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THE NORTH KOREAN NUCLEAR CRISIS

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P R O C E E D I N G S

MR. PASCUAL: Good afternoon. Thank you for joining us today. My name is Carlos Pascual. I'm one of the vice presidents of Brookings and the Director of the Foreign Policy Studies Program here, and it's a pleasure to join you today in a topic which is a difficult one and an unfortunate one in fact that we have to gather to discuss, which is the North Korean nuclear crisis. This has not been an easy story, and it's one that has a long history, and my colleagues here are in an outstanding position to give you a sense of how that history has evolved. But I think it's useful to remind ourselves that in 1993, in fact, we had similar kinds of events with the international community urging North Korea to be transparent about its nuclear program with North Korea kicking out the International Atomic Energy Agency and withdrawing from the Nuclear Nonproliferation Treaty with the U.N. Security Council imposing sanctions and passing resolutions and trying to get North Korea to have some degree of transparency in its program. And, in fact, even in 1994 very tough dialogue between the United States and North Korea where clearly all options were being put on the table, and I'm sure that Secretary Perry and some of the discussions that he's been having on this is recounting the ways in which he addressed those issues.

There's a period of stability from '94 through about 2002 when we had an agreed framework between North Korea, the United

States, South Korea in particular, as key partners, as well as others in the international community, and then of course we began another period of crisis again when there were indications that there was some form of North Korean nuclear activity leading to once again the expulsion of the International Atomic Agency inspectors and a whole series of back-and-forths that have taken place where there has been engagement, nonengagement, six-party talks, a framework that was agreed in 2007, and yet here we are again and we ask ourselves this question: What is it that it's going to take to bring some degree of stability and transparency to the Korean peninsula and is it possible to, in fact, go back to the precepts of a denuclearized Korean peninsula, which is I think the goal that all of us would like to see one be able to get to, and the question is: Is it possible, and what are the tools and levers that we have to be able to get there today?

So, these are some of the kinds of questions that we want to address in the discussion.

Starting off and giving us our first set of comments is going to be Richard Bush. Richard is the Director for the Center for Northeast Asian Policy Studies here at Brookings. I think in the mid-1990s, Richard was also the National Intelligence Officer for Asia.

And you probably lived right through the very middle of that first round of crisis on North Korea, so you certainly bring a perspective

that spans quite a long period of time.

After that will be Mike O'Hanlon, and as many of you know, Mike is a Senior Fellow here at the Brookings Institution, one of the most prolific writers on defense policy and defense strategy and happens to have a book that he wrote with Mike Mochizuki.

When did you write this, Mike?

MR. O'HANLON: About five years ago.

MR. PASCUAL: Five years ago -- on *Crisis on the Korean Peninsula*. So Mike will bring that into the perspective that he gives.

And then Dennis Wilder, who we're very lucky to have here at Brookings as a Visiting Fellow. Dennis, previous to that, was the Senior Director and Special Assistant to the President for Asia and has been centrally involved on Asia policy, China policy, and North Korea for a good part of his career.

So, we look forward to this discussion. We'll begin with a few comments from my colleagues. I'll take the liberty of asking them a few questions, and then we'll turn to you for a more general discussion.

Richard, do you want to kick off?

MR. BUSH: Thank you very much, Carlos. Thank you all for coming.

You, I think, never lose a bet by betting against stability and common sense on the Korean peninsula.

I'd like to talk a little bit about what seems to be driving this current crisis and talk about how to think about the options before us. I have to start with the point that there is a tremendous amount that we do not know, we do not know about North Korea. It's a very black box, and so all that anyone can do is speculate, hopefully on an informed basis, and that's what I hope I'll be offering you today.

In my mind there emerged sometime last year a set of converging and reinforcing factors that pushed North Korea to a harder line. One element of this harder line was a tougher policy towards South Korea, and the other part was a rude welcome to the incoming Obama administration in spite of the fact that President Obama was quite open-minded about the approach to North Korea.

One of these factors is the fairly constant desire of North Korea to set the negotiating table in a way that's favorable to its own interests. Because it is a weak power, it has engaged in brinksmanship and provocation in order to get negotiations on favorable terms. This, of course, assumes that North Korea is willing at any point in time to negotiate, and perhaps at this time it sees a value in not negotiating so it sets the bar high to make it impossible.

At this stage, it appears that the sort of negotiation that North Korea would like to have is one that results in normalization of relations with the United States but acceptance of it as a nuclear power. Maybe

they see India as a precedent and a model for what they would like to do, but they had been saying for a while that if normalization with United States occurs, it does not mean denuclearization. They also want to put the United States on the defensive through the actions that we've seen. They would like to drive wedges between the United States on the one hand and South Korea, Japan and China on the other. So, this is part of the playbook we've seen before, using a variety of tools to define the scope and character of negotiations.

The second factor is, I believe, their need to test their missiles, long-range missiles, and their nuclear device. North Korea appears to believe that it's seriously threatened by the United States. It believes that it needs an effective deterrent against that. And, in fact, nuclear weapons are the poorer countries' ideal deterrent. They have a problem, though, and that is that their deterrent is not yet credible. Their missiles don't fly far enough and accurately enough. The weapons design is not yet perfect. And so they need to test. That's the only way that they can demonstrate to others that they have the capability to inflict harm on the United States and on Japan.

A third factor distinguishes, I think, this crisis from previous ones, and that is that a political succession has already begun in North Korea. Kim Jong-Il had what appears to have been a stroke last August. Up until that point, he had not made arrangements for succession. He,

himself, had about 20 years to be groomed and establish himself before he took power on the death of his father. So, now Kim and his colleagues are scrambling to put something together. It seems that, based on current information, his third son, Kim Jong-Un, will be the nominal successor. Kim Jong-Il's brother-in-law, Jang Seong Taek, will be a reagent, and the hope is that this arrangement can hold the country together and defend its interest.

Kim Jong-Il, himself, has based his rule on support of the military. I suspect, but cannot prove, that he sees the military as an important prop to his succession arrangement, and so testing the missiles and testing the nuclear device is an effective way of cultivating that military support. So, we have three factors at work: a desire to set the negotiating table; a need to test; and a need to secure Kim Jong-Il's succession. Of course, there have been serious diplomatic consequences from the provocations that North Korea's engaged in, but someone decided that these three factors together were powerful enough to justify the course of behavior we've seen in the last six months.

Now, in thinking about what the United States and other interested parties can do, let me just sort of lay out a framework, and in doing so one has to sort of think about the three factors that I've mentioned. I suspect that how these different factors are weighted in the minds of North Korean decision makers influences how the United States

and others should respond. And the international community faces, I think, two dilemmas -- on the one hand that there is the desire to punish North Korea to some extent to demonstrate that its provocations have consequences; on the other hand, this punishment is most effective if it is based on multilateral consensus. And some parties are less likely to go for tough sanctions and tough pressures than others. China is the most important case in point.

The second dilemma is when will be the opportune time, when will be the most likely time to get a change in North Korea's policy behavior? Is it in the short term through a mix of carrots and sticks? Or is it in the long term once Kim Jong-Il passes from the scene?

My own view is that, with respect to the first dilemma, we should pursue whatever set of sanctions the multilateral traffic would bear. As far as the second dilemma is concerned, I'm not sure that we can achieve that much in the current environment. I think North Korea's made a decision that for the foreseeable future it will be base its security on keeping nuclear weapons, and so if we are going to get a change in that stance, that may have to wait until we have a new leadership in Pyongyang.

