite modest over the next 2 years. In my view, the focus should be giving the next administration, whether it is Republican or Democrat, something to work with. That is my objective.

What that means to me on an operational standpoint is let there be no nuclear tests, and let there be no sale or transfer of fissile material, and let there be no restarting of any other reactor that is going on there.

I think the Chinese can be helpful in this particular objective. I think what I viewed as outsourcing our policy to help them solve this problem was a bad idea, but I think the Chinese can help us with respect to those modest objectives.

Again, one of the things I want to remind people is that the Agreed Framework and the freeze and the missile moratorium were never intended to be permanent. They never were. What they were intended to do was to give the negotiators on both sides time to figure out a solution to an extremely difficult issue that has existed for almost 40 to 50 years -- the nuclear problem specifically for the last 15 years. The freeze and the moratorium were buffers.

The problem now is that both of those are gone. North Korea continues to move forward, and the leverage of North Korea increases. So it is going to become increasingly difficult. What I am saying is that we will probably have to lower our expectations for what may be possible.

MR. SNEIDER: Let me stop here and thank the three panelists, and then we will ask the previous panelists to come and join us in the front. Richard will lead the discussion.

DR. BUSH: We have about 35 minutes, and we will ask Wonhyuk and Bruce to come up

to the dais. The floor is now open for questions to all the panelists and open the questions to Dan Sneider who is a North Korea specialist himself, but Wonhyuk has asked that he be allowed to ask the first question. So we will honor his request as soon as he is there and ready.

Wonhyuk?

DR. LIM: Thanks.

I have a couple of questions for Professor Shin. One has to do with the issue of identity. You emphasized that a lot. In fact, regarding that issue, I think Ambassador Doug Paal said it best, just before President Kim Dae Jung's first summit with President Bush. He said President Bush sees himself as a law enforcement officer who should lock up the North Koreans in jail, whereas President Kim Dae Jung sees himself as a priest who wants to rehabilitate the North Koreans. There is this sense of South Koreans seeing North Koreans as long-lost brothers who need rehab.

At the same time, it seems that the different perception we have regarding the nuclear and missile crises also has to do with the fact that there seems to be much greater awareness of what has happened over the past 10 years in South Korea regarding those issues than in the United States.

If you recall, in March 2001, the United States was close to a missile deal with North Korea. In fact, Ambassador Wendy Sherman wrote an op-ed in the *New York Times* basically telling the new Administration, "Have yourselves a nice missile defense system. But it will take many more years and billions of more dollars to get the system working. So, before we get to that point, it is good to reach this missile deal with North Korea and prevent the threat to U.S. national security from emerging."

As we all know, the Bush administration dropped the ball there, and North Korea's missiles were not really an issue over the past 5 years before the missile test this year. South Koreans are aware of that history.

Also, with regard to the nuclear problem, it is quite easy to understand why the U.S. reacted the way it did back in 2002 when some evidence of procurement by North Koreans regarding uranium enrichment emerged. So it is easy to just call North Koreans cheaters and stop the supply of heavy fuel oil, but if you take a step back and think about it, HEU is sort of like an IOU, and plutonium is cash. So, if they have an effective freeze on plutonium, it would be better to build on the Agreed Framework and extend the coverage of the Geneva Agreed Framework to cover an enriched uranium program rather than scrapping the Agreed Framework altogether.

The South Koreans' perception with respect to missile and nuclear crises has much to do with their different level of awareness regarding what has happened since 1994. So that would be my first comment.

The second comment and a question I have is with regard to the rationale for U.S.-ROK alliance. It is very common to justify the existence of an alliance based on a common threat.

There, Professor Shin said South Koreans no longer see North Koreans as an enemy, the United States sees otherwise. Even on that point, I am not quite sure because recently Secretary Donald Rumsfeld said North Korea really isn't a present threat to South Korea. So there may be some convergence in threat perception there, too.

My major point is that it seems sort of backward-looking to try and base the alliance just on the existence of a common threat because, if you do that, then if and when Korean integration and reunification takes place, the alliance will be kind of standing in the way. So the alliance has to be more forward-looking. It seems to me that both sides, ROK and the United States, should find the rationale for the alliance that is different from just the existence of a common threat.

