

## Maximum Pressure 2.0: A Plan for North Korea

*Remarks by Juan C. Zarate and David Maxwell. Featuring a panel with Nicholas Eberstadt, David Maxwell, Jung Pak, and Samantha Ravich. Moderated by Brad Bowman.*

MAY: I'm FDD's president, founder Cliff May, I know most of you and met a lot of you. Glad you're here. Today's event marks a release of a major new FDD report, Maximum Pressure 2.0: A Plan for North Korea. The report offers an actionable and multifaceted plan focused on the denuclearization of North Korea. Today in North Korea, we have a young, mercurial, a brutal and ruthless despot, Kim Jong Un. Armed with nuclear weapons and ballistic missiles, he is using both to threaten America and America's allies. You may have seen reports earlier in the week in the *Washington Times* that a high level defector from North Korea sent a letter to President Trump. The defector warned the administration that Kim Jong Un is unlikely to give up his nuclear weapons, absent significant additional pressure. Consistent with the recommendations in FDD's new report, which will be discussed today, the defector urges all-out sanctions and what our report authors call "information and influence operations."

While we understand that people of good faith may disagree on the path forward, it's clear that U.S. policy over decades by Republican and Democratic administrations alike has failed to achieve significant progress towards the denuclearization of this threatening regime and this threatening dynasty. FDD, you may know, has launched three centers that seek to integrate elements of American power in order to achieve better results for America's national security. Our new report benefits from the work of all three centers. It provides detailed, actionable recommendations for American policymakers. We will hear today from experts with experience in intelligence, cyber warfare, defense and sanctions to help build a holistic picture of what a maximum pressure 2.0 policy against North Korea needs to look like. I want to note that today's program is one of many we host throughout the year. For more information on all our work and our areas of focus, we encourage you to visit our website, that's just [fdd.org](http://fdd.org)

We're glad to be joined today by a distinguished audience of diplomats, representatives from Congress, the Department of State, the Pentagon, active duty military personnel, many experts from the policy community and media. Most of this audience knows that FDD is a nonpartisan policy institute. We take no foreign government money, no foreign corporate funding. I'll also note that today's event is on the record and will be live streamed, recorded and will be broadcast on CSPAN. I'd ask you to kindly silence your cell phones. I encourage you to join in on today's conversation, by using Twitter @FDD, just @FDD.

With that, I am pleased to introduce our first speaker, the honorable Juan C. Zarate. Wickedly brilliant and always charming, Juan is the chairman and cofounder of FDD's Center on Economic and Financial Power. He also serves as chairman and cofounder of the Financial Integrity Network. Prior to that Juan was deputy national security advisor to President George W. Bush. Please join me in welcoming Juan.

ZARATE: Certainly not handsome, lost a lot of hair. It's really an honor to be here. I was joking a bit with Allie who's helped organize the event -- Allie always does a great job -- that I was coming to learn and to sit in the back and have a nice lunch and I was asked to present, but I'm honored to present, especially before such a distinguished panel and on such an important

day with the publication of the report. I've learned in the publishing world, you've got to show the product, right? So it's, it's actually a great report and we'll get into that in just a moment. But I want to talk a little bit about what the centers are doing and my experience with North Korea and that will lead into the great work that Brad and David have done with the report and the panel.

Just a few weeks ago, we were up here. I was honored to be on stage with Dr. Samantha Ravich and H.R. McMaster, General McMaster, to talk about the work of the three centers here at FDD: the Center on Military and Political Power led by H.R. McMaster and Brad Bowman; The Center for Cyber and Technology Innovation led by Samantha Ravich, aided by Annie Fixler; and of course our Center on Economic and Financial Power that I chair and led by Eric Lorber. That day we talked about a number of threats, number of issues including North Korea and largely the ambition that the work of the centers and the work we were doing at FDD would result in innovative, impactful and strategic work on things that matter to the fundamental American national security and that's exactly why we're here today and that's exactly what this report represents. It reports -- it represents the best thinking of those three centers and the great work of Brad Bowman and Dave Maxwell and the authors.

Today's event and the report couldn't come at a better time as those of you know, especially those of you who follow North Korea closely, North Korea and its leadership is returning to the well-rehearsed playbook of bluster and brinksmanship timed neatly to our holidays. Those of us who worked in the White House often suffered holidays dealing with North Korea's recalcitrance and brinksmanship. In hopes of achieving premature lifting of sanctions and international pressure, North Korea has reportedly conducted a very significant test at a satellite launch site, and there are indications that we may see more provocations soon from Kim Jong Un. As the report notes, North Korea's nuclear biological and chemical weapons programs as well as its ballistic missile program and developments represent a grave threat to the U.S. and our allies. North Korea also represents a threat to the financial system and international norms. North Korea is a rogue force for instability. Now, the Trump administration deserves credit for focusing on this issue, giving it attention and accelerating policy work, and also bringing the North Korean regime to the negotiating table.

But unfortunately as the report notes and as we know, the pressure campaign has not achieved progress toward its objective - the denuclearization of North Korea. And so for these reasons, now more than ever, we need sober and clear thinking. We need good analysis and we need specific recommendations to think about a plan B and next steps, and that's what this report does. Washington sometimes struggles with the idea of broad long term strategies or integration of all elements of national power in pursuit of strategic objectives, but the intent of this report is to break those orthodoxies and those approaches and to think collectively and constructively about what that means.

I was very fortunate in government to work at the Treasury Department and the White House on these issues, as some of you may know. When I served in the administration, one of the things we tried to do was to pierce through some of these paradigms and orthodoxies - the orthodoxy that North Korea can't be sanctioned or pressured anymore. The idea that we had thought through all of the potential vulnerabilities and elements of pressure that were possible

and in fact when we looked at the map of the world and North Korea's economy, its dependencies, there was recognition that there were, there was much more to be done, much more to be done in terms of what those dependencies and decision making look like in Pyongyang and what we could do to affect that decision making. It's precisely that that led to the interagency efforts to look at the range of North Korean vulnerabilities in particular in the illicit finance context to what led to the section three eleven action against Banco Delta Asia in September of 2005 and what led, I think to the most significant pressure put on North Korea at least in that period and to the diplomacy that then followed. And for those of you who remember that episode for two years, thereabouts, North Korea began and ended every nuclear negotiation with we want our money back, we want the pressure relieved from those actions.

And so the ability to bring all elements of national power together for a sustained pressure campaign to do so in a way that breaks through some of these orthodoxies is really important, especially as North Korea returns to its classic playbook of requiring concessions without conceding or honoring its own commitments -- something this report talks a good bit about. So this maximum pressure 2.0 report delineates the right next steps. The report has chapters on diplomatic, military, cyber, sanctions and information tools of power and it has at its core the principle that American power is ultimately what deters North Korean aggression. Each chapter includes specific recommendations in each of these categories and the goal ultimately is to constrain North Korea, reduce the various threats that it poses, to affect decision making and ultimately to avoid war. When considered together these recommendations do provide a plan B that this administration, and perhaps others to follow, should and can implement without delay.

So once again I'm very proud to be a part of FDD, proud of the centers that we've built, proud of this concept of bringing innovative thinking together for real world solutions for the American people and our allies. I look forward to hearing from David Maxwell, his summary of the report in more detail and then hearing the panel discussion to be moderated and led by Brad Bowman who is also the coeditor and author of the report. With that, allow me to hand it over to Dave Maxwell senior fellow here at FDD, a coeditor and author of the report, army veteran, patriot and one of Washington's leading experts on North Korea. David.

