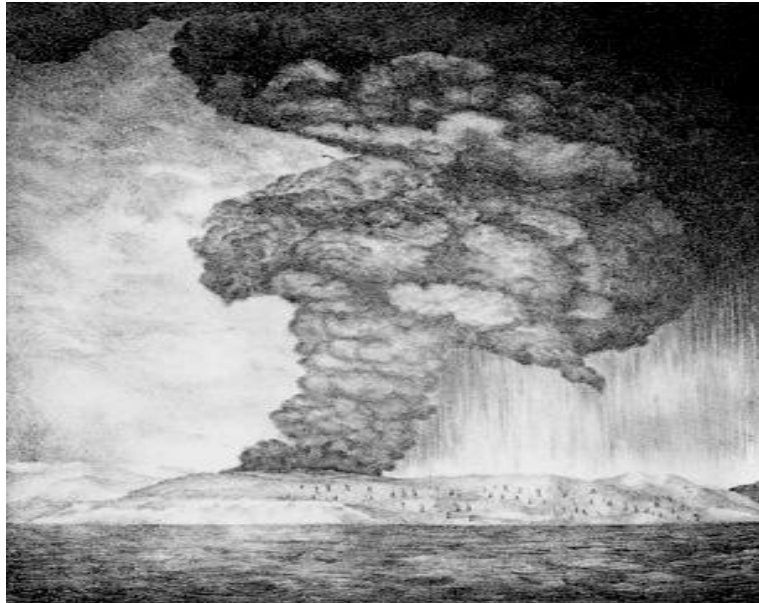


# **A Korean Krakatoa?**

## ***Scenarios for the Peaceful Resolution of the North Korean Nuclear Crisis***



*Plate I: View of Krakatoa during the Earlier Stage of the Eruption.  
From a Photograph taken on Sunday, the 27th of May, 1883.*

***"I view the North Korean situation as one that can be resolved peacefully."  
-President George W. Bush, December 31, 2002***

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### *Scenarios for the Peaceful Resolution of the North Korean Nuclear Crisis*

The confrontation over the DPRK's alleged nuclear weapons program may result in a Korean Krakatoa—a paroxysm of violence so great that it would be heard around the world, like the explosion of Krakatoa in 1883. Such a war could not only destroy the two capital cities of Korea, Pyongyang and Seoul, but would risk a calamitous war involving the great powers and the possible use of weapons of mass destruction. Such an event would exceed greatly the impact of the September 11 attacks on the United States and heighten global insecurity for years to come. Avoiding a Korean Krakatoa is not just of vital interest for all parties to the Korean conflict—it is of vital interest for all.

One party to this conflict, the DPRK—that is the Democratic People's Republic of Korea—or as it is unofficially known, North Korea, is on the verge of economic collapse. The DPRK is politically isolated and faces an American administration demonstrably willing to use preemptive military force in response to perceived threats. If it has not already done so, the DPRK can also build a small arsenal of nuclear weapons in the short-medium term, and has announced its intention to do so. The United States, in turn, has repeatedly stated that it will not tolerate the development of such weapons by the DPRK, and will not negotiate directly with the North Koreans until the weapons program is verifiably dismantled. Even then, it is not clear that the United States will ever deal directly with the DPRK as strong elements in the Bush Administration believe that the only way to end the North Korean nuclear threat is to change the North Korean leadership.

This stalemate is quite fragile, and could easily collapse with little warning should the DPRK choose to test a nuclear weapon, or if actions on either side (such as the recently-announced redeployment of American military forces away from the demilitarized zone (DMZ) separating North and South Korea) are misread as a prelude to an attack. The onset of a new Korean war would be enormously costly, given the proximity of South Korean population centers to the DMZ, the presence of American forces as a "tripwire" triggering a US response to any North Korean aggression, and the size—and possible small nuclear arsenal—of the North Korean military. There are few plausible scenarios for a war that do not include substantial loss of life on both sides.

But war is not the only or even the most likely scenario.

A peaceful resolution to the current crisis with the DPRK remains a real possibility. It would not be easy to achieve, nor would it be without risk. It would require cooperation between partners with clashing fundamental interests and radically differing agendas, a willingness to compromise, and—most importantly—the desire on both sides to choose negotiation over war. None of these conditions can be guaranteed, but they remain conceivable.

At the end of May 2003, a group of scholars, specialists in Korean policy, leaders of international NGOs, and key current and former officials from both the American and South Korean governments sat down for a two-day workshop hosted by the Nautilus Institute, in Berkeley, California. Their task was to examine the crisis in Korea with an

eye to uncovering realistic pathways to resolutions of the situation that did not involve going to war. **A Korean Krakatoa** reports their analysis, discussions and ideas.

## The Process

The workshop, entitled *Exploring Peaceful Outcomes for The DPRK*, asked an ambitious set of questions: given the pressures that could lead to armed conflict between the United States and the DPRK in the near future, in the context of domestic political concerns that lead-up to the next US presidential election, could we conceive of plausible scenarios of a peaceful resolution to the crisis before November, 2004? What are the strategic elements of such a scenario? What are the pitfalls? If we seemed to be moving towards a conflict, in what ways could we push towards the peaceful outcome?

In order to address these questions, the workshop leaders used a strategic thinking technique known as *scenario planning*. With scenario planning, a set of contrasting plausible futures are presented, developed, and analyzed in order to find insights into strategic options for an organization. The intent is not *prediction* but *illumination*; none of the scenarios as described will precisely match the future as it unfolds, but lessons learned from thinking about strategic choices in these scenaric futures can be readily applied to the real world. Governments, large corporations, and small non-profit organizations alike use and benefit from scenario planning methods.

In this workshop, we placed a high value on peaceful outcomes. Consequently, as the reader will note, the scenarios were normative and generative in nature. Thus, they do not purport to explore the full range of possibly violent futures that could unfold in relation to the future of the DPRK and to US-DPRK relations. Readers are referred to our 2002 Scenarios examination that was not normatively constrained for a wider angled lens on this issue.<sup>1</sup>

