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**Introduction:**

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P R O C E E D I N G S

MS. MOON: Good afternoon, everybody. My name is Kathy Moon. Welcome to Brookings.

We're very fortunate to have three gentlemen with us. Dr. Gi-Wook Shin from Stanford University. Mr. David Straub, also from Stanford University. They'll talk to us today about a new study they've been engaged in. And then Dr. John Merrill will give us some of his comments on their new study. The full bios are on the pages that are available in the registration area. I don't know if you've all picked it up, but just a brief introduction.

Dr. Shin is the director of the Shorenstein Asia-Pacific Research Center at Stanford. He's a professor of sociology, and he has many other titles to his name, but you can look them up on the bio sheet. And he's the author of numerous books, many of which I have used to teach and to do my own research with, and someone I respect very much.

David Straub, many of you know, was in government for over 30 years in the Foreign Service. He served in Korea, in Seoul, at the embassy there at least twice. Right? Two different occasions at least. And he's also very familiar with other areas of Northeast Asia. And he is the associate director of the Korean Studies Program at the Shorenstein Center at Stanford.

Dr. Merrill, many of you know, is a face familiar to us in Washington. He has long been with the State Department as the head of the Northeast Division of the Bureau of Intelligence and Research, and is currently a visiting scholar at SAIS and is also affiliated with CSIS.

First, Dr. Shin and Mr. Straub will give us an overview of their study, and then John Merrill will give us his comments. And then we will open up for Q&A. Thank

you.

MR. SHIN: Thank you, Kathy, for your kind introduction. It's my real pleasure to be here at Brookings. We have had longstanding relations with Brookings, but it has been a while since we have had a joint event like this last time. So I'm really happy to be back to Washington. Also, I'd like to congratulate Kathy on your Korea chair at Brookings. I think this is the first Korea chair here, right?

MS. MOON: At Brookings, yes.

MR. SHIN: At Brookings, and hopefully it's not the last one.

Okay. I'm going to go over some background for our study and main arguments, and also our reception at the Korean National Assembly when we presented our findings. And then David will summarize key findings, main arguments, and recommendations.

Some of you may remember that last year we published policy reports advocating South Korean leadership on North Korean issues, and this year's report kind of follows up with more specific policy recommendations. In preparing this report -- it actually took one year. It took much longer than we thought. We had three conferences. One in South Korea at Seoul National University; the second one at Shenyang in China at Liaoning University, and then, of course, at Stanford.

About two weeks ago, we presented our main findings, arguments, and policy recommendations at the Special Committee on Inter-Korean Relations, Exchange, and Cooperation at the Korean National Assembly, and we'll share about this a little later.

Now, here, as you can see, the title of our report is "Tailored Engagement." In Korea, we just say (speaking in Korean) Engagement, which doesn't translate engagement into Korean. I'm going to explain why a little later.

So, here, we advocate tailored engagement, and I'm going to explain

what is that and what is the urgency for South Korean leadership. In our view, the security situation on the Korean Peninsula is not getting any better. In fact, we can say it's getting worse. As you know, North Korea continues to develop their nuclear and missile programs and strategic distrust between China and the United States continues. In our view, the North Korean regime may not be stable. We're not sure whether Kim Jung-un is in full control or not, but we have seen many changes in top military positions during the Kim Jung-Un regime. And as you know, Jang Sung-taek was executed. He was replaced by Choe Ryong-hye but Choe Ryong-hye was gone lately, being replaced by Hwang Pyong-so. So, of course, we don't know exactly what is happening, but I think one that that is clear is that there is certainly some instability or uncertainties in the regime.

And as you know, inter-Korean relations are almost frozen over the last many years, and we also know there is tension between two U.S. allies, Japan and South Korea, to further complicate trilateral cooperation about the North.

So even though the situation on the peninsula is not great, the two main players -- U.S. and China -- are not willing or capable of changing the current situation. John can give his own opinion, but the U.S. is likely to continue with the current strategic patience. We know that it is not an ideal policy, but at the same time, there may not be any clear, better alternative to strategic patience.

So in our view, this policy will continue, at least for the time being. China also will continue with three nos -- no war, nor instability, no nuke. But I think for China, stability is more important than the denuclearization of the North.

So therefore, overall, the current situation is not favorable for South Korea, and I don't think time is on their side. Once again, North Korean programs of nuke and missile development will continue. Military competition between China and

Japan will continue. Strategic distrust among China, U.S., Russia will grow. North Korea dependence on China, not only security but also economic dependence on China will continue to grow. And we know that some South Koreans are advocating bringing back U.S. (inaudible) to the South, or even developing their own nuclear weapons program.

On the part of North Korea, we believe that North Korea wants to reduce its dependence on China. I think one reason why is North Korea wants to normalize its relations with the United States. However, the U.S. wouldn't accept that unless and until the North gives up the nuclear weapons. In this context, in our view, the North would be interested in increasing economic cooperation with the South. In other words, there might be some opportunity for South Korea. Also, South Korea is not anymore a shrimp among the whales. I mean, this is a metaphor that we are taught in school, when I was in middle school and high school and so on. In my view, South Korea is more like (inaudible), not a shrimp. So it could be a little more effective at maneuvering among the whales than it is. Right? I mean, it's still smaller than the whales in size, but it can be faster. Right?

South Korea is now the seventh biggest exporter in the world. It has the seventh largest active military in the world. But when it comes to North Korea, many Koreans in the south still look to the United States or to China to take care of the problem. Unfortunately, that's wishful thinking for reasons that we explain our study. I strongly believe that it's time for South Korea to step up with leadership in dealing with the North. In particular, President Park Geun-hye can be Korea's Nixon who normalized relations with Communist China. He was able to do because he was a strong anti-Communist. Madam Park is an icon of Korean conservatives, and therefore, has a unique opportunity to leave a legacy in inter-Korean relations, just as Nixon did with China. So this is the background and intent of our study.

What is tailored engagement? This is our concept. Some of you may remember tailored deterrence. At one point, George W. Bush's administration entertained this concept of tailored containment, but now we are proposing tailored engagement. Of course, engagement is only one means, but an essential one of dealing with North Korea. I think there is some misunderstanding of this concept, engagement among South Koreans, because I think in South Korea they translated engagement into (speaking in Korean) I think during the Kim Dae-jung government. But I think (speaking in Korean) is more like appeasement than engagement. For instance, in the military there's a term called the rules of engagement. That's not rules of appeasement. That's rules of like in a fight. So we were trying to translate engagement into Korean but couldn't find any really good translation. So if you have any good words, please let us know. So, for the time being, we are using (inaudible) engagement or tailored engagement.

So engagement is important and essential, but it must be carefully tailored or fitted to changing political and security realities on and around the peninsula. So let me try to compare our concept with engagement policy of protus government and also policy of conservative government, like Lee Myung-bak. As you know, during the Lee Myung-bak administration, they linked most projects of North Korea into (inaudible). That's why they couldn't move much in inter-Korean relations. Basically, under Kim Dae-jung government, the separated politics or security from business. So in our view, in a complete linkage or delinking this idea; rather, we tried to engage in a tailored into existing and changing political and security situation. Of course, we recognize that engagement is not a panacea and we are aware of the difficulties to deal with in implementing tailored engagement. Still, given the current situation that time is not on our side, we should give it a shot. So David will explain in a little more detail about how

we can implement the policy of tailored engagement.

Finally, let me say about our presentation at the National Assembly, it was like a public hearing, and it was my first experience to appear at such a hearing at the Korean National Assembly. But to our pleasant surprise, all members of the committee -- I think about 18 -- they all came, and also a few nonmembers probably who knew us, they also came. So there were about like 20 people. And I think every member of the committee spent their 10-minute time asking questions, making comments, and engaging us. So we were actually quite impressed, and our discussion went over three hours, actually. And it was live on Assembly TV, like a Korean version of our system.

And also to our surprise, our study was very well received by members of both the ruling and opposition party. One thing really interesting was that many members in both parties suggested that our recommendations were close to their own. So the ruling party was saying what you're saying is very close to us; the opposition is saying the same thing. Actually, one member of the ruling party even said that our study best explains the (inaudible) process. It's on the record. I'm not exaggerating. Actually, a Korean version of our summary is on our website, and I also have the transcript, sokero, so if you want to read a Korean sokero, then I'm happy to send it to you because what I'm saying is already in the transcript.