Thank you very much.

MR. PASCUAL: Richard, thank you.

So, the prospect that you leave us with is one that perhaps

regardless of what the policy actions might be of the United States and the international community at this period of time, the likelihood that there's going to be a change in stance of North Korea on its nuclear program is not high, that as long as they're in the succession period they're probably going to stick with a policy to sustain or maintain its nuclear program.

MR. BUSH: I hope I'm wrong. I wish tomorrow Kim Jong-Il would wake up and come out of his fog and say oops, we screwed up, we need to back off. But my sort of pessimistic conclusion is exactly as you stated.

MR. PASCUAL: So, would the best case scenario for the near term then be, in your view, an effective containment of where they are right now?

MR. BUSH: "Containment" is a strong word. I think I would sort of reserve that for later. But I think it -- what I'm suggesting is the need for firmness, sort of trying to -- or making it clear that North Korea will pay consequences for its actions and that it can't bully the international community into negotiation on its terms.

MR. PASCUAL: Okay, Mike, let's turn to you, and one of the things I do want to come back to you on in the course of your comments -- and you may address this in any case -- is how much of a risk is this and who is it a risk to so that we can help put into perspective what is it that we should be worrying about as a result of this nuclear test and missile test?

MR. O'HANLON: Thanks, Carlos, and thanks, Richard, for the framing. Also, I want to back up Richard. If Kim Jong-Il does want to wake up tomorrow and renounce his previous position, I'm sure that our communications team at Brookings could handle that and we would invite him to do so here. Our communications team has been fantastic. We all want to thank them -- Gail and Melissa and others -- for putting the event together on such short notice, and since they took care of President Karzai a couple of weeks ago, I'm sure Kim Jong-Il could be assured of a good welcome here as well, and good security.

But let me say more seriously that what I want to focus on primarily is some of the military aspect of this, and we've heard in the last few hours that North Korea is getting pretty upset about South Korea joining the Proliferation Security Initiative. That gets right to your question, Carlos.

So, that's the main thing I want to address here in my opening comments, but first let me just, if I could, say two other things, two broad observations.

One is that we are hearing already some political recrimination in the United States about where we stand in this crisis, and that's natural, and at some level that's healthy, but I just want to say from my vantage point that it's better to remember North Korea is causing the problems, not Democrats and not Republicans, and that we frankly have

seen a number of strategies fail that have been attempted by various administrations.

Carlos did a great job with the capsule history of the last 15 years, and I am favorably inclined towards the agreed framework of the Clinton administration, but we also now know that even as the Clinton administration was trying to up the engagement in the late '90s and Madeleine Albright ultimately visited Pyongyang, for example, that at that very period in time, a very (inaudible) time, North Korea was probably beginning its uranium enrichment program in violation of the Nonproliferation Treaty.

And, as I've learned from Dennis, and I'm sure he'll say about this as well, we've had some concerns that that's when they were starting to talk to Syria about nuclear transfer. So, it's not as if the Clinton engagement strategy was demonstrably working. I do think things got much worse when the Bush administration didn't focus enough on this problem in 2002-2003 with the hard-line approach and also the much clearer focus on Iraq at that period of time in trying to downplay North Korea's decision to kick out the international inspectors and so forth. However, even when President Bush moved towards a softer strategy, and Chris Hill tried to negotiate that approach, we also were rewarded with basically the situation we have now.

And so we tried all sorts of strategies towards North Korea,

and frankly none of them have worked, and I think Richard explains pretty well why they haven't worked, and so I hope that the political recriminations will stay a little tamped out.

I understand today Vice President Cheney has argued that this is exactly the wrong moment to cut missile defense programs. I don't think missile defense programs are the essence of the problem. We're still going to be spending 50 percent more on missile defense per year than we did under Ronald Reagan, even with the revised Obama-Gates budget numbers, and so I don't think we should over-emphasize that particular dimension of it either. So, that's one comment I wanted to make.

Secondly, on the book that Carlos was nice enough to allow me to dust off, I do want to say that there's an endorsement by then Senator Joseph Biden of this book, which is that it was a provocative prescription for the future, and there are just two things I want to say.

One is if anybody ever asks you to do an endorsement, think twice, especially if you're considering running for President or Vice President, because people will remember later on what you said.

But, secondly, let me say more seriously that in this book Mike Mochizuki and I argued for a broader strategy to try to draw North Korea out into a model of reform more like what Vietnam has pursued for the last three decades, and we suggested the kinds of steps the world community could undertake in order to facilitate that and give the North

Koreans clear incentives. Unfortunately, I can't even make this argument today, and I'm just doing this by way of a passing introduction, because the North Koreans are not allowing advocates of engagement to have a serious opportunity to make their case. The North Koreans have gone too far, and if they have any interest in a new relationship with the world, they're going to have to calm it down. So, let there be no ambiguity on that front, even from the point of view of someone who's argued for a broader and in some ways more flexible negotiating strategy in the past.

Now let me, if I could, turn to the military questions, and I don't mean to sound dire or worry anyone too much or make it sound that I believe there will be military consequences of this crisis, but they have been discussed. The North Koreans have been, themselves, raising them, so let me say a couple of words about the immediate issue of this Proliferation Security Initiative and then about a more hypothetical problem that gets to Carlos' earlier question: What do we do if we start worrying that the North Koreans are really thinking of selling nuclear materials abroad? And to some extent they have caused this worry in the past, because they've sold various kinds of nuclear technology to the Syrians, to the Libyans before, and we have to worry that it could happen again and maybe even involve, hypothetically, nuclear materials or even a nuclear weapon. I doubt that, but it has to be considered.

On the PSI, Proliferation Security Initiative, front, this was a

great legacy of the Bush administration. John Bolton's a controversial guy; Bob Joseph's a controversial guy. But they did some pretty nice work on this concept, and we're now seeing South Korea join. But the concept itself -- one of the beauties of it is that it's fairly minimal, minimalistic, in what it tries to do, and it basically says to a country like North Korea if you want to sail your ships into the territorial waters of another country, that other country may decide to inspect. But of course the other country already had the right to inspect if you were in their territorial waters. So if the North Koreans come into South Korean territorial waters even before PSI, the South Koreans had the legal right under the Law of the Sea and other normal international patterns of behavior to stop that ship.

What PSI does is it coordinates the activities of countries like South Korea, the U.S., and others so that if we are suspicious of certain kinds of cargo we can increase the probability that any given ship will in fact be inspected in the way that international law already allows.

There are a couple of other provisos as well of the PSI, and one of which is that in theory you can stop a ship on the high seas but only if you have the permission of the country under whose flag that ship sails. And so this is not intended to be essentially an overly assertive or act-of-war sort of behavior or activity that's being coordinated under PSI.

If you wanted to stop North Korean ships against their will on the high seas, you would need either a U.N. Security Council resolution or

you would need to invoke Article 51 of the U.N. charter and say we, the United States -- for example -- feel we are under direct threat because we have very high reason to think that this ship from North Korea is selling plutonium to Al-Qaeda and therefore we exercise our right of self-defense in order to make sure that transfer does not occur.