My question would be: What do you think is that common interest that will hold the alliance together?

DR. SHIN: I don't think I disagree. That is my point because we are in the current framework which is based on a military security alliance. It is very hard to produce a common approach because their perceptions have changed.

That is why I am saying that in order to have cooperation between the U.S. and South Korea on those kinds of issues, they should come up with a new base or a new rationale for the relationship.

Obviously, it is easy to formulate an alliance when they have a common threat or a perception of a common threat, but there may not be any more. So that is why we need a new basis. Of course, that is a big issue.

For instance, FTA could be a new basis of the relationship. Maybe some people in South Korea and America share their perception of China as a potential threat.

I think it is a fairly open question. If security is no longer a formed basis of the relationship or alliance, then what will be a new basis? I believe that is what I hope two countries should be able to talk seriously.

Once again, even for FTA, if you look at the Korean debates within South Korea, I don't know whether they are really making any rational debates on policy issues, but it is more of an "are you for America or anti-America" type of debate, which is not productive or constructive. So I am concerned.

DR. BUSH: Thank you very much.

Again, wait for the mic. Keep your questions brief, and identify yourself. If you have to leave early, please remember to get a flier, and please buy the book.

Paul Chamberlin first.

MR. CHAMBERLIN: Thank you very much.

My question is directed primarily at Dr. Shin because of the comments that either you implied or I inferred regarding the future of the alliance.

A military alliance will not exist if the parties do not have reasonably compatible national interests, national security objectives, and threat assessments.

South Korea and the United States are highly congruent in all three of those areas. There is a difference in tactics in how to manage the North Korean issue, but if we look more broadly and we think about the alliance, it is a regional alliance, if you look at the very wording. If you look at the behavior of the U.S. and South Korea on regional and global issues, it quite clearly has a firm foundation for the future.

The challenge I think for us is to articulate that a little bit more clearly. I would go so far as to say the U.S. and South Korea are natural allies. If the United States-ROK alliance did not exist and if there were no U.S. forces in Korea, would it have a positive, negative, or neutral impact on American ability to achieve its policy security objectives in Asia? I submit it would be very negative.

By the same token, Korea may be a euphemism for [inaudible] when you think about history in northeast Asia. So, clearly, it is a South Korean interest to maintain the alliance. Both countries are concerned about China's rise as a regional hegemon. The South Koreans, of course, are going to be more subtle in how they discuss that in public, but there are firm foundations for alliance in the future.

The North Korean threat is not indefinite. It will go away. It has not gone away yet. When we talk about South Koreans not seeing North Korea as a threat, isn't that a little simplistic? Because the assumption is the U.S.-ROK alliance will be enduring, and as long as that alliance is enduring, North Korea is not likely to attack.

These are my views. I would like your response as to whether I am in the left field or otherwise, maybe the right field.

DR. SHIN: My question for you is why there are South Koreans that are questioning the alliance, if, as you said, there is a formed basis of the alliance between the two countries?

MR. CHAMBERLIN: I think they are questioning irresponsible government policies, U.S. government policies, that are trying to perpetuate North Korea as an enemy instead of trying to co-opt it and work with South Korea to achieve what should be common national interests to transform the Korean peninsula into a democratic state allied with the United States. That is a clear South Korean national interest and national objective.

The Bush administration is more shortsighted and is taking North Korean issues as domestic policy or domestic politics.

So, of course, South Koreans question it. Americans question it.

DR. BUSH: We may have a test of this if we have a leadership change in both countries. If the identity issues that Dr. Shin believes exist in South Korea are as strong as he feels they are then it may challenge your point of view.

Let's get another question. Dave Fitzgerald?

MR. FITZGERALD: Looking ahead to the next couple of years, I wonder if any people on the panel would like to talk about the implications for the relationship with North Korea Six Party Talks of the emerging problems with Iran, the efforts by China, Russia, and the EU-3, and a reluctant U.S. to do something about Iranian nuclear programs, possible nuclear weapon developments.

It would seem that there seems to be nothing happening in the past decade with North Korea. It is very unlikely to see anything directly in the Six Party Talks in the next couple of years, but we are certain to see something in a wider global context on the issue with Iran. What would be the likely impact of that resolution for future actions by Russia, China, the EU, and the U.S., as well as other nations in Northeast Asia to deal with North Korean nuclear programs?