## The Scenarios

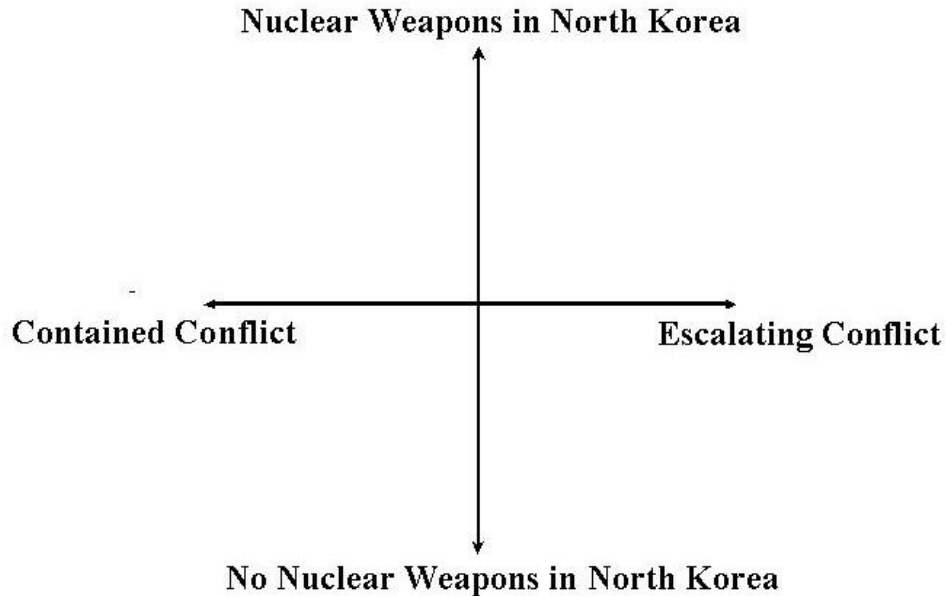
The workshop examined four scenarios, each describing a near-term future with particular characteristics. In all four scenarios, the timeline is short, ending on election day, 2004; this underscores the degree to which the North Korean crisis is already upon us. Accordingly, the four scenario narratives are very brief.

There were two fundamental questions asked by the scenarios: would the conflict between the United States and the DPRK be manageable, or would it escalate? And would the DPRK decide to build and test nuclear weapons in the 17 months between the workshop period and November, 2004? The scenarios emerged from the combination of these two "axes of uncertainty" (See Figure One). Each axis presented a fairly conservative pair of alternative outcomes. Although more radical—and less likely—possibilities exist, the goal of the workshop was to explore plausible scenarios and strategies leading to the policy goal articulated by President Bush.

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<sup>1</sup> See: *Scenarios for the Future of U.S.-North Korean Relations: Engagement, Containment, or Rollback? June, 2002*, at: <http://www.nautilus.org/security/Korea/index.html>

## What if: US Election Day 2004



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*Figure One*

In the vertical axis, which focuses on the DPRK's nuclear status, the alternative outcomes were fairly black-and-white. At one end of the axis, the DPRK is believed to possess one or more nuclear weapons; at the other end, the DPRK is not known to possess a nuclear arsenal of any size. Situations of uncertainty—where proliferation is suspected, but no credible evidence exists—fall along this axis, the exact position depending in large measure on the behavior of the DPRK leadership. Whether or not the world—in particular, American intelligence—believes that the DPRK possesses nuclear weapons is a fundamental driver of policy towards Pyongyang.

For the horizontal axis, which looks at the level of conflict on the Korean peninsula, total peace was not seen by the workshop team as a plausible scenario outcome, and the axis of uncertainty left off at the more ambiguous—but more realistic—level of "conflict contained." The intensity other end of the axis, "conflict escalates," was left as an exercise for workshop participants. Full-scale war could not be ruled out, but neither was it to be considered the only possible outcome at that end of the spectrum. This axis was intended by the workshop organizers as a reflection of the "situation on the ground" in Korea, recognizing that events sometimes overtake policy.

## DPRK Nuclear Scenarios, Nov-04



Figure Two

A summary of the four scenarios is provided above in Figure Two. In *Green Flash*, the DPRK has admitted and tested its nuclear weapons but a precarious peace prevails. In *Boom Boom*, the DPRK has gone nuclear but the situation is spiraling out of control towards war. In *Eagle Stands Alone*, the United States has confronted a DPRK that, for reasons of its own, has not gone nuclear. The United States has failed to force a regime change in Pyongyang and is preoccupied by security challenges outside of Korea. Finally, in *Embrace Tiger, Retreat to Mountain*, the United States has engaged the DPRK as part of a broad coalition of states willing to facilitate its economic recovery and transition while the DPRK is moving incrementally back to non-nuclear status. Meanwhile, the DMZ remains tense.

In the next section, we sketch the narrative that informs each of these scenarios.

### Green Flash

(Upper Left Scenario) This is a world in which the DPRK admits (and demonstrates) that it possesses nuclear arms, but conflict is avoided.

"The one thing you don't want to do to Kim Jong Il," an administration official was quoted as saying in early 2004, "is ignore him." Unfortunately, it appeared that the world had done just that. The ongoing unrest in Iraq, a simmering political conflict with

Iran, and the fragile on-again/off-again "Roadmap to Peace" between Israel and the Palestinians, meant that diplomatic efforts in the Middle East were seen by many in both the United States and abroad as having a higher priority than trying to come to grips with the Kim Jong Il government in the DPRK. The United States was not the only nation that had stopped paying close attention to the DPRK ; China and the Russian Federation were both understandably more concerned with internal political and economic issues. Only the Republic of Korea managed to maintain its cautious ties to the North.

The DPRK did not react well to its growing sense of isolation. Kim Jong Il knew he had very few options left to keep his leadership alive. For many North Korean hard-liners, a nuclear weapon—or, better still, five to ten nuclear weapons—would satisfy their need for status, security, and negotiations. Throughout 2003, the North continued to process plutonium as quickly as possible in order to build up a sufficient amount for about ten nuclear weapons, and rebuffed any attempts from an increasingly worried world to learn more about these actions.

But even as the North took a hard-line approach with the rest of the world, it made significant efforts to move closer to the South. When a territorial dispute broke out early in crab fishing season, Pyongyang moved quickly to apologize. By June of 2004, the DPRK and ROK were even making plans to send a joint team to the Summer Olympics. The interconnected railway network was inaugurated with Kim Jong Il's visit by railroad to a July summit with South Korean president Roh Moo-hyun.

The warming of relations between the North and the South highlighted a growing split between South Korea and its old allies. When Japan and the United States pulled out of KEDO—the Korean Peninsula Energy Development Organization—in protest of North Korean weapons development, South Korea stunned its former partners by announcing that it would continue to support the project. The slow restructuring of the American forces in South Korea, announced in 2003, sped up, to the consternation of South Korea (who had not been consulted beforehand) as well as the North (who saw it as possibly foreshadowing a US attack).

By October of 2004, the DPRK looked increasingly like it was preparing to test a nuclear device, signaling not just that it had the bomb but that it had enough to be able to “waste” one in a demonstration test. American Secretary of Defense Donald Rumsfeld flew to Beijing to meet with his Chinese counterpart, hoping to get the People's Republic of China to pressure the DPRK to halt its actions. Rumsfeld was too late. On October 12, the DPRK exploded a small fission bomb in a remote granite mountain. Simultaneous with the weapon test, Pyongyang expressed its desire for even closer fraternal relations with the South. In a radio broadcast addressed to “the race and nation,” KCNA declared: "Korean nuclear weapons pose no threat to compatriots anywhere in Korea, only to foreign forces. This is a historic opportunity to achieve greater cooperation in a move towards reunification by our nation itself." South Korea's reaction to the test, although negative, was far more restrained and diplomatic than might have been expected a year or two earlier.