MAXWELL: Well, good afternoon and thank you to Juan for those excellent remarks that really set the stage for the discussion of our report. Before I provide an overview, let me say that I'm here representing a great team that collaborated on this report. First, as noted, our senior director for the Center on Military and Political Power, Brad Bowman, who will moderate the panel. Now, he was the lead on this project and really drove the process and was responsible for the excellent collaboration and coordination and putting this together. He coauthored the introduction, diplomacy and military chapters. I'd like to recognize Mathew Ha, research analyst and Korean expert who coauthored the diplomacy, military, cyber and information and influence activities chapters. Annie Fixler, a true cyber expert, is the deputy director of our Center on Cyber and Technology Innovation and coauthored the cyber chapter. And Eric Lorber, as noted, one of the foremost experts in the sanctions space is the senior director of our Center on Economic and Financial Power and coauthored the sanctions chapter along with my good friend and colleague who was also a senior fellow here, David Asher, who has probably done more than anyone I know to exert pressure on North Korea and the evil Kim family regime.

And I hope the U.S. government will again call on his expertise and some of the great work that can be reproduced so we can execute a comprehensive maximum pressure 2.0 strategy. And lastly, our editing team of David Adesnik and John Hardie did all the behind the scenes work to bring this together. And Danny Ackerman is the person who designed this excellent graphics and turn this into what I think is a visually stunning report.

And we began to conceive this report following Kim Jong Un's failure at the Hanoi summit. I note that it is his failure because he has been unable to get premature sanctions relief from the U.S., from South Korea, and the international community. And in April he put an expiration date on the "bromance" with President Trump, and of course we're coming to the end of the year deadline with the renewal of near 2017-type rhetoric. Now what we're seeing is Kim practicing the seven-decades-old blackmail diplomacy playbook using increased tensions and provocations in an attempt to get political and economic concessions.

While 2017 was the year of fire and fury, 2018 through June of 2019 was the period of unconventional, experimental, top-down diplomacy. It was the coming out time for Kim Jong Un in which he met with all major leaders in the region, save for Prime Minister Abe of Japan, but we are now at the proverbial inflection point. What will happen on January 1st, 2020? What will Kim say and his New Year's address and what will be his next provocation? We offer this report to the White House and the Blue House policymakers and specifically to the ROK-U.S. strategy group established last year by our US. and a Korean special representative Stephen Biegun and Lee Do-hoon. The combined strategy group is the key to ensure that we move forward in a synchronized way that serves ROK and U.S. alliance interests.

This report is based on two new assumptions to replace those we have made for the last 25 years from really three camps of Korean security practitioners. One camp believes that concessions will lead to denuclearization. Another camp believes that coercive external pressure will lead to denuclearization. And of course the third camp argues for the right combination of both. However, it is very possible, very likely that Kim has no intention of denuclearization and our strategy must reflect that fact. Our report assumes no outside pressure alone will cause Kim to make the right strategic decision in return for a brighter future. We assume it is only when Kim faces a significant internal threat that will cause him to recalibrate. He must realize from that internal threat that the threat of possessing nuclear weapons is greater than giving them up. And until he feels that internal pressure, he is unlikely to ever change. The external pressure can and must contribute to this condition. But as it now stands in Kim's calculus, he needs nuclear weapons for survival and specifically for defense against the U.S. to support his blackmail diplomacy and his ultimate objective, which of course is unification of the Korean peninsula under the domination of what I like to call the guerrilla dynasty and gulag state. And that's of course in order to ensure regime survival.

Which this leads to the second assumption. We see no evidence that Kim has abandoned the seven-decades-old regime strategy to use subversion, coercion, extortion, and when the conditions are right, the use of force to achieve unification. And we assume he will not give this up in response to the current or any policy. Now as an aside, Kim believes the conditions will be right when the U.S. alliance has ended, when U.S. forces are removed from the Korean peninsula, and extended deterrence and the nuclear umbrella over South Korea and Japan are

eliminated. Coincidentally, this is also the description of both the security guarantee that Kim demands as well as the definition of the end of the U.S. hostile policy. The ROK-U.S. alliance must view North Korean actions through the lens of the regime strategy.

And we must also recognize the inherent ideological conflict on the peninsula. On the one hand are the shared values of the ROK-U.S. alliance: freedom and individual liberty, liberal democracy, free market economy and human rights. On the opposite end are the Kim family regime values, which of course are Kim Il Sung-ism and *juche*, the socialist workers paradise, *songun* and *songbun*, and the denial of human rights to keep Kim Jong Un in power. Really at the core this is political warfare. Kim Jong Un is using all elements of his power, particularly his illicit elements to sustain his leadership and to survive, to be recognized as a nuclear power, to subvert South Korea and ultimately to dominate the peninsula. Paul Smith, formerly of the National Defense University, describes political warfare best. “The use of political means to compel an opponent to do one's will based on hostile intent. This very much describe what we might call Kim Jong Un’s unique political warfare with *juche* characteristics.”

It is also a form of a long con, which we talk about in the paper in which Kim Jong Un is trying to play both President Trump and the international community, just as his father manipulated the six party talks and his grandfather manipulated Mao and Stalin in 1950. This is in the DNA of the Kim family regime. Recently an escapee, as Cliff noted, an escapee from North Korea wrote to President Trump to provide advice on how to address Kim's long con, and we hope to compliment that advice.

So let me state the bottom line here. The challenge now is for the ROK-U.S. alliance to figure out an acceptable and deliver a durable political arrangement that will protect, serve and advance U.S. and ROK-U.S. alliance interests on the peninsula and in Northeast Asia. The alliance has to determine the ways and means to achieve that goal. These must include new international diplomatic efforts, military enhancements, supporting cyber activities, defense and offense, enhance sanctions enforcement, and a robust information and influence activities campaign, including a strong focus on human rights. The ROK-U.S. strategy working group must carefully develop a new strategy, a plan B or maximum pressure 2.0 based on the recognition that Kim Jong Un may never agree to denuclearize and will always seek to dominate the peninsula.

Now I'd like to highlight some of the key concepts and recommendations from each of the instruments of power described in our report. While we are recommending a maximum pressure 2.0 strategy, we want to give every chance for diplomacy to work. We support the U.S. effort to influence Kim to make the right strategic decision in return for a brighter future. But this must be done through substantive working level negotiations without prematurely lifting sanctions until the North both negotiates in good faith and take substantive steps towards denuclearization. There must be no more summits until working level negotiations produce an agreement. At the same time, the U.S. must continue to take the lead in the effort to crack down on the regime’s illicit activities, a global illicit activities and human rights abuses such as the employment of overseas slave labor. The UN deadline for the return of North Korean slave laborers is December 22nd and if countries do not comply, we of course recommend UN and other action.

We must make sure that Kim understands that all military options are always on the table. We need to strengthen regional diplomatic cooperation and implement an effective public diplomacy campaign and again, make human rights a priority. And we must also target Chinese and Russian obstruction and sanctions evasion activities in support of the North. There can be no degradation of the military commitment to the alliance to deter North Korea from attacking the South. The alliance must maintain the capability to rapidly and decisively defeat the North Korean people's army should Kim Jong Un order an attack. Since President Trump unilaterally suspended and postponed combined ROK and U.S. military readiness exercises, we have seen no reciprocal action from the North. South Korea negotiated the comprehensive military agreement to reduce tensions along the DMZ and while there was initial compliance, such as removing guard posts in the DMZ and demilitarizing the joint security area at Panmunjom, there had been no confidence building measures in the North to correspond to the ones being implemented by the ROK-U.S. Alliance.

As we speak today, 1.2 million personnel, military personnel of the North Korean People's Army are conducting the annual winter training cycle from December through March. This is a larger training exercise than all the annual ROK-U.S. combined training events. So in short, we need to strengthen the ROK-U.S. combined military posture and exercise program, address the one sided aspect of the comprehensive military agreement and also stabilize the ROK-U.S. burden sharing process while strengthening our ballistic missile defense. Now North Korea is all-purpose, sort of cyber operations has provided the regime with myriad capabilities and our key element in the regimes asymmetric toolkit. It gives the North the ability to strike relentlessly, as we say in the report, from theft and funds to manipulation of cryptocurrencies, infrastructure attacks, espionage and social media activities. Cyber warfare will be an important force multiplier in war. Now, the U.S. has taken an aggressive stance on cyber defense with the North, but the North's capabilities continue to grow and they continue to wage cyber-attacks.