DR. BUSH: Does anybody want to take that on? Scott?

MR. SNYDER: I think that North Korea and Iran are clearly the two leading fronts in terms of challenging the international nonproliferation regime. I think it is pretty clear that both Iran and North Korea are looking over their shoulder at each other and at the configuration of events driving diplomatic activity connected with both of those as ways of determining what the parameters or potential next steps are.

In many respects for the United States and for others, you can work the problem from either direction. North Korea is further outside of the regime. If you work that problem, you can impose a limit and possibly at least establish an outer limit for Iran. At the same time, if you make progress with Iran, it is going to impose some kinds of restraints in terms of how far out North Korea may think that it can go.

What we have seen actually is convergence in terms of the shape of diplomatic processes where you now have an engagement with Iran that looks a lot more like Six Party Talks.

So one interesting question is, do new developments in terms of how the Iranian situation is handled create new openings for creativity in terms of the process on Six Party Talks and vice versa I think those are all critical issues relating to the handling of both of these problems.

DR. BUSH: If I could add one thought, I find it kind of ironic if you look at the shape of the negotiations with Iran, which are very complicated negotiations. But from what I understand, the basic framework of what is being discussed as an agreement does bear an uncanny resemblance to the Agreed Framework agreement with North Korea in that it has the same elements of basically capping, but not necessarily ending, a nuclear program. But that cap would be, in some sense, temporary and its extension and its permanence would be premised on

progress in areas of political relationships and security relations and normalization.

As I watch this process, if that process succeeded, in other words, if they reach an agreement with Iran, it certainly would raise for me the question of if that is an acceptable way of dealing with the Iranian nuclear program, does that then, in some sense, lend legitimacy to the process which the Bush administration has dismissed in regards to North Korea, saying that was a fundamentally flawed agreement.

I am amused in some sense and wondering how we are going to resolve that contradiction, and I wonder then if a successful agreement with Iran could allow us to reexamine the negotiating process with North Korea. I don't know.

MR. SNYDER: My reaction was you are making assumptions that there is going to be some resolution in a positive way with respect to Iran.

My problem, as I step back a little bit, is I think there is a huge fundamental gap right now. I can't really talk to Iran, but I can say in the case of the United States that if it applies to Iran, so be it.

I think that what is problematic is the whole notion of regime change and the fact that the North Koreans firmly believe that this is what our ultimate policy is. So as long as that exists, that is going to be a sticking point all the way around.

You can talk about the procedural issues, why we are stuck and why we are not. Those are procedural issues, but I think there is a fundamental gap right now that exists, and there are two aspects to that.

One is that this time, both sides do not believe they can deal with the other. North Korea believes that the Bush administration is for regime change. Secondly, the United States doesn't believe that any agreement is worth the paper it is written on. So there is that problem.

I always have trouble articulating this, but it has to do with a threat perception. I believe that the U.S. does not understand. Really, policy-makers right now do not understand how threatened North Korea feels by the United States.

As Americans, why are people threatened by us? We don't quite understand that, and I believe this, too. We are for good and for right, and we do the right thing. That is what we do. So we don't understand that. Policy-makers don't.

On the other hand, North Koreans don't understand how the U.S. is threatened by North Korea. There is this tiny little country, 3,000 miles away, with a crumbling economy in shambles. Why are they, the United States, the most powerful country in the history of the world, threatened by North Korea? That is their perspective. That is a huge gap.

If you cannot appreciate or at least give that other person credit for the way they feel in a negotiating process, that is very difficult to move forward, and unless you can bridge that gap, I

feel that ultimately you are going to be running around in circles. That is sort of my take on where we are.

DR. BUSH: Hiro Matsumura?

DR. MATSUMURA: The question goes to Mr. Snyder.

Over the last one year, the Japanese major newspapers had pretty good coverage of Chinese investment in North Korea. The Chinese get major concessions in the mineral resources area, including environmental, and the infrastructure like port lodging and commercial concessions in major department stores in Pyongyang, et cetera.

Do you see that Chinese investments are primarily for commercial profit-making, or do you see that they have intended to generate evolutional change of the nature of the regime, if not the regime change per se?