The DPRK promptly announced that it would dismantle both its plutonium-based weapons and production capacity, allow international inspectors (but no Americans or Japanese inspectors) into the country, and fully declare and dismantle its enrichment and other weapons-related capacities as demanded by the United States in exchange for economic aid, security guarantees, and recognition. The world, although still fearful of

Pyongyang's intentions, concluded that the onus for resolution lay in Washington, not Pyongyang. With an election only weeks away, the Bush administration faced a North Korean nuclear *fait accompli* and a South Korean government unwilling to support war with the North, and thus had few options but to take the DPRK up on its offer. President Bush declared victory, announcing that the United States had forced the DPRK to capitulate to American terms via peaceful dialogue, and that the North would now denuclearize. The Democratic presidential campaign replied that Bush had "allowed" the DPRK to get nuclear weapons by ignoring the problem for so long, and that the Democrats would make the actual denuclearization of the DPRK a top national security goal.

## Boom Boom

*(Upper Right Scenario) This is a violent world in which the DPRK moves quickly to establish its nuclear capacity regardless of the consequences.*

Cable news service owners didn't know whether to laugh or cry. It was the eve of the 2004 election, and network resources, already taxed by the surprisingly close campaign, now had to deal not just with the election but with global anti-war protests and border skirmishes between North Korean and American forces that threatened to escalate at any moment into a full-blown conflict, perhaps even nuclear war. With news reporters imbedded in US forces on the Demilitarized Zone in a tense standoff with North Korean forces, ratings were higher than ever.

A year earlier, in the summer of 2003, the DPRK's nuclear threat had been the problem that everyone talked about but nobody was actually willing to confront. Vague threats that America would "respond appropriately" if Pyongyang did not end its weapon program amounted to very little. Observers called the White House "strangely serene" in contrast to the rapidly emerging North Korean nuclear threat. Actions against North Korean misbehavior focused largely on non-nuclear issues, as with the arrests of agents allegedly working with the DPRK and various terror groups and interdictions of ships smuggling drugs. In the latter efforts, Australia took the lead, aggressively blocking ongoing DPRK attempts to run drugs to Tonga. Unsurprisingly, Pyongyang issued strident denouncements of these actions.

Calls from the China and the Russian Federation for the United States to pay more attention to the growing crisis sounded hollow when neither regional powerhouse was willing to take the initiative to push talks forward. South Korea shifted back and forth between unhappiness about the American presence and unhappiness about the DPRK's actions. Pyongyang was, through the end of 2003, perennially someone else's problem.

In early 2004, as the American presidential election was warming up, large-scale uprisings in Iraq grabbed the world's attention and the DPRK suddenly tested a nuclear bomb in an area in the isolated northwest region of the country. There was no warning; even the DPRK's traditional supporter, China, had been taken by surprise. The only word from Pyongyang was a tersely worded statement half-requesting, half-demanding that Washington now provide the North with a non-aggression pact. The Bush administration quickly dismissed the idea.

Over the course of the spring and summer of 2004, tension on the Korean peninsula relentlessly ratcheted up. The restructuring of the American forces in South Korea was put on hold, and the United States made a show of bringing in extra theater

anti-missile systems. South Korean rallies for and against the American presence often led to riots, and debates in Japan over whether to adopt a nuclear deterrent of its own took on a new urgency.

The United States announced that it would be working closely with the United Nations on this issue, and started to push for increasingly tough sanctions and what the administration termed "pro-active intervention." China sought to moderate the UN's response, but remained very worried about the DPRK's behavior. Europe's tentative steps to serve as peacemaker were rebuffed by both the United States and the DPRK. Both sides had consistent pre-conditions to negotiation: the DPRK wanted a non-aggression pact and diplomatic recognition, and the United States wanted immediate nuclear disarmament, declaring that America would never "reward bad behavior."

By the fall of 2004, negotiations of any sort had collapsed. The Russian Federation, China, and South Korea used both public and back-channel methods to try to push both sides away from the brink, but moderates in Washington and Pyongyang were sabotaged by their respective hard-liners. Although the split between the hard-line and moderate members of the Bush administration received abundant press—and served to underline Democratic accusations of a "wag the dog" conflict—the equivalent struggle within the Pyongyang leadership received less notice.

The DPRK's political leadership had developed nuclear weapons to push the West into providing aid and recognition. But the North Korean military, long skeptical about nuclear weapons, now saw them as tools to be used. Kim Jong Il veered from one line to the other. He feared war with the United States, but believed the talk of "regime change" coming out of Washington. As election day, 2004, drew near, both the United States and the DPRK saw the crisis as being on the edge of spinning out of control. Ultimatums and firefights at the DMZ grew more frequent. Hard-liners on both sides demanded action.

The world held its breath.

## The Eagle Stands Alone

*(Lower Right) This is a world in which North Korean concessions prove insufficient to avert confrontation with the United States.*

Jack Straw, Britain's foreign minister, was succinct: "Kim Jong Il isn't a madman, he's a desperate man." The United Kingdom, along with much of Europe and the Russian Federation, expressed solid support for the late 2003 Chinese efforts to get the DPRK to make sufficient concessions to bring Washington to the negotiating table. China had managed to convince Pyongyang that isolation was the wrong path and that it had far more to lose than the United States should conflict arise. The Chinese proposal was for a series of reciprocal efforts to build trust between the DPRK and the United States, modeled after the Ukrainian nuclear disarmament process at the end of the last decade. The DPRK agreed to freeze its nuclear program in exchange for immediate economic aid and the promise of negotiations with the United States. The Bush administration was cautious about the plan, but seemed willing to give it a chance.

A coup in Pakistan in late 2003 put a halt to the proceedings, however. The new government was vocal in its support of Islamic revolutionary movements in South Asia and throughout the world, and quickly increased tensions with India and the United States. American political focus shifted away from the DPRK which, despite the fragility



of the situation, was deemed to be less of an issue than the Pakistan crisis. China and South Korea pressured the United States to continue with the talks; the Bush administration made vague promises, but could provide no concrete timetable.

The Russian Federation and China, fearing what might happen if the DPRK felt betrayed, stepped in to provide needed economic and developmental aid. Placating words from Washington in February, 2004, led to the DPRK tentatively allowing IAEA inspectors to return. By all appearances, the negotiation process had slowed, but not stopped completely.

