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“Beyond the Axis of Evil: What Price for a Nuclear-Free Korea?”
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I'm going to make three main points today. First, the Bush administration's North Korea Policy increases the danger that the North Koreans will make nuclear weapons and long-range Missiles.

Second, it's a provocative policy that could in a worst-case scenario- lead to a war. Third, it is possible for the United States to negotiate a stable peace with North Korea. We could get them to stop missile exports and to stop developing long-range missiles at a relatively low price. But getting North Korea to give up its nuclear option, and to pull back its forward-deployed conventional forces, would require a higher price. My new book, *Korean Endgame*, focuses on just what that price would have to be.

I find no indication that the administration is ready to pay any price for North Korean concessions. Unless that attitude changes it doesn't really matter whether or not there is a resumption of dialogue with Pyongyang.

There is not much difference between what the Clinton administration told the North Koreans to do and what the Bush administration is telling them, namely, don't make nuclear weapons and missiles. The difference is that the Bush administration isn't willing to give North Korea anything in return for doing what we want. They say, why should we have to buy off this repugnant regime?

Well, in my view, here's why. If North Korea goes nuclear, so will Japan. There is strong support in the Japanese right wing for a nuclear weapons program, and they are talking openly about it now for the first time. On April 8, Ichiro Ozawa, leader of the Liberal Party, said "We have plenty of plutonium in our nuclear power plants, so it's possible for us to produce 3,000 to 4,000 nuclear warheads. If we serious, we'll never get beaten in terms of military power"

Actually, it's technically difficult to use reactor-grade plutonium for nuclear weapons. What makes Japan's nuclear weapons potential so formidable is that Japan has a multi-faceted nuclear program and would not have to rely on reactor-grade plutonium. There are six other ways Japan could use its nuclear program to make nuclear weapons.

It's true that Hiroshima and Nagasaki left powerful anti-nuclear emotions. But the psychological legacy of the bomb is complex. The right wing plays on sublimated feelings of humiliation and impotent rage. They argue that Japan must acquire its own nuclear weapons in order to erase the traumatic impact of Hiroshima and Nagasaki from the National psyche-- In order for Japan to stand up to the United States and the world.

So the very real danger of a nuclear Japan is the key reason that we should be prepared to pay the necessary price to make sure that North Korea does not develop nuclear weapons. Why will the price be high? Because they are afraid of a preemptive strike by the United States. They won't give up the nuclear option unless we normalize relations with them, give them energy assistance, sign a peace treaty ending the Korean War and agree to arms control tradeoffs that convince them they have nothing to fear from us.

They are observing the 1994 Nuclear Freeze Agreement, but remember it's only a freeze. They are not required to dismantle their nuclear facilities and give up their nuclear option unless the United States- at the same time- honors Article Three, Section One of the agreement. That clause provides for the U.S. to give "formal assurances against the threat or use of nuclear weapons by the United States." In other words, give up the nuclear umbrella over South Korea.

Let me cite as scripture a statement made by former Defense Secretary Bill Perry. It's the most important and least-noticed of any statement ever made about North Korea by a U.S. official. You will recall that Perry went to North Korea on behalf of President Clinton. When he came back he was interviewed on the Newshour on September 17, 1999. Margaret Warner asked him why North Korea was developing missiles. Here is what he said, "I believe that while they may have reasons for wanting this missile program, their primary reason is security, is deterrence. Whom would they be deterring? They would be deterring the United States. We do not think of ourselves as a threat to North Korea, but I fully believe that they consider us a threat to them."

It's important to keep that statement in mind when you think about North Korea. It's the key to understanding why the axis of evil speech was so counterproductive. It's the key to understanding the relations between North and South Korea.

North Korea is now more convinced than ever that the United States is a threat. At the same time, Bush convinced North Korea that it's too risky to let its guard down by opening up to the South, since the South is a U.S. ally.

So North-South relations were frozen for more than a year. Then President Kim Dae Jung's point man on the North, Lim Dong Won, recently broke the ice. Lim Dong Won understands North Korean psychology. In effect, here's what he said to the North: "Look, it's clear you won't get anything from this administration. We don't like their policies either. We are afraid they might take some reckless military action, just like you. So trust us, and let's pick up where we left off. If we work together it will be harder for the hawks in Washington to do anything crazy." To clinch the deal, the South offered 400,000 tons of food aid.

The result was Lim Dong Won's recent mission to Pyongyang. Lim was successful until the Bush administration started saying that they North had caved in to U.S. tough talk. Then the South Korean Foreign Minister, who does not understand North Korean psychology, tried to massage the U.S. ego by echoing the Bush line. That of course has required Kim Jong Il to backtrack in order to pacify the hawks in Pyongyang.