Those are the two ways in which you would stop a ship on the high seas, not through PSI in its normal form, and therefore the North Korean reaction -- I'm just trying to reassure people -- you don't have to view this PSI decision of South Korea as likely provoking a naval conflict. There's always good reason to worry about Korea, as Richard has said, and people can find ways to let things escalate, but on its own terms PSI I don't believe is likely to do this.

Now, there is -- and my last point -- there is one area that we do have to think a little bit about here, which is the possibility that if we do get intelligence the North Koreans are trying to sell plutonium or even a nuclear weapon abroad -- and, again, I don't believe this is likely, I don't believe the nuclear test signifies a likelihood of this, but it's not out of the question -- then I think we have to think about ways to coordinate essentially a quarantine of North Korea with partners in Northeast Asia, because if and when we get to the point where these materials have already been shipped or we believe that with real actionable intelligence the shipment is occurring, then I believe we have a legitimate right to

worry about where those materials are headed and whether they would be used against the United States by a recipient nation or terrorist organization. And so under those circumstances, you do want to be thinking about the ways in which you search ships leaving North Korea on the high seas.

Now, this is where the small size of the North Korean economy becomes a big advantage for us, because there aren't that many ships that leave North Korea full of goods, because the world doesn't buy that much North Korean stuff, which means that if -- you know, I haven't gotten the latest information on this, but you're probably looking at no more than a couple dozen ships a week leaving North Korea with substantial amounts of cargo. You still have to face the question under the scenario of how you would stop the ships against their will, but, again, if we're presuming -- and this is a hypothesis that I don't expect to bear out but if we're presuming -- the real suspicion of plutonium on that ship, then we're not going to be too apologetic about making sure that we stop the vessels. And then the actual physical act of maintaining the surveillance of the 2500 kilometers of North Korean coastline with probably 8 to 10, maybe 12, orbits of aircraft and then being able to back up those aircraft, those reconnaissance planes, and stop North Korean ships if necessary -- that becomes a doable military mission.

And what I would submit and leave you with this thought

today and leave any North Korean friends watching with this thought today is that this is exactly the kind of mission that we now have greater legitimacy in talking to the Chinese and the South Koreans about than we did before, because the North Korean behavior is becoming much more worrisome, and it raises at least a remote possibility of these kinds of scenarios being more serious and more problematic and therefore ones that we should be discussing in advance so that if, Heaven forbid, we have to carry this kind of thing out we've already talked to the Chinese, to the South Koreans, to the Japanese, to the Russians in advance about how to coordinate it and make sure that we don't shoot at each other and that we only stop the North Korean ships that we're worried about.

Again, that's a dire scenario to leave you with, and I don't mean to predict its likelihood, but I do think it's now the kind of thing we're going to have to consider a little more seriously than a couple of days ago.

Thanks.

MR. PASCUAL: Mike, that was extremely helpful. Now, you particularly focused on the issue of proliferation, potential sales, or -- well, presumably there would be sales of nuclear material, which of course is one of the issues that drives our friends in Japan quite wild at times if that's what we focus on, and their perspective has often been but we're here, we're close by and our concern is more than one of just proliferation. Let me take you back to that point of, you know, is there a serious threat

of the use of a nuclearized weapon by North Korea? Can they attach it to a missile? Is that something that Japan and South Korea should be worried about? Is there a risk of proliferation that could lead to others, for example, revisiting their nuclear policies -- is that something you think we should be concerned about? Or did you not put emphasis on that because if North Korea were to use a nuclear weapon, the likelihood of a response being so massive in return against North Korea would be such that it would be almost impossible to imagine that we actually would be able to even think about using that nuclear weapon?

MR. O'HANLON: Well, that's a great point. In fact, let me just say that the quarantine mission planning has the added benefit of being relevant in a collapse scenario -- a North Korea collapse scenario -- which we're not talking so much about today, but the idea of worrying about where those six or eight North Korean nuclear weapons that remain might wind up in the event of collapse is, of course, a huge one that leads to a lot of the same military considerations. There's a part of me that facetiously is tempted to encourage the North Koreans to just go ahead and test six or eight more times and then we'll be done with the problem, but of course they do also have now the likelihood or possibility of reprocessing more plutonium, and there are conflicting reports about how fast that's already underway.

Quick answers to Carlos. My own sense -- and you and

Dennis and Richard have thought about this of course, too -- is that, yes, a North Korean arsenal does increase the likelihood of other countries in Northeast Asia going nuclear.

And in terms of missile capability -- but I won't try to say more than that, because I think everybody else here is probably more expert than I on that question -- but in terms of the missile and the nuclear weapon being joined together and posing a direct threat to Japan, I think that we don't -- going back to Richard's earlier point -- we still don't know enough, and the answer is that the North Koreans, in my judgment, probably cannot be confident they now have that capability. If the information that we're going to be gathering in the next few days confirms that this test was in the several-kiloton range, that's a pretty big bomb. That's -- sure, it's smaller than Hiroshima and Nagasaki, but without going into the technical details, if it were one-third the size of the Hiroshima bomb, it would still do 50 percent of the damage roughly of a Hiroshima bomb, and that's pretty bad. But the problem is can it be delivered. And putting a nuclear weapon on a missile, making it small enough to be carried by the missile, allowing it to survive atmospheric reentry, even on a medium-range rocket, is no trivial matter, and there's a very decent chance that either the thing would fail or that we would be able to shoot it down with feeder missile defense. And I'm glad to see that there's solid support for feeder missile defense, just as there has been in previous

administrations, from President Obama.

MR. PASCUAL: Thanks. That's really helpful to put into context.

Dennis, I'm sure one of your nightmare contexts when you were in government had to be if in fact North Korea retained nuclear capability; if others in the region did in fact revisit their policy; and, particularly given your background on China, if that were to lead to a new dimension of China-Taiwan conflict. You might want to say a few words about that, but in particular -- I mean, we've talked some -- a bit about the Chinese role in this, and the Chinese role in October of 2006 after the North Koreans tested the first nuclear weapon was absolutely unequivocal and fast and sharp, and it's not that they're not engaged now, but it's hard to compare the reaction in both circumstances, and I wonder if you can help us understand that dynamic as well and what is it that needs to happen from China and will China in fact be ready to engage more seriously?

MR. WILDER: Great. Well, thank you, Carlos.

I must say that it was a nicer day on Memorial Day 2009 for me than on Columbus Day 2006. I can honestly spend time with my family and only take a few reporters' phone calls.

Let me try and go a little bit back -- not too far -- to talk about how China has dealt with this current situation on North Korea. First of all,

you have to say, looking over the period since Kim fell ill last August that the Chinese have shown a great deal of patience with North Korea and asked others to do the same. China's desire for stability is well known, and it's understandable. They have an 880-mile border with North Korea. If the North were to have a succession crisis or it were to implode, China would see a flood of refugees leading to its borders. So, China feels a need to act judiciously on this issue. Also, China's relationship with the North has become strained over time. We in the Bush administration did get China heavily involved in the six-party talks. The North found this process to be particularly odious, because what it did was align five parties against one party on many occasions, and I think part of what you're seeing today is a desire by the North, obviously, to destroy the six-party talk process. And I think the key point here is Beijing still sees its national security interests to have a weak North Korean regime dependent on it as opposed to what might come next, such as either a chaotic North Korea or a North Korea reunified under South Korean leadership.