The positive momentum shifted when intelligence emerged showing that the coup plotters in Pakistan had received substantial aid from the DPRK, including missiles smuggled through third-party states. Although the other UN Security Council nations questioned the reliability of the information, the United States charged that the DPRK was trying to fool the world, pretending to be conciliatory while still causing problems. The *Washington Post* reported that the White House was in the process of drafting a new "regime change" proposal aimed at the DPRK.

Although the DPRK had ceased its nuclear development, it declared that any attack on the North would "bring fire to the region." In April and again in June, the DPRK "tested" missiles by firing them over Japan. The United States responded with aggressive interdiction of ships heading to and from the DPRK.

Even as the tensions between the United States and the DPRK escalated over the summer, regional actors—China, Japan, and the Republic of Korea—sought a diplomatic resolution to the crisis. Several proposals were floated; Washington rejected each of them, citing its fundamental demand that the government in the DPRK be changed. American moderates attempted to convince the administration to agree to a diplomatic solution, but the hardliners spoke of a "moral duty" to end the Kim Jong Il regime. Increasingly, the United States was portrayed in the world press as the "rogue hegemon," an image that the Pyongyang regime used to its advantage, conditionally agreeing to surprisingly conciliatory proposals sure in the knowledge that America would refuse to talk, hoping that the world would be able to pressure the United States to accept positions more amenable to the North.

As the year wore on and the American election day approached, an increasingly desperate DPRK apparently backed by China and an increasingly isolated United States inched ever closer to war.

## Embrace Tiger, Retreat to Mountain

*(Lower Left) This is a world in which the DPRK chooses not to continue its weapons program, opts for development as first priority, and conflict is avoided.*

Despite the rhetoric, nobody really wanted a war on the Korean peninsula. Even with the continued North Korean assertions that it needed to build up its nuclear arsenal as a deterrent and the relentless American demands that all North Korean nuclear development cease at once, key actors remained convinced that a peaceful way out of the crisis remained possible. They knew what the end-state would look like: a world convinced that the DPRK nuclear weapons program had been ended; the United States satisfied that the Pyongyang no longer posed a "rogue nation" threat; and a secure the DPRK finally on the road to economic stability, political recovery, and peaceful reconciliation with the south. The real challenge was figuring out how to get there.

Multi-lateral dialogue continued throughout 2003, ignoring the thinly-veiled threats emanating from both Pyongyang and Washington. China, Japan, and South Korea had the most to lose if things went bad with the North and, even though the DPRK continued to demand bilateral talks with the United States, they had enough to offer the DPRK that Kim Jong Il was willing to accept them as back-room intermediaries. The intercession of the regional powers was perfectly suitable for the Bush administration, which remained focused on the goings-on in the Middle East.

Before the serious concerns expressed by the Americans and the North Koreans could be addressed, the less tangible—but still quite significant—issue of "face-saving" had to be dealt with. Neither side was willing to be seen as giving in to the demands of the other. For the North, recognition and respect was a central issue, and conceding first would undermine their position; for the United States, the DPRK had already been branded an outlaw nation, and any conciliatory moves could be interpreted as rewarding blackmail.

The key was a set of carefully phased, linked steps towards the near-term goal of denuclearization and a non-aggression agreement. An unofficial high-level visit from former US government officials, building on the Congressional visit of earlier in the year, gave the DPRK the opportunity to claim American attention without the Bush administration having to admit any softening of its position. In turn, the DPRK staged an interdiction of a large drug shipment to the South, ostensibly as a crackdown on internal "rogue elements." This "demonstration of good will" was used as an excuse by the United States to re-open official talks.

Specialists in North Korean politics believed that the interdiction also signaled a deeper change. The downward spiral of the DPRK's economy had accelerated throughout 2003 and into 2004, and Kim Jong Il was faced with a stark choice: continue as an "outsider," relying on criminal networks to fund the elite while the rest of the country fell into ruin, or accept risky—but potentially far more valuable—engagement with international institutions and bodies. Although Kim had undertaken a series of careful economic and political shifts over the previous decade, this transformation of long-term DPRK policy would be the most significant.

The success of the interaction was heralded by a change in tone of statements coming out of Washington and Pyongyang. Although still asserting that a nuclear-armed DPRK was unacceptable, Bush's comments about the talks were more diplomatic than in the past, giving full support to a peaceful resolution to the crisis, and emphasizing the importance of good North-South relations. He appointed a senior Republican as a North Korean emissary and policy czar to end the policy gridlock between hardliners with closed minds and hardliners with open minds. One observer described the impact on formerly stalled American diplomacy toward the DPRK as "throwing the dead body hanging out the back of the airplane so it could take off." Similarly, while remaining steadfast that the DPRK required guaranteed security, Kim's speeches about the talks noted that there was a variety of ways in which that security could be assured, and nuclear deterrence was but one option.

By election day of 2004, few regional specialists would say that the problems between the United States and the DPRK had been solved, but the threat of outright warfare seemed past. The North's nuclear development had been frozen, inspectors were in place, and discussions were underway as to phased dismantlement of plutonium

capacities and tackling the issue of enrichment. America continued its pullback of its forces in the South. There was even talk of the Pyongyang government joining in the "war on terror," a prerequisite to Washington removing the DPRK from sanction listings. Nobody was yet ready to call it "peace," but for most, this wasn't a bad start.

## Using the Scenarios

The scenarios present four plausible stories for the next year and a half leading to the 2004 presidential election. Not every possibility is explored; in none of the scenarios, for example, do the United States and the DPRK fully go to war. Similarly, in none of the scenarios do we see an internal transformation in the DPRK (from a coup, for example, or the sudden death or assassination by the United States of Kim Jong Il).

The point of the exercise was not to cover every contingency, but to look for elements of the various future histories that could be used to push a real-world situation that seemed headed for war towards a more peaceful resolution. Scenarios provide a mechanism for uncovering early warnings, and a way of seeing links between outcomes that may not be immediately clear. Scenarios are also useful in the development of strategic plans; strategists can "wind-tunnel" different options against the multiple scenarios. In the next phase of the workshop, the participants were asked to create strategies that would move the world towards the optimal scenario—a non-nuclear DPRK with continued peaceful relations with the world.

## Seven Strategies

The seven working groups developed a series of strategic responses that ran the gamut from "initial contact" through "non-governmental options." The goal was to identify strategies that could shift the more violent and more nuclear scenarios—*Eagle Stands Alone*, *Boom Boom*, and *Green Flash*—towards a scenario like *Embrace Tiger, Retreat to Mountain*. Several of the strategies could work well together and the first one—"Ice Breaker"—could easily act as the entry point for nearly any of the other approaches.