So their response was very encouraging and we are very impressed, but at the same time, such enthusiasm suggests that their frustration in both ruling and opposition parties with the current situation in inter-Korean relations, an eagerness to take some new initiative to improve. Also, to our surprise, there was a good amount of agreement on certain key issues between ruling and opposition parties, like relaxing May 24 Measures. We talked a lot about what to do with May 24 Measures. Also, most of them supported the linking of certain projects from (inaudible). And they actually had

many questions about China's position on North Korea.

So in the end, we felt that substantially, the two parties, the two main parties, really could compromise on a new approach if -- but this is a big if -- if they can put politics aside to some extent.

Opinion polls also show a majority of the public to be supportive towards increased engagement efforts of the kind we outlined. It may not be possible to get a consensus on any policy for the North, given deep division in the South, but we are confident that we can create a policy that may be 70 to 80 percent of South Koreans can agree if politics are put aside.

So we had a really great time, and then once again, we are very happy to share our report today at Brookings.

Now, let me turn to David to explain more about the study. Thank you.

(Applause.)

MR. STRAUB: Thank you, Gi-Wook.

I'd like also to say thanks very much to Kathy and her staff and associates. And congratulate Kathy as well. Also to express thanks to John Merrill, a long-time colleague at the State Department. And I'm delighted to see so many folks here, a lot of old friends and former colleagues. I'm actually surprised to see so many people here to talk about North Korea, especially North Korean engagement. So maybe our Korean correspondents in the audience, you should now correct your reporting that says that Washington is no longer interested in North Korea.

As Gi-Wook said, we recognize how difficult engagement of North Korea is and what we're proposing is certainly not a panacea. To deal with North Korea, you also have to have robust deterrence and defense efforts. You have to continue counter-proliferation and nonproliferation work. Sanctions have to be applied, diplomacy has to

be engaged, and so forth. But given the seriousness of the situation, we concluded a couple of things in particular that more use needs to be tried to be made of engagement. And after looking at the scene fairly closely, that South Korea is the only country that is both able and potentially willing to do that.

So I think the real value of getting together today is talking about taking a fresh look at the North Korea problem and how engagement might be a tool to work on the problem. And thus, our discussion with you after we finish our presentations I think will be particularly worthwhile to us.

And as a preface to that discussion, what I'd like to do is walk you, just briefly, through the argument in the book. Gi-Wook has given you the framework and the process and the key points.

Now, most of you, I hope, have gotten a copy of this. Unfortunately, we did not anticipate so much and so many people coming, so not all of you did. But you can get a copy of this online at both the Brookings website and at the Stanford APARC website.

So going through this, we begin in our introduction by looking at the current situation, which as Gi-Wook said is not good. It's probably getting worse and there's no reliable reason to believe that anything is going to happen to make it get better for the foreseeable future.

We also thought it worthwhile to spend a couple of pages looking at the origins of the problem to make clear where we're coming from. We see this as a deeply-rooted problem, a problem rooted primarily in the division of the Korean Peninsula first and in the nature of the North Korean regime. So we recognize there is no quick, there is no easy or simple solution to the problem.

Next, we examine the policy parameters of the major players. With

North Korea, the situation under Kim Jung-Un seems even more uncertain than it was under his father, maybe worse. Clearly, his new regime is wedded to the nuclear weapons program. It may be that the consolidation efforts still apparently underway explains some of his misbehavior and some of the rhetoric. We hope that that is true and that it will get better. But in any event, North Korea by all accounts, by people we know who lived in North Korea and visited many times, say that politically, economically, socially, the place is in flux. It's never been changing as rapidly as it has now. So it's a time we have to be very watchful, but maybe this flux will also present some opportunities for engagement and diplomacy.

As for the U.S., unlike a lot of people who strongly urge more active engagement of North Korea, we don't really criticize the U.S., and for that matter we don't really criticize Chinese policy towards North Korea. We understand where the countries are coming from based upon their own interpretation of their interests, their national interests as they see them. The U.S. primary interest on the Korean Peninsula is the security of South Korea. Not the nuclear problem. The first, and primary interest, is the security of South Korea. Second is the nuclear problem.

And the problem with that is that officials in Washington have judged, based on statements and deeds by the North Koreans, that they have no intention whatsoever of giving up nuclear weapons. From an American perspective, what reason is there left to negotiate with the North Koreans if they're not willing to even consider giving up nuclear weapons.

For China, as Gi-Wook said, its priority is on stability. Certainly, PRC leaders are very upset with the North Korean regime's behavior, but we don't believe that that's going to cause them to fundamentally change their policy. In addition to their concern about stability on the peninsula, the growing strategic mistrust that China feels

towards the United States is a huge and increasing issue in regard to the North Korea problem and the Korea Peninsula more generally.

What about Japan and Russia? We entitle that "Wild Cards?" and we concluded no; that those two countries don't have -- they're significant players. They have significant interests on the Korean Peninsula, but they don't have the will and/or enough influence to fundamentally change the situation. And that leaves only South Korea as a possibly as trying to do that.

Gi-Wook has already explained why we believe South Korea both could do that, because it's much more powerful than it used to be, and why it might. A lot of interest in South Korea, and South Korea somehow having more influence to ameliorate the situation. Park Geun-hye being sort of a "Nixon to China" or having a sort of "Nixon to China" opportunity here.

Next, we critique Park Geun-hye's policy. In fact, we sympathize with many aspects of her approach. You will find that we agree that the nuclear issue must be a top priority of South Korea as well; however, we argue that not everything has to be linked to the nuclear issue. There are many humanitarian aid efforts, many exchanges that could be done without hurting the antinuclear effort. We also agree with President Park that the efforts should be a step-by-step, confidence-building approach. Progressives in South Korea have tended to urge a big package deal, a comprehensive deal. That's just not feasible. There's not enough trust between the two sides. It would only fail and probably make things worse, at least until some degree of confidence has been built.

But we're also critical of President Park's scale and pace of humanitarian aid and exchange. You know, South Korea has promised now $7 million in humanitarian aid. Well, that's $300,000 more than Switzerland. And there has been a loosening up in

recent weeks of some private sector exchanges between North and South Korea.

We're also critical, and we explain in length why we are, of President Park's current focus on unification. We make very clear that we, ourselves, would love to see the Korean Peninsula unified and support it as an ultimate aim, but it's not going to happen anytime soon, and it's counterproductive to focus on it now.

So how can South Korea take the lead in trying something like tailored engagement? First, the policy in particular areas of dealing with North Korea have to be realistic in terms of dealing with North Korea, and they must also be able to gain broad and lasting support at home politically in South Korea.

So we looked at four of the most important and difficult issues on the Korean Peninsula -- unification, denuclearization, human rights, and sanctions.

On unification, we expect that someday there will be dramatic change in North Korea, but we don't believe it's possible to predict when, how, or what that change will be. At least not enough to base a policy on it. In any event, unification is unlikely to enfold on the Korean Peninsula as it did in Germany. Dramatic change in North Korea is most likely to be much messier and the outcome could be significantly different.

Third, as I said, we support unification, but we believe that a great deal needs to be done first to ensure that unification, when it occurs, will be as peaceful as possible and that once unification has occurred, that unified Korea will be sustainable. If it's done the wrong way, it might fall apart. What a disaster that would be for everyone concerned. And so we advocate laying the ground work now, but quietly, and by focusing on strengthening the ROK itself so that it has the political consensus, institutions, and other resources needed to be ready when the time for unification comes.

On the nuclear issue, we fully support and agree that denuclearization is a top priority. But as I said, not all needs to be linked to the nuclear issue, especially the

humanitarian aid, education, cultural, sports, and various types of exchanges.

On human rights, this we addressed very much to a South Korean audience. The human rights situation in North Korea is a very important issue and it's getting bigger globally. That is for a number of reasons. First, the international community is setting much higher standards for respect for human rights now than it did just a decade or two ago. Second is the IT revolution, which also plays into the first. This allows for far more information about even countries as opaque as North Korea to be known by people all over the world. It has a real impact. And third, the United States, which had not pressed, frankly, as hard on human rights before as it could have because it was so focused on the nuclear issue, now that people in Washington believe that the nuclear issue is not capable of being resolved for the time being, they feel free to focus on this other important issue, and Washington is doing it. You all saw that John Kerry in remarks the other day used the word "evil" three times to describe the human rights situation in North Korea. And this is reflected in the U.N.'s own efforts, which are quite high profile and will continue to grow.

