THE BROOKINGS INSTITUTION

CENTER FOR NORTHEAST ASIAN POLICY STUDIES

AFTER KIM JONG-IL:

CAN WE HOPE FOR BETTER HUMAN RIGHTS PROTECTION IN NORTH KOREA?

A presentation by

Kim Kwangjin
Visiting Fellow, Committee for Human Rights in North Korea

The Brookings Institution
Washington, DC
October 27, 2009

[Proceedings prepared from audio recording]

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

PARTICIPANTS:

Introduction and Moderator:

RICHARD BUSH
Director and Senior Fellow, Center for Northeast Asian Policy Studies (CNAPS)
The Brookings Institution

Keynote Speaker:

KIM KWANGJIN
Visiting Fellow
Committee for Human Rights in North Korea

Panelists:

CHUCK DOWNS
Executive Director
Committee for Human Rights in North Korea

BRUCE KLINGNER
Senior Research Fellow, Asian Studies Center
The Heritage Foundation

ROBERTA COHEN
Nonresident Senior Fellow, Foreign Policy Program
The Brookings Institution

* * * * * *

P R O C E E D I N G S

RICHARD BUSH: Ladies and gentlemen, my name is Richard Bush. I'm the director of the Center for Northeast Asian Policy Studies. It's my great pleasure to welcome you here today for what we regard as a special program. We're very privileged to have Mr. Kim Kwangjin, who is a visiting fellow at the Committee on Human Rights in North Korea, speak to us today on the topic of whether we can hope for better human rights protection after Kim Jong-il. I for one certainly hope so. We are grateful to our friends at the Committee on Human Rights in North Korea, whose Executive Director is Chuck Downs for bringing this event our way. Thank you very much, Chuck. And after Mr. Kim speaks, there will be comments by my colleague Roberta Cohen and Bruce Klingner at the Heritage Foundation. A couple of housekeeping things: as you know, this event is on the record, but photographs are not allowed for security reasons and thank you very much for your cooperation. Without further ado, I'd like to invite Chuck Downs to make the introduction. Chuck?

CHUCK DOWNS: Thank you, Richard. And thank you to the Brookings Institution, which I understand is the second oldest think tank in this think tank-laden city. It's a great honor to be here and it's wonderful that they have given Mr. Kim Kwangjin, the first North Korean scholar who speaks English and who could come to Washington and speak his mind about North Korea, an opportunity to present his views. At this same time he is presenting the first product that he has written in English. You had an opportunity to see it on the front desk and I'll give you a quick summary of the history of that document.

One of our distinguished board members—we have two co-chairs—one is former Congressman Stephen Solarz and the other is former National Security Advisor Richard V. Allen. Dick Allen has always had a great deal of interest in bringing Mr. Kim to Washington, and when Mr. Kim arrived, Mr. Allen said, given the situation regarding the transition in North Korea, why don't we ask Mr. Kim to put down his thoughts about what may happen in transition. And so you are now seeing the release of Mr. Kim's paper on transition. It is not all pessimistic.

I'm glad to see that Jerrold Post is here from George Washington University, one of the most renowned experts on leadership and an analyst of North Korea's leadership, and I hope that he'll enjoy seeing the back of Mr. Kim's paper where he talks about the different leaders and how they can compete and how they can play their roles.

On Mr. Kim's personal history, let me point out that he graduated from Kim Il-sung University after having majored in English literature in 1989. He taught English at the Pyongyang Computer College for about six years, then had an opportunity that is a highly sought after opportunity for those in the elite circles of North Korea—to work for what is called the "Korean National Insurance Corporation." It is a way out of Pyongyang, a way to make it in the international scene and he took that path out to Singapore in 2002. There he worked at KNIC's bank, which is called

North East Asia Bank. He defected about a year later to Seoul and spent about six years working very quietly under the government of Roh Moo-hyun in South Korea at the Institute for National Security Studies. In about 2007, a court case began in London in which North Korea was trying to obtain some $100 million in a payment of a claim for damages from a helicopter crash. Mr. Kim, who had served at the Korean National Insurance Corporation, was willing to testify in that proceeding. The situation was settled out of court, but that gave us an opportunity to ask Mr. Kim to come to Washington to work with us to talk about the relationship, the nexus between the regime's financing and human rights questions. And so with that background, let me ask Mr. Kim to present his paper here today and thank you all for coming. Thank you very much.

KIM KWANGJIN: Thank you, Richard. Thank you, Chuck. Thank you all for coming. I shouldn't miss this opportunity to thank a lot of people. I would like to thank first our Executive Director, Mr. Chuck Downs, for giving me the opportunity to come to Washington to work with them, study, and to have this wonderful presentation today. I should thank also the co-chairman, Mr. Dick Allen and Mr. Steve Solarz and our Vice Chair, Suzanne Scholte, and Mrs. Roberta Cohen, Director, for making it possible for me to come here and to work with them.

The first meeting since I came to Washington was with Mr. James Lilley, the former ambassador, and that meeting was a shock to myself because he is suffering very badly. He spent more than two hours talking with me on the North Korean situation, the human right situation there. So it was really amazing for me to see that and his involvement, his dedication.

A few days ago, Steve Solarz, our Chairman and former Congressman, came to our office and spent more than an hour to discuss the new strategy to improve the human rights in North Korea, how to push ahead with that issue. So he is suffering also a very serious illness and I should have thanked all of them for their dedication, for their sacrifice and their tireless efforts to improve the North Korean human rights issue. And I should thank the U.S. Congress for the North Korean Human Rights Act, the U.S. government, and many other people and organizations for doing all of the good jobs to help the deprived people of North Korea.

Today's topic is about the post- Kim Jong-il era. Can we expect the human rights situation to improve after Kim disappears from the scene? The answer is yes. It's because there will be a change of the regime. There will be a change in their policy and there will be a change in the human rights situation.

North Korea is currently in the process of a power transition. We have heard reports and rumors that Kim Jong-il named his youngest son as the next heir. However, recently there was a report that this was not the case, thanks to his health recovery. As we all know and can see, the present regime is ruling North Korea in the name of his father. Through the deification and behind the scene, he is ruling North Korea, and that succession was possible and was accepted as the only option for

the North Korean power transition. But this time, another hereditary succession will not work well. There are a lot of reasons for this. They are not ready. They are too young and do not have experience nor accomplishments. They do not have that strong powerbase and the economic environment is not the same as the previous one. So right now, we are seeing the attempt of another hereditary succession in North Korea, but I don't think it will work well. Right now, we can see a temporary transitional power succession either through a regent or transitional collective management. I put it in management terms because it is transitional and temporary for the next hereditary succession, if we can expect that scenario.

The present North Korean system does not allow for any formation of governmental power blocks. However, with a “royal” family background and high-level position at the Administrative Department (formerly in OGD), Chang Song-taek has developed a strong reputation and is a trusted power in the Kim Jong-Il regime. As such, Chang occupies the strongest possibility to be a “regent” for the transitional government towards a hereditary succession. Chang could be expected to begin in a capacity with less power than Kim Jong-Il until a hereditary successor would be deemed fit to serve.

The transitional collective management in the case of this scenario -- no one person would maintain the central power during a transitional government. In the event that Kim Jong-il would not support Chang Song-taek as the leader of transitional government, or if Chang were reluctant to do, a collective management would arise. Likewise, in the case that a hereditary successor was named, this option could be chosen to divert support away from Chang Song-taek, who with experience and reputation, poses a possible threat to an incoming hereditary regime. While the opposite could be true, Chang could recognize the weakness of the hereditary heir and use it to rest control of the state from the Kim family.