The attitude underlying administration policy is that the North Koreans "need us more than we need them," so we can set the agenda and dictate terms. But this attitude is self-defeating because it ignores political realities in Pyongyang. Precisely because North Korea is a small, impoverished country, militarily vulnerable, it is intensely proud and nationalistic. Their pride is all they've got left. Kim Jong Il is ready for an opening to the United States and South Korea, but he cannot appear to be bowing to superpower pressure without undermining his domestic political position.

My bottom line today is that we are going into a dangerous period reminiscent in some ways of the months leading up to the nuclear crisis of 1994. You'll recall that we almost got into a war in May and June of 1994 over nuclear inspections until Jimmy Carter intervened and the 1994 Nuclear Freeze Agreement was negotiated. This time, we are putting on pressure for broadened and accelerated nuclear inspections going beyond those required under the 1994 Freeze Agreement. North Korea is resisting and we could easily drift into a cycle of challenge and response leading to military conflict. I am going to focus on how the United States could get North Korea to accept the inspections we want without a War.

Based on the most recent of my seven visits to Pyongyang in June, 2001, and my continuing contacts with North Korean diplomats at the U.N., I believe that North Korea is prepared to negotiate a solution of the nuclear and missile issues, not in isolation but as part of a broader movement toward the normalization of relations.

I spent three hours in Pyongyang with Foreign Minister Paik Nam Soon and five hours with General Ri Chan Bok, a three-star general who represents North Korea at Panmunjom and is one of their principal barbarian handlers. Both of them had one message: That North Korea faces a crippling energy crisis dating back to the cutoff of Russian and Chinese energy subsidies at the end of the Cold War. North Korea agreed to freeze its nuclear program, they say, because the freeze agreement envisaged the completion of two nuclear reactors by 2003 that would provide 2,000 megawatts of electricity. Now it is clear that the reactors won't be completed for another six or seven years, and they believe they are entitled to South Korean energy help in accordance with agreements reached before and during the June, 2000, Summit, including a promise of 10 million tons of surplus coal that the South has not honored. And they blame the United States for blocking South Korean energy aid. Of course, there are technical and financial reasons why it has been politically difficult for Kim Dae Jung to provide electricity aid or surplus coal to the North. And Pyongyang is partly to blame because it had refused to let South Korean experts inspect its energy facilities. But it is true that the United States has opposed South Korean energy aid to the North. The U.S. argument is that such aid would weaken U.S. leverage in pushing the North for broader and accelerated nuclear inspections since it would give Pyongyang an alternative to electricity from the new reactors.

General Ri Chan Bok made an explicit threat to develop nuclear weapons if we don't provide energy assistance. In the middle of lunch, he suddenly said, " What we in the

armed forces cannot understand is why we are not entitled to have nuclear weapons and missiles when our principal belligerent adversary, the United States, tests and develops thousands of them." I asked him whether he thought North Korea should develop nuclear weapons. This was his answer: "I don't know anybody who believes that we need nuclear weapons at this stage, but everybody is thinking in that direction in view of the hostile attitude and hostile policies of the Bush administration. They pressure us with one-sided demands for inspection systems all over our country without any indication that they are really prepared to help us deal with our energy crisis as the 1994 Agreement promised."

The administration says we are ready to meet any time, any place but are we really talking about negotiations? North Korea is to be the defendant at the bar. The President said that burden is on North Korea "to demonstrate the seriousness of its desire for improved relations " by accepting U.S. terms.

Even if dialogue is resumed, it is not likely to lead anywhere unless the administration is prepared to talk about carrots as well as sticks and to synchronize U.S. concessions with North Korean concessions-- instead of expecting Pyongyang to make all of the concessions first.

The key phrase in the President's June 6, 2001 statement after his policy review on Korea was that the United States wants "improved implementation of the Agreed Framework relating to North Korea's Nuclear activities." The President has made clear that he thinks North Korea has a secret nuclear weapons program. He wants more U.S. inspections of suspected nuclear facilities like the one at Kumchangni two years ago. North Korea is not required to do this under the Agreed Framework. Second, the United States wants the IAEA inspections that are required in the Agree Framework to begin now, even through they are not required under the Agreement until a "significant portion" of the first reactor is completed.

The foreign minister said several times that, "We will stick by the Agreed Framework to the Letter, but we won't go beyond it." However, My view is that if the United States is prepared to accompany more inspections with expanded food aid, as the Clinton administration did, plus electricity assistance, they will agree to more inspections at agreed locations as in the case of Kumchangni.