So South Korea, under whatever administration, no longer can put this issue aside as progressives tend to do, arguing that it makes it impossible to deal with North Korea. That's no longer a credible position for any South Korean government. On the other hand, we believe that the conservative approach in South Korea, which is to go all out with a criticism of the North Korean human rights situation also is not the optimal approach. Why? Because there are other countries willing and able to do this, and second, it kind of taints the human rights effort to have North Korea's prime competitor taking the lead on this issue. So we advocate that let the other countries in the international community take the lead as they are already doing to some extent. South Korea should be supportive but not try to take the lead. South Korea should be very

active in documenting other activities like that.

Finally, concerning policy issues, on sanctions, we understand the rationale and the necessity for sanctions on North Korea, but we believe they need to be, and can be, more finely tuned to keep pressure on the North, while also allowing engagement. So we're critical of the May 24th measures as having been too ham-handed, and we're also -- we didn't focus on it, but I, for one, believe that U.S. sanctions are sometimes misfocused and sometimes too blunt and have some unfortunate, unintended consequences, for example, on humanitarian aid.

Next, we look at how to implement these kinds of policies that would be the substance of tailored engagement. We have three basic recommendations. I will be very brief.

The first is that to gain some control over the South Korean government overall effort towards North Korea, President Park needs something like the Bill Perry process that we had here in the United States in 1988 and 1999. President Park is responsible not just for North Korea but for everything involving South Korea, involving domestic issues in the rest of the world. South Korea has many different agencies, civilian and military, that are responsible for dealing with North Korea, and as in all democratic governments, there's often a lot of competition and rivalry and different views. It's a natural thing. But if you're going to actually try to do something different, you need more coherence imposed upon that system and the president needs more help. So we've advocated somebody like a "South Korean Bill Perry" to come in, to lead the policy review, to help develop a public and political consensus, and to actually negotiate it all with at summit level with the North Koreans.

Second, and this is key, there has to be as Gi-Wook said, a broader, domestic consensus in South Korea. The partisan divide in South Korea, I think, is worse

than the partisan divide here in Washington. The problem, as I mentioned before is as long as North Korea, and for that matter, the U.S. and China and other countries, anticipate that with every five years, every presidential election, there's going to be possibly very different North Korean policy that undermines the potential influence of South Korea's policies. So we should aim for the middle 70 or 80 percent in South Korea. And we believe that's possible if recommendations for policy along the lines that we've laid out are pursued. And on the basis of these steps, then South Korea would be prepared to consult and coordinate about this new approach very carefully with countries such as the United States and China, and we believe gain their support.

Now, the last half of the book suggests some principles for such an engagement process, and then reviews a lot of the engagement projects that have been done between North and South Korea that were underway but are now suspended, and we also offer a few ideas for new projects. Similar to President Park, we advocate that the engagements start with humanitarian aid and proceed to educational and cultural and other types of people-to-people exchanges. Because of the nuclear issue, we don't advocate large-scale economic or development engagement at this point. We think that that would ease the pressure on the nuclear issue and that to get to that point, at some point, North Korea has got to respond more favorably to South Korea's efforts and also begin to show some real willingness to negotiate an end to its nuclear program.

So that's the gist of our arguments and recommendations. Again, we know it's not a panacea. We know it's difficult, but believe that given the circumstances it's worth trying. We believe that at a minimum it could very well help the people, the ordinary people of North Korea. It could reduce the risk of military clash. It could tend to reduce the social divergence between the societies of North and South Korea, which is a very important factor for eventual unification. And eventually, it might -- just might --

contribute to a resolution of some of the more fundamental issues. We also know it won't be easy for the ROK body politic to achieve the kind of consensus we argue is vital, but one of the main aims that we had in preparing and presenting this program, especially going to the National Assembly, is we wanted to highlight for the South Koreans that their country really does have a lot more influence than most South Koreans imagine. The thinking of South Koreans has not caught up with the reality of their country's position in the world. And that they can exercise that influence if and when they can achieve more of a policy consensus that is sustainable across administrations, whether conservative or progressive.

Thank you very much for your attention, and we're looking forward very much to John's comments and to the Q&A to follow.

MR. MERRILL: Thanks very much, David.

I just want to clarify that I am no longer with the State Department. I happily retired a couple of months ago, so I'm now my own person, for better or worse.

I was delighted when Gi-Wook asked me to comment on this report. I think it's a very important one, and although things are quiet at the moment on the peninsula, the problems haven't gone away. North Korea seems to still be pursuing very worrisome nuclear and missile programs, not just long-range missiles, but if you listen to what South Korean defense officials are saying, upgrading their tactical and medium-range systems as well. And it is not necessarily a stable situation.

Now, unfortunately, I think the United States doesn't really self-reflect very much about some of the problems that we face around the world. North Korea learned the efficacy of nuclear weapons from us. Years ago, I wrote a paper with an Israeli co-author on nuclear compliance, and towards the beginning of the Eisenhower administration, we paraded the atomic cannon through the streets to underscore that we

were prepared to really, significantly up the ante if the Korean War didn't wind down. North Koreans are very sensitive to B-52 flights, and there's a reason for that. Throughout the Cold War, we used to tease their air defense systems by flying U.S. planes in their direction and veering off at the last minute, hoping to get everything to light up so that we could get a good look at it.

So we should self-reflect a little bit more and not just portray all the problems on the peninsula as a result of North Korea being a bad guy. Now, that may be most of the problem, but it isn't everything. And we have made matters worse over the years, I think.

David talked a bit about some of the measures that were imposed after the sinking of the Cheonan. I remember very clearly having looked at this issue in some detail, and what's also missing from our analysis is any notion of an action-reaction sequence. Before the Cheonan, the South Korean Navy shot up a North Korean patrol vessel. I forget the exact month that that occurred, but David may remember. And they're very much into tit-for-tat responses, and they were itching to go after the South Korean Navy, but they stayed their hand. They didn't do anything for almost a year. And the reason for that was that the United States was actively engaged -- Steve Bosworth, Sung Kim -- in trying to put something together in a six-party talks process with North Korea. And we couldn't make up our mind. And so my view has always been that finally they just said, "The hell with it. Some of our sailors were killed, a dozen or so. We're going to get even."

So the potential for the Korean Peninsula blowing up is very, very real, and if it happens, it's going to be incredibly messy because North Korea does have, one assumes, nuclear weapons that, in one way or another, can be delivered on targets. And missiles are not the only way to do that.

Now, we've also had comments from senior U.S. defense officials in the last week or so about North Korea's development of long-range missile systems, so that's something else that's coming our way in the future. And so what's going to happen when North Korea lashes together those two programs and they have the capability to strike the continental U.S. with missile systems? I'm not saying it's next week or next month, or even three months from now, but if things go on as they are, it's inevitable that it will happen, and then you're going to have all the problems of delinkage, which we experienced in Western Europe. It's going to be a mess.

Now, there's an opinion in town that you can't talk to the North Koreans; that they're impossible to deal with. I don't know about that. I came into the State Department in 1987. It was in the Reagan administration, and I remember we had an assistant secretary for East Asia and the Pacific, Gaston Sigur, who was a very forward-looking southern gentleman, and he came up with this idea of a modest initiative towards North Korea. It's very similar to what Gi-Wook and David have advocated in their report. And it didn't last because the nuclear issue came up and missile development pushed it off to the side. But the idea was the old functionalist model, which I think is essentially what your piece is about, too, of tailored engagement. North Korea, Kim Jung-un, knows what a modern economy is.

Now, I know people say that living in Switzerland for several years had zero influence on him. How could you be so silly as to even think about that? But he was there at an impressionable age, and Switzerland is one of the most, if not the most in some sectors, advanced economies in the world. North Korea understands comparative growth rates, and they're doing pretty good these days. They're on longer in negative territory. They're treading water. But South Korea is growing at a couple of percent a year, and so over time that gap opens up larger and larger. And how can they expect to

stay in the game with South Korea given those long-range trends? Their big problem is to do something to revive the economy. And I think there is a potential that the leadership knows that they need a relaxation in tensions around them in order to do that.

So, he's developing nuclear and missile systems. What does that mean? Well, one possibility -- I'm not saying this will happen -- but one possibility is that North Korea could say, "We've solved our security problem. We can lighten up a bit. We can focus now on the economy." And we should be doing, I think, everything we can to encourage that point of view, just like Gaston Sigur in the Reagan administration was trying to encourage that view. Just like D.J. was trying to encourage it. Just like President Park with her notion of engaging in the North is trying to do it. The economy can be an important driver.