Another possibility is permanent non-hereditary succession. In this case also, leadership by one individual or collective leadership could be expected.

And what are the implications of this power succession? Fragile, worsening health, long drawn-out economic collapse, and growing political instability in North Korea indicate that the Kim Jong-il regime is drawing to an end.

The question of power succession is not when it will happen, but how it will occur and progress. The success or failure of succession will define the future of North Korea. Given the current system’s total reliance on the rule of one man, it is more than likely that the next regime will not be able to adhere to the policies of Kim Jong-il. Even Kim Jong-il found it necessary to change key policies of his father. A successful succession may be conditional on the revision or denial of Kim Jong-il's policy marking a new era of non-Kim governance that could ultimately lead to increased reform, the opening of North Korea and the dissolution of socialism. So, regardless of who succeeds next, the next regime will be not as strong as it is and it was. With this loosening of the regime, we can expect broadened

openness and reform in North Korea and more individualism, more market activities, including improvement on human rights.

Despite the optimism of some observers that the protection of human rights might naturally increase in North Korea in a post-Kim Jong-Il regime, the threat of a military coup or clique forming out of the succeeding regime is also a clear concern. At present, the possibility of formation of such cliques in the current Kim regime is very low. High ranking military officials above the level of regiment commanders, as well as political leaders, are under constant, strict surveillance and supervision. In this system, close ties among superiors, subordinates and peers do not extend past official matters.

Although traditionally such cliques would occur through educational background, family connections or ambition, these have heretofore been forbidden. It is possible that such cliques will form after Kim Jong-il's death, driven by opposition to Kim's former rule, ideology or possibly patriotism. This could bring only positive change to North Korea's policies.

We may find through recent developments that there are changes already occurring in North Korea; we can see the formation of power blocks. The change of the importance of the NDC and the inclusion in the NDC Chang Song-taek and his men indicates that it began to function as an emergency control body exceeding the power of providing the military guidance only and military guidance as it was in the past.

We can see also other signs of collective guidance and decision making. The proactive measure toward decentralization in Kim Jong-il's reigning power and a shift towards collective guidance and counsel marks a significant change in the style of governance in North Korea. We are also seeing the reshuffling of military control towards the Central Command. Until now, the power over the military was divided into three—political, the forces command, and administration. Now they put them all together into the Central Command as it was in the period of the Minister O Jin-woo.

We can also see the change in the Reconnaissance Bureau. They affiliated two Party espionage agencies under the Military Reconnaissance Bureau and made it into a general bureau. It was brought under the control of the new Vice Chairman of the NDC, O Kuk-ryol. So we are seeing all these changes already in North Korea—the change for the power transition and the preparation for the possible disappearance of the present ruler, Kim Jong-il.

Recommendations. Despite the various challenges that must be faced in addressing the succession and the future of North Korea, one requirement has become clear. We must shift American policy away from singular attention to the issue of nuclear programs to a multi-faceted approach in dealing with North Korea. Emphasis must be placed on two important outcomes: (1) promoting international involvement and (2) preparing the foundation for the new policies of a post-Kim Jong-il North Korea.

Emphasis must be placed on two important outcomes. The first one is promoting international involvement. Second, preparing the foundation for the new policies of a post-Kim Jong-il North Korea. The North Korean problem lies within the regime itself. It is specifically Kim Jong-il himself. Without an end to the current regime, we cannot hope to find a final solution to all the fundamental problems in North Korea and with this regime coming to an inevitable end—the emerging North Korean government must develop internally a plan for sustainable control and management of national governments.

Due to the lack of technology, resources, as well as economic difficulties, there is the danger that they might fail, so external efforts to demand concessions from weakened leaders in North Korea under such circumstances would likely prove counterproductive. The international cooperation will build on the existing strong military alliance between the United States and South Korea, and continued close cooperation with Japan and the concerted efforts of China and Russia.

What is needed above all is firm determination and preparation from the international community. Second, preparation for post-Kim policies. It is not too late for the international community to undertake substantive discussions regarding preparation for a post-Kim Jong-il era for North Korea. And preparation of a sustainable nationwide system of new management and the adoption of new post-Kim Jong-il policies must be based on the fundamental understanding of human rights in North Korea.

The continual lack of concern for basic human rights in North Korea has caused the overall degeneration of the North Korean state and resulted in the adoption of a state policy which does not meet the basic needs of the citizens. Kim Jong-il allowed for the misallocation of resources away from nation-promoting initiatives to nation crippling nuclear weapons, military spending and an elite centered economy. I am now writing a new report—rather long—on the financial system in North Korea under the title of “Kim Jong-il's dollar: where it comes from and where it goes,” and it will tell in detail how the North Korean economy is structured as an elite-centered economy.

The right of the people to benefit under a new system is understood by all external parties, even by those that are not true democracies, but it is not understood within North Korea itself. Regardless of who takes power in North Korea after Kim Jong-il, international influence will prove to be a necessary precondition for the very survival of North Korea's people. Through an international resolution by nation states and by international organizations, such as the United Nations, the global community must address the future of North Korea not merely as one of military engagement and political conflict, but as one of global importance for the continued prosperity of the global community. Only through such resolve can you hope to rise above the current situation and avoid the imminent dangers of the sale of emergency, which is North Korea now. Thank you for your attention.

DR. BUSH: I'd now like to invite Bruce Klingner to offer a few remarks. You can do it from your chair or from up at the podium, whichever you prefer.

BRUCE KLINGNER: I'll just say one of the disadvantages of the coffee table format is that as I got dressed in the dark this morning, I was afraid I may not have picked matching socks. So maybe I'll hide back here.

Now I'd like to thank, though, both the Committee on Human Rights in North Korea and the Brookings Institution for the opportunity to participate. Roberta and I are going to sort of divide the comments. I'm going to focus more on the succession issue and Roberta is going to focus more on the human rights aspect.

Given Kim Jong-il's sudden stroke last year, which just as easily could have been fatal, it precipitated fears in Washington as well as in North Korea's neighbors of the potential ramifications of a North Korean leadership succession or a transition. Now even though Kim Jong-il has subsequently recovered to some degree, it's perhaps negated some of that earlier sense of urgency and maybe even has led to a sense of complacency. But his clearly continuingly declining health condition underscores the need to thoroughly prepare for the inevitable leadership change in North Korea.

Now Mr. Kim has provided a very useful analysis of North Korea's ongoing succession and the uncertainties associated with it. As he emphasized, even in a totalitarian North Korea, these succession steps are fraught with difficulty and must be managed with great care while Kim Jong-il is alive and there is no certainty that he can accomplish these steps within the time he has left. Mr. Kim points out some of the various scenarios that may unfold: a temporary transition power outside the hereditary line of Kim Il-sung and Kim Jong-il—a regent as it were; a transitional collective management; or even a permanent nonhereditary succession. And as he points out some of the underlying threads through this is the very prevalent name of Chang Song-taek through -- in any of these scenarios and the very important role he'll play and also the growing importance of the National Defense Commission in that it will facilitate a transfer of power and likely that's the reason why it was given additional responsibilities recently.