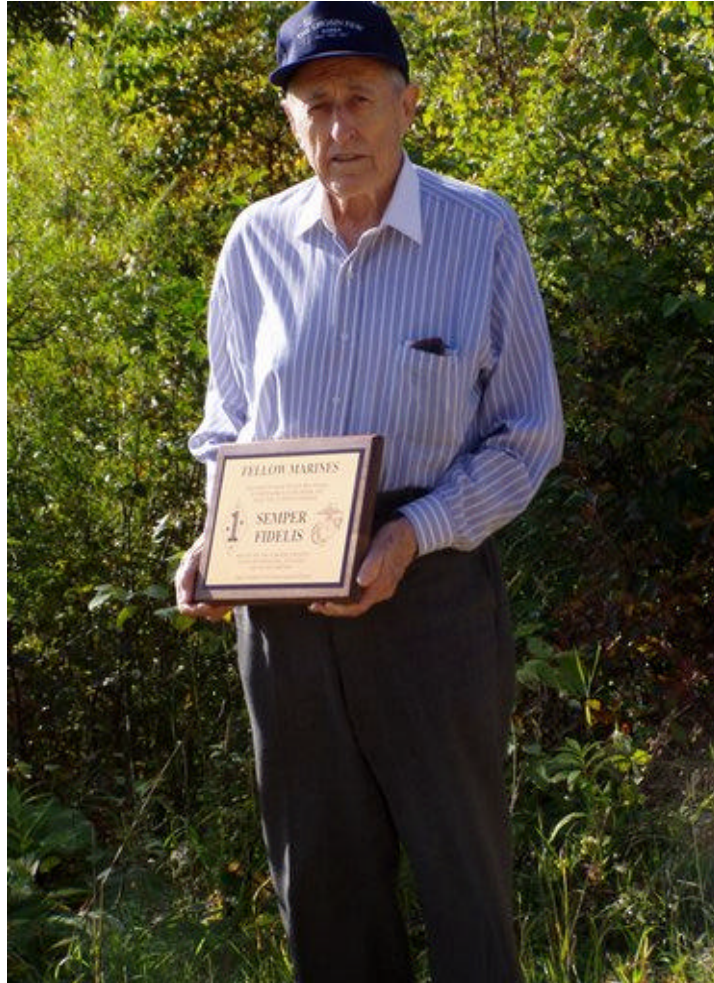
### ***Ice Breaker***

The *Ice Breaker* strategy is broadly compatible with the other strategies discussed here, and can readily serve as a prologue. It does not require a specific nuclear policy; it's designed to 'get the ball rolling,' to move all parties towards talks.

*Ice Breaker* makes a number of key assumptions. The fundamental assumption is simply that the status quo is not in the interest of regional peace and stability, but that actions are constrained by current reality. Further, it assumes that an incremental approach can be successful, with small-scale dialogues paving the way for larger confidence-building measures. Finally, it assumes that, as long as conditions remain relatively stable, the US position can be moderated, and Washington is willing to take the initiative.

*Ice Breaker* proposes a series of small but important steps forward, mutually-reinforcing efforts to make further negotiation possible. The first builds on the currently-stalled Missing-in-Action US-DPRK Joint Recovery Operations and the Congressional delegation that just returned from the DPRK. General Davis is an ideal candidate for an "unofficial" emissary to the DPRK. He wants the DPRK to continue the JRO work, and is

well-respected by both the US and DPRK military. Former head of the Joint Chiefs General Shalikashvili would be an appropriate partner with General Davis. A useful first step visit would be to the US-DPRK Village Windpower project site as symbolic of US commitment to people-centered development of the DPRK's economy.



At this early stage, symbols are of critical importance. It is known that the DPRK may be willing to return the *USS Pueblo* to American hands if relations improve. Although of little physical value, the return of the *Pueblo* would be enormously significant symbolically. It also would, in turn, facilitate the media shift (both in military circles, such as with *Leatherneck* magazine, and with the mainstream media) which would make it possible for the Bush administration to take the initiative officially, in response to the DPRK's goodwill gesture. At this point, a senior leadership delegation can begin work on negotiating intent and parameters of further efforts.

Such a process would not be without risks. The DPRK may not be willing to reciprocate the confidence-building measures or, even if they do, the larger-scale discussions may not go anywhere. The process is also fairly slow, and the measured pace may well be overtaken by events. Most dangerously, the DPRK may cross the reprocessing "red line," making it impossible for the United States to continue with negotiations.

### *Hidden Agenda (Save Face, Win Election)*

The US presidential election in November of 2004 must be considered along with the variety of other factors influencing the outcome of the current crisis in the DPRK. Similarly, the internal politics of the DPRK can't be ignored. This strategic option looks at the situation from a political perspective, with an emphasis on the drivers enabling or hindering a settlement.

For the United States, the election makes the Korean crisis a difficult political situation. American dominance in world affairs is seen widely as "nuclear enforcement of the Washington consensus" (to quote one workshop participant), and further that the problems the United States has encountered abroad are largely of its own creation. The DPRK situation can do little for the administration, and can even threaten the re-election if not handled properly; a hot crisis in Korea could distract from Middle East efforts and deepen American isolation. Conversely, careful attention to DPRK could allow the administration to counter Democratic charges of "unilateralism."

For the DPRK, conversely, the situation is at once less complex and more desperate. The government of the DPRK is fearful, unstable, and isolated, with few friends and even fewer options. The economic situation is dismal, and Pyongyang has little reason to trust any of its so-called "partners." The DPRK has a single "card" to play—nuclear weapons. Regional experts believe that the DPRK is likely to accept a permanent denuclearized settlement down the road if the endpoint to the negotiations and the path to be taken are clear. They may be willing to accept a regional "insurance policy" instead of outright recognition if the result is security and aid.

The key steps towards a solution, as with the previous strategy, are methodical and carefully phased.

- Immediate humanitarian aid, both to assure the DPRK of good intentions and to build up the media case for diplomatic action.
- Bring in a high level, bipartisan point person with direct access to the President to develop and articulate US policy toward the DPRK.
- Push for a symbolic first move from the DPRK, such as a highly-visible drug interdiction, opening of sites to UN inspectors, or even providing information on terrorist groups that the DPRK may have supported in the past, to provide face-saving political cover to the Administration, and as a North Korean down-payment of good faith and "genuine intention."
- Produce a regional "Road Map," bringing in partners, akin to the "architecture" that the United States is currently designing with regional partners to contain the DPRK, but focused instead on constructive engagement.
- De-list or suspend the DPRK from the "Terrorist State" list contingent upon the DPRK performing in all respects already defined, and by performing on additional steps related to supporting the global war-on-terrorism, especially rolling up narco-criminal networks.
- Bring in development aid through multi-lateral channels.

The risks that appear in this strategic path are largely political, and thus hard to predict. The Kim Jong Il leadership may not want to take the risk of dismantling its

corrupt core economy and shifting to reliance on a “normal” economy linked to the rest of the world. The Bush election team may not see an electoral problem with the situation with the DPRK or, more troubling, may see an electoral opportunity in a high tension situation. Paralleling this, the DPRK may not wish to see Bush re-elected, and may choose to act in ways they believe would give him problems. Finally, even if the two main actors are willing to move forward, regional powers, due to their own internal situations or a mistrust of the DPRK or United States, may not be willing to shoulder the burden of providing political cover and development aid.

