

THE ASPEN INSTITUTE

ASPEN SECURITY FORUM 2016

PERIL ON THE 38TH PARALLEL

Doerr-Hosier Center  
Meadows Road  
Aspen, Colorado

Friday, July 29, 2016

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PERIL ON THE 38TH PARALLEL

(1:15 p.m.)

MR. ROSENBLUM: Everyone post lunch. I want to introduce myself. My name is Todd Rosenblum, and I was in the federal government for 27 years. I was most recently the Assistance Secretary of Defense for Homeland Defense. And before that, the Deputy Under Secretary of Intelligence at DHS. I joined IBM one year ago. I'm now a Senior Executive and Strategist for IBM i2. I joined the company to help IBM and its ever growing effort, improving effort and really strong effort to match mission with technology. IBM and i2 has been an original sponsor of the Aspen Forum. We're very honored to be doing that. We're very, very glad to be here. This is my first time here and I'm thrilled to here. It's such an outstanding group, seeing many people I know and just learning so much.

We have a great panel here and I want to introduce Gordon Chang, who is the moderator. He is the author of the *Coming Collapse of China*, as well as *Nuclear Showdown, North Korea Takes on the World*. He is a contributor and writer for the *New York Times*, *The Wall Street Journal*, and of course, he is a columnist with *The Daily Beast*. He is also a columnist for *Forbes*. And before I turn it over I should mention I have my own sort of scars from dealing with the North Koreans in the '90s when I was a negotiator of the State Department. It was a very slow progressive effort. I'd say I ate very well in Geneva for weeks at a time, but that was probably the most that we were able to accomplish. And I know we will have more insight from the panel. Thank you.

(Applause)

MR. CHANG: Well, thank you Todd. And Clark, thanks for another great forum. We often call North Korea unpredictable, but there is a logic to the regime's actions. And as we heard from General Scaparrotti yesterday evening, there are patterns of behavior. So, today, we will talk about regime logic, those patterns and exceptions to the patterns. And we care about this,

because North Korea is developing the world's most destructive weaponry and the means to deliver it to the American homeland.

At this moment, North Korea has two launchers, the Taepodong-2 and the KN-08, that could put a dent in real estate in Alaska, Hawaii and the lower 48 states. But before we get to that, we really should talk about North Korea itself. And I'll start with you, Katharine Moon of Wellesley College and Brookings Institution.

When Kim Jong-un took over in December 2011, there was blood. There was perhaps more than a hundred senior officials and officers who were put to death. But in recent months, and maybe since the last week or first week in May, there has apparently an end to the killing. And so the question is, has Kim Jong-un consolidated his control?

MS. MOON: Excellent question to start us off. First, I want to say, please take note, this is an all-female panel with Gordon.

(Laughter)

MS. MOON: Gordon is a lucky, lucky person. Okay.

MR. CHANG: Outnumbered.

MS. MOON: After watching the convention last night I feel charged.

(Laughter)

MS. MOON: At any rate, the regime in Pyongyang is consolidated. It is relatively stable. I say consolidated for this reason, on May 7th began the first Korea Workers Party National Congress in 36 years. And later, if you want to know why, it was held after 36 year -- a 36-year hiatus, we can talk about it. That party congress could not have happened unless Kim Jong-un had already consolidated his power, because you do not call up more than 3,000 party cadres, elites, in the party

establishment to come to Pyongyang and have literally a party on the world stage if your power is not consolidated and if you're not confident you can carry it off.

So, in that sense I think that was proof that as a state apparatus he has consolidated his leadership at the top. Also, the party congress, to me, was a sign that he was trying to resurrect, what I call, to try to build a body, a torso, in a society that only has a big head and a lot feet, the masses. There was no middle institutional body for about 40 years that could actually convey or connect top and bottom to each other.

This does not mean that he has successfully done it, it's just begun. But in that sense I think guy, young as he is and as loopy as some people think he is, does have some reasonable vision of what needs to be done. Whether it will succeed, we don't know.

MR. CHANG: So, Jean Lee, you're at the Wilson Center, but you don't live in Washington.

MS. MOON: You could repeat that.

(Laughter)

MR. CHANG: Jean Lee, you're at the Wilson Center.