The collective leadership may arise as the succeeding regime to Kim Jong-il and, as Mr. Kim points out, it's likely to be fragile. With no central leader, a collective government could produce fierce power struggles among competing leaders or would-be leaders. I would just add that it's this likely fragility is what causes concern amongst Korea watchers since having a plan does not necessarily guarantee success and that the circumstances of the succession transition will be critical, particularly whether it's a sudden event—Kim's sudden death or incapacitation—or whether it'll be a lengthy process. Although there are many permutations, the scenarios usually coalesce around three main theories: the good, the bad, and the ugly.

One is the successful transfer of power and successful being a relative term since successful would maintain this brutal regime in North Korea. The second is a disputed succession and the third being a failed succession or perhaps even a regime collapse. Now in a disputed succession, Kim Jong-un lacks the decades of grooming and preparation in an independent power base that his father had before his ascension to power and that in a failed succession over time -- even an initially successful succession could deteriorate into a power struggle after Kim Jong-il dies. And, of course, if you have a degeneration into competing rivals, the low probability but high impact scenario would be a power vacuum or a civil war amongst warring factions or even internal and unrest sufficiently strong that it would impel either China and/or South Korea to feel they had to go into North Korea to moderate the situation.

Now, Mr. Kim also addresses the very important implications of the power succession. As he pointed out, given the current system's total reliance of rule on one man, it is more than likely the next regime will not be able to adhere to the policies of Kim Jong-il and that the next regime will be unable to maintain the same policy marking a new era of non-Kim governance that could ultimately lead to increased reform, the opening of North Korea, and the dissolution of socialism. And finally, it would be this loosening of the current system and the resulting deviations which would allow for the rise of market activities and individualism, and likely improve overall human rights.

Actually, on this point, I would take exception and argue instead that, at least in my view, I think it's more likely we would have even a new -- even with a new leader, we're more likely to have a continuation of the old policies and that whoever the leader is—whether it's Kim Jong-un or Chang Song-taek or someone else—they would inherently have less of a power base than Kim Jong-il and therefore would be more reliant on support from the senior party and military leaders who are overwhelmingly nationalist, resistant to change and fearful that a loosening of control might lead to regime instability and that this new leader would also base their legitimacy on maintaining the legacy of Kim Il-sung and Kim Jong-il by continuing their nationalist, military-based policies and that perhaps the new leader may even feel impelled to pursue an even more hard lined policy than Kim Jong-il because the new leader would have to attempt to reassure the other members of the senior leadership that his policies did not pose a risk to regime stability and by extension to the other members of the leadership's livelihoods or even lives.

To secure this hold on power, the new leader may even instigate a crisis to generate a rally around the flag effect. And if that's the case and the prevalent propaganda themes we would see highlighted would be the need for increased vigilance against potential attempts by outside powers to take advantage of North Korea during this very weak time of transition and that we may even see calls for heightening the country's defenses against the U.S. and South Korea and increasing, rather than abandoning Pyongyang's nuclear weapons. They might also argue that during such a tumultuous time, the government would argue that it negates the potential for

implementing any economic or political reform because that would risk regime instability.

So as such there would be, unfortunately I think, little hope for an improvement in the condition of human rights of the people of North Korea. Now on recommendations, Mr. Kim, I think quite adeptly, identifies the need to promote international involvement as well as preparing the foundation for new policies of a post-Kim Jong-il North Korea. Now he mentions that the North Korean problem lies with the regime—specifically Kim Jong-il himself—although I might argue that the problem will outlive Kim Jong-il since there's little evidence of a reformer faction that advocates bold economic reform, opening the country to outside influence and reducing the regime's bellicose rhetoric and brinksmanship tactics or abandoning its nuclear weapons programs. Even the statements of the Ministry of Foreign Affairs reflect a strong policy towards the outside world although North Korea has long perpetuated the image of factional in-fighting between engagers and hardliners as a negotiating tool to elicit additional benefits. Now in preparing for post-Kim policies, our Mr. Kim underscores the need for contingency planning. And as he points out, there aren't all negatives in a succession.

There is the opportunity for bringing change to North Korea that must not be missed and that international cooperation and oversight must therefore be planned well in advance to deal with the inevitable reduction of state control in North Korea. And as he points out, a consensus amongst concerned nations—with the absolute support of China, the U.S. and South Korea—must be obtained in order to bring about the desired change in the post-Kim Jong-il North Korea.

The problem is that China has been reluctant to discuss contingency plans because perhaps it prefers the status quo to the potentially less desirable alternatives and that Beijing is even concerned that an open discussion of contingency planning would undermine the authority of the current North Korean leadership and possibly spark a crisis of confidence perhaps resulting in the regime change in crisis that they are actively seeking to avoid. So China remains the big unknown and the Chinese dragon casts a long shadow over the Korean peninsula. It can facilitate or it can impede U.S. and South Korean national objectives. Its decisions will be influenced by unfolding events and the perception of North Korean instability when the actions are perceived actions of other countries and the impact on Chinese stability and national interests.

There's even an ongoing internal Chinese debate over what Beijing's policy towards North Korea should be and that one of the most feared scenarios is that would they send in troops to secure Chinese objectives and that was sort of raised with the controversy over the Koguryo Kingdom of several years ago—whether that is more of a defensive strategy so that in a Korean unification, China can argue that since Koguryo was a Chinese kingdom, that therefore a unified Korea would stop at the Yalu, or whether is it more of an offensive strategy in that if it is a Chinese kingdom, then they could argue that they could absorb the northern half of the peninsula as a

buffer against South Korea. Who knows? Now, unfortunately, with the succession, we're left with more questions than answers and some of them are does a succession mean a regime collapse or even a collapse of North Korea? How much influence will outside nations have in determining or even influencing North Korea as it goes through and emerges from a succession? And as nations focus predominantly on what is happening in the North Korean state, an underlying concern will be what is happening to the North Korean people and how severe would a deterioration in the North Korean human rights or the condition of the populous have to be for the outside world to intervene?

I would argue that an overall guiding principle should be that South Korea should take the lead in a succession issue or a collapse or unification scenario. But the Republic of Korea cannot do it alone. They'll require logistical support from other nations, from the international community and from non-government entities. And that it's also going to require an international validation of political changes to a current or former sovereign state. So as such, it's important to have U.N. involvement early on and the downside though is that such an approach provides China and Russia with a very large role including veto decisions, so international involvement can be either a help or a hindrance.

In conclusion, the unfolding succession scenario that when it occurs will largely drive the reactions of North Korea's neighbors as well as the United States, but carefully prepared contingency plans can reduce the confusion and publicly articulated vision and objectives of the various countries will reduce perceptions and miscalculations. That said, the North Korean succession will likely be complicated, confusing, unpredictable and possibly even dangerous. Thank you very much.

DR. BUSH: Thank you very much, Bruce, particularly for that optimistic prognosis at the end. We now turn to Roberta Cohen.

ROBERTA COHEN: Good afternoon. First, I'd like to express my admiration for Mr. Kim for devoting his time and his energies to press for political, economic and social change in North Korea. It took courage and conviction to have made the break and to reorient his and his family's life now in this country.

My comments will focus on the human rights aspect of Mr. Kim's report. The departure of Kim Jong-il, the report says, could well lead to substantial reform, the opening up of North Korea and the dissolution of socialism and there's a lot to speak to that view. There's reported dissatisfaction inside the country with failed economic policies and market restrictions, a greater desire on the part of the elite and others for access to the internet, DVDs, travel cars and a middle class life more like that in South Korea.