*(Icebreaker and Hidden Agenda lead to complementary strategies, depending upon the political context:)*

### ***Coalition of the Willing to Engage***

This approach is based on the assumption that there is a willingness on the part of United States and the DPRK to move towards a negotiated settlement, but political obstacles prevent direct talks and regional actors (such as China) are seen as too invested to provide objective intermediation. Further, it assumes that the DPRK is willing (despite its 'bilateral talks only' rhetoric) to sit down with nations other than the United States, and that Washington (despite its 'no reward for bad behavior' rhetoric) is willing to respond positively to North Korean actions.

A number of non-frontline states (including Canada, the UK, Australia, Spain, Greece, and others) have recently started to build careful ties to the DPRK, moving towards normalization. Such cautious connections to the DPRK, coupled with historically close relations with the United States, give these non-frontline nations the chance to act as trusted third-parties, facilitating a de-escalation of the crisis. Both sides would gain from this format; the United States would be able to get involved in a face-saving multi-lateral context, and the DPRK would have an accelerated path to aid. For the non-frontline states acting as intermediaries, the benefits would be the economic links to a gradually more prosperous Korean peninsula, and the political status of having been key to the solution.

In this strategy, the third parties—for reasons of recent history, Australia and Great Britain are in the best position to approach the United States—get a private nod from Washington to move forward with the plan. (Sweden, which represents US interests in Pyongyang and has long played a “neutral” role in the Korean Armistice, is another possibility.) Any American public steps would be contingent upon success in shifting the DPRK away from its current path. The United States would have no initial financial commitment. The Foreign Minister acting as spearhead for the plan would solicit feedback from regional players, particularly South Korea, and would eventually ask for their public support for a resolution plan.

The initial stage of the interaction between the third parties and the DPRK would focus on providing energy and economic assistance to the DPRK in exchange for the dismantlement of the North's nuclear program. In particular, the strategy proposes the trade of plutonium for energy in what one participant referred to as "DPRK-digestible chunks"—i.e., in kilowatts, not gigawatts. As the DPRK moves away from its nuclear program, the United States begins to participate in the exchanges. Over time, the Bush administration would remove the DPRK from the list of terrorist states and allow the

North to observe World Bank meetings. In turn, the DPRK would open up its economic data to international institutions, and provide a series of modest concessions to the United States, such as names and locations of terrorist clients or action against drug smuggling. The third parties would provide training to the DPRK on the provision of accurate economic statistics, and sponsor its participation in international financial institutions.

The main value of this particular path is that it provides clear benefits to all parties without undue risks. Even if it fails, the situation is not any worse than before. If it succeeds, the United States achieves its strategic goals, the DPRK moves towards greater stability and security, and several third-party nations take on greater international status.

### ***Horse Before Cart***

This strategy focuses on the urgent need to resolve the plutonium issue before anything else can be handled. It assumes that the United States, South Korea and China will be willing to work closely on the resolution (although China's participation need not be publicly noted), and that the DPRK is willing to negotiate away a nuclear deterrent. An "ice-breaker" is required to move forward. The strategy tackles the "hard" question of plutonium before other issues to get it out of the way, using the logic that plutonium will have to be dealt with in any case, and a deal that resolved the "easy" issues without an agreement on plutonium doesn't really resolve anything.

*Horse Before Cart* focuses on plutonium rather than uranium for several reasons. Although an atomic bomb can be more simply made using uranium, weapons-grade enriched uranium is not easy to make, and most regional experts believe that the DPRK does not yet have sufficient quantities of enriched uranium to pose a threat. The DPRK may already have enough plutonium to make two nuclear bombs, and have the capability to make bombs with it and could, worse still, readily export it. Even though non-state terrorist groups would not likely be able to produce a fission bomb using plutonium, they could use it to make to threaten to make nuclear or radiological ("dirty") bombs.

This approach has several distinct steps:

- *Pre-negotiation*: South Korea and China tell DPRK that further trade and economic support are contingent upon DPRK nuclear concession and negotiations. This phase is based on the premise that, although the DPRK may not respond well to overt US military threats, it would be responsive (if unhappy) if threatened economically by China and South Korea. The North's response is not guaranteed, and is one of the riskier steps in the process; if the DPRK chooses to ignore China and South Korea, it could sour relations.
- *Freeze-plus*: DPRK freezes its plutonium program, allowing IAEA inspectors back into the country; in exchange, the United States establishes a level of recognition/non-aggression pledge. This step presumes that Washington would be willing to make such a pledge. Why would the United States do this? The DPRK may need to provide a "showcase" concession, something visible but not damaging, such as an inspection of a uranium enrichment site and most critical, provide a complete declaration of its uranium enrichment program to the IAEA.
- *Dismantlement-plus*: The DPRK removes all its spent fuel rods, perhaps moving them to a trusted location in China. In turn, the United States de-lists the DPRK from terror list (this may be contingent upon the turnover of Japanese Red Army terrorists to Japan), opening up broader sources of aid.

- *Everything on the Table*: At this point, with the plutonium issue dealt with, other subjects can be safely discussed: peace negotiations; economic and developmental aid; uranium; pipelines; etc.

The risks to this approach are considerable. American hardliners may not be willing to make necessary concessions such as the non-aggression pledge, and failure would mean possible loss of face for the Bush administration. Similarly, the DPRK leadership may not be able to accept the concessions required to bring the United States on board, particularly under threat. China, due to its historical relationship with the DPRK, may not want to make such threats. Hanging over the entire proceedings is the ticking clock of North Korean uranium enrichment; the longer the crisis lasts, the more likely it is that the DPRK will have sufficient enriched uranium either for themselves or for terror client use.

### ***Precision Guided Markets***

*Precision Guided Markets* takes an economic approach, both in terms of its methods of gaining leverage and its focus on the DPRK. In this strategy, DPRK weapons development is a symptom of its larger economic crisis, and working on repairing the internal instability will make all other negotiations easier. At the same time, the strategy makes clear to the DPRK that there are significant economic costs to its current behavior, costs that can be avoided if the North changes its ways.

One particular value in the economic approach is that it does not depend on powerful state-level actors to achieve all of its goals. Non-state stakeholders such as NGOs, faith-based organizations, banks, corporations, among others can play a key role in moving this strategy forward. It also means that states other than America can help push towards a positive outcome without necessarily having to have a unified strategy.