(Laughter)

MR. CHANG: But you don't live in D.C., you live in Seoul, but also you have a different perspective from the other side of the demilitarized zone, because you opened up AP's first bureau there. And so the question is from the perspective of the Korean peninsula, how do they see Kim Jong-un and do they think that it actually is a stable society?

MS. LEE: Well, I'm going to play devil's advocate, and I'll just clarify that I did service AP's bureau chief in Seoul, but I did also open the office in Pyongyang. So, I did spend quite a considerable amount of time in North Korea. But I'm going to play devil's

advocate and say maybe we can look at the party congress as a reason for why perhaps there isn't as much stability as we think there is. This is a young guy, now I just wanted to point out that I was on the ground in 2010 when he made his debut to, not only to the world, but also to the North Koreans. If you can imagine, the first time they had ever seen him was in 2010. And then just 14 months later he was the leader of their country. So, a young man in his 30s, very little understood, very little known and he -- perhaps he needed this coronation ceremony made really solidify his place in North Korean society and at the very top.

And he is somebody who is going to, hopefully for the North Koreans, lead the country for generations or decades to come. So they do need to firmly establish his place in that kind of a regime, the history of their regime. So, they've had -- you know, his grandfather was the founder and the president of North Korea. His father was the successor. He is the third generation. And three generations is pretty far apart from the original founder of North Korea.

MR. CHANG: So Kathy, would Kim Jong-un actually need the 7th Workers' Party's Congress or would he actually need the Supreme People's Assembly meeting this month if he actually were in control? I mean, is there something to Jean's argument that, "Look, if he's already a consolidated, there's no point in doing this"?

MS. MOON: Like I said, consolidated, it was the beginning of his consolidation, but the fact that he wasn't nervous about having 3,000 plus elites in Pyongyang says a lot. These institutional meetings that he is convening, these are actually positive signs in some ways that hopefully will make the society a little bit normal, meaning with institutions of governance. Even if they seem like rubber stamp institutions to us, once you get people into the system, they don't easily want to be out of the bureaucratic power or the cadre power.

Now, as far as his consolidation goes, what's important to keep in mind is that he, in my opinion, achieved in about a four-year period from 2011-12, his

father died December 2011, he stepped in and very gingerly, because according to not only his North Korean, but South Korean tradition, for the first three years is an official state of mourning, especially for someone of high status. So, I was watching that first few period very carefully and there weren't many new things coming out, but he was trying to get rid of the people he didn't want to work with. But it's only in 2013, late 2013, 2014 that he began to develop his own agenda and to show it.

Now, his grandfather, Kim Il-sung who was a revolutionary and had those credentials, it took him three party congresses, 1946 the first one, 1948 and then in 1956, it took three party congresses to consolidate his power. Kim Jong-un, in my view, managed to do this in a much shorter span of time with no inborn, homegrown credentials at all.

MR. CHANG: Okay. And now for the woman who truly needs no introduction. So, Jane, you've heard all this. There could be instability, maybe not, but clearly from the outside, this looks like a very dangerous and volatile situation. So, how do you see those?

MS. HARMAN: Well, let me do that. Thank you, for asking me to take a 30,000-foot view of this since that's about where I am in terms of understanding North Korea. This is a three-women panel, it's also a three women connected to the Wilson Center panel. I just want to make that point. I'm a proud trustee of the Aspen Institute, a proud co-chair of the Aspen Strategy Group with Michael Chertoff. And I head the Wilson Center. And the reason we are so good on North Korea and South Korea is sitting to my right. And since we have a fact-free presidential campaign, I think it's okay for me to be sitting here.

(Laughter)

MS. HARMAN: I've also heard someone just told me that the hottest topic at this conference on Twitter is North Korea. So, here we are. That includes you, Gordon showing off what we know.

(Laughter)

MS. HARMAN: Now, you asked about how dangerous is this. I think it's incredibly dangerous. And let me sort of sketch this. And a lot of this comes from the scholarship at the Wilson Center where we have a history in public policy program and have read the archives from both people in North Korea and those close to it on the ground over many, many years. The North Koreans have been studying the United States since the '50s and they have a pretty good picture that we're their enemy number one. And this picture was formed obviously before Kim Jong-un was ever born. And that family, and the family has been in charge for a long time, has had this view for a long time. We woke up to North Korea or the dangers in North Korea in the early '90s when they started to establish a sophisticated missile and nuclear capability. That caught our attention. So they've been working at this a long time longer than we have. And we've never had all of our brain cells on them. They've had all of their brain cells on us. So that's kind of a background.