Public attribution, exposure of cyber activities and legal actions do not deter the regime. The U.S. and ROK need to initiate offensive cyber operations, impose additional sanctions and pressure other countries, particularly Russia and China, to dismantle the cyber operations networks operating in their territory. The ROK and U.S. should create a permanent cyber task force to develop a combined strategy for operations, exchange cyber intelligence, and prepare offensive and defensive options. Finally, the alliance should create a cyber-defense umbrella that declares a significant cyber-attack will trigger ROK and U.S. obligations under the mutual defense treaty.

Now since 2016 the United Nations and the U.S. Congress have implemented a comprehensive sanctions regime. And 2017 was the height of sanctions enforcement and arguably contributed to bring in Kim Jong Un to participate in the unconventional, experimental, top-down diplomacy initiated by really by both presidents, Moon and Trump. However, since 2018 following the euphoria of the Singapore summit, there has been an erosion of sanctions enforcement, particularly by China and Russia and the North has had some success in evading sanctions, especially through its illicit activity networks of office 39.

Now, let me highlight a just a handful of the comprehensive list of recommendations from our report. We should revitalize the North Korean illicit activities initiative and we should appoint a North Korea pressure czar. We must designate the leadership of major Chinese banks who are enabling sanctions evasion and fully implement the provisions of the Countering America's Adversaries Through Sanctions Act regarding North Korea. We need to target joint ventures that facilitate sanctions busting and step up maritime interdictions.

North Korea's propaganda and agitation department is the key to sustaining Kim Jong Un's legitimacy and controlling the regime's narrative both internally and externally. However, the U.S. and South Korea have rarely aggressively effectively employed the information instrument of power. There is a saying among U.S. military psychological operations professionals that it is easier to get permission to put a hellfire missile on the forehead of a terrorist than it is to craft a message and get permission to put an idea between his ears. This has to change. It is time to employ an effective information influence activities campaign against the three target audiences: the regime elite, the second tier leadership, and the Korean people living in the North.

Information activities by defector organizations show that the propaganda wall of the North can be penetrated. Now's the time to empower our information and influence strategists and practitioners to focus on what Kim Jong Un fears most. As Dr. Jung Pak often asks, who does Kim fear more the U.S. or the Korean people? You know, I would say it's the Korean people in the North armed with information and in particular, knowledge of the South. Now to implement an information influence activities campaign, we recommend the following: develop a combined ROK-U.S. organizational structure to facilitate information and influence activities and aggressively target the regime and its legitimacy as well as increase the exposure of Koreans in the North to the outside world. We should establish a Korean defector information institute to harness knowledge and experience of defectors to assist in developing correct themes and messages. The institute will inform policymakers and strategists and evaluate plans and policies based on detailed understanding of the regime and the Korean people in the North. The institute will also serve as a beacon to encourage defections, particularly from members of office 39 with knowledge of the regime and its finances.

So in conclusion, the U.S. and the ROK-U.S. alliance cannot allow the status quo to persist. We will give Kim Jong Un the opportunity to make the right strategic decision through diplomacy, but we know that he will not change his strategy and his need to keep nuclear weapons unless there is an internal threat to drive him to do so. But it is as long term strategy to dominate the peninsula that is the most difficult problem. He is executing political warfare with *juche* characteristics to support his long con, to play President Trump and President Moon and the international community, so that he can remain a nuclear power so that he can subvert the ROK and dominate the peninsula. While we pursue denuclearization, we must also consider the only way we may see an end to the nuclear program and the crimes against humanity is through establishment of a secure, stable, economically vibrant non-nuclear peninsula with a liberal constitutional form of government. The question is, will the ROK and the U.S. implement a superior political warfare strategy that can counter the Kim family regime's long con and achieve the only acceptable and durable political arrangement that will protect, serve and advance our interest: a United Republic of Korea.

So with that, let me thank you and I'm going to turn it over to our senior director at the Center on Military and Political Power, Bradley Bowman, and he's going to moderate our panel and I would ask that our panelists please join us on the stage. Thank you.

BOWMAN: Great. Thank you so much David for that excellent overview of the report. Thorough. Thanks also to Cliff and Juan. As David mentioned, my name is Brad Bowman, a senior director of the Center on Military and Political Power here at FDD. I want to welcome our audience, warmly welcome you, and everyone watching online and also thank CSPAN for being here. Most of all I want to thank and welcome our panelists. I'm very proud of the Korea experts we have here with us today to do three things, really: discuss our own report, kind of discuss the current state of play with North Korea and most importantly the path forward. Where do we go from here? As Juan referenced, in Washington, there's sometimes a tendency to kind of wring our hands and as a term that Dave and I know from our military experience, you know, admire the problem, failing to propose specific recommendations to address the problem. There's also sometimes a tendency, as Juan discussed, to look at things one dimensionally, often maybe just from a military perspective.

I'm proud in my view, this report suffers from neither of those maladies. We certainly do discuss the nature of the North Korean problem, but most importantly we really tried to provide sincere, serious, actionable recommendations that can be employed using all the major tools of U.S. national power. So for that reason, I'm proud of this report. It was an honor to work with David Maxwell, who really is a, an institution himself on Korea. And I reiterate everything said about thanking everyone involved, including the other coauthors who aren't here today: David Asher, who's an institution as well. Annie Fixler, Mat Ha who is here right here. Thanks Mat. And then Eric Lorber and Danny Ackerman from-- right there-- for making it so visually beautiful. I think it's timely.

Unfortunately, our report is timely. I would say just a couple of reminders of why this is so timely. Kim Jong Un as we've heard is issued a deadline threatening to give the U.S. and unwanted Christmas gift. How nice. It was reported last week by the North Korea state media that Pyongyang conducted a test at its rocket launch site suggesting the regime might be considering another ICBM test designed to threaten the U.S. homeland. And at the request of the U.S. the UN security council held a meeting on Wednesday to discuss the North Korean threat. And, if that's not enough, the U.S. special Envoy for North Korea is reportedly arriving in South Korea on Sunday. So here we are talking about one of the most important and timely issues that we could be.

So you have bios, I believe when you came in there were bios for each of our panelists, but let me just hit a few of their impressive highlights of their backgrounds. First I think I'll get this in order. Jung Pak is senior fellow and the SK Korea foundation chair and Korea studies at the Brookings Institution center for East Asia policy studies. She has held senior positions at the Central Intelligence Agency and the office of the director of national intelligence focused on Korean peninsula. Welcome. Dr. Samantha Ravich is the chairman of FDD's Center on Cyber and Technology Innovation providing leadership of FDD's transformative cyber innovation lab and cyber enabled economic warfare project. She is also a senior advisor at FDD, serving on the advisory boards of FDD Center on Economic and Financial Power. My center, she also serves as



vice chair of the president's intelligence advisory board. She was appointed to the congressionally mandated cyberspace solarium commission and as a member of the secretary of energy advisory group, she chairs artificial intelligence working group. When do you sleep? Dr. Nick Eberstadt holds the Henry Wendt Chair in Political Economy at AEI, the American Enterprise Institute, where he researches and writes on demographics and economic development generally, and more specifically on international security and the Korean Peninsula and Asia. He's also a senior advisor to the National Bureau of Asian Research and a member of the board of directors for the Committee for Human Rights in North Korea. Last but certainly not least, you've already heard from David Maxwell again. He's a senior fellow here at FDD focused on Korea, 30 year veteran of the United States Army, multiple tours of South Korea, senior staff positions there, and he's taught at the National War College.