I have a brief question to Mr. Yun. It seems to me that you asked if the non-governmental sector has some involvement in North Korea. The Japanese policy magazine has reported that Syracuse University has some significant venture relationship with Kim Chaek Institute of Technology. They are helping to create sort of a data library and the transfer of some technology relating to that, and this project is funded by the Korean Society, the Henry Luce Foundation, and the Ford Foundation. I confirmed some of this information by the Syracuse website.

Do you see that this kind of nongovernmental involvement compounds or promotes the U.S. approach to North Korea?

Thank you.

MR. YUN: Mr. Matsumura, that is really a critical question related to Chinese investment in North Korea, and I didn't have time to get into it. Frankly, I am not sure that we really know the answer yet because you have to look at these investments on a case-by-case basis.

The Chinese have argued that a lot of the increase in investment is driven by market opportunity, but at the same time, if you ask about specific things; for instance, the glass factory that was build in Pyongyang, that was really development assistance, with no clear driver in terms of market activity.

Certainly, some portion of it is driven by broader energy security desires and needs, but even those kinds of investments in coal, for instance, regardless of whether they are profitable, I think are probably going to take some time in order to know.

Then the last thing I would say is that some of the investments that have been reported, we need to look again about whether they are really moving forward. In particular, I would just note that there have been recent articles, for instance, about problems in the long-term contracts to develop the infrastructure on Najin-Sonbong. In fact, as far as I am aware, there has not yet been any actual progress in terms of, for instance, paving that road. That would actually be a

major step forward for Chinese to be able to utilize an expanded port access to that particular area.

I wasn't quite sure I understood the thrust of the question. In terms of the engagement, I think NGOs can play a very important role as a general rule, particularly when governments for various reasons are not allowed to interact. I think they create bridges, contacts, and channels that need to exist, particularly when governments are unable to talk with each other and communicate.

In terms of the kinds of exchanges, if they are targeted very carefully, I think they can also create better understanding or bridges that can be useful later on because my view is North Korea at some point is going to change. It is not a question of if; it is a question of when. It could be 50 years from now. I don't know. To maintain those kinds of relationships, to get North Koreans used to how the outside world operates in certain ways, can't do anything in my view but help.

Where you target that and how that comes about, reasonable people can disagree, but I think the general approach is one that I think makes sense, and I think there is a role, again, for NGOs to play in that particular way.

DR. BUSH: The gentleman back there.

PARTICIPANT: We have talked a lot this morning about U.S.-DPRK relations, Sino-DPRK relations, North-South relations to some extent, much less about DPRK-Japan relations.

I will just ask Dan Sneider if you could say something about the direction of Japanese foreign policy and what that means for the next U.S. administration 2 years down the road in terms of what options might be available with respect to [inaudible].

MR. SNEIDER: I think that we are at an interesting moment in Japan. Some of the assumptions I think that are out there. Conventional wisdom about what direction an Abe administration might take in Japan might prove to be wrong.

There are two views of Abe foreign policy, future foreign policy. One is it is going to head off even more deeply in the direction of what some people describe as sort of a right-wing nationalist direction, security, larger security role, more tension between Japan and China, more isolation, if you will, of Japan from Asia, more dependence on the security alliance with the United States, and the other view which I hear from friends of Japan is that that is a somewhat distorted perception of, first of all, where public opinion is in Japan, but also where Abe is likely to lead things.

You are likely to see, in fact, an effort by an Abe administration to repair relations with China. Although some of the issues regarding the security alliance are there -- the revision of the constitution and some of the steps that have been taken to expand the nature of he regional partnership between the United States and Japan on security issues --- there won't be as much

eagerness to push fast down that road as some people presume.

I am inclined somewhat towards the latter interpretation than the former, based on at least what we have seen and what I know so far. I am kind of waiting to see myself.

I do think, though, on North Korea, that is almost a distinct issue because there is no doubt that Abe has really strong views on the North Korea issue. It has been a signal issue for him and not only the abductees, but I think the broader question of North Korea, taking the tough stance towards North Korea's nuclear program.

