

Tomorrow's Northeast Asia



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Joint U.S.-Korea Academic Studies
Volume 21

JOINT U.S.-KOREA ACADEMIC STUDIES

Volume 21, 2011

**Prospects for Emerging East Asian Cooperation
and
Implications for the United States**

Symposium Sponsored by

**Korea Economic Institute,
Korea Institute for International Economic Policy, and
School of International Service at American University**

20–22 October 2010

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Printed in the United States of America.
ISSN 1054-6944

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PREFACE

The Korea Economic Institute (KEI) in Washington, D.C., in cooperation with the School of International Service (SIS) at American University, also in Washington, D.C., cosponsored an academic symposium at SIS on 20–22 October 2010 on “Tomorrow’s Northeast Asia.” This volume contains the papers that were presented at the symposium and subsequently refined.

The 2010 symposium focused on emerging and future challenges facing Northeast Asia. Papers and discussions fell under five broad topics:

- Prospects for emerging East Asian cooperation and implications for the United States
- The emerging role of South Korea on a global stage
- The future of energy security in Northeast Asia
- Engaging and transforming North Korea’s economy
- Finding room for a six-party solution to North Korea’s nuclear crisis.

The sponsors and authors welcome comments on the material in this volume. This is the 21st in a series of annual academic symposia on Asia-Pacific economic and security issues that bring together leading academics and policy professionals from throughout the region.

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December 2010

HISTORY OF KOREA ECONOMIC INSTITUTE ACADEMIC SYMPOSIA

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SOUTH KOREA AND THE SIX-PARTY TALKS: THE LEAST BAD OPTION?

Charles K. Armstrong

ABSTRACT

The six-party talks have been hindered by political shifts in the states involved, and especially by changing levels of support for the talks in Washington and Seoul. But the talks remain the primary forum for resolving the North Korean nuclear issue and for negotiation between North Korea and the other countries with the most direct stake in peace and stability on the Korean peninsula. Although the six-party process is far from perfect, the alternatives appear to be worse.

Charles K. Armstrong is a Professor of History and Director of the Center for Korean Research at Columbia University.

Introduction

One of the key challenges in dealing with the DPRK has been the shifting politics of North Korea policy in South Korea and the United States. During the past 20 years, administrations in Seoul and Washington have alternated between more conservative, hawkish administrations and relatively liberal pro-engagement ones—but at different times in the two capitals. Thus, the unprecedented direct negotiations between the DPRK and the Clinton administration over North Korea's nuclear program in 1994, culminating in the October U.S.-DPRK Agreed Framework, was viewed with considerable suspicion by the Kim Young-sam administration in Seoul.

Four years later, President Kim Dae-jung came to office in Seoul and made engagement the centerpiece of his North Korea policy. After disputes between the United States and the DPRK over North Korea's ballistic missile launches and suspicious underground activity in the area of Kumchang-ri were resolved in 1998, the Clinton and Kim Dae-jung administrations appeared to be aligned in their engagement policies. But despite a flurry of activity in the final year of the Clinton presidency—including the Pyongyang summit between Kim Dae-jung and Kim Jong-il in June 2000, the meeting between Vice Marshal Jo Myong-rok and President Clinton in Washington in October, followed by the meeting between Secretary of State Madeleine Albright and Kim Jong-il in Pyongyang—a major breakthrough in U.S.–North Korean relations never happened.

The George W. Bush administration rejected the main features of Clinton's North Korea policy and was skeptical of the engagement approach of Kim Dae-jung and his successor, Roh Moo-hyun. Eventually, however, the Bush administration modified its hawkish position and initiated a new process for engaging North Korea: the six-party talks involving the United States, the Republic of Korea, the Democratic People's Republic of Korea, China, Russia, and Japan. But just when South Korea and the United States were converging again in the second Bush administration—cooperating in the six-party talks—a new, conservative president was elected in Seoul, and North Korean–South Korean relations took a decided turn for the worse.