So my plan here right now, just to give you the lay of the land is for us to engage in about a 30 minute discussion, and then then at around one o'clock I will open up the audience for questions. So you know, start getting your questions ready and with the intent of concluding a promptly at one thirty. So, based on that, let's get started.

I thought we can organize our discussion in the three ways. We'll talk about the threat. So just kind of lay out the North Korea threat, we'll assess current U.S. policy and then most importantly from my perspective, prescriptions, what should we be doing going forward? How can we do better than we are? So Jung, if it's all right, I'd like to begin with you. For those who do not follow the North Korean threat as closely as you have for a long, long time, can you just provide a brief overview and update on North Korea's nuclear and ballistic missile programs. Where are we at right now?

PAK: Yeah, thanks. Thank you and congratulations to FDD for this new report. I'm really proud to be a part of this panel today and thank you all for joining us. I just wanted to just briefly talk about what the problem is. I would say that North Korea has been working deliberately and has, had shown the political will to develop a capable nuclear weapons program at least since the 1960s. And that is, as Dave has mentioned in his opening remarks, that it's designed to ensure regime survival as well as to provide the regime with strategic relevance in the region and also to extract a political and economic concessions from its neighbors and from the United States. I would say. So when we look at Kim Jong Un, I looked at Kim and his regime and his intentions and domestic, his consolidation of power in the past since he came to power in 2011 and I would say that compared to his father and his grandma and father and grandfather, Kim has been bigger, badder, and bolder in all sorts of ways.

One, on the, he's, he inherited an advanced nuclear weapons program that he has improved and is, has shown that he's very willing to demonstrate. Kim in the past few years has demonstrated, has tested a hundred ballistic missiles, which is over three times more than his father and grandfather combined. He's conducted four of North Korea's six nuclear tests. The last one had a, a yield that was about 17, 18 times greater than that in Hiroshima. We, the estimates vary and it's very hard to figure out. It's very hard to say with any confidence how many nuclear weapons he has, but the range is from 20 to 60 so I think anything, even the low, even the lower end is something that should be of concern. He has demonstrated a willingness and to test as well

as to show the fact that his missiles are now mobile, more advanced, more sophisticated, and more reliable.

In addition, I would say that in addition to the nuclear weapons program, Kim has shown a willingness to use the chemical and biological weapons in his inventory. He has used it to kill his half-brother in Malaysia in 2017 and finally he has been willing to use cyber-attacks against a U.S. entity as we saw in 2014 and so I think all of those, these are all of the tools of coercion and that Kim has in his possession. And I think the strategic environment is much different now than we had before Kim Jung Un in that he has developed and tested three ICBM missiles, or tested, three ICBM missiles as well as a willingness to potentially step up provocative actions. So I'll stop there that the threat is much bigger than we expected and anticipated in that this is a very different strategic environment.

BOWMAN: I'm so glad you mentioned the chemical and biological components. Because sometimes those are overlooked in these discussions and as you know better than me and very formidable arsenal that they have. So that's an excellent overview of the WMD and the ballistic missiles. David, very quickly, if you wouldn't mind, from a conventional military perspective, you talked a little bit in your remarks and just very succinctly kind of where we at in terms of the conventional North Korean military threat.

MAXWELL: Of course, why we, we think that North Korea is military is suffering and it has, for lack of resources. I mean they have prioritized the WMD programs and missile programs, but, you know, quantity has a quality all its own. 1.2 million soldiers, 70% of its combat forces are deployed between the DMZ and Pyongyang. A large concentration of artillery is in the Kaesong heights, just north of the DMZ, which range Seoul. But North Korea continues to try to improve its conventional capabilities. It focuses heavily on artillery. Sometimes we say it's an artillery army with a supported by a schema maneuver. It's tanks and infantry. But what we've seen particularly this summer, and really since the announcement of the move of U.S. forces to Camp Humphreys, has been the development of short range ballistic missiles and rockets systems. The 300 millimeter multiple rocket launch system, the 600 millimeter multiple rocket launch system, and then the KN 23 short range ballistic missile.

And we've seen some 13 tests over the summer. And of course what this indicates to me is that listening to KCNA in July, they said that they were developing these weapons systems to, for the fat target and which we can assume is Camp Humphreys, the largest concentration of U.S. ground forces, Osan Air Base, the really the center of gravity for ROK and U.S. air power and Cheonngju Air Base where the ROK air force is bedding down the F-35s of which Kim Jong Un is deathly afraid of. But this indicates that they continue to improve their conventional military capabilities, which is certainly has to be part of their deterrence intent, but it also, we should realize that they are postured for offensive operations. You know, while the ROK military along the DMZ is postured for defensive operations, the North is offensively oriented and ready to attack, which is why you know, the commanders of the ROK-U.S. CFC will always say that they have to be ready to fight tonight.

BOWMAN: That's great, thank you. And as you know well, David, we've made certain concessions with our exercise programs in South Korea in support of diplomatic endeavor, which

is, you know, one could argue it makes sense for the broader objective, but we have not seen that reciprocated really in any significant way for North Koreans. Would you agree with that?

MAXWELL: I agree, definitely, yes. So of course the military exists to support the political object and the commanders ROK-U.S. military commanders have tried their best to be creative to ensure there's no degradation of readiness. But the fact is we have a canceled or postponed a number of important exercises, which at the operational level, the theater level has had some degradation of readiness. And I think what's most important is what Brad emphasize. By us suspending postponing the exercises it has not gained us any goodwill from the North. They have not reciprocated whatsoever. And so we must acknowledge that our postponement and canceling of exercises does not really do us any good.

BOWMAN: Thanks. Nick, you know, with deference to you, we, the Trump Administration implemented a very impressive economic pressure campaign. I'm interested in your assessment of the degree to which, you know, what's the state of the North Korean economy? How much pressure are they currently under? Is that pressure increasing or decreasing? Is it deteriorated at this point? Where are we at with the North Koreans?

EBERSTADT: Well, I don't want to send our friends here at FDD or our audience at home into a narcoleptic seizure with the statistical arcana. So let me give you an interpretation in very in very broad strokes. Kim Jong Un took over a dictatorship, a dynasty that had left him an economy in shambles. This was his father was the only economic mastermind in history who had managed to oversee a famine in peacetime in a urbanized literate society. It's a one only achievement of, of his dad's in history. He took this shell and he needs to get credit for what he managed to do with this, because he rebuilt the party and he rebuilt the state, and admittedly from a very low bar, he resuscitated and advanced the North Korean economy, his dad and maybe his grandpa were deadly afraid that reform and opening was a honey-coded poison. Some of you may know that phrase, for their system.

Kim Jong Un decided that the system actually could stand a little bit of that place and maybe even could stand more than a little bit of that poison. And with a bit of economic experimentation, he was able to achieve a limited but a notable economic upswing for the DPRK economy. From a growing consumer sector, his regime took a bite, and that bite is part of what helped to finance the race to testing of nuclear weapons and long range missiles. It's part of what has helped finance what Kim Jong Un himself decreed on January 1, 2018 as the move to mass production of nukes and missiles. Credit where it is due. He made the North Korean threat more formidable and we should recognize what he did with that. Our maximum pressure campaign, which seems to have maybe headed into its vacation phase starting on around May, 2018, let's say, it can be described in sort of a stylized fact's sort of way because it's very hard for someone who has no security clearances to talk in specifics here. Since we have been enforcing much more stringent sector-wide economy-wide sanctions on the North under UN security council strictures and since we have been doing the same thing independently through the Treasury Department and our own US independence strictures, we have been forcing the Kim Jong Un regime to spend down their currency reserves and to spend down their strategic reserves of food and energy.