It's also the case as the report points out that any successor or successors may not have the same authority as Kim Jong-il and therefore may have to become more accountable to the population especially for its material needs. And right now, we

know that food shortages are very serious. The state food distribution system has broken down and 8.7 million North Koreans, or one third of the country are in need of food assistance, yet the government is cracking down on survival strategies like free markets, jailing people for involvement in independent, economic activities and restricting international aid agencies.

So, there may well have to be a greater accountability, but we also have to consider some of the caveats to far reaching human rights reforms. I'd like to mention three. First, the person in the report described as possibly most likely to become regent or even successor—Chang Song-taek—is Kim Jong-il's brother-in-law and who, among other responsibilities, is in charge of state security. Under his overall supervision is the political penal labor camp system in which some 150,000 to 200,000 political prisoners are reportedly being held and brutally treated—starvation, rations, grueling forced labor, beatings, torture, executions, sexual abuse. Need I even mention that entire families, including children and grandchildren, are locked up with those considered hostile or opposed in some way to the regime?

There are also many other kinds of prisons—reeducation centers, labor training centers, collection centers—where additional prisoners are held for lower level political crimes, economic crimes and for leaving the country, which in also many instances is a crime. So when it comes to civil and political freedoms, Chang Song-taek would have to make quite a turnaround. At this point in time, he doesn't sound like the new Gorbachev. Second, when we speak of reform in North Korea, we're probably talking about the lifting of restrictions on markets, allowing kitchen gardens and other means of survival, greater access for international food and development agencies—that is, economic freedoms. When it comes to political freedoms, the road to change is not so clear. To what extent will the privileged class be prepared to share political power with larger segments of the population? To what extent will it be willing to replace the military first policy with a people first policy? Will increased attention to the deteriorating food situation and the declining health system necessarily lead to political freedoms—the rule of law, freedom of expression, freedom of movement, freedom of religion, the dismantlement of the political penal labor camps, the right to political participation? That great leap forward is far less clear.

There have been reports of women protesting market regulations in North Korea, but few, if any, reports of protests against the regime and in support of greater political freedoms. Third, in any discussion of future human rights reform, it will be important to take the role of China into account. As we know, China has more influence over North Korea than any other country. Does anyone really expect the People's Republic of China to promote civil and political liberties in North Korea? One could expect it to encourage economic and social reforms comparable to those in China, but any transition to genuine democracy and human rights in North Korea and reunification with South Korea will run up against static as long as China is ruled by the Communist party.

Finally, Mr. Kim's report asserts that the Kim Jong-il regime is already coming to an end and that U.S. policy should broaden its approach toward North Korea beyond nuclear issues. I couldn't agree with him more. Greater attention needs to be paid to a transition and how to promote one. For too long, attention has avoided focusing on the nature of the regime as if it were some kind of distraction. The creation of a multilateral organization for peace and security in Northeast Asia would be one way of discussing change in North Korea. Some have called this idea the Helsinki Framework and, in fact, one of its most ardent proponents and experts is in the audience—Ambassador James Goodby—but the Helsinki Framework would have to be adapted to Asia and become a Northeast Asian framework in which a broad range of security, economic, energy, humanitarian and human rights concerns could be aired. Specifically in the human rights area, increasing amounts of information have been coming out about conditions in the north now that there are more than 16,000 defectors from the north in South Korea. But serious work needs to be done to plan for human rights reform in North Korea—the priorities, the constraints, how best to gain access and how to achieve constructive change. Thank you.

DR. BUSH: Thank you very much. Thank you very much, Mr. Kim, Bruce, Roberta and now it's your turn. We're going to throw open the session to discussion, questions and answers. Let me ask that as you ask your question you identify yourself so Mr. Kim knows who you are and your affiliation. Who would like to ask the first question? Richard Shin?

QUESTION: Hi. Richard Shin, with Economists Incorporated. I'm an economist, so when it comes to question of succession and human rights, I think it's inevitable that economic issues will come up. The question of succession, for example, I think, whoever will eventually control cash and the monetary system will have much advantage in gaining succession and I was wondering who currently controls these to the extent that North Korea has any of these functioning systems? And based on that, whether you would change your assessment of who the likely successor will be? And in terms of going to Bruce's comment about the likely scenario where the succession takes place and it will become even more restrictive regime, the question that comes up is eventually North Korea will run out of money to maintain this kind of system and continuously going on repressing its people, so at some point, you know, the country has to open up and the question is can a new leader continue this kind of process? And I think I would agree more with Mr. Kim on that point.

MR. KIM: I wrote an MA thesis on the financial system in North Korea and in that I distinguished the North Korean economy into two parts. One is the people's economy run by the Cabinet, the other one is Kim Jong-il's Royal Court economy, which is run under a completely different rule and planning. It is separated from the national planning. Socialism is for the central planning economic system.

But they developed another economic sector which is independent from the central planning, the government control and the rule there. So, all the money, the hard cash, is earned through this Royal Court economic sector and it is controlled by

Kim Jong-il himself through the party departments like Office Number 39, 38 and last time the OGD—the Organization and Guidance Department—the administrative section headed by Chang Song-taek, the brother-in-law, and the KNIC, which is under that. It was making several tens of million dollars through the international reinsurance scams and on every birthday—Kim Jong-il's birthday—we presented $20 million cash as a birthday gift.

So through all these operations and different economic sectors, Kim Jong-il is making or raising the hard cash needed for his ruling, the presents for his loyalists. So it is controlled in this way and for the next succession I think there might be the possibility that the next successor will try also to control this money, this funding line.

The second is the possibility of a better policy or better change in the next regime. It lies in that the next regime cannot be as strong as it is and it was, which means that the next ruler cannot be another ”living God.” The first ruler, Kim Il-sung was deified and he's now ruling North Korea as an Eternal President. They put him in their constitution as an Eternal President and he's like the Lord in North Korea. And the second, the present ruler, Kim Jong-il, is ruling North Korea in his father’s name, and his succession was quite successful at the time. And the situation that time was quite different. But now, it is completely different from the succession last time.

His three sons are too young to rule the country. Nothing is prepared for that. So, we can expect that the next successor, as a leader, cannot rule as his predecessor, which means that he needs the support from the power base. He needs support of the people also, which means he needs a better policy and better direction. So that gives us the possibility that with the next regime, we can expect a better change and improvement in their politics and the human rights situation there.

DR. BUSH: Bruce Klingner had a comment.

MR. KLINGNER: On your statement, there are two premises. North Korea will run out of money and that that will cause it to open up. On the running out of money, that would require a continued international consensus to press the sanctions against it as well as resume enforcing international law against its illegal activities, which have largely been in abeyance since the Banco Delta Asia issue. That's not a given. It will require a lot of effort not only in the U.S., but other diplomats to maintain a continued enforcement of those laws, or of those sanctions. And also the current U.N. resolution sanctions are targeted sanctions. They're not general sanctions. So they're only against the nuclear and missile programs. For example, all of the recent Chinese promises of aid during the recent delegations visits are not a violation of the resolution, but they do provide an offsetting source of revenue for whatever North Korea may have lost in proliferation or other acts. And, in fact, to me that's what the effort is trying to do is wean them away from illegal activities to legal and proper economic activity. Also, what we've seen over the years is that when conditions get bad especially China or South Korea in the past would provide compensating revenue. The same with food

aid—when things were bad, that's when increased food aid occurred and it prevented the very crisis that people had been warning about.