And second thing, I actually went there in 1997 as part of a congressional intelligence committee trip. And I only want to tell this for two seconds because it's interesting. We landed in a refueling plane. When you're a member of Congress and you go on a trip, you get whatever is left at Andrews Air Force Base to go on your trip. So all that was left was a refueling plane, refueling from the air, they have no windows. And they retrofitted some seats for us to sit in and the air-conditioning, which was also retrofitted, was dripping on us for the whole trip.

And we arrived in beautiful downtown Pyongyang at dusk. Basically no lights in this large airport which feeds into a main street in Pyongyang that looks like a landing strip, I mean it was pretty terrifying. We're in this plane with no windows, they clearly thought we were spies and there were no stairs that went as high as the door on our plane. So we stood there at dusk in no lights in this scary place and I was wondering if we were all going get mowed down. It didn't happen, they found a ladder, we got out, we spent three days. But when I asked

one of the senior officials with whom we met, we did not meet with the leader, what would it take to get you to stop proliferating missile technology, which was then the primary worry, he said, "How much will you pay us?" So, I mean that gives you a sense.

Now, just your question Gordon, because really quickly, I think the danger of miscalculation is huge. North Korea, and I'm sure we'll hear this in more granular detail, has made a couple of very provocative statements recently, allegedly, in response to things we have done like listing Kim Jong-un, sanctioning him personally. And other thing they've done is they stole the identities of 10 million --

MS. MOON: 20 million.

MS. HARMAN: 20 million Koreans.

MS. MOON: South Koreans.

MS. HARMAN: South Koreans, yeah that was that just happened a few days ago as reported in today's paper. So, they've made some provocative statements. But we're also conducting, we have conducted training exercises with the South Koreans, it's true, we've done it for many years, but we did it recently. And they claim that part of this, this year, was a decapitation exercise focused on Kim Jong-un. That could be viewed as provocative, I would say. And we're also providing a missile defense system, a seaborne missile defense system to the South Koreans and in addition to that, they have some offensive missiles that are capable of taking out Korean -- North Korean missiles. So those are two parties. I've got three parties now. I've got the North Koreans, the South Koreans and us who could miscalculate. And finally, let's put the Chinese in the picture. People think that China and North Korea have a warm and fuzzy relationship. Well, they don't. China has a -- North Korea has to listen to China on its border, but they have a mistrustful relationship and the North Koreans, have I got this right?

MS. MOON: Absolutely.

MS. HARMAN: Oh, good, yeah. The North Koreans  
for --

MS. MOON: 100 percent.

MS. HARMAN: 100 percent.

MS. MOON: Yes.

MS. HARMAN: The North Koreans, for years, have been resentful of Chinese interference. So I put China on my list too. So my bottom line is, there are at least four countries that could overreact to some form of provocation, maybe at the same time, maybe at a different time (inaudible) have more nukes than most of the countries that do have nukes, they are at breakout. And so this is as scary a place as there is and that's why all these people, Clark, on Twitter feed wanting to learn about this.

MR. CHANG: And Jane, you make a critical point that we don't often think about and that is that the North Koreans study us continually, because as you say, we are their adversary. But the United States puts North Korea pretty low on the inbox and essentially it only rises to the top when there is some problem. The one country that the United States looks to when there is a problem in the Korean peninsula is China. So, Jean Lee, you know, a lot of people say the solution to all of this runs through Beijing. Do you agree?

MS. LEE: Well, I think Jane is absolutely right. We tend to think of China as North Korea's main ally, but this is not a happy fuzzy relationship. This is a strategic alliance on both sides. We have to remember that the Chinese got into the Korean War to prevent the Americans from reaching their border. So, it's important to keep in mind, they see North Korea's as an important buffer zone. But when it comes down to sanctions, which, as we've heard throughout the forum, is one -- perhaps the most effective way to try to rein in the North Koreans or try to stop the North Koreans from building nuclear weapons and ballistic missiles. They are a key component in terms of imposing and enforcing those sanctions. So in

that sense China is very important. But we should keep in mind that the North Koreans resent, as Jane mentioned, and essentially dislike the Chinese. So it's important to keep that in mind as well.