So, what we've seen this year is in January, you may remember, China sent the head of the International Liaison Department to North Korea to mark the beginning of the year of China DPRK friendship. This is the 60th anniversary of their relationship. It is Kim's first and only appearance we've seen with an international visitor, and Kim views that visit very strategically to show he was returning, and indeed he even

received an invitation from Chinese president Hu Jintao for a visit to China this year. Kim, in fact, has gone out of his way this year to highlight the Chinese relationship. In late March he spoke at a public event about the precious relationship between China and North Korea, and I think we can say that China has been fairly mute on Kim's increasingly provocative steps this spring, and it took some convincing on the part of the Obama administration to get him to sign on to the Presidential statement -- to get China to sign on to the Presidential statement condemning the missile test on April 5th.

The second point I would make is that Kim's second test, and apparently more successful test as Michael was talking about, may alter the Chinese calculus on not pressing Kim too hard. This may be a game changer in Northeast Asia, as we've already begun to talk about today, in the sense that we are already seeing in the South Korean press discussion of perhaps it's time to not be limited by the MTCR commitments that they made to the United States and discussion in the Japanese press about the question of the American extended deterrent. And I don't think China wants these nations to be thinking along these lines. Moreover, as Carlos and Michael have already talked about, Kim's increasingly provocative actions raise the prospect -- perhaps small but certainly raises it -- of another elicit nuclear transfer by Kim. And that surely cannot be in the Chinese interest.

So, the good news of today is that we are seeing in the last 24 hours the Chinese beginning to move to a stronger position on this nuclear test. The language used by the Chinese foreign ministry in condemning the second nuclear test is actually almost identical to the language used in October 2006. The only change I can see is China firmly opposed the test this time. Last time it strongly opposed the test. Someone with better language skills is going to have to figure out which of those is stronger -- firm or strong. I'm not sure.

So, I hope that the Chinese are beginning to change their calculus and to understand that Kim Jong-Il's actions are now the greater worry for stability than is instability over succession.

My fourth point is I've seen a lot in the press of people saying that sanctions don't work, that China has no leverage. I think that's just not true.

After the nuclear test in 2006, we saw the Chinese send emissaries to North Korea and talk very sternly to the North. We also saw the Chinese begin to take action against North Korean commerce within China. Remember that the North Koreans are highly dependent on the Chinese banking system. They're highly dependent on that cross-border trade. All you need to do is visit the town of [Bong Bow] on the North Korean border and you will see plenty of luxury goods being sold and transported across that border. China has three billion dollars in trade a

year with the North Koreans. They're supplying anywhere from 80 to 90 percent of the oil that North Korea uses and some people say 80 percent of the consumer goods.

So, it seems to me our goal today is to get China to sign on to a new U.N. Security Council resolution but, more importantly, to get China to actually live up to the commitments they made under U.N. Security Council Resolution 1718 in 2006. If you look back at that resolution, it's an excellent resolution. It has a lot of teeth to it. It has a lot of ways to put the pressure on the North Koreans built into it, and I think the problem was that we didn't fully implement 1718. Now, there were good reasons for that. You'll recall in the past, in late 2006 and early 2007, the North went back at the negotiating table. And I think there's a reason for that, and I think it's because we passed that resolution, because China put the pressure on the North and because we had a game plan for how to engage the North.

I also think it's time for China to send another special emissary to North Korea. As I said, the last major visitor to North Korea from China was in January. I think it's time for another heart-to-heart talk by the Chinese with our North Korean friends and with the dear leader. So, for me, the question of the moment is really how to engage the Chinese leverage in this situation. It isn't a debate over whether or not the North wants to be a nuclear power. I'm sure that if we, the world, would

confer that on it, it would be happy to accept that. But the real question is whether working with China and the other six-party participants we can again place sufficient pressure on the North to alter its course and hopefully bring them back to multilateral negotiations. I think that's the task the Obama administration has before it.

MR. PASCUAL: Dennis, excellent. Thank you. I was in China in March and having a discussion with a number of Chinese colleagues there, and it was interesting the perspective they brought on these issues, and obviously this was before the test, but it was we know how to handle these difficult situations and we just have to be consistent and steady and look at how we were able to handle India and Pakistan in '98-'99, and we didn't have a crisis, they didn't go to war. Well, of course, they, one, did almost go to war; and, two, India and Pakistan still have nuclear weapons. And so the question that this does raise is that at a certain point can you in fact actually roll back the reality that Richard laid out, which brings us back to the question of sanctions and the impact of sanctions and maybe to start off with the two of you -- Dennis, if you could start, and Richard, if you can pick up on this -- because, I mean, the figures that you cited China providing 80, 90 percent of, well, its importance on banking, it supplies a significant share of North Korea's coal. This is a relatively dysfunctional economy. You take that economy and cut it off from energy supplies, and it is a completely dysfunctional

economy. There has to be huge leverage here. And so the question then has to come back to some sort of interpretation of this issue that both of you put on the table, which is a fear of instability, and it seems like, okay, there's one kind of instability and that instability may be what happens in the succession process, what happens in North Korea, and what does that do to your perceptions of stability in the region. The other kind of instability is that North Korea has nuclear weapons and redefines the reality of whether there are nuclear weapons on the Korean peninsula, and that creates this other kind of instability. And from our perspective here in the United States, it seems fairly straightforward how to make these tradeoffs, but if you were there in the region, how do you help us understand the nature of how these tradeoffs are being assessed, and do you think that in fact at some point China is going to in fact actually be willing to use that kind of leverage that it really does have?

MR. WILDER: Again, I think that because I've seen the Chinese use this leverage with the North Koreans, there are at least two occasions. I mentioned late 2006. There was also a period in early 2003 where there were reports that China for two or three days had shut down the fuel supplies to North Korea when the North Koreans were not willing to come back to talks. So, I think there have been occasions. Of course, the Chinese don't tout these occasions, because the Chinese don't want to be in a position of looking like they are putting pressure on the North

Koreans. So, any time they do put pressure on the North Koreans, they're not going to publicly ballyhoo it.

This pressure, though, and they have to remember -- sanctions are only a tool. They aren't an end in themselves. Our sanctions on BDA, for example, were a targeted tool to remind the North Korean leader that we were watching his international banking, we were watching his counterfeiting activities, that when he acted in an elicit manner we were going to go after those things. I think the BDA sanctions in a bat and arrow sense were very effective. They certainly got his attention. They certainly also helped us with other international banking to limit his banking opportunities. So, as long as you have a diplomatic strategy and they know where you're going on your diplomatic strategy, you can use these sanction activities to move the North in the right direction. But in and of themselves, they're not the entire answer.

MR. BUSH: A couple of points. My impression is -- Dennis can correct me if I'm wrong -- that Chinese pressure has been used more to get North Korea to return to the negotiating table but not to sort of change their negotiating position. And what's important, really, is the negotiating position, not whether they choose to show up at a meeting.

Second, the instability that China fears more than any is that a nuclear North Korea could lead to a nuclear Northeast Asia. I suspect that China would take the position that dissuading Japan and South Korea

from any kind of nuclear program is our problem, is the United States' problem; it's not their problem. They may have some confidence that we know how to deal with this problem, because we've dealt with it before.

Third, in thinking about sort of North Korea as the receptor of pressure, one should keep in mind that it's part of their sort of strategic culture and national identity that they're the victims of American aggression, and so sanctions may sometimes only reinforce their sense of themselves and not to get them to change their policies.