If bilateral coordination between Seoul and Washington is difficult, the problem is compounded by the addition of China, Russia, and Japan, along with North Korea, in the six-party process. Yet, despite the complexity of six-party coordination and the suspension of the talks themselves in 2009, the six-party talks remain the primary forum for negotiation between North Korea and the other countries with the most direct stake in peace and stability on the Korean pen-

insula, including South Korea and the United States. The six-party agreements of September 2005 and February 2007 are the most detailed and far-reaching plans to date not only for resolving the North Korean nuclear issue, but more generally for reducing conflict and normalizing political and economic relations in and around the Korean peninsula.

A History of Crisis Management

The state of conflict on the Korean peninsula has been ongoing for 60 years, since the outbreak in 1950 of the Korean War, a war rooted in turn in the deeper history of political division, colonialism, and great-power rivalry in Korea (Cumings 2010). But the “North Korea problem” as we know it, focused on Pyongyang’s nuclear weapons development and other illicit activities, is essentially a post–Cold War phenomenon of the last two decades. At least, this is how it has looked from the perspective of the United States. The overriding concern of the United States has been nuclear proliferation, but for South Korea, North Korea’s threat has been more immediate and existential.

From a Korean peninsular perspective, the major turning point was 1972, when Seoul and Pyongyang first entered into direct dialogue. Although the end of the Cold War did not fundamentally alter the perception of threat in South Korea, it did change the mood, giving rise to hopes of near-term unification along German lines. It was not long before the costs of German unification gave pause to those who had hoped for a similar denouement for divided Korea. In the aftermath of post–Cold War euphoria, it became clear that the differences between divided Korea and Germany were at least as great as the similarities, but the main flaw of the German analogy was the lack of correspondence between East Germany and North Korea. Unlike the erstwhile German Democratic Republic, the DPRK refused to roll over and die.

In fact, North Korea was and always had been a very different kind of regime from the Soviet dependencies of Eastern Europe, and it was never likely to go as quickly and easily despite the economic catastrophe of the 1990s (Armstrong 2003). Illusions of North Korea’s imminent demise may have underlain South Korean acquiescence to the 1994 Agreed Framework—the ROK could accept paying for nuclear reactors in North Korea if they would soon be in Seoul’s hands after the DPRK collapsed—but by the end of the decade both South Korea and the United States had accepted the reality that North Korea had to be dealt with

(in the words of Clinton's secretary of defense, William J. Perry) "as it is, not as we wish it to be."¹

Still, long-term adherence to a process of engagement eluded the parties concerned, partly owing to Pyongyang's intransigence and unreliability, partly as a result of changes in the political environments in Seoul and Washington. For different reasons, neither side developed much confidence in the other's ability to abide by mutual agreements. Fifteen years of on-again, off-again talks over North Korea's nuclear program gave the appearance, more often than not, of crisis management rather than clear movement toward diplomatic resolution. The October 1994 Agreed Framework froze North Korea's plutonium program in exchange for energy assistance and promised to move the United States and the DPRK toward normal political relations. But between a harshly critical, Republican-dominated Congress and numerous domestic distractions, it was difficult for the Clinton administration to pay much attention to the North Korean nuclear agreement.

The initiative on dialogue with Pyongyang was taken by the Kim Dae-jung administration beginning in early 1998. By the fall of 2000, after the June summit between Kim Dae-jung and Kim Jong-il, the United States and North Korea finally seemed on the verge of a major agreement to resolve North Korea's missile proliferation and move forward on Washington-Pyongyang normalization. But a deal never materialized, and the incoming Bush administration was reflexively opposed to virtually every aspect of Clinton's foreign policy, not least its "appeasement" of Pyongyang.

North Korean–South Korean relations were on a gradual upward path in the first years of the new millennium. With Seoul's encouragement, North Korea began to emerge from its diplomatic isolation: in the space of two years, Pyongyang established diplomatic relations with most countries in western Europe and Southeast Asia, along with Canada, Australia, Brazil, and New Zealand. In July 2000, North Korea joined the ASEAN Regional Forum for East Asian security dialogue (Kim S. 2001, 20). At the same time, North Korea began to take cautious but potentially far-reaching steps toward internal economic reform, including unprecedented wage and price reforms undertaken in the summer of 2002 (*Chosun Ilbo* 2002; *Economist* 2002, 24–26). Improvement in inter-Korean relations was part and parcel of this trend toward North Korea becoming a more "normal" country.