On the opening up, we've seen even during the time of the famine in the '90s that even though it opened up to receive international aid, there was a resistance to implementing Chinese economic reform despite repeated entreaties by Beijing and that even during Kim Jong-il's visit to Shanghai, when it was reported that he now sort of blessed Chinese economic reform, the second half of the sentence which wasn't as widely disseminated was, “however, it won't work in North Korea because of our unique characteristics." And we've also seen the enclave capitalism and that usually -- they implement reform when conditions are bad and when conditions get better, they pull back from economic reform and reimpose strict economic controls. And also, even with humanitarian aid, they've resisted international monitors with World Food Programme standards of monitoring. So I think I might disagree with both halves of the statement. Thank you.

DR. BUSH: Alexandre Mansourov, former CNAPS Fellow. The mic is right there.

QUESTION: Thank you very much for your excellent presentation. You are a former insurance executive, so here's my question. In this country, to get your insurance claim reimbursed, first you have to buy insurance and pay a premium. So I wonder whether North Korea pays a premium to the insurance companies? Could you give us an estimate how much North Korea pays annually to the insurance companies? Whether it's done in one lump sum on behalf of the whole country by the Korean National Insurance Corporation or whether it's these individual enterprises that contract foreign insurances? So what's the process, the mechanics there? And then we'll compare, you know, the claims with the premium and see, you know, where the money actually goes, which way. Thank you.

MR. KIM: They are paying the premium and what I heard is that they are paying two or three times more than the normal free market companies, because the risk is very high. The volume they control each year is around $50 to $60 million, which means that out of that income, they should have to give cash $20 million every year to Kim Jong-il. So, you know, $30 to $40 million - they control that and they use that, you know, to pay the premium and for the more distribution of the risk. And they are having all the representative offices in the important insurance markets in London, in France, in Switzerland, in Austria, in Germany, and in Singapore. Last time they had offices in Mexico and in Peru. So, they tried to move from place to place, you know, to avoid the risk of the reinsurers.

They will keep an eye on the risk for them to pay. So they move and then through all these representative offices, they try to distribute the risk—not directly with the reinsurers, but through many brokers. So I think it is possible for them to do that.

DR. BUSH: Back there.

QUESTION: Thank you. My name is Ha Won Lee. I am working for the South Korean newspaper Chosun Ilbo. It seems that today's event has all of the great expert to deal with North Korean human right issues, including Roberta Cohen. According to the latest issue of the English magazine The Economist, the United States would like to have Six-Party Talks again, but they are not paying attention to the North Korean human right issue. So I'm wondering how do you evaluate the Obama administration's policy of the human rights issues and I'm -- do you think that the human rights issues of North Korea should be included in the Six-Party Talks as the State Department high ranking officials indicated yesterday?

MR. KIM: No, it's not—not my—I don't think it's my topic.

MS. COHEN: I don't think it's yet clear what the Obama administration position is. There has been the announcement of a special envoy for human rights in North Korea. The person, Robert King, has not yet been confirmed. But I think we'll certainly know much more after that confirmation takes place and he begins to play a role and I think we'll see what that is. But I would note on the positive side that when Stephen Bosworth, the Special Envoy for North Korea, testified before the—I guess it was the Senate—he stated very clearly that he thought the dialogue should broaden, that he was not opposed to broader issues, that it doesn't have to be confined only to the nuclear issue.

And so I think he was alluding at that point to broader issues being humanitarian, human rights issues and there will be a certain amount of—I don't know if I'd call it pressure, but certainly advocacy on behalf of a broader discussion and a broader dialogue. I personally feel that human rights has to be part of the Six-Party Talks as one of a whole range of issues. I don't think it makes sense to only have this narrow technical nuclear discussion. I do not think it leads to the U.S. goals because you have to take the nature of the regime into account.

There's one other point I would like to make and that is that it's always assumed that the North Koreans will be very confrontational and opposed to any reference to human rights and certainly there's good reason to say that. But, the North Koreans also have ratified four or five international human rights treaties. They've submitted reports. They may be very insufficient reports, but they've submitted reports to the United Nations on this subject. They have just submitted a report under the Universal Periodic Review. This is a U.N. review of the human rights of all different countries and in December, North Korea will be one of the countries reviewed and the North Korean government has submitted a report, which you can call completely disingenuous. But on the other hand, they use the language of human rights. They speak about their ratification of different treaties. They speak about the inalienable rights and they themselves then open the door to discussion of what they have written this report about and what they commit themselves to under these treaties they ratify, where they also go forward and have to appear before the monitoring committees of the

treaties. So, outside of the U.S.-North Korean dialogue, there is certainly our standards that North Korea is trying to be held to by others in the international community and they are beginning to speak the language in order to have that discussion. So, I think it'd be very important to keep them to that. They're right—they're on the agenda. They're participating, so there seems no reason in my mind that the United States should pull back from trying to broaden the discussion and making it a much more comprehensive one.

And when I spoke, I mentioned the idea of a multilateral framework for peace and security in Northeast Asia. And this is partly based on the Helsinki idea, but something that has its own rationale for Northeast Asia. But that would be a very good forum for the U.S. to promote, in my opinion, because it would be a place and if there are Six-Party Talks it can emanate out of them or could be created separately to begin to discuss all different issues including human rights issues.

DR. BUSH: Bruce, do you have –

MR. KLINGNER: Sort of. The linkage between human rights and Six - Party Talks is difficult and some have said, you know, human rights are even more important than the nuclear issue and others would say you can't hold progress on reducing security threats hostage to human rights. But I think overall that we would benefit from adding lanes in the road of engagement in that there's always an argument or a debate between putting all things on the table versus keeping it simple. But I think if you have a comprehensive package or a grand bargain—whatever you want to call it—where you bring a lot of the issues to the table, rather than focusing on one and then those different issues—some would be multilateral, some would be bilateral, some would be linked to progress in denuclearization. Others would not. And I think human rights would be one of those lanes in the road.

MS. COHEN: May I just add one point? I'm sorry. And that is that because Bruce just mentioned engagement and I think that's very important. And the whole idea of dialogue is not just to have some sort of confrontational attack, but also to try to open up North Korea and to try to promote some kind of exchanges—free flow of information of ideas of people. This would be a very important first step—access—and to have access to international human rights for international human rights monitors to facilities in North Korea like prison camps or other places. Or even for technical assistance, the UN has a long series of resolutions requesting that they work with the North Korean government. So I think the idea of engagement, of access, of information flow is tremendously important to promote and that's also human rights and humanitarian issue.

DR. BUSH: Ambassador Jim Goodby?

QUESTION: Well, thank you. You've introduced me, so I don't need to do that except to say I'm also an ardent supporter of the Organization for Security and Cooperation in Northeast Asia, as Roberta has mentioned, and also a member of the

Center for Northeast Asian Policy Studies here at Brookings. Mr. Kim, your excellent paper focused essentially on planning as I understood it for what various countries should do after the Kim Jong-il regime disappears. We've been doing a lot of talking, however, about what we should be doing now in the period while Kim Jong-il is still in power and I wondered if you, yourself, had views about this because it does seem to me that in order to prepare for a time when Kim Jong-il is no longer in place, we should begin to do things now that would, in effect, prepare us for that time.