*PGM* emphasizes the need to de-politicize humanitarian assistance. Basic aid to the DPRK should be expanded even before the North abandons its nuclear ambitions. This conditions-free aid would serve to lessen the DPRK's perception that the United States is "out to get them," but still gives the United States (and others) a substantive lever in the form of development aid—which can be linked to the reduction of illegal activities, such as with assistance specifically to change opium fields to orchards.

Over time, the focus for engagement with the DPRK would shift from helping its transition to a stable economy to a helping its transformation to an economy better able to work with the global system. There would be no set timeline; short term efforts to shore up the existing infrastructure (by building roads, sewage treatment, hospitals, etc.) and to boost private investment in the country would gradually lead to the longer term efforts to change the DPRK's economic system, giving them the incentive to pursue "legitimate" economic activities.

The strategy addresses the DPRK's security concerns by focusing on reasons why the DPRK would wish to develop nuclear weapons: as a bargaining chip, for security, for status. These can be dealt with diplomatically and multi-laterally. The real danger in this strategy would be if the DPRK exports its nuclear technology or resources. Such exports would be punished because all the great powers are seeking to reduce the global market for such weaponry in an era of global terrorism. Washington would not necessarily be



leading these efforts. Thus, the DPRK must be made aware that it's not just the United States that opposes the export of nuclear technology for this strategy to succeed.

This strategic approach shifts the emphasis away from the DPRK's nuclear weapons capacity (which, arguably, can't be dealt with permanently without a larger change) to looking at ways to change the North's society that are consistent with continued leadership by Kim Jong Il. This is clearly a more challenging task, but one with substantial rewards if successful.

### ***Global Overreach and Civil Society***

Just as the *PGM* strategic plan moves away from a solely governmental response to the North Korean crisis, civil society's response to US actions underlies *Global Overreach*. This plan presents an alternative approach should the American administration prove unable or unwilling to adopt a conciliatory posture towards the DPRK. *Global Overreach* looks to the North Korean crisis as a key stepping stone for the further development of a global "Civil Society" response to international conflicts.

This approach is based on a couple of sobering, but not unreasonable, assumptions. The first is that the larger political agenda of US hard-liners precludes a nuanced, conciliatory approach to the DPRK. A diplomatic solution that does not involve Pyongyang backing down completely may not be desirable to these hardliners. The second is that the long-term strategic position of the People's Republic of China is the most significant grand strategic challenge currently facing the United States, and that decisions made regarding the DPRK may reflect strategic concerns regarding this bigger issue.

But the United States (under its present leadership) is not the only possible actor. Global Civil Society that stirred in protest against the war in Iraq may be able to push towards a peaceful resolution, even if the United States is not in full agreement. The goals of such a strategy, which would include both domestic and international peace and development groups, are straightforward:

- Make American hard-liner agenda hard to achieve.
- Make Civil Society a key actor in political affairs on an ongoing basis.
- Emphasize the danger of "empire" both inside and outside the United States, with a message that the strategy is not Anti-American, but Anti-Empire.
- Focus concerns about *criminal networks* with nuclear weapons; the real danger of the DPRK's weapons development is if they export the devices to terrorists.

The Civil Society approach is an indirect one, attempting to influence national governments to adopt certain policies and positions. The strategy rests heavily on the widespread use and dissemination of relevant information, using "indy media" resources, online and traditional networks, and so-called "open source intelligence," gathered using non-classified sources. The strategy would function regionally, but would be have international coordination.

The developers of this approach were under no illusion that a Civil Society movement would possess enough "hard" power to force governments to do its bidding. Nonetheless, the developers believed that a non-governmental effort to resolve the North Korean crisis would be able to hinder the hard-liner agenda should it dominate, assist

official efforts at a diplomatic resolution should they prevail, and further build the power of a Civil Society movement, especially in key allied and friendly states to the United States, to be able to face future crises and to affect crisis trajectories.

### ***Plutonium Pineapples***

A recurring theme in several of the scenario and strategic proposals was that, although the possibility of the DPRK developing a nuclear arsenal was troubling, the more serious danger would arise if the DPRK chose to export this nuclear capability to others. The *Plutonium Pineapples* group explored the strategic options available to the United States should the DPRK decide that exporting nuclear material was in its interest. The workshop participants felt that the North would be most likely to export in the "Boom Boom" scenario, as the near-war situation could push the North to use offshore plutonium as a credible deterrent and an actual diversionary tactic. This export would not necessarily be for sale, but more likely, for their own use outside of the Korean Peninsula against a "soft" target, such as in a cargo container in a port city. Given the nature of the Pyongyang regime, however, export could not be ruled out in any scenario where the DPRK develops a nuclear capacity.

Current expert opinion about North Korean nuclear capability holds that the DPRK remains some time away from having sufficient highly-enriched uranium to make multiple atomic bombs, but that they do (or will soon) have enough plutonium (Pu) to do so. A crude North Korean Pu-based nuclear weapon would be fairly difficult to export given its size and (relative) fragility. If the DPRK wished to export plutonium, a more likely scenario would be the export of so-called "plutonium pineapples," smaller quantities of shielded plutonium without a large bomb mechanism. This assembly could be exported piecemeal for assembly outside of the DPRK and mating with the plutonium pineapple. Export would imply that the North already possessed enough material for a sizeable (10+ weapon) arsenal, and could afford to part with some Pu.

If the DPRK were to export Pu, the resulting danger would not necessarily come from a traditional nuclear weapon. Pu-based atomic bombs require a fairly sophisticated "implosion" design, which in turn requires state-level industrial resources to construct. Non-state actors would be far less likely to have the capability to construct the implosion mechanism. A simpler "shotgun-style" atomic bomb built with plutonium would "fizzle," resulting in a far smaller explosion, although it would still spread a great deal of radioactive material. Pu used with conventional explosives would be a "dirty bomb" (that is a radiological device rather than a nuclear weapon), although such a weapon could be built with far more readily available radioactive wastes.

Strategic responses available to the United States are contingent upon the point at which the export becomes an issue. Before the DPRK exports-or is suspected to have exported plutonium—the United States would be in a position make a unilateral declaration that, if the DPRK exports Pu, then it "will act decisively." Accordingly, the United States would then work with partners, particularly China and the Russian Federation, to seek alignment about responses export happens. The next step would be to work with the United Nations to develop a general global policy about exports. All the

while, Washington would be working on an internal "Secret Red Line," that is, clear plans about how to respond to the export scenario.

If the DPRK exports, there are several possible contingencies. The United States can *suspect* it, with intelligence indicating the possibility. The United States can *know* it, with positive proof (that is, the DPRK is "caught red-handed"). Finally, the United States can *believe it to be pending*, with some ambiguity about details. Once export happens, other elements come into play. Was the DPRK caught, or was it just accused? Who caught it? Who was the intended recipient—a state or a non-state actor?—and if the Pu has been exported, has it been captured or is it still out there? Have other exports happened that have not yet been discovered? Are other exports about to happen?