Now, there's also the whole question of U.S. leadership, and you guys didn't touch on this, but can the U.S. just take a pass and say, okay, South Korea, you have our blessing. Go ahead. Best of luck to you. I think we need to provide a little bit more support than that, and I fear that if this notion of South Korea taking the lead catches on, we're going to be left behind and people are going to wonder what Seoul's good and loyal ally has been doing to help the process along. Up to this point, not too much.

Now, there's some really sad sections in this book, something that David talked about a minute ago, about how U.S. sanctions have shut off various inter-Korean cooperation projects. And oftentimes, sanctions bring about unintended consequences. I would really urge you all to skim through this book if you're able to -- fortunate enough to get a copy, and just see the very broad range of projects that various folks have undertaken. And some of these projects are still alive. They're not dead. Take a look. It's a useful, useful catalog of what might have been and what still could be.

So I think we need to stop just depicting North Korea as a bad guy. I'm sure that that's true to a very large extent, but I don't think our responsibility ends there. I think we should support South Korea, and I think they are moving in this direction. And the book, the pamphlet presents a lot of evidence for that. I might also say that President Pak's experience with North Korea -- I'm not sure it was mentioned. It might have been -- it wasn't mentioned. I didn't see it -- goes back a long way before she became president. She went to North Korea as a member of a parliamentarian's delegation. I forget the year. 2002, maybe. And she got kind of the blessing of the government to have some very candid discussions with him. And I was fortunate enough to be able to go to North Korea a few times with the Stanford group, once with Sieg Hecker, to Yongbyon. And when I was there we saw the ruins of the old plutonium program. I think they've been refurbished and may be soon up and running, if they're not already. We even visited the building where a few years subsequent to that Hecker saw the uranium enrichment facility, and there was nothing there. When he was there -- that was in 2010, I believe -- it was a humming, ultramodern -- excuse me, not humming, because he couldn't determine if these machines were working. He wasn't able to bring a screwdriver in, and if he had a screwdriver, he would have held it up against one of the machines to see if it chattered. Then he would know. But the North Koreans didn't let him do that.

But we could have a humungous problem on our hands, and it's time that people started to take this more seriously. I really don't know what strategic patience is. I think you give the U.S. government too easy a pass on this one. Sorry. I really think we have a huge potential problem on our hands and we should try to be working it much more seriously than we are.

So I'm just going to stop there. I think this is a very useful contribution. I would recommend it to you all, and it shows what might have been and what still could

be.

The last thing I want to say, and I'm sure in a crowd like this, this is not going to go over too well, but others are coming to this view as well, including our friends in Tokyo. And today, I don't know what the results have been, but I think there's a meeting under way on the abduction question. So countries in East Asia are getting a little bit impatient with Washington's policy, and they're striking off on their own in attempting to do a few things. I don't think in any sense this endangers our security relationships with them, but I think it reflects some disappointment and frustration with our lack of imagination and sincere forward effort.

And I just want to mention once again that if we let things go by default, bad stuff happens. I still remember the Cheonan occurred just after we announced another delay in a visit to Pyongyang by Steve and Sung Kim. We couldn't make up our mind on whether to go or not. Maybe, David, you remember. And, but time ran out. The North Koreans decided to retaliate for the shooting up of their vessel and they killed a bunch of South Korean sailors. And then things really went into the deep freeze.

So I recommend this pamphlet to you. It's a very good piece of work. I learned some things that I hadn't known before about the scope of South Korean efforts to engage North Korea, and I hope we can get more serious before time overtakes us and some more bad stuff happens. And in the aftermath of bad stuff, it's impossible to undertake new initiatives. So let's do it before that happens.

I will say one last thing. I think President Pak has thought deeply and long about some of these questions. I've been fortunate enough to have a few conversations, private conversations with her over the years, and I hope that Seoul steps out and takes more ownership of this problem and this issue. Thank you.

(Applause.)

MS. MOON: Thank you very much. I appreciate, Gi-Wook and David's forward-looking study and John's reminder of how history is such an important player in the way we think about and frame these issues, as well as how we go about solving them.

In that light, I'd like to offer David and Gi-Wook just about 10 minutes -- you can share it whichever way you want -- to respond to some of John's comments, the challenge about the gauntlet, perhaps, about letting the U.S. off too easy or maybe more about what the U.S.'s role might be in the vision that you have set forth. And then we'll open up to the audience.

MR. SHIN: Well, I'm not sure. I mean, you know, John was basically making comments, than asking any questions. But going back to South Korean leadership, we are trying to say that at the moment -- I mean, we know that even Japan became more active. Even Russia became a little more active. But still, we believe that South Korea is in a position to take a leadership role. I mean, right now not much is happening. I think South Korea, we hope, can create some space and some momentum so that other parties can be more involved in dealing with North Korea. I think we agree that if things just go on and nothing is done, then it's not good for all of us. So we've got to do something, and it's not really the United States, but rather South Korea who is in a position to take a leadership role. I mean, obviously, we're not saying that only South Korea has to do it on their own. You know, has to have close consultation and collaboration with the United States, and even also China, but nonetheless, we are urging South Korea to take a lead and then work with the major parties involved in this issue.

MS. MOON: David, would you like to add anything?

MR. STRAUB: Yes.

Thank you very much, John. I agree, I think, with most of the things you

said. I guess the only thing I would disagree a little bit with, and it's not so much -- it's more analytical than anything else -- is if I were still in government, I would not advise President Obama to take a substantially different position towards North Korea right now than he is. And those are, I mean, I could go on at great length if other people want to hear the reasons for that, but that's not really the thrust of our conversation today. But, you know, we just concluded that analytically the U.S. was very unlikely to take such an approach under the current circumstances. And from an American perspective, from an American strategic and political perspective, despite the great risk that John correctly outlined, it doesn't make sense. The risks are too great. The potential upside too small to take the initiative for something significantly different at this time.

However, if South Korea is able to do something along the lines we urge, and if that contributes to, or if on its own the situation on the peninsula begins to see a reduction in tensions and the situation overall is somewhat more reasonable, I'm fairly confident that that would open up some space and some willingness on the part of people in the U.S. government to take another look at it. Eventually, there would have to be some real prospect of dealing with the nuclear issue, I think, even so. But so I would answer your question or criticism that this could help the U.S. to get back in the game.

MS. MOON: Gi-Wook?

MR. SHIN: Also, I think one message that we tried to deliver to South Korean leaders is that they can be more proactive than just trying to rely on the United States. I get visits from Korean politicians and opinion leaders and many other people, and oftentimes they say, you know, Professor Shin, "Why don't you ask the U.S. to be more active with North Korea?" So I said, "Why don't you be more active in leading the United States than being led?" I mean, we use this metaphor of a dolphin, because as you said, ironically, South Koreans don't recognize that now they are a key player

internationally. As I mentioned, if you combine their economic, military, maybe even soft power, I would say (inaudible) a number between 10 and 15 easily in overall power. So with that you can be more proactive. And after all, North Korea is, by and large, your problem. It's not really an American or China problem. In the end, at the end of the day, it's mainly a South Korean problem. So that's something we try to say to South Korean politicians. That's why we went to the Assembly. We met with a special committee and we made a fairly strong argument. So that's something also I wanted to emphasis again.

DR. MOON: John, do you have something?

MR. MERRILL: No, I would accept the comments that were made by both David and Gi-Wook. I think it's important that Seoul does take a more active role. Because I think this is where -- they have a different view than we do. I think in D.C., no particular criticism of anyone, but I think we're looking at this mostly as a problem of strategic systems and peace on the peninsula.

And there's an incredible amount of skepticism about North Korea. But I think that can lead to not patience, but paralysis. And I think that's potentially dangerous, given the fact that these two programs are continuing, and that I think North Korea is more stable, perhaps, than you'd think, Gi-Wook, but still, I wouldn't want to risk anything happening. So, I think we do need to take a more forward leaning position.

DR. MOON: Thank you very much. It's amazing. We have an outline of timing here, and everybody has kept to it just absolutely perfectly. So, we have plenty of time for discussion. I'd like to throw in some thoughts based on your presentation and the report.

What's interesting is that the South Koreans need to take the initiative much more than they ever have in their relationship with the United States, because as Gi-Wook and David say, it is primarily their problem. It's literally next door. It's your

neighbor. It's literally part of your house, actually, that you have to deal with.

If part of your own house is falling apart and you don't have a firewall, the DMZ is the firewall, but there is no guarantee that that firewall will actually be able to stop, especially nuclear or ballistic missiles of any kind. Then, you have to do something about it.