Right now, it seems to me that we are not engaging sufficiently with North Korea as a country—as the United States of America—that we are relying on China to be our intermediary too much in my view, and that the times now call for a higher level, more direct engagement, perhaps with what Bruce mentioned with the National Defense Commission. If anything is going to be sustained through a transition in North Korea, it is probably something like that. And so, although I ask you a question, let me just suggest that it would be useful, as Roberta says, to try rather soon to create a mechanism for multinational discussions and cooperation, which is sort of in line with what you're talking about and I don't think we need to wait very long to do that. I think it would be important to do it fairly quickly because it is a forum for talking about human rights in North Korea.

In addition, there is another agreement, which I regret very much was in effect destroyed by North Korea, which is the Basic Agreement of 1992, which had in it several provisions which are quite similar to the Helsinki Final Act, in that it provided for freer movement of people, information and ideas, which were the essential points of the Helsinki Agreement. I would think it would be a useful thing to try to put in place something that provided for that. In other words, I'm agreeing whole-heartedly with views Roberta and others have as well, that we need to broaden the agenda, need to get away from the exclusive focus on nuclear weapons. But I'm suggesting the time has come for a more direct and higher level U.S. engagement on at least the idea of an organization for security and cooperation in Northeast Asia and second, perhaps on trying to revive the idea of a kind of a peace system, which includes these human rights provisions in it. I wonder if you would comment on that from your point of view. Thank you.

MR. KIM: It has already been several decades that we tried to solve a lot of North Korean problems. And I don't think the relevant parties and the international community has only wasted time. That's because a lot of uncertainties were cleared on North Korea. So we are seeing a lot of things very clear—what'll happen, what would be the result, and what we can achieve and what we cannot. As our Ambassador said, we have a lot of agreements already, such as the 1992 agreement, all of the Six-Party Talks agreements, agreements between the north and the south; and we have also a lot of agreements which we still do not implement or have no accomplishments yet.

And, on the other hand, we should also see the changes in North Korea. There are signs from North Korea that they want another summit between the south and

the north and there are signs that they want bilateral talks between the United States and North Korea. And what I think we shouldn't miss is that the time is changing and the situation is changing all the time. So we need to check whether this time they're really interested in the grand bargain or the proposal from the United States or need to check whether they are really in a serious situation to have a different approach to that.

And also, I think we need to fulfill our own obligations to the international community. It is the problem of North Korea, but it is also the problem of the relevant countries and states, the international community. So even though we don't have positive or good results from North Korea, we have our own obligations for implementing the UN resolutions and to show our determination that we cannot accept certain things. –This can be an example for the development or outcomes in the other regions or in other countries. So I think we need to try very hard to accomplish our own obligations.

MR. BUSH: Paul Wolfowitz?

QUESTION: China provides a model of a Communist state that has transformed itself basically without the party losing control and it happened under the leadership of a man named Deng Xiaoping. If the man had been named "Mao Xiaoping," the son of Chairman Mao, I think it's doubtful that it could have happened. Even though Mao is deified and even though his picture is there in Tiananmen Square, I think the general line is, well, Mao was a god and a great leader, but he made a few mistakes and we're correcting the few mistakes. It would seem to me that that's impossible for anyone who is a descendent of Kim Il-sung. Is it possible for someone else in North Korea to play a role like Deng Xiaoping?

MR. KIM: I think it's time that we can have the person like Deng Xiaoping. The previous ruler, Kim Il-sung, you know, couldn't play that role and we cannot expect that from the present ruler, Kim Jong-il. But the next leader I think we can expect better leadership from and Chang Song-taek, the brother-in-law of Kim Jong-il, is enjoying quite a good reputation. He has a strong power base and he had a lot of access to the international community. He has visited China, Southeast Asian countries and he even visited South Korea, so he had access to a lot of changes outside.

He cannot rule the country as the others do—and did—because he needs support from the power base and also from the people, which means he needs a change in their [previous] policies. So, I expect that if Jang was given an opportunity to lead the country, we can expect a better result and better outcome, like in China.

MR. BUSH: Mr. Kim, I'd like to ask a question to follow up on Ambassador Wolfowitz's question and relate it to your basic thesis that political succession will lead to changes in policies, institutions and ultimately human rights. If you look at what happened in China, there were certainly significant changes in policies. There were significant changes in institutions. There was an increase in personal, nonpolitical freedom. But there was not better protection for what we would call internationally protected civil and political rights. One can see the same thing

happening in Vietnam—policies in some areas, but human rights situation is not so great. So is there something about North Korea that should lead us to be hopeful that these other paths will not be followed?

MR. KIM: If only we can have the ideal change and ideal result in North Korea, it would be the greatest, but I don't think we can expect that kind of big change in North Korea. Even South Korea had experienced the transition until now. They experienced some difficulties in the individuals' political life and those things. So I think there will be a transitional period in North Korea. But ultimately, we can expect the free rule and, you know, free world in North Korea, too.

MR. DOWNS: I'd like to make a comment if I could on that. I think we have to be careful not to overlook something very important that may only be one or two sentences in Mr. Kim's paper. He actually calls upon the international community and those who deal with the new leadership to use human rights as a way of bargaining with the new leadership. In other words, if they want certain benefits from the outside world, they should release women and children from prison camps where they are imprisoned just because they are related to someone who was found to be a political criminal in the North Korean system. There are tiny, little incremental steps that a new non-deified leader might be able to take that could actually strengthen his power base and those are the things that Mr. Kim says the international community should go into North Korea and use as a wedge, a leverage to try to get improved performance from the new leadership in ways that will not undermine them, but will actually support them.

MR. BUSH: You had a question?

QUESTION: Brent Choi from Voice of America. I have two questions. One for Mr. Kim, one for Bruce Klingner. I want to ask about when Mr. Kim Jong-un, the would-be successor, may make a debut in North Korea because it seems to me even the North Korean people do not know his face, his name, what he looks like. If you look at the North Korea (inaudible), they emphasize that 2012 is a very important year. So do you think that there is some possibility he'll make an appearance in the public in 2012? My second question is that it seems to me Kim Jong-il designated his son as a successor about last November or December. And this April, North Korea fired long range missile. In May, they have a second nuclear test. Do we have some correlation between two things—this designation and the nuclear tests?

DR. BUSH: Mr. Kim, do you want to go first?

MR. KIM: There is a report that the succession process in North Korea is coming down because Kim Jong-il's health is getting better. But we cannot be sure about everything in North Korea because we don't have enough information for that. But what is clear is that they apparently tried to have this succession process underway. The last propaganda poster seems to be very real and it is North Korean way of writing things, praising things and advertising the next heir. It was a real one so we are sure

that it was underway. But I'm not sure that he will be in public by 2012, because depending on the different scenarios, different –developments, I think there might be a different outcome.

DR. BUSH: Bruce?

MR. KLINGNER: There's been speculation on how much of a connection there is between the succession issue or succession crisis and North Korea's provocative, belligerent behavior. Some argue that, you know, North Korea did not agree to the verification protocol in August that Christopher Hill claimed they had agreed to because Kim was sick. The hardliners had burst into the room and grabbed the pen and said no. And as Kim started to get better, it was only because he had to buy the agreement of the hardliners to Kim Jong-un as the successor that he had to do these provocative acts. I disagree with that.