Based on these factors, the United States can respond in one of two broad approaches that are exclusive: it can treat the situation as a military/political issue; or, it can handle it as a criminal/political issue.

The military/political response could include a demand on the DPRK for immediate transparency, information on exports, inspections (with a 3 day deadline, to allow UN Security Council members to consult and align). In this approach, the primary goal is recovery and cessation of exports by physical means, and the elimination of the source of further exports.

Given the possibility of DPRK escalation in less than three days, including threatened use of the exported plutonium, the United States may feel obliged shift immediately to a more forceful military strategy. This response could include a US surgical strike on DPRK nuclear and military facilities (but the target location of fissile material may be unclear), a rapid attack on the missile sites and artillery threatening South Korea and Japan (in short, "moving the DMZ 60 miles north"), naval and aerial interdiction, and global arrests of DPRK agents and affiliates within 24 hours of discovery and confirmation of the plutonium export.

A more sophisticated (but politically more difficult) response would be to treat the issue as a criminal matter. If the goal is the recovery and cessation of exports, the job is made significantly simpler if the DPRK could be induced to cooperate. This approach would characterize the export as criminal smuggling, not a DPRK strategic move, and rely on existing institutions such as Interpol, as well as civil observation and interdiction resources, especially in transit cities (such as Oakland, Shanghai, and Seattle). Even unsavory groups such as narco-criminal syndicates could play a role; such groups would not be interested in losing customers and (more importantly) political stability, and a post-use clampdown would hit them hard.

The underlying goal of this approach is to reduce the immediate post-export tensions in Korea and to avoid pre-emptive attack by the DPRK. This method has less of a risk of escalation to full-scale war, which holds the potential of nuclear weapon use against South Korea or Japan. Ironically, it could also be the basis for a reduction of the near-war tensions that drove the DPRK to export plutonium in the first place.

These observations do not encompass the full range of possible export scenarios. Another, for example, would be discovered when a nuclear explosion obliterates a city, and the source material is discovered to be North Korean. However, in this instance, the likely response—full-scale attack on the DPRK and elimination of the regime—is predictable. Also, the response would come "too late" from a policy perspective in that the terrible damage to the target city would be undone. Finally, the group did not find

this export scenario to be easily explicable in terms of DPRK regime survival strategy or motivations except possibly in a revenge attack for an already executed American assassination of Kim Jong Il by military means.

## Observations

Two recurring themes emerge from the seven scenarios: the need for multilateral support for a solution, and the differing threats of North Korean nuclear *possession* vs. North Korean nuclear *exports*. Neither issue is easily dealt with.

The multilateral approach runs up against the North Korean refusal to negotiate with anyone but the United States. Although regional powers such as China and the Russian Federation may well be willing to play key roles in the eventual resolution of the North Korean crisis, if the DPRK refuses to talk with anyone but the United States while the United States refuses to engage without partners, then the stalemate will continue. Whether American hard-liners would accept a US position where it cannot decide on a course of action without consultation with partners remains another difficult question.

The nuclear possession vs. nuclear exports is also complex. A focus on exports over simple possession can be seen as a pragmatic approach; a nuclear-armed DPRK that holds an arsenal for reasons of deterrence and status, although certainly a problem, is far less of a worry than a the DPRK bent on making nuclear weapon components available to the highest bidder. But this situation results in a world of constant vigilance, where exports from the DPRK must be considered to potentially carry plutonium (or, worse still, highly-enriched uranium) as long as the North has weapons production facilities. A the DPRK without the capability to build nuclear weapons, period, is one that poses little nuclear export danger.

But is a full relinquishment scenario, as seen in "Embrace Tiger...", at all realistic? Workshop participants believe that there is precedent for such an outcome. In the mid-1990s, the Ukraine—which had possession of some 1,900 former Soviet nuclear warheads—agreed to get rid of them all in exchange for security assurances, economic support, and energy assistance. Such a result did not come easily or cheaply, and required the dedicated attention of the President and international partners. There were numerous members of the Ukrainian leadership who feared giving up their nuclear deterrent force, who saw the missiles as symbols of Ukrainian status and power. But in the end, the Ukraine agreed to relinquish the weapons, and embrace Europe and the world.

It is possible that this model could work for the DPRK, as well. As with the Ukraine, energy assistance, economic aid, and security guarantees are at the heart of the DPRK's diplomatic goals. The People's Republic of China, the Russian Federation, the Republic of Korea, and the United States of America are all, for the first time, on relatively good terms; together, they could engage with the DPRK in a way that assured that its goals would be met, but only in exchange for Pyongyang's nuclear capability.

The scenarios drafted by the workshop participants, along with the strategies they developed in response, made clear two important ideas: the first is that a peaceful resolution to the North Korean crisis will be difficult, requiring diplomatic finesse,

political flexibility, and a real desire to avoid conflict; the second, and perhaps more crucial, is that a peaceful resolution to the North Korean crisis is possible. In the aftermath of the war in Iraq, as the United States and its G8 partners make unambiguous statements that North Korean nuclear weapons acquisition is unacceptable, the recognition that war is not the only possible outcome is welcome. In spite of this foresight, the United States and its allies may still end up in an unwanted catastrophic conflict with the DPRK. But in Korea in 2003—unlike Krakatoa in 1883—it will not be because the parties to the Korean conflict had no other option.

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This report is a document of the Nautilus Institute for Security and Sustainability and the result of a structured process involving a diverse group of scholars, analysts, and policy makers. This is not intended to be a workshop report. Participants in the workshop reviewed the document to ensure that the descriptions of the four scenarios and seven strategies fairly represent the discussions in which they participated. In summary, *workshop participants are not responsible for any part of this report.*

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### **About the Workshop**

Scenarios are tools for ordering one's perceptions about alternative future environments in which today's decisions might play out. Unlike traditional forecasting or market research, scenarios present alternative images instead of extrapolating current trends from the present. Ultimately, the end result of scenario planning is not a more accurate picture of tomorrow, but better decisions today. On May 29 and 30th, 2003, the Nautilus Institute convened its 2nd annual North Korea Scenarios Workshop that sought to identify specific policies and strategies for peacefully resolving the North Korean nuclear crisis. The 2002 workshop focused on "Scenarios for the Future of U.S.-North Korean Relations: Engagement, Containment, or Rollback?" Copies of last year's report are available upon request or at <http://www.nautilus.org/security/Korea/index.html>

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The Nautilus Institute's vision is a peaceful, ethical, and sustainable world. Our Mission is to improve global problem solving by applying and refining the strategic tools of cooperative engagement to fundamental problems undermining global security and sustainability. We believe that the key to reducing global insecurity lies in a global civil society committed to joint problem-solving. The Nautilus community is a global network built around this strategy of collaborative engagement.

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