Two: It also allows North Korea to give more credibility, credence and legitimacy to South Korea's positions, because North Korea loves playing the ROK and the U.S. off each other. And if the ROK is able to take more initiative and a more independent stance, of course, in coordination with its allies, it sends a different kind of political message to North Korea; that it has to grapple with the south and not try to swat it away when it feels like it.

Also, if the North Koreans are going to accept funds from the south, it better deal with the South Korean government and people, bottom line. You deal with where the money comes from. And I think to expand on John's point, it's not just a strategic emphasis from the U.S. policy community when we look at North Korea, but I think it also narrows our understanding of the problems on the peninsula.

Americans, especially in Washington, tend to have a very, very myopic, in my opinion -- a myopic view of North Korea and a myopic view of peninsular problems, where South Koreans, Chinese and Japanese are able to see the broader scope in manifestations and potential effects on their own society. So, it's truly a regional problem.

And I think in that sense, it is imperative upon those in East Asia, particularly South Korea, to take this up, whether South Korea is a dolphin -- I almost thought you were going to say a non lethal shark (Laughter), but you didn't go that far.

MR. SHIN: Yeah, a shark can be a little bit dangerous.

DR. MOON: Well, but not all sharks.

MR. SHIN: Potentially more (Laughter).

DR. MOON: Not all sharks are dangerous. Some sharks are very friendly, actually (Laughter). They're just very fast and they can look mean, but they don't really bite and kill (Laughter). At any rate, dolphin or whatever, it is absolutely true that the time of shrimp-hood has passed, and psychologically, it's past time that South Koreans adapt their own psychology to the geopolitical and economic developments that they've achieved.

What I'd like to do is, start from the back of the room, because most of the time in every Q&A, it's the front of the room that gets the attention. And so, I promise I will get to the front. But I'd like to start in the back. Come and have us move. So, I'd like to take three questions at a time. If you would tell us your name, your affiliation and a question, please, in brief. Thank you. Mark.

MR. MANION: Hi. Mark Manion with the Congressional Research Service. Thanks to you both for a great report, and compliments to you on sticking your necks out to propose something. It's always easier to criticize than to propose, so nice job doing that.

In skimming through your executive summary and a little bit of the report, I notice that you had a lot of emphasis on sort of principles for your -- and I think that's where the tailored part of the engagement comes in. So you talk about, for example, that economic and humanitarian engagement projects should be market oriented. So, I'm wondering if you could explain more about what are some of your bottom line principles?

I mean, what are some things that South Korea should not accept, if North Korea doesn't accept these projects, for example? For instance, humanitarian assistance. North Korea has a history of sometimes rejecting South Korean food aid and

other forms of humanitarian aid, if they aren't -- if it's not money, if it's not certain types of grains. So, what are some bottom lines that South Korea should not compromise on when coming forward with some of these proposals?

DR. MOON: We'll take a second. There was a gentleman back there.

MR. FARGO: Ni Fargo from the USKI, SISA. Thank you for a very interesting presentation. I definitely agree that tailored engagement is better than playing a zero sum game with North Korea. But my question is as follows: From the early 1970s, since North Korea sent -- Pyongyang sent a letter to Congress, North Korea is interested in opening up, normalizing relations with the United States. That's their primary concern of North Korea.

Now, from a North Korean perspective, would North Korea, in your opinion, be willing to open up and to what extent to South Korea, if the United States is not taking also part in this process? And last week -- just last week, I think we heard here Ambassador Gregg Allen, and he talked about the deep disappointment in Pyongyang; disappointment from the Obama administration. So, that's my question. Can it work without the United States in the copilot chair?

DR. MOON: Especially because North Korea seeks normalization --

MR. FARGO: Exactly.

DR. MOON: -- with the United States as a main goal.

MR. FARGO: With the United States as a primary goal.

DR. MOON: Right.

MR. FARGO: Yeah.

DR. MOON: Okay. I'll take one more, and from that side of the room, just so I'm not biased. Go ahead.

MR. MACETTA: Mike Macetta, PBS Online News Hour. The North

Koreas have made the unusual public statement about the health of their president. Does anyone here have any idea whether the ailments they're referring to are physical, mental or political (Laughter)?

DR. MOON: How much time do you have (Laughter)? Okay, we'll go to our presenters and discussant.

(Discussion off the record)

MR. SHIN: So, let me address the first question. So, in preparing this report, we went through many projects that Kim Dae-jung and (Inaudible) government had done, because they are pursuing a very active policy of engagement. So we suggested, you know, for principles, one of them get -- rather than relying on symbolism or appealing to the national sentiment, let's try to focus on mutual interests and benefits, and so on.

So, let me give you an example. Like you know, Kim Gong (Inaudible) or even Kaesong project, the Korean government gave a lot of subsidy to start those projects. You know? Oftentimes, in cash. I mean, looking back, it's understandable, because that's kind of the beginning of engaging North Korea, so maybe 15 years ago, 20 years ago, in my view, it made some sense to subsidize and even giving some cash and so on, so I can understand.

But now, I don't think that should be the way to engage North Korea. I mean, that's why maybe, try to minimize government subsidies in your project, and then, like some making let's say -- you know North Korea wants to reopen the (Foreign language) region, and let's try to rely on marketing principles as much as possible, so they can be sustainable, not being so supported by you know, subsidies from the government, and so on.

So I mean, that's kind of one example. And we try to illustrate how our

principles can be applied to different projects. I mean, that's why in the second we lay out. So, you know, it wasn't easy to prepare this report, because I'm academic. I never served in the government. And in the period of beginning an academic, you can't just -- you're criticizing. Right (Laughter)? Or we can make some suggestions, because you don't have to implement the actual policy.

But here -- it's really, you know, time and effort. What if we are in a position to implement this actual policy? And I can't do this or that. I mean, that's why we try to be quite specific and concrete in our recommendations. So, do you want to comment on other things?

MR. STRAUB: Yeah. Let me address the second question. In my experience, it is correct to say that in principle, the North Koreans want to talk with the United States, and in principle, they want to normalize relations with the United States.

From an American perspective, the only problem with it is they want to do those on their terms. And in the North Korean case, those terms are really tough, and in many cases, unacceptable to the United States. And again, Gi-Wook and John may have somewhat different perspectives on this, but I fear that the North Korean regime still does not fully accept the South Korean regime as legitimate, for a number of reasons; historical, fear of the power imbalance and all of those things.

So for decades now, one of the -- I think the primary motivation of the North Koreans in trying to get together with the Americans was in the short run, to ease sanctions and other pressures, and in the long run, to split the United States away from South Korea. Now, the latter is ridiculous. It's never going to happen in the foreseeable future.

There is no reason for the U.S. to do that, and the U.S., I'm sure, will not do that. But I think that is what lies behind North Korean strategic thinking, so it makes it

very, very difficult for the U.S. to sustain negotiations with the North Koreans on a broad basis.

Your specific question is very good. Is North Korea willing to engage with South Korea if the United States does not, at least simultaneously or ideally, take the lead, as John was sort of advocating? The North Koreas certainly take that position. You know? During the George W. Bush administration, the North Koreans started -- they had the Kim Dae Jung administration in South Korea.

They had every reason, you would think, to engage as intensively and as seriously as possible with South Korea. And they didn't. They didn't before George W. Bush was inaugurated. Now, they've tried to give the impression afterwards that all of the problems in north/south relations were because George W. Bush became president. But if you look carefully at the historical record, the Kim Dae Jung administration over promised to the South Korea what the North Koreans were willing and able to do.

The North Koreans did not implement a lot of the things that Kim Dae Jung suggested they would, even before Bush was elected and inaugurated. But after George W. Bush was elected, things went much worse. And North Korea explicitly blamed that on the George W. Bush administration. And their argument was essentially this -- forgive me if I over sympathize, but South Korea, because the U.S. has Opcon, operational control over the South Korea forces in wartime, and because the U.S. forces are stationed in South Korea and so on, South Korea is a lackey of the United States. It does not have full sovereignty. And if the U.S. president is so hard against us in Pyongyang, there's no use for us to talk with the South Koreans. They can't do what needs to be done.

Now, I find that offensive on many levels. If I were South Korean, I think I would be furious at such an argument. But that's the basic approach and attitude that

the North Koreans have taken towards South Korea. So, I would argue, though, trying to be as optimistic about our proposal as possible, is that it's becoming increasingly clear to the North Koreans that the American government is not going to give them what they want.