Finally, although I think that the Chinese are probably exaggerating the ways in which collapse might occur and the effect on them, I do have a certain sympathy for their position. If one sort of explored an analogy, how would the United States react if a group of countries got together and decided to impose sanctions on Mexico? We would say hold on, our stability is affected by instability in Mexico and you have to consider our sort of interest in pursuing this.

MR. PASCUAL: Okay, let me open this up to the audience and bring others into the discussion.

If you could introduce yourselves and state a very clear and brief question, we'll begin up here.

MR. NELSON: Thanks. Chris Nelson, (inaudible). Thanks for the usual really good, thorough discussion.

One of the things that hasn't come up yet that does come up

constantly from both critics and supporters is in a sense two sides of the same coin. Discussion continues to put major emphasis on China, what China's going to do, which leaves you open to the charge by some that we're subcontracting our strategic interests to Beijing, what are the implications of that, what does that tell our allies? But flip it around. We haven't talked yet about the role, if any, of high-level U.S. envoy to try to develop what the "real situation," in quotes, is Pyongyang, so I think it would be useful if you could discuss that both in terms of timing and what we need to see in advance before we could do it or does that (inaudible) preconditions. You know, those are both related in a sense, but I think we need to hear a little bit more on that, so thanks very much.

This is Chris Nelson, (inaudible), if I forgot to say that.

MR. BUSH: Okay. I don't know if, Dennis, you want to pick up on this to begin with, in particular the role of a U.S. envoy, what the target of U.S. diplomacy should be in a situation like this, especially since you were just in the administration in the midst of that diplomacy itself.

MR. WILDER: Well, I think it's a very good question. One thing we haven't discussed today is the unfortunate circumstances of two American journalists who are in detention in North Korea and apparently from the North Korean reports will be tried on June 4. I think there is room for the administration to consider sending an envoy initially in a humanitarian effort to secure -- first of all, to make sure that they're okay

but also, hopefully, to secure their release from North Korea. In so doing, that might be the beginnings of a process of discussion with the North Koreans. But I think the first issue on the agenda at this moment would be humanitarian in nature, and I would suggest that that would be better carried out by a private emissary than by an American official.

MR. BUSH: Chris, I think a high-level U.S. envoy to talk about the substance of the nuclear question is only appropriate at the end of a process of reengagement and negotiation. I think the only reason you would send a high-level envoy in these circumstances is if we thought that North Korea misunderstood U.S. intentions in a profound way, and I don't think they misunderstand at all. I think that, you know, they decided on a certain course of action because they believe in their national interest to do so and they're prepared to bear the consequences.

On the China question, I am among those who believe that this is not simply a U.S. problem. China has a great stake in stability in Northeast Asia. Our allies will make judgments about whether it was a good idea for the United States to bring China into this process, but I think it serves a useful purpose. Now, what China does on the North Korea issue is going to be a good indicator of what kind of great power China is becoming in Northeast Asia and the world. And that is a good set of lessons for our allies to learn.

MR. PASCUAL: Let's come over to this side of this side of

the room please.

MR. CHOI: Hyung Choi, daily Korean newspaper reporter.

Initially the level of the North Korean nuclear test was guessed or estimated at Hiroshima or Nagasaki level, you know, nuclear bombs. But lately these are estimated -- it seems to be changed. So, it was not so intense or not so memory (inaudible) as we have guessed initially. So, if the level of the second nuclear test by North Korea is not as big as we initially guessed, do you think it would have an influence from the action -- I mean, the intensity of the action or some disagreeable concerns on this not let's create a nuclear test.

MR. PASCUAL: Mike, do you want to pick up on that?

MR. O'HANLON: Well, of course, we're all waiting for information on what the yield really will ultimately be estimated to be. Well, let me just repeat what I said a minute ago, that if the Hiroshima bomb was 15 kilotons and this winds up at 5 kilotons, that still has essentially half of the effected area. If you go and do the physics calculations, you still see about 50 percent as much destruction as the Hiroshima bomb. So, it's still extraordinarily explosive and extraordinarily powerful and lethal. The real issue is therefore not so much the precise yield. If we're in the kiloton range, that's a very serious weapon. The real issue is the size of the weapon and how deliverable it would be by the North Koreans if they were to choose to try to deliver it some day, and

then if it's a big weapon, like the Hiroshima bomb itself, than you pretty much have to have a big airplane or a ship or, you know, a truck, but you're not going to drive a truck through the DMZ very easily and you'd probably get an airplane shot down. So, their options are limited. That's why I think Carlos' question was right on the money earlier about the likelihood of this being linked to a missile, and to link it to a missile it probably has to be in the general range of roughly a ton or less, and it also has to survive the stresses of missile flight, which are not trivial, and that's why I think this is just fundamentally ambiguous, and if we had our friend, Jim Shin, or other physicists up here today we could hear a little bit more in detail, but I think the bottom line is still very simply that no one can really know whether the North Koreans have at this point a deliverable warhead. And now if the thing is one ton or less in weight, it's small enough in theory to go on a missile; it doesn't mean it would actually survive the flight correctly, and it doesn't mean the North Koreans could have done enough simulations to really be sure. And then you have the added question of whether or not the missile defense systems might work to shoot it down. So, I think the big question is how much does this thing weigh and how robust would it be in the event of missile flight?

MR. BUSH: Dennis, please?

MR. WILDER: If I can help to maybe put this in perspective, in 2006, we were told that the North Koreans had hoped to get a 4-kiloton

yield. We believe that in 2006 they got something under a kiloton -- a sub-kiloton test. So, if they managed to get a 4- or 5-kiloton test this time, then they probably succeeded in what they were trying to do.

MR. BUSH: And that's an order of magnitude better, right, in just 3 -- 2-1/2 years.

You dropped your cell phone out of your pocket.

MR. PASCUAL: Very kind of you.

But -- okay, just to -- well, let me just clarify a couple of things then.

There's obviously concern about the size of the weapon, that whatever it might be exactly, it is large. The ability to deliver it right now for use as a weapon is probably low if it would have to be either through ground or an aircraft, which then puts the emphasis on the point that you were raising earlier, Mike, which is make sure that you can't ship it elsewhere and have a great proliferation risk by putting it in the hands -- or some of that material in the hands of another.

The other issue that comes up is are they producing more nuclear material and what do we know about that at this point, and I don't if any of you feel like you're in a position to comment on that at this stage.

MR. BUSH: There were reports today from South Korea that the reprocessing plant had started up, so they are extracting -- starting to extract plutonium from spent fuel. That's probably important if only to

make up some of what they used in the test.

MR. PASCUAL: And how much do we know about what they can do. I don't know enough technically about what the destruction of the cooling tower Yongbyon does. Presumably it makes it harder to cool it and therefore you have to do it slower or else you blow yourself up. But, Dennis, do you have any other insight on this?

MR. WILDER: Well, again, none of us are specialists up here, but my understanding is that you can operate by using water from a nearby river. But, as you said, it would have to be at a slower rate than with a cooling tower. Now, of course, they could rebuild the cooling tower.

MR. BUSH: Right.

MR. WILDER: The cooling tower is basically bricks and mortar, and that is not a technically difficult thing to do. It would take some time if they decide to rebuild the cooling tower.