1 On the first North Korean nuclear crisis, see Sigal (1999); on the second crisis of 2002–06, see Funabashi (2007).

Meanwhile, the U.S. relationship with North Korea went on a roller-coaster ride from bilateral engagement under Clinton, to confrontation under Bush, to multilateral engagement, to a crisis over North Korean missile and nuclear weapons tests, and finally to a new set of diplomatic agreements.

A second nuclear crisis erupted in October 2002, when the United States accused North Korea of carrying on a secret uranium enrichment program in order to evade the 1994 nuclear ban. As hard-liners in the Bush administration had long hoped, the 1994 agreement soon collapsed. But North Korea itself did not, and in April 2003, through the mediation of Beijing, the United States, North Korea, South Korea, China, Japan, and Russia entered into a six-way series of talks to resolve the North Korean nuclear issue. Six rounds of six-party talks proceeded before North Korea walked out in April 2009, in protest over UN condemnation of its missile launches. On 19 September 2005, during the fourth round of talks, the six parties established a detailed joint statement regarding Korean denuclearization. North Korea was to abandon its nuclear program and return to the Nuclear Non-Proliferation Treaty, and in exchange the United States offered a security guarantee that it had no intention of attacking or invading North Korea. Further, the United States and Japan promised to work toward normalization with the DPRK, and all five promised economic cooperation with the North. The 19 September agreement resembled a multilateral version of the 1994 U.S.-DPRK Agreed Framework.

A fifth round of talks ended in November after the United States announced it would freeze North Korean bank assets in Macao, at the Banco Delta Asia, because of suspicion that North Korea was using the bank to launder money for illicit purposes. On 5 July 2006, North Korea launched seven ballistic missiles, ending its self-imposed missile moratorium in place since 1998 (Sigal 2006). The UN Security Council condemned North Korea's actions. This was the first time China agreed to such a condemnation of North Korea, but nothing came of this condemnation. Three months later, on 9 October, North Korea announced it had successfully carried out an underground nuclear test. This led to an even more strongly worded UN resolution but, again, no action. It seemed none of the parties involved, including China, Russia, or the United States, was willing to risk war or (especially for China) the possibility of a chaotic collapse of the North Korean regime, which would send millions of refugees pouring across China's Korean border.

For Seoul, engagement with the North and maintaining "peace and prosperity" on the Korean peninsula was seen as more important than resolving the nuclear issue. In a very short time, South Korea's policy toward the North was

essentially back to business as usual (ICG 2006, 8). Ultimately even the United States backed down from its condemnation, offering a set of incentives for North Korea to return to the six-party talks (Nautilus Institute 2006).

North Korea did return to the talks, and the result was the agreement of 13 February 2007, which called for the DPRK to shut down and abandon its Yongbyon reactor, invite back inspectors from the International Atomic Energy Agency, and fully reveal the extent of its nuclear program. In exchange, the United States and Japan would move toward normalization of ties with the DPRK, and they and other countries would offer energy and humanitarian assistance to North Korea (*Washington Post* 2007). In October, North Korea promised that it would shut down its nuclear facilities in Yongbyon and “provide a complete and correct declaration of all its nuclear programs in accordance with the February 13 agreement” by the end of 2007. Furthermore, Pyongyang reaffirmed its promise not to transfer nuclear materials, technology, or know-how. The United States and Japan, for their part, reaffirmed their commitments to move toward normalization of relations with the DPRK. North Korea would also receive the equivalent of up to one million tons of heavy fuel oil—twice as much as specified in the 1994 agreement—in an arrangement to be worked out by a working group on economy and energy cooperation. North Korea continued to hand over key documents on its nuclear program in the first half of 2008 and took steps to shut down its Yongbyon facilities. It looked like North Korea would live up to its pledges after all (*Chosun Ilbo* 2008).

At the time that the 13 February agreement was being finalized in 2007, President Roh Moo-hyun of South Korea met Kim Jong-il in Pyongyang during 2–4 October for the second inter-Korean summit. The summit had originally been scheduled for late August, but North Korea requested a postponement because of severe flooding in the North that summer. Roh was determined, even desperate, to hold a summit before the December 2007 presidential elections. Roh himself could not run for reelection, but he hoped the summit would give a boost to his handpicked successor, former unification minister Chung Dong-young. On 4 October Kim and Roh signed an eight-point agreement, more detailed and specific than the June 2000 agreement, which outlined a wide range of cooperative activities.² North-South “cooperation” has meant, of course, South Korean aid to and investment in the North.