MR. CHANG: Yeah. One of the important things is that, you know, American foreign policy towards Pyongyang has really been keyed on -- keyed into Beijing, because we saw this during the Six Party Talks under Bush administration where we tried to integrate the Chinese into the international system by putting them as the focus of our efforts to stop the North Korean nuclear program, but that didn't work. We now have Secretary Kerry going to Beijing every once in a while when the North Koreans detonate something or fire off a missile. And so, Katharine, I mean when you look at this, do you think that the animosity between the North Koreans and the Chinese, which goes back two millennia, does that really prevent the Chinese from (inaudible) you give me something?

MS. MOON: I think the Chinese animosity toward North Korea is much less and not that important in analysis. North Korean animosity toward China is a big factor. And again, it's important to bring in the history. I won't go back to 2000 years, but they do have a border dispute. North Koreans -- the North Korean state and the Chinese government have a border (inaudible) in the Northern part (inaudible) say it was our territory way back. North Koreans say, no way. South Koreans together with North Korean say, no way, this is Korean territory. So, there's territorial issues that eventually it blew up in 2002 to 2004. It will blow up again under certain circumstances.

And, more importantly, why does North Korea not take China with respect and regard and reverence the way we might think that a "lesser power" (inaudible) should. In terms of (inaudible) industrialization and economic output, they were much stronger than the South Koreans until (inaudible) was how to manage to achieve under Mao Zedong through the Great Leap Forward, cultural revolution, this pre-Deng Xiaoping. The North Koreans remember this. North Koreans generously took in millions of Chinese nationals fleeing from the Great Leap Forward.

So, in North Korea today there is a sizeable ethnic Chinese minority who live there and who have grown up there as North Koreans of Chinese descent.

The North Koreans look at any developing country they are compared to. When the outside world says, "Become more like China, become more like Vietnam, even Cambodia or Myanmar," I'm thinking, "No, god forbid you don't say these things to North Koreans," because there's one continuity about North Koreans, which is nationalistic pride. If you hurt it, they respond fiercely. If they say go follow China, go follow Vietnam, because in their eyes, strange to us, but in their eyes, China has corrupted itself, okay.

MR. CHANG: And I want to bring the audience in here pretty quickly, because I've heard a number of great comments from participants. But before I do that, I've just to ask Jane a question. Last night my wife and I were watching Secretary Clinton's acceptance speech and she emphasized the importance of U.S. -- of the U.S. alliances. She specifically mentioned NATO and she referred in an indirect way to our treaties with Japan and South Korea.

If we have problems with China in a sense in terms of dealing with North Korea, because of the reasons that Jean and Kathy have talked about, may be the answer is, our friends in the region, the Japanese and the South Koreans working closely with United States. We've seen so much more cooperation on this recently. What do you expect in terms of a new administration, if it is a Democratic one, in terms of how they deal with the whole North Korean question?

MS. HARMAN: Well, I think Obama does not get enough credit for the work he has done in Asia. I mean, we all sort of derived this term "pivot to Asia," but I think there has been a lot of focus and there was a huge rift between South Korea and Japan which is somewhat healed now because there has been an apology over this sex slave controversy which stemmed from World War II. So, yes, I think Hillary Clinton as Secretary of State, who went in a role of Secretary State went to Asia numerous

times would call to be helpful, but there is also a broader Asia that has become closer to the United States. The big question mark to me is will either candidate, if she or he win, the Trans-Pacific Partnership, TPP, in its current form or in a slightly amended form, because to me a pro-trade Democrat, which is a small minority of a minority, I think it is absolutely critical that we not only retain, but expand our trading relationships with Asia. They are the way. We will build (inaudible) and by the way P.S., in some lifetime China could also join the regime. And I kind of don't think about China as an enemy, I think about China as a potential -- a frenemy, at least, but a potential friend if we don't screw it up.

MS. CHANG: Yeah, there is some talk that in the interim, after the election, but before the inauguration of the new President relationships that flow from that. I'd like to open it to questions and I'm going to start with Jonathan Pollack, because he had some of the most interesting comments of the last couple of days.