As an outsider, I cannot tell you how quickly this is occurring and certainly a regime that is a master of strategic deception will do everything that it can to make it look as if this outside siege of the socialist fortress is having absolutely no effect at all. It's like in the old days of siege warfare where they'd send people up on the parapets with toothpicks to show just how well they were fed. The idea behind this, of course, is to discourage us and to break the siege. But what we can be sure of is that everything will look normal to the outsiders about the North Korean economy until all of a sudden it doesn't. Until all of a sudden the exchange rate for the North Korean currency spins out of control, and the prices in their limited markets spin out of control. And at that point, all sorts of facts on the ground will change very rapidly. And the North Korean regime is desperate to break the sanctions noose before we reach this discontinuous point.

BOWMAN: Excellent. Thank you. So we've talked about the military element. Economic. Now let's talk about if Samantha, if you would, about the cyber element. Would you, would you mind characterizing North Korea's regime cyber activities? What are their goals and what, what have been the major activities or elements and effects of their cyber actors?

RAVICH: Oh, well thank you. And, and I do also want to commend Mathew Ha and Annie Fixler on the great chapter. And, and also there is a kind of a companion piece that was written last year by Dave Maxwell and Mathew Ha on cyber, on North Korea, cyber enabled economic warfare activities, North Korea's all-purpose-sword that I, I really do recommend reading because it gets to this concept of cyber enabled economic warfare, which is the North's ability to use cyber means to undermine one of our and South Korea and the rest of the, the rest of the Western world, you know, key strength, which is our economy and our economic vitality. Right. And I like to say, you know, back when, when Juan and I were in the White House and in, in 2005, 6, 7, and we started putting more and more pressure on, on North Korea's economy, we never considered that they would ever have the capability to constrain our economic wherewithal because of course that was absurd. But with cyber means they can do it and they have shown that they will do it.

I was going to characterize North Korea cyber capabilities as saying they're good and getting better, but I actually like your configuration, Jonah, on their bigger, bolder and better. So I'm going to kind of take that, but I'll give you credit. You know, we, we think they're first of all, number wise, we think that their cyber force is somewhere around, you know, 6,800 open source numbers on trained cyber specialists. That's about equal to the U.S. cyber command, okay? So, you know, we're, we're thinking numbers by numbers, but what, what are the purpose? So clearly they think this is very important. What is the purpose and, and where have we seen it play out?

The first is steal money, right? Hundreds of millions of dollars they have stolen to date bank heists, Bangladesh bank heist, crypto thefts, ATMs locking down, ATMs, stealing ATMs, money from ATMs. So hundreds of millions of dollars in successful attacks. Unsuccessful, maybe 2 billion, right? If they had actually done what they tried to do, \$2 billion over the last number of years. Now that number is even more impressive when you think that their military budget may be 10 billion, their, you know, GDP may be 40 billion or 20% on top of what their existing military budget. They want to increase by thievery and we know it's not a choice of guns or butter in the North Korean economy. They don't care about butter for the rest of their population. It can all go to guns.

So clearly stealing money is a, is a major purpose. Stealing secrets, war plans, ways that, especially the, the Republic of Korea works with its partners. APT 37 from 2014 to 2017 clearly showed that that was what they were after. How the South Korea, the United States and our partners work together. We're seeing more and more Lazarus as a, as another big state enterprise, a North Korean state enterprise cyber force. Now potentially it's coming out working with other Eastern European partners. I, you know, again, they want to understand how we work, what we do, how we do it, to be able to undermine it if and when they need it. And that gets to the third piece which is sewing panic, right? This is a great tool in their arsenal. In 2013 they had the Dark Seoul attack against South Korea, which was expansive. It went through their banking system. It went through their critical infrastructure. It went through how their government does business, you know, and, and in a large police report from South Korea, they said that it was the intention of the North Koreans to sow panic and to show they can sow panic, right?

So when you look at, when we look at attacks like WannaCry and it wasn't the money that was necessarily coming out, cause not many people actually paid the ransom, the WannaCry attack 200,000 computers around the world, 150 countries. But it was to show that they could sow panic. Now, couple this with if there were indeed an escalation in crisis and all of a sudden you have broad based populations in South Korea, in the United States, across Europe and across Asia, not being able to get into their ATMs, not being able to hear messages from their government. How do you think that that affects the population and what would that population put pressure on their democratically elected governments to maybe back off pressure, you know, maybe may be not go as far as we need to do to protect us all. So that's a very quick overview. Again, money, stealing secrets, war plans, strategies and sowing panic. I would say are the three big areas.

BOWMAN: Excellent. Thank you. Jung, anything you want to fill in? Any holes in that kind of threat assessment that you'd like to, based on your experience that you want to fill in that we haven't discussed?

PAK: Oh, I just wanted to amplify something based on what Dave said. So you know, we have a 1.2 million, something like that, range of that number for North Korea's military. But I would also say that, you know, so North Korea has this, what looks like a gigantic military, but they're also very underfed and most of them are doing things like construction work. They're doing agricultural duties, they're doing lots of things that are not related to the military. So I don't want to make North Korea seem out to be this giant juggernaut of military might. And I know, and I know that Dave and I, we've talked about this before. But I would also say that Kim has been intent on improving those capabilities. So in addition to some of the, the developing new conventional armaments, Kim is also been really focused on training, nighttime training, you know, soft land and you know, special operations forces landings, all that are all actions that are consistent with what Dave had said in his beginning in his opening remarks that are consistent with a desire to have unification means or at least getting people prepared. So I think I would just add that to the very excellent comments so far.

BOWMAN: So if we want to be not gracious, we would say, one might say the Trump administration's policy thus far has failed. If we want to be more gracious, we would say it hasn't succeeded yet. So however we want to put it, but if we say let's go with the more gracious

version, it has not yet succeeded. Nick, why has the current approach toward North Korea not succeeded yet?

EBERSTADT: Well, I think we have to give the Trump administration its due. On balance over the past three years, the Trump administration policy towards threat reduction in the DPRK I think has been more successful than that of any previous administration since the North Korean nuclear crisis began. Now some people may say, I'm holding the Trump administration to a very, very, very low bar. And I suppose that's true. That being the case, I think what we can see is that the Trump administration brought out new instruments that previous administrations had not really experimented with and put sort of let's say, put the silverware and the cutlery on the table that we would need for a real advance in this sort of area. It's there and it, I think it's, it is promising if we wish to pursue it. Again to give the Trump administration it's due, the argument I think can be made, and it's a respectable argument, that the only possible way of achieving a, what we mean by a denuclearization of the North, would be by having the one and only decision maker in the dictatorship agree to such a path and we had the experimentation with top level diplomacy that we've seen over the last year and a half.

It looks to me as if the North Korean leadership has absolutely no intention, whatever of the denuclearizing in our definition of that meaning. They have a different definition of denuclearization, which involves the United States breaking its alliance with the South, moving out of the South, and opening the South for unconditional unification from the North. I don't kind of like that definition of denuclearization, so it seems to me that we can use the sorts of tools which the administration got into place in the first year and a half of the administration, and if we get a little bit smarter with some of the excellent analysis and strategy which you and your colleagues have laid out could hardly be more timely than it is now, I think we can see a path towards threat reduction.

BOWMAN: Thanks Nick. David, very succinctly, if you wouldn't mind, why have we been unsuccessful in shaping Kim Jong Un's cost-benefit analysis to get him to make tangible commitments at the negotiating table related to milestone metrics and so forth on his nuclear weapons program. What's the main reason?