The other unknown here, and one that I must say has perplexed U.S. policymakers and South Korean policymakers -- Japanese and Chinese for that matter -- is the whole issue of the HEU effort -- highly enriched uranium. We certainly believe the North was very interested in this. Jim Kelly -- I believe that he got an admission from the North that they were engaged in a highly enriched uranium program. But it's been very difficult to gauge how far along they've ever gotten on a HEU program. So, that is still an unknown that's out there, and we just don't

have any idea how close or if they're close to being able to produce highly enriched uranium.

MR. PASCUAL: Okay, very good.

Let's go to the back there, all the way at the back over there.

MR. LeVALLEY: Mike LeValley from TBS.

Question about the Obama administration. There's no question that they came in with a lot on their plate and that they had a lot of things to deal with, and I'm just wondering if you think they miscalculated on North Korea, on the threat that North Korea posed? It seemed to me that they put North Korea at a third- or fourth-tier level agenda item and North Korea was demanding attention. They didn't provide that. And I'm wondering if this is something that they miscalculated on or if you think that this was an inevitable -- sorry -- an inevitable outcome given the internal situation in North Korea.

MR. PASCUAL: Richard?

MR. BUSH: Before the election, I sat in with Jeff Bader on a number of conversations with foreign visitors, and, you know, we talked about the hierarchy of issues that the Obama administration had faced. North Korea was always up there at the top, and so I believe they went into office knowing that this was a possibility, that as North Korea would demand attention, I think they signaled every way they could that U.S. policy was open minded. Something else was going on here. Either they

don't want to talk or this was bound up in the succession and there is the need to test, as was suggested. I don't think there was a miscalculation at all on the part of the administration.

MR. BUSH: Okay.

MR. MITCHELL: Thanks. Gary Mitchell from the Mitchell Report.

This question may sort of be at the other end of the spectrum, but it's one that as I listen to the rhetoric immediately after all of this, I find myself saying here we go again, and I don't just mean North Korea, but it seems to me that we have a history of turning, you know, people who are 4-1/2 feet tall into 12-feet giants, and my question is whether that is a fair assessment of this -- of the -- and I'm really speaking more of our sort of rhetorical we're going to get tough, we're going to really sock it to him when in fact he knows we're not going to really sock to him. It seems to me that if he's proven anything over time, it's that no matter what he does, we don't really get tough, we sort of get tough. And the question, it seems to me, that this whole discussion begs is what is the real worse case scenario with Kim? Is it that he drops one in Seoul? Is it that he sells his nuclear wares elsewhere? Is it -- so, I'm just trying to get at this -- how much of this is real, how much are we sort of repeating ourselves with Saddam. I'll stop there.

MR. PASCUAL: Good, you want to start?

MR. O'HANLON: Sure, I'll start. First of all, I think that United States is taking this situation seriously. I don't think it's taking it in an alarmist fashion. I think the response is reasonably well calibrated. You have to worry about this regime at some level, and they are telling us that we'd better worry even if we don't want to, we wanted to get a third- or fourth-tier threat. They're trying to make sure we don't have that option.

On the other hand, your skepticism, Gary, is correct. Remind us that we're not likely to see this thing get totally out of control. The North Koreans, as Richard and Dennis have been saying are -- you know, they're calculating, and they sort of know what they're doing. I mean, I don't like it much, and I think they may have slightly miscalculated, but there is a logic they are trying to follow within their own macabre or brutal world that they live in. And so even having said that, I still worry they can miscalculate, and for Heaven's sake these are people who sold uranium and hexafluoride to Libya through the A.Q. Khan network. These are people who are helping Syria develop a plutonium reactor. They do some pretty bad things. I didn't really anticipate 10 years ago that they would do those two things, and they did, and so -- especially, frankly, this is a dilemma for American policy to the extent we squeeze them economically they have more of an incentive to try to get that one magic sale through plutonium and get a payoff and keep themselves afloat. If they can get away with it, they may feel that, you know, it's a nice trick for

them. So, I think you have to worry about worse case scenarios, even if they're only 1, 2, 3, 4, 5 percent likely.

I would say, to specifically answer your question, the most worrisome thing is the sale of nuclear material, because if they attack South Korea, their regime will end, and I can't believe they'd really doubt that. So, the only thing they can really plausibly get away with is the sale, and that's why I worry about it most.

MR. BUSH: My sense of the worse case is a collapsing regime where key people put the plutonium in a lead suitcase and take off.

MR. PASCUAL: I mean, the other pieces of this that I think are important to put back into a global context as well are, you know, North Korea is not Iran. It doesn't have oil or gas; it doesn't have the capacity to generate revenue; and, if in the end the international community comes up against this situation where we can't form the consensus to bring together the levers and the pressures to end and reverse a nuclear program in North Korea, then it raises a real question about what is the capacity to in fact actually do this vis-à-vis Iran, and preclude Iran from getting a nuclear weapon. You've sat through many sessions where we've talked about the regional implications of a Iranian nuclear weapon throughout the Middle East and in particular that we know that there is a guaranteed nuclear weapon that will be in Saudi Arabia the next day purchased from Pakistan. We also have a sense of what some

of the change in dynamics may be in the Asian region as a result of a nuclear North Korea, and one doesn't want to necessarily point to things like Japan automatically, revisiting and reconsidering its nuclear posture. But we know that they're going to be debates in Japan, in South Korea, in Taiwan about what their nuclear posture is going to be, and that will be destabilizing amongst themselves and, obviously, with China.

And then we come back to the question of if in fact we start seeing a world where nuclear weapons are being used as tactical weapons in regional theaters, then the risk of the use of those weapons increases astronomically in comparison to what the risk of the use of those weapons was when it was a world of mutually assured destruction between United States and the Soviet Union. And so there are the very immediate things that we've talked about here, but I think we also have to keep in mind that there are a whole series of other effects that are going to come on here and maybe one might say, you know, well, that depends on this issue and an interconnection here, but we've got to realize that the probability among those interconnections is not zero and the risks are so high that we have to take them seriously. And so the issue is how to take this seriously in a way that is responsible, yet at the same time doesn't demonstrate a degree of panic that reduces our capacity to have adequate leverage for manipulating the tools that are in front of us, and I think that balance has to be the centerpiece on how we think about policy

in this situation.

Over here.

SPEAKER: Hi, my name is (inaudible). I'm not really affiliated with anyone. I'm just interested in the topic.

One thing that I see about North Korea is that they have -- it seems more of a fear of their own people learning that we're not evil than of sanctions or of anything else, and I'm wondering why we can't have a policy response to the -- that incorporates that. I mean, even something like flyering them from an airplane -- you know, dropping leaflets about America being their friend. I mean, of course, that wouldn't have any real implication except that this guy is paranoid and he treats his own people in a very strange way, and I mean may even a step up from that -- maybe helping people in these concentration camps or maybe arming people in these concentration camps is a more extreme step. I just think that we could potential do that -- it would scare both them and possible even convince the Chinese that they probably better cooperate with us. I'm just wondering what people think about --

MR. PASCUAL: Dennis, you tried some cultural diplomacy.