MR. POLLACK: Thank you, Gordon and thanks to the panel and thanks to the Wilson Center as well. I can say that the --

MS. MOON: And Brookings.

(Laughter)

MR. POLLACK: And Brookings.

MS. HARMAN: I mentioned --

MR. POLLACK: That too, that too. Where I and Kathy used to be --

MS. HARMAN: I planted him.

MS. MOON: I'm both.

MS. HARMAN: I planted him to say that.

MS. MOON: I'm both.

MR. POLLACK: No, I should to say to the --  
apropos of the North Korean, the documentation program, I  
could not have written my book on the history of North  
Korea's nuclear weapons development without those  
materials.

MS. HARMAN: Thank you.

MR. POLLACK: Quite extraordinary. I think what  
this panel highlights already is that North Korea is not a  
cartoon, it's a real system, it has an authenticity of its  
own, not exactly what we would prefer. And more than  
that, we have for a very, very long time misjudged what we  
see. The end of North Korea has been predicted now ever  
since the collapse of the Soviet Union. I'd like to say  
when I wake up in the morning and I turn my computer on,  
they're still there. So my question particularly to those  
who focus inside North Korea is, A, what is it  
specifically that you think accounts for the durability,  
the sheer durability of the system now over roughly 70  
years? And B, are we ready or thinking about alternative  
possibilities? It's not the same North Korea anymore,  
it's a little leaky. There are cellphones, although they  
don't seem to do very much good. There is some small  
scale marketization. Are we ready in any sense? Is  
anyone ready for what might transpire if that, at least  
what seems to be, stability for the moment begins to go  
away?

MR. CHANG: This question has Katherine's name  
written all over it, but we before we go there just want  
to remind the audience that Jonathan is on the China panel  
tomorrow and you don't want to miss it. So Katharine, he  
talked about this question of internal stability. Where  
is it going?

MS. MOON: First of all, Jonathan and I work  
together and laugh together a lot at Brookings so --

MR. CHANG: So you arranged this question?

MS. MOON: Oh, yeah, yeah, yeah.

MR. CHANG: Okay.

MS. MOON: And he is an expert on North Korea as well. I was in North Korea in 2013 on a research trip. I call it a research trip because there's no other way for a scholar to go there as a bona fide scholar, unless you're invited by the State. And so I went with a group of Canadian historians and I benefited by being part of the Canada delegation because as a U.S. citizen people were less suspicious of me because I was with the Canadians. So that's what (inaudible) learned in 11 days of traveling to various parts of Korea, North Korea in a quite open way, I must say, it was that of reading, of seeing, tasting, hearing, touching, witnessing and transforming.

I talk to North Koreans people think you can't, but (inaudible) the third day, fourth day and my being ethnic Korean and speaking Korean, my mother having been born in the North prior to the division, helped a lot, because they still have a sense of this regional identity. I had a North Korean soldier from the DMZ who found out my mother Kanggye, he is from Kanggye, he came leaping toward me and I thought, "That's it, I'm dead."

(Laughter)

And he screamed like this and said, "You are my family," and I'm going, "No, I'm not."

(Laughter)

But it was a shock to me at how much they just - there was that humanity of this bond. I say these things and I also tell you about changes within Pyongyang, because most of the changes are taking in Pyongyang and I think this is important. There is the 1 percent in North Korea and it's in Pyongyang. The biggest danger is that this economic divide and the access to social, politic (inaudible) kids running around, bathing in, you know, clothing that is just mud ridden, people washing their clothes by hand in dirty rivers, I witnessed all these. And yet in Pyongyang there are solar panels all over fancy apartment buildings. There are apartment buildings that are brand new (inaudible) or more dollars.

Pyongyang. People think of North Korea as pathetically poor. People drive fancy cars. They have upgraded, the state has upgraded all of their taxi fleet to VWs I think. The people who live in Pyongyang do very well trading possibilities, especially with China. Now, the stability part, the danger part is despite those changes, to what extent are the people in the 99 percent? Are they going to become resentful? Right now the 99 percent don't really have access to go to Pyongyang. They can't really see and witness what's going (inaudible) they are permitted. Once they find a way, I think that's when some of the socio economic class tensions will actually press the regime.