What North Korea is not likely to accept is the U.S. demand for sweeping IAEA inspections starting now. Pyongyang is well aware that the earliest possible date for completion of a "significant portion ""of the first reactor is late 2005, and they say they are not obliged under the agreement to let the IAEA start until that goal is clearly in sight.

As in 1994, the issue of IAEA inspections could once again set in motion a dangerous cycle of challenge and response that could escalate. I have therefore developed a compromise proposal on the IAEA inspection issue that I presented to the Foreign Minister and have presented to the administration. Instead of demanding inspections unrelated to the actual progress achieved in completing the first reactor, the

administration should propose a stage by stage inspection process directly linked to the completion of each step in the construction process - - each step on the way to constructing a “significant portion” of the first reactor.

Annex four of the KEDO supply agreement with North Korea lists each of these steps in the construction process, eight of them, and the IAEA should identify parallel steps in the inspection process. North Korea should then be required to accept stage by stage inspections as each stage of the construction proceeds. The foreign minister said he thought this was “(W)orthy of consideration.” But he laughed and said, “It’s premature to talk about it now when they haven’t even started construction.”

Turning to the missile issue, the Foreign Minister was very positive about a missile export agreement. He reaffirmed the key concessions made on the issue to the Clinton administration: that U.S. compensation for stopping exports would not have to be in cash but could be in kind, “(I)f the compensation is in conformity with our needs.” The administration should give priority to concluding a missile export deal, offering substantial food and electricity aid as compensation.

On the broader issue of a freeze on the testing and production of missiles, North Korea agreed in 1999 to a moratorium on long-range missile testing that would last as long as negotiations on normalization continue. The Bush administration has never said that negotiations with North Korea would have anything to do with normalization, so there’s a great danger they will resume testing. I asked the Foreign Minister whether the missile freeze negotiations initiated with Clinton could be resumed where they were interrupted, that is, whether the North Korean offers then under discussion would still be on the table.

Specifically, I asked the foreign minister whether it was true that Kim Jong Il had offered to freeze the testing and production of all missiles with a range of over 300 miles in his meetings with Madeleine Albright. The foreign minister said yes, but he added, “That was in the context of the rapid improvement of our relations that was taking place in advance of the expected presidential visit. Our attitude now will depend entirely on their attitude.”

Let’s suppose the administration does revive the negotiations started by Clinton. In my view, the price for a freeze on long-range missile development, like the price for a missile export deal, would be food aid and energy aid, such as U.S. financial support to help connect the South Korean electrical grid to that of the North. But getting the north to discontinue long-range missile development and to stop their present deployments of medium-range missiles would require much more---including some changes in the U.S. military posture in Korea and a dramatic gesture of economic support. For example, the U.S. could give its blessing to a gas pipeline from Sakhalin to South Korea involving American companies that would run through North Korea.

On the issue of conventional forces, the president has repeatedly called on the North to make unilateral pullback of its forward-deployed forces and artillery. Is the administration prepared to put the pullback, redeployment and possible withdrawal of

U.S. forces on the table in discussing arms control tradeoffs with the North? If so, as I spell out in my book, Pyongyang is prepared for realistic compromises.

In conclusion, when the Bush administration took office, many of those responsible for Korea policy spoke of the need for a new style in dealing with North Korea - - "Benign Neglect" some of them called it. It was unseemly for the United States to chase after North Korea for agreements, they said. "Let them come to us, we won't offer inducements to get them to negotiate. And we won't pay them to do things we think they should anyway." I argued against this approach because I believe North Korea will develop destabilizing nuclear and missile capabilities if we don't pursue an activist approach to engagement and the normalization of relations. I don't think benign neglect would be in the American interest. But it was understandable for a new administration to want to differentiate its approach from that of its predecessor. The problem now, of course, is that there's nothing beneath about the Bush administration's policy toward North Korea. They're not neglecting it; they're demonizing and goading it. My hope is that South Korean pressure will lead the President to back off. If he doesn't, if he goads North Korea into a war - - in order to finish it off - - the costs could be horrendous, not only for the South Koreans, but also for Japan. North Korea already deploys NO Dong missiles that can reach Japan and U.S. basis in Japan. Those missiles are there to deter us, as Perry says. Instead of testing how effective they are, it makes more sense to negotiate an end to their nuclear and missile programs with a mix of energy aid, food aid, and changes in our force posture in Korea that will reduce their perception of us as a threat. They're more than ready for such a deal if we will only take yes for an answer.