Thank you, Mr. Chairman.

Thank you, Madam Ambassador. Let me ask you, what is the

main source of financial aid? I understand they receive about a billion

dollars, apparently, a year in financial aid. What country gives

them cash? Do any countries give them financial aid directly?

I would assume that they don’t really export a lot

besides missiles and misery. What will it take for them to collapse

financially, to have just a financial collapse?

I know that we have given them food and heavy

oil, but you gave me an answer about what the world has gained

from it. I accept that as a reasonable answer and probably a good

response.

I would assume, as I look out over this audience, that there is

someone in here that is a representative from North Korea. It probably

wouldn’t be too difficult to guess who they are. How long will

it take for people that are North Koreans to come to this country

and see the way we operate here in an open forum, to see that

there is a better way of doing things? Will there be people that

have seen the outside of North Korean that would go back and be

the basis for a revolt?

Maybe there is someone in this room—is there likely to be someone

in this room—does anybody want to raise their hand that is

a North Korean?

Thank you, Mr. Chairman.

Thank you, Madam Ambassador.

[presiding]. I would now like to welcome our second

panel headed by Douglas Paal. Mr. Paal is President of the Asia

Pacific Policy Center and a former senior staff member of Asian Affairs

on the National Security Council during the Reagan and Bush

Administration. We are glad you could join us today to give us your

perspective on the Korean problem.

Mr. Paal will be followed by Dr. Mitchell Reiss. Dr. Reiss is the

Director of the Reves Center for International Studies at the College

of William and Mary. We welcome your perspectives on the

North Korean policy dilemma as a former policy advisor at KEDO.

Finally, we will hear from Scott Snyder of the Asia Foundation.

Mr. Snyder represents the Asia Foundation in Seoul, and recently

published a book on North Korean negotiating behavior. We are

glad you could join us today to give us your perspective on North

Korea’s negotiating tactics and strategy.

Welcome to all of you. I know that many of you have appeared

before Congress previously. For the sake of time, I would request

that you summarize your remarks and have your full statement appear

in the record.

Again, I would ask Members to withhold questions until all of

the witnesses on this panel have testified.

Mr. Paal, proceed.

Ordinarily, I would go to the other statements.

However, in statement four and statement seven, you seem to

question the position of the State Department. Is that assumption

correct? I get the impression that you don’t have as much confidence

that they are doing the right thing as Ambassador Sherman

did. Or do you?

Good. Thank you. I am going to come back to you

shortly.

Dr. Reiss, If you would go ahead with your statement. Thank

you.

Thank you, Dr. Reiss. It is my understanding that

you were working for KEDO, and you sat down across the table

from the North Koreans and negotiated the agreement that proceeded

with KEDO.

Where was this where these negotiations——

What is your opinion of the people you negotiated

with? What was their education level? Were they tenacious? Were

they honest?

I will probably come back to some more questions

for you, but thank you, Dr. Reiss.

Mr. Snyder.

Thank you, Mr. Snyder. Just in summarizing your

message, you are saying that we should indeed provide external assistance

that does not profit the regime or strengthen it, and yet

external assistance that will hasten this change from an old outof-

date political and economic model to a modern world, 21st century

global democracy, which they seem to be ions away from right

now. Is that, in essence, what you are——

Have you been to North Korea?

Were you involved in the KEDO negotiation?

How did you happen to go?

There are some critics, and probably some who

may have a political agenda or bias, that feel that the United

States or this Administration has given too many concessions to

the Koreans which put us in a dangerous cycle of political blackmail.

You don’t have to tell me whether or not you agree with that or

not, but do you feel that there is a cycle going between them making

demands and blackmailing us? You don’t have to tell me

whether or not you think it is right or wrong, but do you feel like

there is a cycle of political blackmail?

How can we break the cycle?

How long is your book?

I buy a lot of books, but I am so far behind.

It would be interesting to get through it or see as much as I

could. My great passion is reading.

Mr. Paal, do you think in light of the testimony from the three

of you that this Administration or a future Administration should

be tougher, should be more coercive? Is that the only thing that the

North Koreans understand?

They never will be able to.

It seems to me, then, that there is a fine line between

propping up this regime and playing the political blackmail

game. Do you think that is a proper assumption, or a correct assumption?

Or let me ask you this: Do you think we are propping

up the regime at all?

You said that North Korea is basically a country

of granite and no ground, no place for——

They just do not have much land that lends itself

to farming, and they never will have. Do you think that is part of

the reason they have been such a belligerent country all of these

years, because they knew they couldn’t feed their people and they

were trying to control South Korea, or acquire South Korea?

Dr. Reiss, what can North Korea export besides

missiles?

What good things can they export, that they can

get some hard currency from?

Let me go back to the KEDO process, in view of

your role in the—or your formal role in that organization. If we are

not able to work out a nuclear liability for the LWR project, what

are the delay and cost implications, particularly if GE backs out?

Who could potentially replace GE?

Does South Korea, Europe, China, or Russia—do

any of these countries have the potential to replace them?

If their largest export is missiles, do any of the

three of you panelists think that there is any likelihood that they

would give up this single largest export, source of hard currency?

Ambassador Sherman had made a statement that

she does not feel that they are likely to make a lot of progress in

a very rapid manner, that they think in terms of 40 years. I believe

it was—wasn’t that her? Do you agree with that assessment, that

they will outwait us—that they will be slower in their negotiations

process?

Forty-year election cycle.

Do you think they are likely to fire another missile

across Japan in the next 6 to 12 months?

Do you think the other missile firing was a saber

rattling, or do you think it was actually a test? Or was it all of the

above?

I did see photographs of that hole in the ground.

It was an interesting hole in the ground.

I do appreciate your coming, all three of you—Mr. Paal, Dr.

Reiss, and Mr. Snyder—to testify in front of this Committee. It is

one of the many problems that we have got to deal with, and it is

a problem that could impact everyone in the world. I think there

are going to be some rogue nations for the foreseeable future.

I did read something recently—that at the beginning of this Century,

there was probably less than 5 percent of the world’s population

that lived under a true democracy in which every segment

of society could vote. We were not part of that 5 percent.

Today, 48 percent of the 6 billion people in the world are in democracies

and can truly vote. Hopefully, North Korea will get there

someday, but I think they will be the last to get there at the rate

they are going. I think that we are going to have some inherent

costs in that delay.

I personally feel that the quickest way to bring it about would

be for them to collapse economically, or something along those

lines. From everything I have gathered in the information that we

are presented, I don’t really know that there are people there that

would move in and be part of an insurrection, or be part of the

leadership, or have the background to be part of the leadership of

a nation that would be able to be players—reasonable, rational

players—with democracy as a political model and market forces as

an economic model.

Thank you for being here today. We are glad to have had all of

you here and look forward to seeing you again.