MR. CHANG: There is always a problem when you have poor people by themselves. They don't know, you know, what life is like and when they go to the North Korean capital, as you say, and people are comparing it to Manhattan, there's a real contrast. Now, Jean, you lived (inaudible) views on this whole issue.

MS. LEE: Well, I think one thing to keep in mind is from our western perch it's very hard to fathom how it is a regime can hold on to power this long as the world and the communist world has changed around them. But remember that this is a country that has been nicknamed the hermit kingdom for a long time. They have fought often foreign invaders and foreign outside influence for centuries. So, this is inbred in their tradition and history. And so they're leaning on this tradition and history and trying to build this new nationalistic xenophobic identity, which is really the core of who they are. So keep that in mind this is small population, extremely homogeneous population, and for centuries they have based on their identity on trying to protect who it is they are and their way of life.

And so when we think about, it's hard to imagine stability in a place like this. But this is what they're trying to do is hold on to their way of life. So we have to try to remember who the North Koreans are, try to think of how they see the rest of the world. They are extremely proud and extremely conformist.

MR. CHANG: Jane, the second part of Jonathan's question is, what happens when you turn up in the morning, you turn on your computer and you say, "Oh, my God, North Korea is gone."

MS. HAMMER: Well, let me say one more thing about this, they are xenophobic and that's right, I mean, people are brainwashed in the countryside, but there has mass starvation, people literally eating roots and leaves. I mean, imagine this in our lifetime. So this was going on certainly in the '90s when I went there and one of the big problems was the lack of transparency, money would go to groups to feed them and it would be siphoned off and it would feed the military. So, now I guess it's feeding the elites too. But there has been massive starvation and there is now negative growth, so I understand it, and a widening gap, not just between the countryside and Pyongyang, but between North Korea and South Korea. So, if anybody actually has a cellphone or a computer and can learn about this, yeah, I see a huge problem.

And finally, are ready for this? No, no one is talking about it. And an imploded North Korea could go several different ways. It could somehow align with South Korea, that provokes a huge problem with China, or all these refugees could go over to the Chinese border or, you know, I can't even think of five other scenarios, but those of you connected to the Wilson Center and other think tanks like Brookings and Aspen, better be thinking ahead about this.

MR. CHANG: Okay. A question here.

MR. GARVEY: Yeah, thanks for the panel. Patrick Garvey with Congressional Research Service. One of things I think we try to get our arms around is achievable objectives for U.S. policy with respect to North Korea, and then the path to those objectives. And I haven't heard anybody crystalize that and one or two, three things that we can boil down and share with Jane's old colleagues. Reunification anytime soon, denuclearization, whatever you may come up, I would appreciate it. Thanks.

MR. CHANG: Okay. The hardest question of the day. Who want to take it?

MS. MOON. I'll take it.

MR. CHANG: Okay.

MS. MOON: My view is that the United States has to face up to the fact that under Kim Jong-un we're dealing with a different kind of North Korea in terms not only of its ambitions, nuclear and otherwise, but also of its identity. Under his father Kim Jong-il and his grandfather Kim Il-sung, Kim Il-sung in 1985 into the late '80s started the nuclear program. They wanted one for a long time. But neither the grandfather nor the father educated the society to see itself its identity as a nuclear state. North Koreans now, not only the regime, but the people, see themselves as in their identity a nuclear state. So, denuclearization, which is basically the U.S. government's initial requirement, you know, some good faith acts toward denuclearization in order to have a dialogue. I think that is a misleading and also a wishful thinking kind of policy.

I think the new President, whoever it is, needs to actually take that to heart and assume. If it's Hillary, I think she needs to take some lessons from Bill's administration, because his administration came the closest to actually having a more normal relationship with the North Korean state, it was possible then. The circumstances have changed, but there are still openings. So denuclearization as a starting point for the dialogue, I don't think that's a smart way to go and I don't think it's realistic.