George W. Bush -- you could look at how he acted and what he said, and say, well, wow, that guy is really a cowboy and is unreasonable. But can you look at Obama and say the same thing? I think even in North Korea, even in Pyongyang, they're saying to themselves, I don't think we're going to get anything close to what we thought we might get from the United States. So, what does that leave them?

As we put in the book, they're so dependent on China now and relations with China, truly are not good. And historically -- others in the room know this far better than I, that North Koreans have really wanted to be as autonomous and independent as possible. So, they played the Chinese off against the Russians. They would really like to use us to balance others in the region, including China. But it's not going to happen. And I find it hard, again, to believe that the North Koreans leaders are not beginning to realize that. If that's the case, what's -- you know, maybe South Korea is at least something worth the North Koreans playing footsie with for a while (Laughter).

DR. MOON: John, do you want to try to get to the third question (Laughter)?

MR. MERRILL: Well, I think what's most interesting is the public acknowledgement of health problems. And there have been press reports --

(Discussion off the record)

MR. MERRILL: -- I think most of them attributed to gout. He is overweight. But you know, they feel relaxed enough to admit publicly that he has some health issues. And so, this is again, something that's new. I think -- well, I don't know

anything for sure about what the specific issues are or how bad his condition is. But I suspect that it's probably minor, and we have a tendency of being prone to wishful thinking when we talk about North Korea.

So, I think he's around for a while, and he's a factor that we have to deal with. I think the fact that they're relaxed about talking about this is kind of interesting. And in a lot of respects, the regime is moving off in new directions. And this is another example of that.

The fact that -- let's say something nice about inter-Korean relations. We're coming -- where are we in the Asian games? When is the closing ceremony coming? In a few days?

MR. SHIN: Soon, soon.

MR. MERRILL: Soon, yeah. That went off without serious problems, as far as I know, even though there were issues about displaying the North Korean flag outside the stadium venue. The North Koreans came. They competed. There were no untoward incidents. So that's a positive sign. And I think that will be assessed in Seoul, and maybe that will factor in to how Seoul frames its policy going forward.

MR. SHIN: Yeah, so let me make a couple of comments. About the third one, maybe that's their way of getting attention. Now, we are willing wondering about his health, so (Laughter) -- But I guess I am less concerned about his health. I mean, he's still young and he might have a little problem, but I don't think he will die anytime soon or something.

But I think you know, something we really want to think more carefully about, I think, as I mentioned earlier, this frequent change in military leadership. Because Chu Young Hay was number two in the position for what, six months? You know, very short.

I mean, in any country, you know, not only in North Korea, any country, if you change the number of guys so soon, that means something. I mean, of course we don't know what's happening inside, but that's why I'm a little bit more concerned about what's happening in that regard, than Kim Jong Un's health.

To kind of address indirectly the second question, you know, with North Korea, we can ask many what if questions. Okay? One of them is what if North Korea responded to the Perry reports sooner than what they did? What I mean is that in the late 1990s, Bill Perry prepares a very nice report, and basically, he was accepting North Korea as it is. I mean, that was his main conclusion. We should take North Korea as is, and then made some very good, credible recommendations.

But for some reason, North Korea (Inaudible) there for -- I think for a year or something, and they responded at the last year of the Clinton administration. You may remember that North Korea sent Marshall Choate to Washington. Madam Albright went to Pyongyang, and they even invited you know, Clinton for a visit, and actually, Clinton was thinking about going to visit Pyongyang.

So, what if that happened a year earlier? Right? Because as it was, the very last days of Bill Clinton and then as we know, this Florida (Laughter) you know, recounts of the ballots or whatever -- So, I think a couple of years later, we had a North Korean delegation to stand for -- then, I asked this question to North Korea.

I said, why did you guys wait for a year? You know, you really missed a great opportunity. If you didn't wait for a year, if you responded earlier and if you started the process a year earlier than what you did, you could have had really different things. Because let's say you assume that Bill Clinton went to Pyongyang. I mean, of course, it's all what if.

So, in other words, looking back, there are some missed opportunities,

we maybe -- maybe we are quite close. I mean, right? I mean, we didn't normalize. I mean, it's still not an easy one. But looking back, there are some missed opportunities that we shouldn't forget. I mean, that's why I still like to be optimistic, despite all of those challenges and problems.

DR. MOON: Could you tell us what the North Koreans responded when you said, hey guys (Laughter)?

MR. SHIN: Oh yeah. I mean, yeah, so -- they just answered with, oh, I don't know. (Laughter) Thinking at the top. Of course, you know, he wasn't Kim Jung-il, so he sort of like avoided answering the question. But I'm sure now they may have regretted that.

DR. MOON: Yeah, it's possible. And again, the lesson is, North Korea has not always been as recalcitrant as we -- as you suggest that we assume; that it is a place that changes and leaders that actually have had different mindsets at different times when they were faced with different opportunities.

And in some both ways, you both are arguing for creating new opportunities based on geopolitical realities. I'd like to take -- there was a gentleman here, and then I'll move to the front. Yes?

SPEAKER: (Foreign language) Question going to the Professor Shin and Dr. Straub and Dr. Merill. When can we see the dialogue among the related countries including North Korea? There is an election next month, a midterm election in the United States. So, some are talking about the possibility of the dialogue after the missed election. So, what is the opinion on that?

And then, Dr. Straub mentioned that the people's exchange and the increasing of the humanitarian wisdom that would be the main principle of the tailored engagement. But I think to move forward, we need some more measures, like the

opinion of the (Foreign language) origin -- Professor Shin mentioned. And then also, North Korea wanted the easing of the May 24th economic restrictions. So, do you what do you think of the opening of the tourism or the easing of the restrictions -- economic restrictions?

DR. MOON: We'll go up to the front now and then I'll move back toward the back. These gentlemen have been waiting a long time. Jonathan. And if you could make it short and question.

MR. POLLACK: Sure (Laughter).

DR. MOON: I know him well. (Laughter)

MR. POLLACK: I'm Jonathan Pollack from Brookings Institution. My question is not about the United States. My question is not about North Korea. My question is about the Republic of Korea, which I take to be the underpinnings of this report.

And it's really a question of what I'll proportionality and a question of, if you will, strategic identity. It's prompted actually by Gi-Wook's interesting reference to a dolphin to South Korea having the seventh largest trading state in the world, et cetera. The question is, in a relative sense, even though you cannot ignore North Korea, in the estimation of either you or David, how central, how pivotal, if you will, should the relationship with the north and Inter-Korean relations be relative to the full spectrum of South Korea's long-term strategic interests?

I don't know if it's addressed at all in your report. I haven't had a chance to read it yet. But how central should this be? What degree of effort, if you will, should be devoted to this, as distinct from, if you will, larger opportunities that ROK may have now and in the future?

DR. MOON: Mm-hmm. Okay. Chris?

MR. NOSSIN: Thanks. Chris Nossin, the Nossin Report. Yeah, you ruined our whole strategy of sitting in front and waving the arms. You know (Laughter)? I've got to rethink it.

DR. MOON: I'm trying to throw you off.

MR. NOSSIN: I know. No, it's all right. But if I sit back there, and I can't see anything.

SPEAKER: She was thinking like a dolphin (Laughter).

MR. NOSSIN: Yeah, she was. She was. Just two quick things.

(Simultaneous discussion)

MR. NOSSIN: You know, we tend to forget, especially our friends at SISA, I think sometimes tend to forget, the U.S. has been very flexible, more than once. Late Clinton -- we all really thought he was going. I mean, I was getting leaks real time at the NSC -- they were terrified he was going, and it was a heady day. You know, he ended up not going, but let's not forget. Number one.

Number two, we all remember Jeff Bader during the 2008 campaign saying in public at events like this that there would not be an inch of daylight between the Blue House and the White House, that we all had learned the lesson of having disconnects between the fairly elected government of South Korea and the United States' government.

And I think we can agree that the Obama administration has pretty well adhered to that. And let's try to remember that. That you know, if some of our friends are not happy with Obama's -- with what happened Obama is doing, just remember that it is being coordinated.

Anyway, my question. And I really appreciated Mark Mahon leading it off and Gi-Wook's point. I've been rather naively thinking that in our quest for ways -- to find

ways to cooperate with our Chinese friends and not just confront them, that there's got to be room for working with China and South Korea on the economic development in North Korea.

And you know, if we're only thinking in terms of Mount Kumgang or Kaesong and sort of things that are in a sense, almost inherently artificial or external, we're probably missing a boat. Do you guys look at what is China doing economically in North Korea? You know, is there really business taking place there? Are there things that in a better world, South Korean business should have a piece of that action? And shouldn't South Korea be talking to Beijing about this?