MAXWELL: You said succinctly? All right. I'll be as succinct as possible. Yeah. Kim Jong Un. And I think that's, that's really his mindset, his strategy. And he really knows nothing else. And so, you know, he's following in the footsteps of his father and his grandfather. And I think that their strategy is, as I said in his, in the regimes DNA and I don't think they can really deviate. Although as we've noted, you know, he's done things bigger, better and bolder. He's made a lot of tactical changes, but I think he's still following the same strategy that has existed for the Kim family regime. And so when we say we talk about possible failure of, of our policy and one of the policies of all past administrations, they're not really our failures. It's the reason for failure is the existence of the Kim family regime and its strategy and objectives.

BOWMAN: Thank you. So shifting to our third and final category here in the remaining moments for our discussion before we open to the audience, you know, focusing on prescription going forward, you know, and an accurate prescription depending on good diagnosis. And we've had a bit of a diagnosis. Jung, if you could advise decision makers on critical elements or

components, of a a more effective policy toward North Korea going forward, what would you, emphasize?

PAK: I would emphasize building and rebuilding and enhancing alliances. I think what we've seen in the past two years is an extreme bilateralism where you have a hub and spokes model of symmetry. So you have North Korea-U.S., North Korea-South Korea, North Korea-China. And one of the things that what, what is so damaging of the damage of extreme bilateralism is that it makes it easy for North Korea to take advantage of, of national rather than international priorities and to take advantage of the, the, the policy priorities of individual countries rather than denuclearization as a goal. So I think what, what the past few past the Trump administration has shown us is that the leader to leader thing was fine. It was interesting to try, but that it really feeds into North Korea's efforts to divide and conquer

BOWMAN: Any help on the South Korea, Japan front? I mean how optimistic or pessimistic are you that we can repair some of the damage there and build more effective trilateral cooperation?

PAK: Yeah, so my Christmas gift, you know, talking about, Brad, you mentioned earlier that North Korea has promised this Christmas gift for the United States. So my Christmas gift is that there is some gift inherent in North Korea's Christmas gift, which is that there's nothing that brings South Korea and Japan more closer together than a very belligerent North Korea. So, perhaps we can see this as an opportunity to try to unify the two countries are, you know, the cornerstone and the linchpin of the U.S. alliance system. And to try to get some unity of action on this

BOWMAN: Nick, one critical component that had been more successful policy toward North Korea that you'd emphasize?

EBERSTADT: Let's think of this as a Christmas gift that keeps on giving. You talk about information campaigns in your report, very persuasively. The most powerful political communication instrument in the world at this moment is the tweet feed by President Donald Trump. Can you imagine what would happen? Can you imagine the effect in North Korea? If President Trump should start to tweet maybe once a month, maybe every month to the North Korean people. We know about your oppression. We know about the corrupt regime that's leading you. We know about the political camps. This is not going to last forever. Have courage. During the Reagan era, people in the Gulag heard about Reagan speeches. How long do you think it would take for tweets from President Trump to reach the oppressed North Korean people? You want to change the lay of the ground? You could do that in 35 minutes.

BOWMAN: David, wouldn't it be consistent with the best traditions of American foreign policy and also in our national security interest to help highlight to the North Korean people that they deserve better on human rights from their regime?

MAXWELL: Absolutely. And I think that's really key. And really to build on Nick's a great example of President Reagan, you know, his advisors advised him to forgo human rights in return for arms control negotiations and he refused to do that. And he emphasized human rights

along with arms control negotiations. And I think that's really important because you know, not only is human rights a moral imperative, it's a national security issue.

You know, as I said, Kim Jong UN denies the human rights of the Korean people, you know, has instituted this Songbun system, which is just designed to oppress human rights in order to stay in power. And of course they're exploiting prisoners in the gulags to mine uranium and to do all kinds of activities to support the regime to include overseas foreign workers. And so, and then the other thing is that the Korean people in the North really don't know that they don't understand human rights the way we do because they've been so indoctrinated. And that's breaking down because of information. And you know what a friend of mine calls a psychological paralysis, indoctrination versus the outside information about the outside world. It's necessary to get that information to them, but they really have to overcome a lot with, with how they have been indoctrinated. And I think it's a responsibility for the free world to emphasize the importance of human rights. And that's got to be a part of our diplomacy, a part of our strategy and part of an information influence campaign to let the Korean people know that we care.

BOWMAN: Thank you. Samantha, would you like to add anything?

RAVICH: Yeah, no, I would thank you. On cyber and cyber beyond because first of all, cyber under underlies all of this, right? All of the systems, all the way they communicate, all of what they do. And I, you know, being in on something in that Juan said, breaking the orthodoxy we, do need to break the orthodoxy on how we are looking to contain and constrain on cyber and beyond. Deterrence, we need to move into a different world in a different way of deterrence against North Korea in cyber deterrence by punishment, not just cyber, but sanctions and beyond. We probably need to be thinking about different ways to showcase our capabilities in this sector. I mean, if you want to deter by punishment, the other side needs to know how they will be punished very clearly, very obviously. There isn't really an analogy to an above ground nuclear test, but I can tell you, you know, 30 40 50 years ago, it really focused the mind of the adversary when they understood our capabilities. Public attribution.

It is something that Trump administration has done in terms of calling out China on this. Publicly attributing China to helping North Korea and some of their endeavors, calling out very specifically other North Korean cyber activities. So deterrence by punishment, deterrence by denial. We and I would suggest our friends in South Korea need to be doing much more to be able to deny what North Korea is trying to do against our systems, against our economies, against the brave escapees that left went to South Korea and then the database, the South Korean database that held information on these people that have escaped from the horrors of North Korea was exploited and breached, victimizing these people all over again. Right?

So we have to have much better systems in place. Deterrence by denial and then deterrence by entanglement. And I don't mean entanglement necessarily with the North Koreans. We need to picking up on working with our allies and friends. I think the analogy in some ways can be the great work of the proliferation security initiative back in 2003, a global effort to stop WMD trafficking. 105 countries have, have stepped up to the plate on this. Notably not North Korea, China, Iran. But 11 have signed a mutual shipboard agreement, right? Where we, the



United States and more advanced countries would help those other countries with the technology to be able to know when to go and, and, and checkout a ship that may be transiting with WMD or its precursors. We need to kind of be thinking about this in the cyber realm as well. How do we help other countries where North Korea is using their systems, right? Pinging off their systems and these other countries may not be able to have the capabilities to stop this. We may be able to help them with that and as a consortium we are stronger together.

BOWMAN: Excellent. Thank you. So let's go to audience questions. Please raise your hand. Wait for the microphone. If you wouldn't mind standing up and identifying yourself. Great. Do we have a question right here? Oh, great.

CRONIN: Patrick Cronin from Hudson Institute. Congratulations on a great report, but I want to ask you about China's response to maximum pressure 2.0. If you go back to maximum pressure 1.0 and 2017, the great power competition hadn't fully set in, been articulated. China was plausibly a partner in sort of trying to move towards sanctions that sort of fell off in 2018 but now you can say China's bigger, better, and bolder as well as North Korea. It's not going to be pushed around. It really wants to drive the future of the peninsula. It's courting South Korea and Moon Jae-in and at the same time it could provide more than survival to North Korea. So how do we deal with the China factor in this maximum pressure 2.0 strategy?

BOWMAN: Thank you. Can, I think that's excellent and I can, let me just add to it. I mean if we, the national defense strategy, right? Said China, Russia, great power competition number one. Couldn't one argue that we should just tread water on North Korea using containment, deterrence, mutual assured destruction so that we can really focus on the bigger batter problem with China? I don't know. I didn't mean to distort your question, but I mean that's kind of it, isn't it?

CRONIN: And a footnote to that is that foreign minister Wang Yi, he said today that the United States is the world's biggest troublemaker. Just to put a punctuation mark on China's attitude right now with Wang Yi, today saying that America is the world's biggest trouble maker suggesting they're not as open for cooperation as they were even a couple of years ago.

BOWMAN: Thank you. So how would you respond to that? Please, Nick.