You know, it's similar to in July of 2006 when they launched the missiles and October of 2006 when they exploded the first device. Some were similarly arguing that Kim Jong-il didn't want to do it, he was fearful of a coup by the hardliners and therefore he had to do those provocative actions back then long before there was a succession issue in order to hold off a coup by the hardliners. So, I think there is a succession issue. I don't think it's a succession crisis, and while I don't think the succession changed North Korea's objectives, I think they've long had the objective of attaining a viable nuclear weapon with a viable delivery capability.

I think the succession or the concern over Kim's health may have sped up the pace with which they want to achieve those objectives and that the pace of the provocations may have been in order to, you know, proof of concept of, you know, needing to make the technical improvements in the nuclear device and the (inaudible) missile. So I think it's more of the pace as opposed to changing the policy, or the objectives.

DR. BUSH: Question right here.

QUESTION: Jerrold Post, George Washington University. I'm struck by the contrast between the relative optimism, Mr. Kim, of your presentation and the chastening pessimism of yours, Mr. Klingner. And speaking as a psychiatrist, I would say I agree with you both. Because I think you're talking about the mid-term to long-term and you're talking about the danger in the shorter term, that transitional term.

I would argue that, in fact, to speak to your last comments, that the missile test firings occurring when they did can be seen as almost an assertion by the leadership that “just because our leader has been temporarily weak, do not count us out in one way or another.” When illness strikes the leader in a leader-dominant society, it is really a threat to the entire system and your point about pace is indeed one I would give active voice to. What it does is, it says to the individual himself, to the leadership around him and internationally – life is not infinite. The life of Kim Jong-il is passing

and it may give an added urgency to consolidate regime goals before he shuffles off this mortal coil.

DR. BUSH: Want to comment?

MR. KLINGNER: I guess I just say that North Korea felt weak as a nation because Kim Jong-il as a person was weak and they felt they needed to assert themselves either to prevent other nations from taking advantage of them or losing influence in either negotiations or on the world stage, you know, for both the missile and nuclear test of this year, then how does one explain the 2006 missile launch and nuclear test when there was no sense that Kim Jong-il was sick? So there are two events separated by several years, which obviously must have had –

QUESTION: Well, I really wasn't suggesting that was the entire contribution to the recent test, but that it occurs during this period of recovery from his stroke I don't think we can dismiss that that may have been a (inaudible) –

MR. KLINGNER: Right. But I know experts have also argued that the preparation time for a nuclear test was probably long before – even before his stroke, so that it was probably in place or preparations were in place for some time. So, I mean just a difference of view on that. And then optimism/pessimism. I guess I've been looking at North Korea since 1993 when I was at CIA and I tend to be a bit pessimistic. But in the sense that of, the leader – in my view, if Kim Jong-un or whoever else is a product of the system, I don't see a Deng Xiaoping coming into office saying we are going to repudiate the policies of before or alter significantly. I don't see someone who has that power or the authority or the independent power base in order to do that, so I think the policies are more likely to be a continuation of what we've seen from Kim Il-sung to Kim Jong-il to Kim Jong-un or someone else and so that it'll be more of the same rather than, you know, someone who is able to implement economic reform or political reform.

QUESTION: I was attempting to agree with you in my –

MR. KLINGNER: Now I've driven away my supporter I guess. Sorry.

DR. BUSH: Right here.

QUESTION: To speak to Roberta Cohen's comment. The transition from military first to people first is certainly not an easy one at all and there's every reason to believe they will be clinging on to what they have found.

DR. BUSH: Pass the mic forward. Jerrold, please pass the mic. Go ahead.

QUESTION: Thank you. Paul Eckert of Reuters New Agency. Mr. Kim, in your presentation you predict better governance and possibly better performance in the human rights area from a successor government led by Kim Jong-un or Chang

Song-taek. But on the nuclear issue, would it not be possible and likely that an insecure new government would cling to those nuclear weapons one as a way to bolster their perceived security and also maybe to appease hardliners who, you know, would doubt the nationalist credentials of this new government?

MR. KIM: As for the next hereditary succession, the third son, Kim Jong-un –I think that the same blood line [a descendant of Kim Jong-il] will not succeed. It's not likely to work as it was in the past. So the likely scenario would be a change of the regime from Kim's family into another. The best would be a regime ruled by Chang Song-taek because any sort of transitional contingency is expected to be controlled. But if it's not so, then the complete transfer to a leader, a new leader of collective leadership from Kim's family, which means that we can expect the change of the regime and the change of the regime will surely lead to the change of the policy and the human rights situation also. And it is not clear whether the new regime or the new leadership will cling to that nuclear power again or how long will it take. But there are two possibilities. Until they attain the stability there, it is possible they try to maintain that power. But after that, with more engagement, openness and with more influence or involvement from the international community I think they will change their policy and abandon nuclear weapons.

DR. BUSH: Mike.

QUESTION: Thank you. Mike Billington with Executive Intelligence Review. Mr. Kim, the Chinese and the Russians have just signed very dramatic agreements on Chinese investment in major infrastructure in the Russian far east and in rail and port facilities. And Lee Myung-bak has also been talking a great deal with the Russians about South Korea's potential involvement in those kinds of big infrastructure projects and has even hinted that perhaps North Korean labor could be involved in this as, among other things, as a basis for establishing some rapport between the north and the south. Who, if any of the leaders that you're looking at, would lean towards this kind of regional development perspective as a basis for both their own regime strength and for cooperation?

MR. KIM: The best will be for North Koreans do everything, but I don't think they can do that. And the same will go for different parties. If South Korea will take all the responsibility, I don't think they can do that. And if you ask China to do that, we cannot expect that they will take the lion’s share of all these developments and investments. So I think different parties, different interested countries will have different role and surely South Korea will play a more important role in that aspect.

DR. BUSH: Okay. Right here.

QUESTION: (inaudible), South Korean newspaper (inaudible) correspondent. I believe Mr. Kim still have some energy to answer this question. You are pretty optimistic about the new leadership, so having said that if you are policy decision maker, would you wait until there is a new leadership coming up from North

Korea or do you still try to make a deal with Kim Jong-il regime? Can you answer that question?

MR. KIM: We cannot sit still or idle until the time has come for us to do everything or until things are spoiling. We need to engage in – to resort to all the possible means to have a better resolution and better outcome in North Korea. So we should try all the different possibilities. There might be the diplomatic channel to do things. We can maintain the Six-Party Talks and through those talks, the parties can maintain the forum for the policy of the post-Kim era or they can discuss the new regional security issue there. And also we can actively engage in other means of producing the result that would lead to change in North Korea, so we can do either way.

DR. BUSH: Richard Shin again.

QUESTION: Quick comment on Bruce's answer to my question. You talked about the money not being running out, but the question really is what Mr. Kim said. There are two different economies in North Korea – one is for the people, the other is for Kim Jong-il and his ability to maintain his power with the elite by distribution of money. Now the question is if the succession takes place – money laundering, counterfeits, these reinsurance claims, whatever the measure they have is unlikely that money – that bundle of money will go to one leader and his ability to control that fund will diminish his ability to control the elite. And the secondary thing is that given that there's a succession, there's a higher risk on the investment that people make to North Korea – even China. And therefore, there's less likelihood that they're going to make investments unless they see improvements in the country. That's what I'm saying, what I meant by running out of money is those two effects and that will force the new leaders of North Korea to either have more people-friendly policies or an open door policy to appease the foreign investors.