Reunification is a big problem and this is where we always forget about South Korea, our main ally, when we talk about North Korea. And I think it's important to keep in mind, as much as we hear the South Koreans and the Americans, the official say, "We are in lockstep with each other, there's no daylight between us," I say that's bullshit. There is so much of a gap on so many levels. One of which is, for South Korea unification is the ultimate objective. So denuclearization, yeah, but it's

ultimately unification. For the U.S., denuclearization and nonproliferation, to me, I think it's fair to say it is the ultimate objective at least for the time being. And the Americans always say, "Unification, we support, but it's up to you guys." South Koreans don't look at it that way. They tie the two together no matter what they say. So there's a problem in terms of alliance coordination there. I'll stop and give to Jane.

MR. CHANG: Jane.

MR. HARMING: Yes. I think denuclearization is a non-starter, period. No chance. A freeze is a possibility if the U.S. could find the right way to talk to North Korea, if North Korea is interested, it would have to be a direct talk not through China or certainly not through South Korea. The bad news is that Park Geun-hye, who's the President of South Korea, a very capable president, started her term talking about reconciliation and unification and recently after the umpteenth missile test, not only has stopped talking about it, but dismantled permanently the one factory along the border that employed both North Koreans and South Koreans. So there's at a Cold War certainly between North and South, which makes it harder.

MR. CHANG: The moderator's bullet points are, first of all, we interject North Korea's shipments of missiles to Iran. We have the authority to do that. We also have the June 1 Treasury designation of North Korea as a primary money laundering concern, that gives us an enormous leverage over Chinese banks. And if we can get Beijing to move on these things, then I think we open up the range of what is considered possible, because if we show political will, which is really the reason that we haven't moved so far, I think that a lot of things do become available to us.

MS. HARMAN: But Gordon, one point. Sanctions haven't impacted North Korea as much as they impacted Iran and other places --

MR. CHANG: Sure.

MS. HARMAN: -- because North Korea is the hermit kingdom and it's disconnected from the global economy in many ways. And they're prepared to have their people starve and die.

MS. LEE: I'd like to just make one point, Patrick. One of the things that we tend to miss is that there is a shift going on inside North Korea. You mentioned the rise of the middle class, there are people becoming more and more addicted to, say, their cellphones and other technological gadgets. This has given them a little bit more exposure to the outside world. This is something that we should actually jump on and try to take advantage of, because I think that when we talk about what may actually have an impact and change society inside North Korea, information, access to information, hugely powerful.

MS. MOON: Can I add, can I just add, this is important, it's people under -- we underestimate how much the local people, even in some of the poor farming areas, actually do have access to what we would call markets, right. people know about the black markets etcetera, but the North Korean government knows it goes on. What's more interesting is the conduits, the networks of demand and supply, my husband is here, he is an economist, the demand and supply networks that are being developed and that people are learning, oh, if I, through my mediator, say, I want to get these and these kinds of South Korean videos, dramas and entertainment platforms, that actually gets delivered because the mediator then tells people in South Korea, the United States and others who are -- I have a young colleague whose new book by Yale Press, it's on fracking, information fracking into North Korea. So you get -- you don't know to what extent young people are actually involved in hackathons and other kinds of technology to infiltrate North Korea in a very, very gentle, gracious way. And that stuff is actually available to a lot of people.

So, I don't consider North Korea as close as a lot of people think. When I went to North Korea, I came back and decided to coin a term called shadow globalization. Very active, Mongolians, Chinese,

Malaysians, you look at the products on their tables, especially for the elites, Coca Cola, Italy, Malaysian fruit juices, all sorts of things that we thought should be banned. Our Coca Cola being delivered by the Italians.

MR. CHANG: True. And in North Korea in the '90s you had the freest markets in the world. Question over here.

MR. COLE: So Tony Cole from FireEye. And thank you, it's been a fascinating panel. And thank you, it's great lead in for my question. We've recently seen, you know, a number of administrations around the globe, including the U.S. administration, start actually looking at cyber as a war fighting domain. So a lot of capabilities in there for offense and defense. We saw recently NATO actually recognize its operational domain. We've seen the North Koreans do a number of attacks against the South Korean, banking infrastructure, government. And you talked about the four countries where a spark could start. So I'd like to hear your thoughts on what you think are the capabilities in North Korea around cyber, cyber attacks, and could that potentially spark a conflict?

MR. CHANG: We only have two minutes left.