In some sense, I think Abe's success in succeeding Koizumi is really due to the North Korean missile test on July 4th. Perhaps I wrongly anticipated that there was a good possibility there would be a really strong, open debate and contest between Abe and Fukuda for the succession to Koizumi. Whatever possibility existed, it disappeared on July 4th, and Abe rushed right into that situation with glee. I think he is pretty solidly locked into that position. I notice in his recent statements, he again is emphasizing this. So I foresee that as being a real source of tension as we go ahead with North Korea and Japan.

PARTICIPANT: I might just add that really are there North Korea and Japanese relations right now.

In the past, Pyongyang has tried to play one nation off against the other and various lanes in the road of negotiations. If there is an impasse with one country or it stopped getting concessions from one country, they turned to the next country. With Japan, it was always whether they could normalize relations and get this windfall of $10 billion or whatever.

I think with the abductee issue and then the missile issue, right now there is no domestic lobby in Japan pushing for improving relations, and I think any politician in Japan would really be going against the grain if he wants to improve relations or make some grand gesture towards North Korea. Clearly, Abe is not going to be pushing that. I don't foresee a lot of movement on North Korean and Japanese relations, whether it is normalization or even just engagement with each other.

DR. BUSH: Dr. Park Hyeong Jung?

DR. PARK: I have three points. The first point is that South Korea is a democratic country, and especially a presidential democracy. If the policy of the president is very unpopular, still he can rule for several years. Currently, the popularity level of the president is about 16 percent, and the popularity level of the ruling party is between 10 to 20 percent, but the popularity level of the opposition party is about 40 percent.

My other point is the prominent two candidates for the next president are now in the opposition party. That means that current South Korean policy, North Korean policy would not present a majority view of the Korean population. That is point one.

The second point, there are many choices about North Korean policy. There would not be

only two choices of the current version of South Korean, North Korean policy and the current version of North Korean policy of the Bush administration. There are many options. It is definitely true that the next Korean government would pursue an engagement policy, but engagement is a very abstract perception.

We can make many different engagement policies, and probably in 2 years when also in America there is a new government, a new administration, probably I suppose that South Korea and the United States would not have such a big debate between two countries.

My third point is that we should not forget that the current South Korean government is also very frustrated about North Korea, and we should not forget that the South Korean government has declined to give rice, about 400,000 to 500,000 tons of rice, loaned to North Korea. This is very important to the balance of food in North Korea.

South Korea has supplied about 400,000 and 500,000 tons of rice to North Korea since 2002, and if we subtract this volume of rice, 400,000 or 500,000 tons, from the total supply of North Korean food, then the balance is roughly the same of the total supply in the mid 1990s. In the mid 1990s, there was a great famine in North Korea. If South Korea continues to decline to give this rice loan this year, the North Korean population may be in great danger next spring.

In between, I suppose the North Korean government would not do anything.

DR. BUSH: Thank you.

Does anybody have a comment?

PARTICIPANT: Just jumping in on the South Korean domestic political situation, there are so many layers there or issues we could discuss.

Some of it is the current greater popularity for the opposition party, the GNP, is in large part because they are not President Roh. The recent elections have often been more of an anti-Uri vote than pro-GNP in that sense. So there is a lot of discontent with the president for his policies not only towards North Korea, but his economic policies, et cetera.

Although I think it clearly looks like the two GNP candidates or the independent Goh Kun would be the next president, it is not going to be an Uri party president.

As you said, the engagement policy will continue, but be different. I don't think there would be perhaps as great a difference in policy as some might think. The conservatives are not the conservatives of the past. The GNP and its philosophy has moved towards the center. Whereas before it did not want to engage with North Korea, now it embraces that idea, though they would want to change some of the asymmetric reciprocity issues that President Roh is doing.

I think even a GNP candidate, if they became president, would continue engagement. I think it would be perhaps slower, put more concessions on, but I think the South Korean people

are in favor of engagement. The polls go up and down, depending on the issue and depending on North Korean actions, but I think in general, the South Korean populous, the 386 generation, et cetera, are in favor of engaging it, and I think South Korea will continue that, but perhaps a different flavor or different tactics on the overall engagement strategy.

DR. BUSH: Wonhyuk?