MR. WILDER: We did. Well, first of all, one thing you need to know is that the U.S. government does indeed beam information into North Korea. We use Radio Free Asia, Voice of America. We have worked to get transmitters close enough to North Korea so that we can get

information in to North Korea. So, we do engage in that kind of activity. South Korean groups engage in a lot of that activity. You may remember there were some balloon drops into North Korea that upset the North Koreans, because they told the North Korean people about Kim's illness. I think there were also, you know, dollars attached to those balloons so they would be incentivized to get the balloons.

You know, one of the arguments is actually that in whatever new phase of dealing with the North Koreans we have, that part of our engagement should be to expand that cultural side of things. I think it is a part of the diplomacy that needs to be invigorated so that we have more people-to-people contact in North Korea. I often wondered whether we needed to be so concerned about exactly how the food was going into North Korea and verification of that food as opposed to just making sure there were some people going in there and delivering food for the North Koreans. But it's something you have to balance.

But I think you're right, that there's more that can be done in terms of getting information into the North Korean people, and we need to get more creative about it.

MR. BUSH: Back in the room over there.

MR. TON: Hi, I'm Ezekiel Ton from the Center for Defense Information. There’s a newspaper article suggesting there will be a trilateral meeting taking place in Singapore among the U.S., Japan, and

South Korea defense officials. I was just wondering whether any one of you can comment about the significance or the value since it brings the officials away from Northeast Asia to Southeast Asia, and, at the same time do any one of you see a row in ASEAN -- Association of Southeast Asian Nations -- being a (inaudible) would help to solve the crisis? Thank you.

MR. WILDER: The reason the meeting's taking place in Singapore: that's where the Shangri-La event is happening, and so it was an opportunity for the defense ministers to talk. I think the true significance is that the Obama administration is seeking to enhance our coordination among the United States, South Korea, and Japan to ensure that we are all on the same page. The role that ASEAN can play is in using its resources to prevent any kind of proliferation of nuclear material or technology through the region.

MR. PASCUAL: Mike, let me ask you a question, which may seem extreme or totally off the wall, but it's probably the kind of question that's going through many people's heads and inevitably will come up in various scenarios. I mean, in North Korea, we pretty much know where -- we know where the plutonium is being produced. Not that difficult to target. Why not just take it out?

MR. WILDER: Go ahead, Mike.

MR. O'HANLON: It's not unlike you to ask that question.

MR. WILDER: Problem solved.

MR. O'HANLON: It's an excellent question. It's an important question, I agree.

Well, first of all, of course -- and Dennis knows more than I but he can't talk about what he knows -- we don't know --

MR. PASCUAL: (inaudible)

MR. O'HANLON: Of course we almost certainly do not know where the nuclear bombs are located unless we happen to have unusually lucky signals intercept or the North Koreans made sloppy mistakes in giving away from their security procedures exactly where they were holding the bombs, and I doubt that. So, we probably don't where the nuclear materials that have already been reprocessed or perhaps built into bombs are located. But you're referring, I know, to the Yongbyon facilities.

MR. PASCUAL: Right.

MR. O'HANLON: Of course we also don't know where the uranium enrichment might be, if there any such plants now operational.

Bill Carey and Nash Carter, among others, have done some work on this going back to 1994 but also subsequently, and you do spread a little radioactivity when you destroy facilities from the air. But it still a serious option. Now, there was a time before they reprocessed in 2002-2003 period, up until that moment we probably had an easier military option, because (a) the plutonium was all there and if we had hit those

facilities we would have destroyed the plutonium before it was reprocessed; and, secondly, there would not have been as much radioactivity released because there wouldn't have been as many fuel products that had been, at that point, separated out this first around the complex. You still would have had some spread.

At this point, you can prevent them from making more, except for the uranium, which you don't -- you can prevent them from making a bigger arsenal, and the question then is (a) the fallout and how many casualties result from that; and then, (b) more broadly, what their reaction would be. But if they -- if we thought they were -- I'll put it this way. If we thought they were starting to sell nuclear materials, I think the military option would be considered extremely seriously. Otherwise, at this point I'm doubtful.

MR. PASCUAL: Just to try to put this into a context that people can envisage if it were taken out, would it be reasonable to draw a comparison to, say, the explosion of the Chernobyl nuclear rector in 1986? Is that the kind of scale of impact and release of radiation that one could potentially see?

MR. O'HANLON: Well, it's a much smaller reactor. I think 1/200th the size or something like that roughly. Others may remember the size of Chernobyl. But the research reactor is probably 5 kilowatts, which is quite modest in scale -- I'm sorry, 5 -- about 1/1000th size of Chernobyl.

MR. BUSH: Chernobyl is a thousand megawatts.

MR. O'HANLON: Yeah -- and the other issue is how long has the reactor been operational and how much fuel --

MR. BUSH: -- plutonium there on the site.

MR. O'HANLON: Yeah, well, the plutonium is not -- you know, once you hit the site with a bomb, the plutonium is not the main worry; it's the other -- it's the strontium and the other products that are created and then released that really have the harm to human health. But I think that on balance, you know, it's not a bad approximation to say 1/1000th the effect of Chernobyl and maybe a little less and some of it's going to go out to sea.

MR. BUSH: Carlos, I agree with Mike, there's another unknown, and that the location of the weaponization facility, which is a key part of the chain. Balancing -- you need to balance against these unknowns the near certainty that North Korea would probably retaliate by hitting Seoul and I would think it's the absolute certainty that taking this action would totally alienate us from China, and you, yourself, were emphasizing the importance of maintaining the international coalition against military misbehavior.

MR. PASCAUL: And your sense is that there's no plausible scenario that China would be able to go along with some sort of a strike against Yongbyon if there was potentially some serious perception of

North Korea shipping nuclear materials out of the country.

MR. BUSH: I think that they would see that as the wrong solution to a real problem. Indeed, all kinds of inaccurate intentions into it.

MR. PASCUAL: I agree with you, but I think it's useful to put that explicitly on the table.

Over here.

SPEAKER: (Inaudible) with the French Radio (inaudible).

Is there any kind of blackmailing attitude from the North Koreans towards the U.S.? You know the terms. Do they want the U.S. to buy something, offer something, put something on the table on the financial aspect or on the -- for the economy or to -- with just -- with aid for the population. It seems to me that in the (inaudible) they have tried to do that to exchange the slowing of the nuclear activities against some incentives or just, you know, against cash. Is it still something that we can think bout, or is something belonging (inaudible)?

MR. PASCUAL: Do you want to take that.

MR. BUSH: Number one, we don't know in any particular context what the mix of motivations is. Certainly, they have used brinkmanship and provocations in the past to elicit favors from the United States and from South Korea and the previous ROK government. So, it make sense to think that perhaps this is part of the bargaining process. But I also think that other imperatives are at work as well. The need to

test political succession. It's not clear, but it's plausible.

MR. PASCUAL: Mike.

MR. O'HANLON: I would agree with Richard that they may have been thinking that, but if they were they made exactly the wrong calculation in my judgment, and this is where I will briefly bring up again the argument of the book that Mike Mochizuki and I wrote. We basically said we should be trying to encourage North Korea to move in the Vietnam direction. As you know, there have been certain small little increments, small little steps -- the case on industrial facility for example, where we tried to encourage economic reform working with the South Koreans and the Chinese. But any hope that the United States could consider an expedited and enhanced such effort has been dispelled, at least for the foreseeable future, because what American policymaker, what American analyst can even sit up on a podium like this and seriously argue right now that we should be trying to help the North Koreans do more to fix their economy and offering them more in the way of incentives. It just -- it's not the way you respond to this kind of behavior. It can't be either substantively or politically. And so maybe in a year or two we can get back on track and have these kind of conversations. If the North Koreans wanted a sweeter deal, they should have avoided these kinds of provocations; given the Obama administration a chance to think through a North Korea strategy, get some key people like Curt Campbell confirmed,

get them into the team, think through a new strategy instead of preempting that with this kind of a nuclear test.