2 This agreement was called the “Declaration on the Advancement of South-North Korean Relations, Peace and Prosperity,” and it can be found at www.usip.org/files/file/resources/collections/peace_agreements/n_skorea10042007.pdf. The ambiguous phrase “three or four parties” may derive from the fact that South Korea is not a signatory to the armistice, which was signed by representatives from China, North Korea, and the United States (representing the United Nations).

Critics accused Kim Dae-jung and Roh Moo-hyun of giving away the store to North Korea and getting nothing in return. Still, by the end of the Kim-Roh decade the South Korean economic presence in the North was significant, especially in the two major Hyundai projects: the tourism complex in the Kumgang mountains in the east and, above all, at the vast Kaesong industrial zone complex in the west, just 20 kilometers north of the Demilitarized Zone. The second Pyongyang declaration suggested an expansion and deepening of South-North economic cooperation, including possibly a new South Korean investment zone in the Haeju area.

Anything but Clinton, Anything but Roh

The Bush administration's almost visceral rejection of everything associated with the Clinton administration's policies, not least its engagement with the DPRK, was sometimes criticized as ABC—"anything but Clinton." The differences between the United States and South Korea over engagement with the North that emerged after George W. Bush came to office grew even more pronounced under Roh. Indeed, North Korea was the main cause of public friction between South Korea and the United States in the first five years of George W. Bush's presidency. But after Bush was reelected in 2004, his administration pursued a more active policy of engagement with the DPRK despite much criticism from hard-line former members of the Bush team (Myers 2007). For some 15 months before the inauguration of Lee Myung-bak in February 2008, the United States and South Korea were generally in sync in their approach to the North. Then their positions became almost exactly the reverse of the early Bush-Roh years, with South Korea advocating a hard line toward the North and the United States pushing for engagement.

By the end of the Roh administration, there was a consensus in the South that North-South cooperation was beneficial to both sides, that gradual reunification was preferable to sudden collapse and a German-style absorption of North Korea by the ROK, that the North Korean threat could be managed, and that it was better to change North Korea's undesirable behavior by persuasion rather than by coercion. Such views in broad form were shared across the political spectrum in South Korea, including by many members of the Right. In June 2007 the Grand National Party (GNP), long hawkish on the North, revised its North Korea policy to favor engagement over pressure, a position little different from the position of the two "liberal" presidents, Kim Dae-jung and Roh Moo-hyun (Kim K. 2007). Thus the GNP managed to appropriate the most important asset held by progressive presidential candidate Chung Dong-young in the presidential election: the Roh government's success in engaging North Korea.

Nevertheless, Lee ran for president promising to be tougher on North Korea than his predecessors and to link more closely than his predecessor inter-Korean economic cooperation to progress in North Korea's denuclearization process. Indeed, in his first few weeks in office Lee seemed to have taken a page from the playbook of George W. Bush's first term. Criticizing his predecessors' engagement policy toward North Korea as "unilateral appeasement," just as Bush had done with regard to Clinton, Lee emphasized North Korea's complete compliance with the denuclearization agreement as a precondition for future inter-Korean cooperation and, in particular, large-scale investment—such as the development of the Haeju–West Sea area promised by Roh at the October 2007 summit in Pyongyang. Lee also promised not to shy away from criticizing North Korea on human rights (Petrov 2008). His administration's initial position could be considered the equivalent of the Bush administration's ABC—perhaps ABR, "anything but Roh."

There was an element of self-contradiction in Lee's approach to the North, which in its early stages gave the impression of being more ad hoc than a conscious policy. On the one hand, Lee had to demonstrate his toughness on Pyongyang to please his conservative support base. On the other hand, given the record of his former company, Hyundai, as South Korea's largest corporate investor in the North, Lee would seem particularly well positioned to continue and deepen South Korea's economic penetration of North Korea. One might have thought that a long-term strategy of maintaining South Korean influence in the North and pulling North Korea more fully into the orbit of Southern capital calls for more economic engagement, not less. But as it turned out, Lee's initial promises of conditional engagement with the North were greeted with hostility in Pyongyang, and, in turn, belligerent rhetoric from the North hardened conservative responses in the South, creating an escalating series of hard-line words and actions on both sides. In the first two years of the Lee presidency, North-South relations sank to their lowest level in over a decade. Then the *Cheonan* incident in the spring and summer of 2010 threatened to push the Pyongyang-Seoul (and Pyongyang-Washington) conflict into catastrophe.