Just a question for Mr. Kim. Given the succession issue, how likely is it that down the road that there could be possibly civil war in North Korea? I know that the current North Korean military is being watched and every military analyst will say that there's very little likelihood that there's a coup. But after Kim Jong-il dies, what do you see in terms of your views on that?

MR. KIM: As I've said in my report, the possibility of forming the military coup in the current regime is very low because the officers above a certain level are controlled very tightly, under constant surveillance and supervision and their movements are checked every hour. So it is very difficult to have or to form –a power block of whatever clique and they are selected very carefully and they are treated very carefully. They select them from the best loyalists and they are given all the privileges whatever they can enjoy in North Korea. So, we cannot expect the challenge – imminent challenge – from the military against the Kim regime as long as Kim remains as a leader.

But the possibility of this military coup or whatever is possible after Kim dies. And I don't think they will fight to defend the previous regime and to continue the previous policy. Rather, they will try to have the better governments or better leader or somebody will try to rule the country by himself. And it will lead to change of the regime and the change of the policy and for, you know, for a better dominance (inaudible) in the end.

DR. SHIN: What I was trying to refer to was would there be civil war among those who tried to gain power, not civil war between the existing regime who is trying to protect Kim's ways versus a new leader.

MR. KIM: What do you mean by civil war? Is that military coup or the civil conflict among the people themselves? There might bechaos or some confusion if they lose the control. But mainly the danger is from the military coup and the military action in North Korea. So, I think I've told about that before.

DR. BUSH: Chuck, you had a comment?

MR. DOWNS: I'd like to make a quick comment partly in response to Richard's first point about the banking system, and both of these comments will sound like commercials. Stay tuned here because Mr. Kim's next major work in English will be an analysis of North Korea's financial system and you will learn what I have already learned from Mr. Kim – that these banks that have different names and are in the hands of different players. Now, it's a monolithic system. Everything generates income that goes back to Kim Jong-il now. But if Kim Jong-il were removed, that portion that goes to him could stay in the hands of a number of generals, Chang Song-taek, O Kuk-ryol. There are a number of people who are involved in these international banking schemes now for the regime and they're not going to stop being in control of bank accounts when Kim Jong-il stops breathing. So there will be different factors at that point. They're all the same now. They all work to the same interest, but there will be different factors.

And when you use the term “civil war,” we might question, with regard to English history, why do we only call the part that had Cromwell in it “the Civil War of England?” Why don't we look at the years of the fights between the various barons of England for control? That's more likely what you might see North Korea descending into, rather than a full-fledged Civil War.

Second commercial -- back there is Ken Gause who has just prepared a phenomenally good, thorough study for the Committee for Human Rights in North Korea about the security services which we hope to publish in January or February. Kim Jong-il has run competing spy agencies within his society that have produced terror for every individual in North Korea for over 20 years. The people of North Koreanever know who's arresting them or why, and who will arrest you when you get out of one gulag and who will send you to another.We'll now see a change because in the post-Kim Jong-il era, all of these security agencies have to be brought together

under the discipline of some new leader. That's an important new upcoming report that will be out probably just in a few months and Ken Gause is the author of it. So thank you, Ken.

DR. BUSH: Any more questions? Seongho Sheen?

QUESTION: Yes. Seongho Sheen, Brookings visiting fellow. I'd like to ask a question—economic and international sanctions. The thing is, we have these two very comprehensive UN sanctions after nuclear tests and also the U.S. is putting its own sanction on the North Korean regime, and indeed there is some also UN report about widespread, you know, food shortage in North Korea these days. But yet at the same time, I hear some conflicting story from some people who has been in Pyongyang in recent months saying that there are more cars on the street. The electricity situation is better than, you know, a few years back and also there is construction going in the street of Pyongyang. So as far as at least Pyongyang is concerned, it seems the economic situation in there is getting better than the previous years. So how do you explain that? In other words, does this current economic sanction, does it have an impact on the North Korean regime or Kim Jong-il regime, or if there is any, what's the real impact of this economic sanction in North Korea or Kim Jong-il regime? Thank you.

MR. KIM: Different people have different comments and understanding after the visits. Actually, through meetings and talks with people, I don't think that after the UN sanction and the current pressure toward North Korea, the situation is getting better there. I don't believe that because they cannot have the income from the WMD sales. The insurance scam is, quite well known in international financial markets. Those are two major sources of hard cash revenue. And there is no sign that the North Korean industry is getting better and the food problem is in the same situation I think. They're trying to concentrate their resources towards the construction of the capital to show to the outside and to show to their own people that they are doing a better job for the 2012 opening of, you know, strong country like that. So, it is sort of a concentration of their labor and also their resources in the capital area. So I don't think in general they are getting better and doing a good job.

DR. BUSH: Over here.

QUESTION: Yoshi Komori , the Japanese newspaper Sankei Shimbun. Japan has been on the forefront of economic sanctions against North Korea, primarily prompted by North Korean government's refusal to address the issue of the abduction of Japanese citizens by North Korean government agents. And this ban, sanctions against North Korea by Japan that include almost total ban on buyers of trade, according to some observers, has been very effective at least in terms of draining their resources for the Royal Court as you call it—the Royal Court part of the North Korean economy. But some other critics said that it may be not so effective at all. And so now we have a new government in Japan that seems to be questioning the virtual

effectiveness of these planned sanctions. What would you say to these leaders of government?

MR. KIM: The impact is really great. I understand a lot of best industrial goods are from Japan. All the best refrigerators, the color TVs, DVDs and CDs and even the used bicycles, the Japanese make are the best there, in North Korea. Last time they imported used cars and they sold a lot to China. Those were all illegal transactions, but they did a lot and they made a lot of money. Now they don't have resources like that any more. So it is really a great impact to North Korea and there were a lot of wiring of the hard currency towards North Korea from Chosen Soren last time. But I think that amount is reduced tremendously right now. And even the ship "Mankyongbong-ho" the regular trip of that helped a lot. It brought a lot of goods and people to North Korea and back and the relatives visit and they bring a lot of presents and money—but it has all stopped. So, the impact is really great I think.

DR. BUSH: Bruce, a quick comment?

MR. KLINGNER: Yeah. A couple points on sanctions. UN Resolution 1874 was passed in what, June? And then with the working groups, you know, so the sanctions are very new. So it's a little early to say they're not working. And then also my discussions with U.S., Japanese, and South Korean officials and intelligence officers have said they're already thinking they are having an impact on the regime. And then what's also interesting is senior Obama officials have said, you know, in retrospect the Banco Delta Asia sanctions were very effective and it was a mistake for the Bush administration to remove them. And what officials will point out is that back then you had an unpopular U.S. administration asking countries to do things. Whereas now, the Obama administration feels the sanctions will be even more effective because you have the UN directing countries to comply. So they think it will be even more effective than BDA. And one of the things about sanctions like engagement, is they're not an end in themselves. They're a means to an end and the end is to get North Korea to denuclearize. So if you squeeze them with one hand and hold open the door to negotiations with the other, you're trying to moderate their behavior to get them back to the table rather than sanctioning them just for the sake of sanctioning them—just like you don't engage simply for the sake of engaging.

DR. BUSH: I think we'll bring the session to a close. I want to thank Bruce and Roberta for their commentary. I want to thank Chuck for making it possible. I want to thank you for your excellent questions. Most of all, I want to thank Mr. Kim for your really great analysis and your hard and courageous work to inform people in America about North Korea. Thank you very much.

* * * * * *