SPEAKER: But isn't the way we are doing things with the Iranians with promising, you know, some of incentive -- cooperation, economic, and broad trade and things to improve the situation of Iran -- in exchange of the slowing of the nuclear program?

MR. BUSH: Well, I think one of the things that one can never predict is whether good policy will result in a rational response, and that is always a difficulty in operating in these kinds of situations. And obviously with North Korea, they got a pretty good offer, which is a path that could lead to normalization of relations between the United States and North Korea. They were taken off the State Department terrorist list. There was a real prospect of -- well, they had been receiving food aid and other forms of energy assistance, and so it wasn't that the international community wasn't saying we wouldn't engage; we were engaging. And there was a path that was laid out, and that is in fact what makes it so difficult and gets us back to the difficult situation that Richard in particular was laying out, because if you want to, from sort of a rationalist perspective, construct a policy and say here's a better world that you can move toward. We are asking that you exhibit transparency and accountability in your behavior in order to get there, that you take the actions that you said you that were going to take toward the

dismantlement of your nuclear program, and if you do these things that we can then move towards some form of normalized diplomatic and economic relationship. That has been put on the table. And the interesting thing is that no one has gone out, as far as I'm aware, and said that that's now irrelevant. No one's come out and obviously said and here's the deal. Nobody's going to start pointing to that right now. But that's still left there in the background. And that is one of the things that make it such a hard situation to deal with, and the contrast with the Iranian situation is that we're still just moving towards the point of whether or not a package can be put together for Iran that can offer the prospect of normalization and political and economic relations with other parts of the world with the region. It is a very different situation. Iran is a very different kind of economy, a different scale of economy, and a very different kind of political system. I mean, the irony is that Iran probably has one of the most representative forms of a political system in the entire Middle East. And so one of the big pressures even internally within Iran is the voice of their people and their own satisfaction with their leaders because of the lack of economic performance they face as a result of this mishandling of their energy resources.

MR. O'HANLON: Carlos, to add one tiny ray of hope, there's always the possibility that once the North Korean regime has secured the succession, feels confident enough with its internal position, that it will

come back --

MR. PASCUAL: Yeah.

MR. O'HANLON: -- and look at these offers. I'm not saying they will, but if we believe that the succession issues are driving a lot of misbehavior at this moment, once Kim thinks he has his younger son in position, he may then be willing to deal with the outside world again.

MR. PASCUAL: Right next --

SPEAKER: (Inaudible) from (inaudible). I have two questions on six-party talks. Number one, can we say (inaudible) nuclear tests that conducted by North Korea were a means to test the six-party process? Number two is there are things -- the Obama administration should seek bilateral talks with North Korea inside or outside the six-party talks framework. Thank you.

MR. PASCUAL: Do you want to -- since you're --

MR. WILDER: Well, I am a huge advocate of the multilateral approach. I think if we did one thing right on North Korea in the last few years, it was to give China responsibility for its part of this problem. It was to give the rest of East Asia a role in this problem. This is a Northeast Asian problem. This is not a bilateral problem. And therefore whatever form and shape multilateralism takes in the future -- whether it's the six-party or something new, if we get back to talk, I think that's critical. Within that context, of course you have bilateral discussion. We in the Bush

administration had bilateral discussions with the North Koreans in the context of the six-party negotiation. There's no reason why the Obama administration can't follow something similar to that.

MR. PASCUAL: Let me take --

MR. BUSH: North Korea's nuclear test does not destroy the six-party talks, and the United States has made that clear. It does seriously weaken confidence among the other parties in North Korea's commitment to the basic goal of the six-party talk, and that is the denuclearized Korean peninsula. There are ways that North Korea can restore our confidence. Secretary Clinton has identified coming back to the six-party talks and reaffirming the commitments already made under that that process, but the problem now is confidence in North Korea's willingness to denuclearize.

MR. PASCUAL: Okay, we'll take one final question over here on this side.

SPEAKER: (Inaudible). My question -- I know my question sounds very unrealistic for you, but even just as a hypothesis, I'd like to ask whether you think that Japan's nuclear armament -- I mean, the actual moving to develop nuclear weapon -- can be the driving force or leverage for China to use its (inaudible) power on North Korean seriously. I mean, will China try to stop further testing and development for North Korea (inaudible) seriously or not?

MR. PASCUAL: Mike or Richard?

MR. BUSH: Well, I think that China's concern about Japan going nuclear has been one of the factors that led it, as Dennis suggested, to play a significant role in this whole process, but it's only one factor, and China needs to balance that factor against its view of U.S. seriousness, its desire for stability on its border, and so on.

MR. PASCUAL: Okay. I think one of the things that we've been able to see through this discussion is the complexity of how all of these issues intertwine with one another from a security perspective, a diplomatic perspective, there are technical issues, there are economic issues that come into play. As has been pointed out, it is very much an East Asian regional issue, but it's an East Asian regional issue that is going to have serious consequences for the rest of the world as well, and so it has to be managed and dealt with in that kind of context.

I think one of the things that is particularly important that was clarified in the discussion on a technical basis was the nature of the threat, and we should not underestimate how much our friends in the region, particularly in Japan and South Korea, feel these developments threaten them. Yet, at the same time it's important to recognize that what we have not seen is the capacity to -- for North Korea to develop an easily deliverable weapon and nor does it have the missile capacity for delivering that kind of nuclear weapon at this point in time, and so it puts an

emphasis on other kinds of issues, such as stopping the proliferation threat and being able to do whatever is necessary to keep North Korea from being able to produce more plutonium to be able to produce more nuclear devices, and so it helps focus the direction, the immediate direction, of policy without losing sight of some of those other issues as well.

This is not an issue that's going to be resolved immediately, and I think that Richard's perspective that we started out with of what is driving North Korea and the complexity of understanding that and putting it into a succession context is useful to do, not from a perspective that you just simply become complacent and say ah, there's nothing that can be done, but rather from the perspective that this is not a short (inaudible), that this is something that you have to recognize is going to play itself out over a period of time, and as it's playing itself in a period of time how do you preclude the situation from getting worse. That's part of what the strategy has to encompass.

I think this has been extraordinarily helpful for putting some of these ideas out on the table. We're going to continue discussing and working on these issues here at Brookings. We'll look forward to further discussions with you in the future.

I want to say thank you to a number of people, and particularly Lizzy Brooks who is from the China Center and was key in

bringing together this event, to Gail Chalef from the Communications -- the Director of Communications for the Foreign Policy Program for her work in getting out the information about the event, and thank you very much. And I want to turn it over to Richard, who has an announcement about another event.

MR. BUSH: On behalf of my colleagues at the China Center, I wanted to tell you about an event that will occur tomorrow afternoon at 2:00 -- 2 to 4. It's a discussion of China's economic stimulus package and what it means and whether it will work. So we invite you to attend that one as well.

Thank you all for your participation.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

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