DR. LIM: I want to make a point about President Roh's low approval rating. It seems as if really he and President Chen Shui-bian of Taiwan are engaged in competition to see who would get a lower approval rating, but I would add that the forces that led to the election of candidate Roh Moo-Hyun in 2002 are still alive in South Korea—yearning to be recognized as a middle power, to be a master of its own destiny and so on, the nationalism that is based on economic modernization and democratization of South Korea over the past 30 or 40 years. So I wouldn't draw a hasty conclusion about the outcome of the next presidential election at this point. That is the first point I will make.

The second point is that, as Bruce said, even the GNP politicians have come to realize that taking a cold war stance on inter-Korean relations is a vote loser. That is the conclusion they drew. Although they would have more demand for transparency, reciprocity and so on, I don't think the basic policy approach will change that much.

Ms. Park Geun-hye met with Kim Jong Il, as you remember, and she was courageous enough to defend engagement policy in DC a few years back. The fundamentals of inter-Korean relations, I don't think, have changed since then. I don't see a huge change in policy towards North Korea.

DR. BUSH: Dr. Shin, did you want to say something?

[Tape change.]

DR. SHIN: It is a logical jump to say that his policy towards North Korea doesn't reflect the will of the people. There are other reasons why he is not popular. Economy is one reason, and there are some others.

Going back to my earlier point, regarding North Korea or the U.S., there is a big division in public opinion. I don't think one is more dominant than the other, but both sides are fairly strong. That is why it is still really intense in debate and competition.

I can't make any good predictions on Korean politics. Yet for anybody following Korean politics, I think it is too early to say who is going to be the next president in South Korea.

Now people are talking about Park Geun-hye, Lee Myung-bak, Goh Kun. Who knows? The year before he became president, Mr. Roh’s rating was around 2 percent.

PARTICIPANT: That wasn't 2 months before. It was 5 months before.

DR. SHIN: Right. I wouldn't rule out the ruling party. They might have to change, but I don' think they are gone. I think they will come back. They will fight. I am not, of course, for the ruling party, but I think they will fight hard. Once again, I think it is too early to say it is either Park Geun-hye or Lee Myung-bak or somebody else, but what if Park Geun-hye or Lee Myung-bak run against each other? It is a totally different story.

PARTICIPANT: One real quick point from a U.S. perspective -- I think that as we have seen by these comments here, if the GNP does, in fact, get elected, I think it is cautionary to tell that whoever the administration is, and particularly the Bush administration at that point, is not to over-read. There could be a tendency for them to see a GNP as a flip policy of some fashion and not understand that. So there is a danger there, in fact, of which we need to be wary.

DR. BUSH: Thank you.

Mike Marshall, do you want to ask the last question?

MR. MARSHALL: I have a question for Scott Snyder about your insights into how the Chinese think about the two foreign policy goals they have towards North Korea and how do you think about the tradeoff between them.

You mentioned stability and denuclearization, and that to date, stability was given priority, but the denuclearization, if that fails, from a Chinese viewpoint the potential negative impact on their regional goals and aspirations is pretty drastic. So what insights do you have into how they think about and balance those two priorities?

MR. SNYDER: In a way, the question is whether or not there would be events that would occur that would force reconsideration in terms of evaluation of those priorities or that would force them to merge in some way. In some respects, that is precisely what some people here in Washington seem to be hoping; that is, that the Chinese would begin to adopt the view that a nuclear North Korea is apparently unstable for regional stability and, therefore, it is necessary to take steps to prevent that.

We do see some evolution, I think, in terms of Chinese views on some specific aspects of the nature of the North Korean nuclear threat. For instance, they now accept that the North Koreans had some kind of uranium enrichment program. Clearly, a test would be a defining moment in terms of forcing a reconsideration related to that. As usual, the level of concern about the threat from Pyongyang is inversely proportional to the distance you are from Pyongyang.

People here in Washington wake up every morning, and they check to find out whether North Korea tested or collapsed last night, but if you are in Pyongyang, you never think about it, and if you are in Beijing, it is a low possibility.

DR. BUSH: Thank you very much. Thank you all for coming. I want to thank each of the panelists.

[Applause.]

DR. BUSH: I want to thank Bob Carlin for his brilliant opening presentation. You obviously have a future in the séance industry, if you want to pursue it.

We can all now go find out what happened in the summit.

[End of "North Korea: 2007 and Beyond" seminar]