EBERSTADT: Patrick, it's an excellent question and I think we should make a little more trouble for them. I think they haven't seen what sort of trouble we can make for them. What I'm thinking of in particular is economic trouble from sanctions. The Chinese economy is very large. It is very indebted. It does have a very interesting, maybe slightly shaky financial system and it operates in a world economy where our currency, the U.S. dollar, is the reserve currency for international world transactions.

We have a real expert on sanction crafting and implementation here in Joshua Stanton and if I get in a little bit of trouble about some of the small details, I'll throw myself at Josh's mercy, but in broad strokes what I think we need to recognize is that Chinese international economic activity is, has a higher proportion of activity denominated in dollars than does India or Brazil. It is more vulnerable to denial of the dollar sphere than many other emerging

developing markets, which is to say that for many of the malfeasant Chinese firms being caught as a violator sanctioned as a violator and denied the privilege of participating in the dollar sphere is essentially a death sentence. And we have been curiously, to me, cautious about helping some of these Chinese firms meet eternity, but I think that we could establish our credibility in fairly short order if we were willing to help, let's say I don't know what the right number is, a dozen medium sized or larger size Chinese firms passed to the hereafter, we wouldn't need to do quite as much with Russian firms, I think, because the Russian situation is a little bit shakier, but we have much more leverage than we seem to recognize.

RAVICH: Yeah. I would just say that China's relationship, not just with the United States, but with a growing number of countries and populations around the world is growing more contentious. On human rights, you know, the million people or more, they're keeping in concentration camps, on the IP theft around the world or the greatest problem in terms of being able to own the intellectual property that people create. On the environment, on the debt trap that they're creating a cross countries around the world and of course on their, on their cyber attacks against critical infrastructure and, and, and elsewhere. And I would ask, so I would say, do they really want to add North Korea to that list to be, you know, even more with this growing list of contentious problems really add North Korea if we call it out. Like, you know, Beijing, you really want to side with North Korea, a country no one likes? Adding that to your list of problems that you're going to have to start to really unwind? I think a lot can be done to potentially peel them away because they don't want to add it even to their troubles.

MAXWELL: Let me just take a different perspective on that. And Patrick, you brought up the National Security Strategy, National Defense Strategy, great power competition. But you know the strategies talk about the two revisionist powers, the two rogue powers. You know we had a North Korea and Iran to China and Russia. And what I think is really interesting is that China, Russia, you know are connected to North Korea, but North Korea is also connected to Iran. We haven't talked about proliferation and North Korea's, you know, extensive proliferation around the world. But my point is I think we have to look at, and even though Samantha said China doesn't want North Korea has another problem, I also think China and perhaps Russia are exploiting the Korean situation for their purposes. And so Korea is, you know, is the shrimp among whales, you know, that geographic location, the center, you know, around many great powers. I think it is, it is a problem that we can't ignore. We can't go back to the strategic patience and we can't say we've got to deal with China and Russia because I think China and Russia will exploit the North Korean situation to try to undermine us. And I think when you use statements today, we're clearly an effort to do that. You know, by trying to put the blame on us. And, and that's how one way that they're exploiting North Korea for their purposes.

BOWMAN: Jung? Anything to add?

PAK: Ah, no.

BOWMAN: Okay. Alright, next question. Yes, right here.

KIM: Hi. Oh, I'm [inaudible] Kim, I'm the political military advisor to UN command and USFK and combined forces command in Korea. First of all, I'm so honored to be here today

because it's is not only just timely topic, but this is necessary topic that we had to have for several decades. Because if you've never had this maximum pressure ever and, but my question will be one thing that, how can we make this a device, a recommendation for the maximum pressure to DPRK? How can you realize this? How can we make it really real, as a resident into the policy? And I think it tends to be maybe through the international community help, because like Dr. Park mentioned that North Korea is very smart enough to make it as this is a normal state, normal nation making bilateral with US, bilateral with Korea, but we don't have to be played that way, and how can we really do proceed maximum pressure to the DPRK?

BOWMAN: Thank you. So just adding to that, maybe can the Trump administration implement this and an election year next year, will the moon administration in South Korea support it and what do we do when China and Russia tried to obstruct it? In other words, can we actually implement this thing?

MAXWELL: Yeah, I'll take that. You know, really you're reframing of the question and Brad just really hit on it and you really identified it in your question. It is leadership. You know, that's one word and it's really going to take leadership, American leadership, South Korean leadership, really to harmonize the international community to do this. You know, we have to want to do this and you know, we have to, you know, we have to appreciate the context. We have to understand the problem, we have to develop an approach, but it takes leadership to do that and we have to have the, the strategic will to do this and I think it's going to be tough in an election year, and not only election year in the United States, but elections in South Korea as well is going to impact. But you know, we can't neglect this. We've got to put forth this proposal and you know, we've got to recommend that President Trump, President Moon demonstrate leadership and really when you look at it, it's really president Trump, President Moon and Prime Minister Abe as well from an alliance structure. And you know, it really takes our alliance structure to be able to do this and with that to bring in as much of the international community as we can. But it is leadership. It's going to take leadership.

EBERSTADT: I absolutely agree that working with allies is optimal and having a broad, deep Alliance is best. But if we need to be unilateral, we can be unilateral because North Korea fell into a trap and it isn't even clear that our friends in the Kremlin and Beijing understood the trap when it was being formed. The trap is the thicket of sanctions that the UN Security Council has put into place because as those sanctions have been set with a timeline of eternity. And so long as one member of the perm five vetoes a vote to release those sanctions, they stay there forever. We've got that one vote if we have the nerve to use it and we have the means as I tried to argue a moment ago, to encourage the credibility of our, of our maximum pressure campaign through pain for Chinese and Russian economies and society. So long as we are willing to stick by this, it is possible I think to bring the North Korean defense economy to the point of vapor lock.

BOWMAN: Anyone else? Okay, next question over here. Yes sir. The microphone should be coming.

STANTON: Thank you. It was a great report. It's a greater panel. I have some quibbles with the title. I am still waiting for maximum pressure 1.0. A maximum pressure looks like what

we're doing in Iran both on the information side and on the financial side. In North Korea we have large money laundering enterprises like Glacom mentioned in your report which are not designated Malaysia-Korea partnership trading, I will not go on. In North Korea we have had an unofficial 20 month pause in OFAC sanctions designation butt for some very small ones and a sham designation of some North Korean cyber operators, but there is a ray of hope, you mentioned in the report, the subpoenas against three large Chinese banks. Those are being litigated under seal the case numbers 19-5068 for those who are interested, read that opinion. That explains exactly what the answer is with regard to China and how we can make the Chinese financial sector too scared to help break the sanctions. So, I congratulate you on an excellent, excellent report.

MAXWELL: Josh Stanton is one of our leading equity experts is as Nick said, on sanctions and legislation, and has been a key advisor really to the Hill and in formulating the legislation there. So thank you for your kind words and keep up the great work.

RAVICH: I just want to follow up that fantastic comment and, and I'm big fan of your work and, you know, kind of the list that you didn't put that you didn't want to, you know, take a many minutes to say, that that kind of work, that kind of list is incredibly important for when there is the next big event, which there will be, right? I mean look, I focus a lot on cyber. There will be probably sooner rather than later a major cyber event, a major cyber incident, whether purposefully or it gets out into the wild like a, NotPetya, but you know, banks will, will feel the effect, critical infrastructure will feel the effect and these are the kinds of things that we have to immediately be able to take on the shelf and put into practice. And, and we know how sometimes this works, that it only takes, you know, the crisis to get things done that you need to, but you have to be pre-positioned. So the work that you're doing and clearly the work that the team here is doing, some of it we have to understand is pre-positioning to put into effect as soon when we can.