And what the hell, guys, it is our peninsula. You know? Is that naïve, or are the Chinese really intent on dominating whatever business there is in North Korea? Or is China more open to a cooperative agreement? Because that would be something that we could also get in on, and you know, maybe not Kumbayah time, but it certainly would help improve the atmosphere.

DR. MOON: Okay.

MR. NOSSIN: Thanks.

DR. MOON: I think we could --

MR. NOSSIN: That's as short as I ever get (Laughter).

DR. MOON: Thank you. I appreciate it. So, we had three. Let's go at three, and then we'll go for more.

MR. SHIN: I think these are all great questions, and I need about one hour to fully answer those questions.

DR. MOON: We have time (Laughter).

MR. SHIN: But really. So, let's go -- can I go first?

SPEAKER: Yeah.

MR. SHIN: So you know, first to Chris. I mean, the last year, I went to Shandong and then Dandong, because you know, Dandong is a city close to you know, North Korea, and David went this last March.

And you know, if you go -- I've been going to Beijing and Shanghai many times. But this is my first time to go to Dandong last October. I mean, you have a totally different view of what's happening in China regarding North Korea. If you only focus on, you know, Beijing, they seem to give the impression that China may have changed its position towards North Korea, because now they joined in sanctions against North Korea. Sometimes, they are critical of North Korea. Right? There's now some, maybe changes in (Foreign language) and so what?

So, you may get a certain impression that China, you know, may be finally fed up with North Korea, and then maybe changing at least a little bit. But if you go to Dandong, you've got a totally different view. I mean, businesses between North Korea and China are thriving. You know, I met about 10 Chinese businessmen doing business with North Korea, and one of them hosted me at his hotel. Just you know, looking over Amonkon or Yellow River.

And then you know, he prepared a very nice lunch with seafood from North Korea. You know, he said it's very fresh. It's not contaminated. So he is doing you know, this business -- taking seafood from North Korea and selling it in China. So, I think that raised this issue about what to do with May 24th measures that you asked about earlier.

You know, we understand that it's very difficult politically to even relax in May 24th measures, because it was, you know, imposed after the (Foreign language) cases. But right now, in a sense, some of them already are relaxed. Let me give you one example.

Now, when Park Geun-hye and Putin submit -- they are already to develop a joint project. Right? Near the borderline. So, one time I asked the South Korea minister of unification, I mean, is it okay with May 24 measures? Are they making exceptions? And he said, well, this is a special case.

So, already some of the May 24th measures are relaxed. And I think this is the one thing that we hear a lot of discussion at the assembly about. And as I mentioned earlier, most of that -- I think all of them pretty much agreed on the need to at least relax May 24th measures. Or, I even suggested, if it's difficult politically to lift the May 24th measures, why don't you, you know, have new measures? Okay?

Forget about the May 24th measures. That was anyway, done by the previous government. Why don't you have you know, Park Geun-hye measure and follow the -- but anyway, there is like an understanding that you know, May 24th measures hurt South Korean business people more so than North Korean. I think the intent was to hurt, right, North Korea? But in reality, the outcome was to hurt South Korean businesses in delivering to North Korea, and that was replaced by Chinese businessmen.

So, that's why now we are launching, actually, a new project to look at those different parts of China, Liaoning and Heilongjiang and Jilin provinces. And so I'm telling my colleagues at the center -- American colleagues, you know, you should go to those areas, because if you only go to Beijing, you get you know, a very misleading impression. But if you go to those areas -- I think there's a lot of cross border movement among those three provinces of China, Far Eastern Russia, North Korea, possibly some South Korea, as well.

So, I think just sitting in Washington or going to Beijing or so you can get a misleading picture. I mean, we have Sonny Lee here who is an expert on this issue.

But I strongly argue to visit those areas, if you want to know what's really happening between China and North Korea.

MR. STRAUB: These are very, very interesting questions. I wish we had a lot more time to discuss them. To Mr. Lee, you know, I just don't think that North Korea is or has been a significant political issue in U.S. elections since the end of the Korean War. It's a common misconception I found both in North Korea and in South Korea. It just doesn't play.

Obama would have to be an absolute idiot to lose on the North Korea issue. And the notion that after the election, somehow he would feel free to go and pursue six party talks, you know, I just don't see it. I mean, that's why we're arguing. Don't expect the U.S. to do this.

DR. MOON: Right.

MR. STRAUB: For the time being, under the current circumstances, it's not going to do it. Also, about tourism. You know, we tried again to get the middle two thirds, the middle 70 or 80 percent in South Korea. So, on tourism, we strongly advocate that do a principled tourism as much we could.

We specifically addressed the Kumgang issue. We say Kumgang doesn't meet what our tests for the kind of principles that you should use in north/south Korean tourism. Why? Well, because there's no contact with North Koreans, essentially. My understanding, correct me if I'm wrong, is that even most of the guides up there are Korean Chinese. Maybe that is no longer -- or wasn't the case at the end.

So, what we say is, but it was already in operation. It was agreed between the two sides. Try to find a way to resume it, but try not to do that kind of tourism in the future. Even the Kaesong tourism, where you know, at least more of the people of Kaesong could see those buses traveling around. At least that's a lot better, in

terms of having at least some indirect contact.

To Jonathan's question, how central should North Korea be to South Korea -- well, you know, one of our principles is, South Korea shouldn't, in its engagement, you know, make airy fairy (sic) appeals to nationalism and symbolism, if you want to be sustainable. But when it comes to the ultimate aims, then you have to -- it's a question for South Koreans.

Is unification important anymore to South Koreans? So, that's something we can't answer for them. And of course, there is always the risk that if this problem is not resolved, whether by unification or some other means, that something bad could happen. That's a different question. And to Chris -- by the way, thank you, Chris, for advertising this for us, as for many other favors --

SPEAKER: Just promise me a free lunch (Laughter).

MR. STRAUB: (Laughter) Right.

(Discussion off the record)

MR. STRAUB: Is China open to cooperating with South Korea and economic projects and things like that in North Korea? That's a really good question. We talk about this in the book. We even say, you know, that it -- you know, that it should be explored, including -- even with Russia. But carefully, until there's some progress at a more basic level, so that you don't screw up the nuclear issue.

But in my experience with China, which has been limited, but I was in the first three rounds of the six party talks, the Chinese are very nontransparent about North Korea with American officials. And you know, so they would good food aid, but would not tell us how much they give. They would give energy aid. None of this was funneled in through the six party process.

It would have been very helpful if they had been willing to do that. It may

be that even -- that they might be willing to do some things with the South Koreans that they were not prepared to do in the six party talks. Again, I'm very concerned about the mounting strategic distress between the U.S. and China, and I'm afraid that if this doesn't get better, that the effects Korean peninsula -- the North Korea problem, will be even more serious in the future.

DR. MOON: John?

MR. MERRILL: Well, I'd just like to address that question very, very briefly of the sanctions -- the May 24th measures. My views are all formed from a distance, just by reading occasional articles of the South Korean media.

I think it's very clear that sentiment is building; that these measures have to be relaxed. So, I think it's a given that that's going to happen in the next few months. I don't know how much they'll be relaxed, but I think it's almost inevitable. What do you think, David?

(Simultaneous discussion)

MR. MERRILL: That sentiment is growing in South Korea.

MR. SHIN: Oh yeah.

MR. MERRILL: And that these measures have to be relaxed.

(Simultaneous discussion)

MR. SHIN: Right, right. So, once again, already, the government has relaxed, you know, without saying that. Right? And then, I don't think any member of the committee at the assembly opposed relaxing the measures, if I remember correctly. So after the meeting, I suggested to the committee chair that why don't you issue, like in a public statement to support relaxation of the May 24th measures.

So, it hasn't happened. But I don't know. They are so busy with their own, you know, political struggles. But I got a strong impression that --

MR. MERRILL: (Inaudible)

MR. SHIN: Yeah, they are all for relaxing the measures, if not lifting them entirely.

DR. MOON: If I could indulge Jonathan this question a little bit -- I took your question to imply -- if South Korea looks at North Korea as another country with many other countries that South Korea can play with and benefit from, why is South Korea -- why is North Korea so important? Is it more important than dealing with other countries, and in South Korea's larger foreign policy vision or agenda? Yes?

SPEAKER: Right.

DR. MOON: Yes?

SPEAKER: Yes.