MS. HARMAN: Okay, well it's something I didn't, if you directed that to me, because I was the one who asked that first, but I think our intelligence on North Korea continues to be a challenged. We didn't know much about Kim Jong-un when he was installed and he was a pudgy kid who was educated in Switzerland, as I remember it, and what did he have to do with all this and no one predicted what he would be like or adequately predicted. I don't think we know enough about their cyber capabilities. We're learning about their miss -- I'm talking as fast as I can -- their missile and nuclear capability, because they're demonstrating it so we can figure that out. But are we prepared enough to really know what they could do? I don't think so. And I think cyber is a weapon of mass destruction and we better wrap our heads around the fact that it's not just Kim buy a nuclear that are huge threats.

MS. MOON: My answer quickly is, if you want to know what the North Korean capabilities are, we have to track Russian and Chinese capabilities, because the North Korean elite mathematicians and engineers, after they finish training at the elite universities in North Korea are then sent very selectively to Moscow or to Beijing or other places to get hacking training and cyber terrorist training. They then become part of the very, very elite Reconnaissance Bureau, which is what they were active in the Sony hacking. So they learn and they also know very well how to hide behind different kinds of cyber mechanisms, cyber attack and cyber terrorist mechanisms so that their signatures can't be found easily.

MR. CHANG: Yeah.

MS. LEE: And I'm just going to make --

MR. CHANG: And more than half of North Korea's hackers are actually based in China. Yes, Jean.

MS. LEE: Just a quick point. We have to take seriously that this is a new arsenal in their asymmetric warfare. It is outside the Armistice Agreement. So, you know, gives them -- it's another arena that they can use. And I can tell you that inside North Korea at the schools when I visit elementary schools, they are investing a lot of money into science and math and they're telling their kids to learn about computers. They're investing --

MS. MOON: Yeah, right. We've seen them.

MS. LEE: Yes. So this is a way -- this is going to be a huge part of their work.

MS. MOON: Aces, by the way.

MR. CHANG: One last question.

MR. ZIMMER: Hi, Brian Zimmer. Very quickly, because you're out of time, what is the current relationship between Iran and North Korea since North Korea has been identified as a provider of nuclear

technology too? And once they start getting the real flow of money from the United States, is that going to end up in Korean pockets in exchange for nuclear materials?

MR. CHANG: Oh my gosh. Yesterday we had a number of U.S. government officials not answer the question about Iran and North Korea. So you got the chance to fill the vacuum.

MS. MOON: I'll do it very quickly. I don't see a -- Iran and North Korea have had active relations, information sharing, technology sharing, blueprint sharing etcetera, but I don't foresee that nexus as a major threat, bilateral threat that we have to worry about. Iranians, first of all, have the burden of trying to live up to the agreement. Also, if you're going to play with -- if you want a lucrative buyer, North Korea's not actually at the top of the list. If you want high-tech technology, nuclear technology, North Korea's not at the top of the list. As far as North Korea goes, they have so far repeatedly said "we will never go the Iran route with the United States." So I don't think they're going to be playing around with Iran in any -- you know, very public or in any substantive way.

MS. HARMAN: But remember my opening story about how much will you pay us. I think North Korea as a proliferator of missile and nuclear technology is, in our future, why wouldn't they. They have negative growth, they need currency. Obviously, they'll try to get away with it. Will it be to Iran? They've already transferred sophisticated missile technology to Iran. Iran has what it has in part because of that proliferation. I just wanted to say that another scary idea is transferring dangerous technology to non-state actors. And I certainly believe that a game changer in the mess of the Middle East is one of those non-state actors getting their hands on tactical nukes from Pakistan, which I think is the most obvious transfer, but something else. And I don't rule out the fact that if they could pull it off that North Korea would try to do it.

MR. CHANG: Yes, CSIS has actually said that North Korea receives \$2 billion to \$3 billion a year from

Iran for missiles and nukes. The other thing about this of course is that for the first three detonations of North Korea's arsenal, Iranians were on site in North Korea. We don't know about the fourth one, which was this January, but nonetheless there is a real relationship there which is -- reason I suspect we didn't hear about this too much yesterday.

Any event, we have not run out of questions. We have not run out of great points from our panel, but we have run out of time. So, please join me in thanking this great, great panel.

(Applause)

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