MAXWELL: I just want to add to what Dr. Ravich was saying. You know, we are focused on, the media is focused on reports at Sohae missile launch facility, at the Punggyeri nuclear test site. You know, North Korea's masters of denial and deception and, they're showing us things, you know, what is it that they're not showing us and what's going to happen. And you know, one of the things I do worry about, you know, we all think there's going to be a missile launch, nuclear tests, you know, some big Christmas surprise. But what if it's a cyber-attack? You know, and that's, you know, where are we not looking, where are we not focusing on? And that's where I think we probably ought to focus.

PAK: Sure. So one thing, a couple of things. One is I think it's hard to practice what we preach and that's the hard part, which is, how do we stay consistent on pushing for human rights? How do we create an alternative vision for, for North Koreans? So the tweets, I think that's a great idea, right? But then what's at the, what's on the other side of the tweet? It's just a tweet, right? So I think when the, so the North Koreans, one of their biggest weapons is the fact that once defectors go to South Korea, they don't have fantastic lives. The, the biggest news to hit the press in the past couple of months was a 42 year old defector woman and her six year old son who had starved to death in their apartment in Seoul. And that no one had noticed until a bill collector went in and, and saw their decomposing bodies.

And so this made all the rounds in South Korea almost certainly made its rounds through. So information goes both there. Lots of information goes into North Korea. Right? It's not just the good stuff but also the bad stuff cause I think a lot of the bad stuff, that defectors have a really hard life outside of North Korea despite the image of milk and honey that there is that I think we have a problem, you know, sticking true to our principles and our values but and also that of South Korea as well, that there is the fact that there is very little support for defectors and very little incentive for the North Koreans to leave.

EBERSTADT: I wanted to say a big amen to Brother Stanton over there. If you don't know FreeKorea.us, his blog, you should, it's indispensable. One of our partners in crime who's not in the room at the moment is Professor Bruce Bechtol. I wanted to mention him because his work on the North Korea Middle East connection I think is absolutely indispensable. We've talked about Russia, we've talked about China. You do talk about the Middle East here, but, the terror bizarre in the Middle East. The terrorist states, the terror organizations and their financial support for North Korea is something which flies under the radar screen of those of us who work only with open sources, but let me just give you an indication of maybe how important this is to the threat that's being mobilized to incinerate San Francisco and Washington DC from Pyongyang.

Back in 2012 when North Korea's currency was still in freefall, Pyongyang and Tehran signed a scientific cooperation agreement. I think it was in September of 2012. About six weeks later after 10 years of fall drop, North Korea is currency suddenly stabilized. Now, what happened in the six weeks after the Tehran Pyongyang scientific cooperation agreement? I'm pretty sure it wasn't cooperation on life sciences. My guess is that there was technology going from one country and financial resources going from the other. I'm not at all--I have no open--I'm only an open source guy, but I have no confidence that we have chased down these financial connections nearly as well and as assiduously as we should. We should dry up that swamp.

BOWMAN: Thank you. Other questions from the audience. Question right here.

SHESGREEN: Hi, I'm Deirdre Shesgreen from USA Today. I was hoping you could talk a little bit about what you're expecting in tone and substance from Kim Jong Un's New Year's Day speech. And then also just maybe provide a little historical context about how these speeches have been used in the past to communicate to both his domestic audience and international.

PAK: So Kim's New Years speeches. I know there's a lot of attention that's focused on them, but they're, but they're like New Year's resolutions and that, I promised myself last year that I would go to the gym. This year, zero. So I would say that those are more, that we read more into it than there's actually what there is. And so last year Kim said something we, he said something about a new way going forward if the US doesn't, you know, respond with things that they want to see. But it also said, you know, but it also wanted to, it also extolled summitry and relationships. The year before that, they talked about mass producing nuclear weapons, but we decided to focus on the part that said we were willing to go to the Olympics, so it's really a Rorschach test of how we're going to respond to the speeches rather than, that's not a prescription for what they're going to do.

So I would say, you know, when you, when the speech does come out, I will, I anticipate that there'll be, there'll be lots of casting, a blame on the U S for failed talks, how they're going to focus, focus on strengthening the economy and their national mine through their own will, regardless of what's going on in the outside. And the fact that Kim Jong UN is the only one who can bring it for them. So, take what you will from the speech. But I would say that don't think of it as something that will tell us exactly what's going to happen in the fall in the coming year.

MAXWELL: Yeah. So I agree with all of that. You know, North Korea has always been masterful at getting something for nothing. And, and one of the things I think that we might see in the speech this year is, you know, since we've seen the conditions being established where we believe there's going to be a major provocation, the nuclear test, ICBM tests, something that they're going to do, they're going to give us a Christmas gift. You know, q counterintuitive out interpretation is a, that maybe they'll do nothing. And one of the things that I've been thinking about is that in the speech, he may say that he's going to give us a concession of not conducting a provocation and then make a demand for something in return, and that may be what is happening right now. And so, and of course he is trying to generate the, the mass hysteria that he's going to launch a, an ICBM or, or test a nuclear weapon. And then he doesn't do it. And he gives the appearance that he's being conciliatory and then he should get something in return. And so we might see that. Now I'm not downplaying the possibility of a nuclear test or missile launch or a cyber-attack, but Kim plays the long con and he is a, and again, masterful at denial and deception and we're focused on one thing and he's going, he may do something completely different.

BOWMAN: Okay. One last question from the audience in the back there please.

RADKIN: Daniel Radkin from the Economist. I think you've painted a very convincing picture of the bigger, badder, bolder side of things and the master of deception, but what gives you any confidence that the maximum pressure will actually work? You haven't really said much about the vulnerabilities of Kim and where he might actually be inclined to make any sort of a concession or a treat in response to this policy.

BOWMAN: Great question. Thank you, Samantha, vulnerabilities? David?

MAXWELL: To me it's a, as I mentioned, it's the internal threat. I think that's where it's really, really has to be generated. He is not going to get a change based on our external pressure, but our external pressure, a holistic approach, cyber sanctions, military diplomacy and information to really create the conditions inside of Pyongyang that's going to force him to change. If he doesn't feel that internal threat, if there's not something inside Pyongyang that forces him to change, he is not going to change. And they haven't changed for 70 years, and I think that's really the only way. And so maximum pressure has to be that external pressure to generate an internal threat inside the regime elite as the only way for him to make a decision to denuclearize or something comes after.

RAVICH: Yeah. The only thing I, I'd like to add to that and I completely agree with it with David, you know, since Secretary Perry kind of, you know, lost the chance to, to turn back the clock in the early 1990s on, you know, on a conventional and otherwise threat from, from North Korea, we've, we've really tried everything, right? We've tried all different types of, of

pressure campaign. So pressure 1.0 there were pressure campaigns prior to that and we only saw a North Korean fits and starts getting bigger, bolder and badder. The cyber element though is interesting because for them to use it and for them to attain the capabilities they want does open them up to connectivity issues, to net flow both ways, right? This is not just one way for them to be able to do what they're trying to do. So there potentially could be new vulnerabilities that are opened up by the very case that they want to use this tool and that tool requires them to get on global networks.

BOWMAN: Last word?

PAK: So I would say that North Korea, despite the image of North Korea as the hermit nation is very isolated country, they rely on the outside world to conduct cyber-attacks. They can't do it inside. They have to do it through other means. Josh Stanton mentioned Glocom, that's a Malaysia, that's Malaysia entity. So there so and North Korean diplomats and the tens of thousands of overseas laborers and the trade that they require with China to generate revenue for the regime. All of that is outside. The 1.2 million Chinese tourists that go into Korea and spend lots of money? That's all coming from the outside. So I think despite this, this notion of North Korea is isolated and hermetically sealed, they require interactions with the outside world to generate to sustain the regime.

BOWMAN: Unfortunately, run out of time. Thank you all for joining us. Please join me in thanking our panelists.