DR. MOON: And I think that is an excellent question, which I'm sure you have answers to (Laughter). The obvious answer being because you've got a bully, you know, with lots of gadgets threatening to do bad things to you. So, that's the obvious -- the immediate question. You don't want to live with a bad neighbor for the rest of your life. It's an existential -- as a nation, an existential dilemma and a lot of wasted resources, right, in deterring that -- any kind of threat.

But on a larger level, I think for South Korea, engage -- South Korea is actually -- I think Park Geun-hye is being very smart, diversifying South Korean foreign policy towards Southeast Asia, even Central Asia, and of course, Europe. And I think the more South Korea diversifies its foreign policy, one, as a way to other nations' friendship, economic support, economic relationships and political support, vis-à-vis China and the U.S., because South Korea feels like it's stuck between the two, it can buy -- that kind of diversity can buy South Korea a lot of wiggle room, and also, because Europe is friends with the U.S.

If South Korea becomes friendlier with European countries, you know, it's a way to have friends of friends. Right? So in that sense, it helps just buy South Korea more political space. I think in the long run, if I were a South Korean leader, I would be hell bent on diversifying South Korea foreign policy for self interest, which is, unification will happen at some point, hopefully peacefully.

And even in the best scenario, South Korea will need a lot of economic support and assistance from "the international community." That kind of support doesn't just pop up. It doesn't just grow out of thin air. You have to have a good foundation of friendships, and also vested interests, meaning investments.

If I were South Korea, I would bring other countries into North Korea as much as possible, when possible, partly to offset China's economic influence, partly to offset Russia's potential economic desires, and also, possibly even Japan's economic power in North Korea, the way things are going potentially.

So, for all of these reasons, it is in South Korea's interest both to pursue a more initiative ridden, more independent line with North Korea, but also, together with a diversified foreign policy that will support its North Korea policy. So, I think the world is very complicated for South Korea. It's not just about the U.S. and China, et cetera.

I think if South Korea is really smart, it has the capacity to harness political, diplomatic, economic ties from around the world that can support its North Korea policy. That would be an ideal foreign policy vision.

MR. SHIN: And also, to add one more thing, I mean, you know, to be blunt and you know, from a realist's perspective, I think maintaining maybe, I think better relations with North Korea and hopefully, having some influence in North Korea will increase the strategic value of South Korea in dealing with other countries in the region. Right?

DR. MOON: Right.

MR. SHIN: I mean, now, sometimes I wonder whether the current government is almost trying to delegate North Korea's problems to China, because it's great that Park Geun-hye and Xi Jinping maintain a good relationship, but I mean, once again, you know, sometimes I get the impression that she's trying to get support from China regarding North Korea's policy and unification and so on.

I mean, that's important, but at the same time, you don't have any leverage. I mean, you lose the whole leverage, you know, to China. So I mean, that's why I'm hoping that South Korea can be more strategic and then, improving relations with North Korea can be in their benefit, you know, besides peace and other things.

DR. MOON: I'd like to take more questions very, very quickly. I'll take one from here. The young lady here?

(Discussion off the record)

SPEAKER: Thank you for your research.

DR. MOON: Can you give us your name?

SPEAKER: Okay, my name is Kiri. I am from Georgetown University. I am like -- master students here. And thank you for your resources and like, detailed like ideas about engagement.

But in order to put this engagement into action, I believe that there should be coordination of national priorities and interest among the major powers in the region. And what do you think South Korea's role as a middle power will be in like coordinating these kinds of national priorities? And especially, since you mentioned about like how messy it will be after a dramatic change in North Korea, I would like to know what role, actually, South Korea could play in making a joint contingency planning of like, in between the U.S., Korea and China, like in the situation of this growing strategic

distrust.

DR. MOON: Okay. And I took --

SPEAKER: Thank you.

DR. MOON: -- more questions from this side, so I'll take the last one from this side. Metaya?

(Discussion off the record)

MR. ALIGAPPI: Thank you, Kathy. I'm Metaya Aligappi from the Carnegie Endowment. I have a couple of comments and questions. One is, this tailored engagement -- I've been wondering -- I haven't read the book, so I apologize if my -- if you have answered this in the book. But tailored engagement for what purpose? In other words, what is the purpose that one is trying to achieve? Engagement is a means. So, what is -- that's been puzzling -- really, I've been wanting to understand that.

And secondly, I think the point that Kathy made in response to Jonathan's question is very important, because that is actually framing the problem. What is the nature of this problem? If it is one Korean nation, one Korean state and so forth, then it is a different set of issues. And the U.S. focus on the nuclear weapons and the underlying problem -- they don't sync very well.

And if it is, in fact, not a Korean nation problem, if you can act as one Korean nation, two Korean states, then it becomes a different problem altogether. So, I think it's important to relate this tailored engagement to what purpose is it? So that's my question. Thank you.

DR. MOON: Great. Great question. If we could have some brief comments.

(Discussion off the record)

MR. STRAUB: Well, South Korea can play a larger coordinating role

than it has in the past. I mean, South Korea has been very much in the thick of, for example, the six party talks and the coordination about the six party talks, even in the years that they have not been held. The issue is not coordination, per se. It's increasing South Korea's influence and power, and that's why we've made the particular argument that we've had -- that we made, that South Koreans need to develop a broader consensus that is sustainable across administrations.

And regarding contingency planning for things happening in North Korea, so far, the Chinese have not been willing to do that with outside parties. It's the opaqueness that I mentioned before involving China. Maybe someday, but it's not in sight right now.

The purpose or the -- why we're advocating tailored engagement. So, we believe -- we have modest aims. We think that doing this would certainly help the ordinary people of North Korea on the humanitarian side. The North Korean -- ordinary people of North Korea still suffer terribly from food shortages and from an almost complete breakdown in the public health system. So, South Korea could easily play a much larger role in that. That would be good on moral grounds. It would be good on Korean national grounds, and it could help the overall situation on the peninsula.

We think that this could help reduce tensions on the peninsula, and thereby help reduce the risk of clashes -- military clashes. It should help at least to slow down the divergence between the two societies, which President Park has said is very important for laying the basis for unification.

We're not arguing that anytime soon, this -- and certainly, not this by itself will solve the fundamental problems of a nuclear issue, and how North Korea regards the U.S. and so forth. We are saying it's conceivable that over time, this sort of effort could cause enough movement and enough things to happen between North and

South Korea and in North Korea that you might be able to make some progress on these fundamental issues. It won't be enough by itself.

And the ultimate aims? Again, that's something for the people of South Korea and North Korea, ultimately, to decide. You may have a different view. We have not discussed that in particular. But you know, for me, as an American, as a former U.S. official, I will be happy when Korea is either unified and prosperously, democratically, securely situated in Northeast Asia, or if the Korean people want two states that are friendly -- and you know, where families can visit each other, like Austria and Germany, I'm not going to tell the people of the Koreas that they can't have that. Again, that's very much up to the Korean people to decide. And what we're proposing is not going to achieve unification, certainly, by itself, but it can be used however the Korean people want to, ultimately.

DR. MOON: Any last words?

MR. SHIN: So as you know, the Korean president, Park Geun-hye, announced this unification is a jackpot, world bonanza. And I think for me, personally, I got confused, too, because I couldn't find any logical or policy link between trust politics and this unification as a bonanza.

And in the end, unification can be or should be a goal for you know, Korean people, but we just can't do policy based on that, you know, wishful thinking or a long-term or eventual goal. Right? So, that's why we are very supportive of trust politics, but quite critical of this unification as a bonanza rhetoric, because it's more rhetoric than, I think you know, a policy agenda. So, with tailored engagement, we are hoping that we can improve the current security situation on the peninsula that might, you know, further facilitate engagement. So then, somewhat gradually, but eventually improve the security situation on the Korean peninsula besides what, you know, they've been mentioning

about improving the life you know, people and so on.

So, I think we are advocating more modest, hopefully, more realistic policy suggestions than emphasizing political rhetoric or politically correct issues.

DR. MOON: Thank you very much. I want to thank all of our speakers, and especially the two who flew out from California. And again, for those of you who came in late, if you were not able to get a copy of this document, the study, the report, it's available online through the Shorenstein Center Stamford web site, as well as the Brookings web site.

And I want to thank everyone. Many of you have come to -- this our third event at Brookings on the Koreas in one month.

MR. SHIN: Great.

DR. MOON: Well, it's quite exhausting (Laughter), but it's also exhilarating. And thank you very much for participating in all of them, especially for coming today. Thank you.

MR. SHIN: Thank you.

(Applause)

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