Once Again, to the Brink and Back

Under Lee Myung-bak, South Korea has explicitly pursued a policy of "conditional engagement," as opposed to what Lee and other conservatives considered the previous two administrations' naive and dangerous unconditionality. During his presidential campaign in 2007, Lee announced a plan of "denuclearization, openness, and 3,000" for North Korea, meaning that the South would help raise the per capita GDP of the DPRK to \$3,000 per annum if the North gave up

nuclear weapons and opened its society and economy. After he was in office, Lee restated his policy as a “grand bargain” in which Seoul would offer North Korea economic assistance and security guarantees in exchange for North Korea’s denuclearization and other concessions. The Pyongyang leadership reacted angrily to both the substance and the perceived arrogance of South Korea’s new approach (Burghardt and Hoare 2010, 56).

Beginning in the spring of 2008, after an initial period of relative neutrality in its references to the new South Korean president, the DPRK media—calling the South Korean president a traitor, pro-American, and an enemy of unification—began attacking Lee with a gusto not seen since the days of the South Korean military dictatorship. In April 2008, Pyongyang suspended North-South dialogue and demanded Lee honor the inter-Korean summits of 2000 and 2007. In effect North Korea asked the South to continue the Sunshine Policy of Kim Dae-jung and Roh Moo-hyun, something the reflexive ABR instincts of the Lee administration could not likely accommodate (Kim H. 2008, 2). But just as it appeared Lee might moderate his North Korea policy under domestic and foreign (that is, U.S.) pressure, a South Korean tourist was shot dead at the Mt. Kumgang resort, leading the South to suspend the Mt. Kumgang tourism program. South Korea’s demand for an apology was dismissed out of hand by Pyongyang. Lee’s call for a resumption of inter-Korean dialogue and economic cooperation in his Liberation Day address on 15 August 2008 elicited no interested response from the North.

North Korean–South Korean relations deteriorated further in 2009, as North Korea escalated its threats and provocations. In January, the DPRK threatened to “nullify” all agreements for reducing conflict between Seoul and Pyongyang; in March, North Korea used the occasion of the first high-level North-South talks since 2003 to condemn ROK-U.S. military exercises; in April, North Korea fired a series of long-range missiles, eliciting condemnation from the United States and South Korea and bringing most North-South economic exchanges to a standstill (Burghardt and Hoare 2010, 57). But Pyongyang reserved its harshest condemnation for Seoul’s decision to join the U.S.-led Proliferation Security Initiative, announced in May shortly after North Korea’s second nuclear test. Pyongyang called the decision a “declaration of war” against the DPRK and announced that the Korean War armistice was therefore no longer valid (UPI 2009).

The nadir (so far) of North-South relations came in the aftermath of the sinking of the South Korean navy ship *Cheonan* on 26 March 2010, followed by the shelling of Yeonpyeong Island by North Korean artillery in November. The *Cheonan*, carrying 104 naval personnel, sank following an explosion close to

Baengnyeong Island on the western coast, near the disputed maritime boundary between North and South Korea (the so-called Northern Limit Line). Forty-six South Korean naval personnel were killed. An international investigation team led by South Korea submitted a report on 20 May 2010; it concluded that a torpedo fired by a North Korean submarine had caused the sinking. The United States supported the claim although China, Russia, and perhaps one-third of the South Korean population held serious reservations about the investigation's conclusions (Lee and Suh 2010). The Barack Obama administration expressed no doubts about North Korea's guilt and pushed for new international sanctions against Pyongyang as it staged massive military exercises with South Korea, including the largest naval exercises ever seen in the seas around the Korean peninsula.

North Korea, for its part, vehemently denied responsibility for the sinking of the *Cheonan* and asked for permission to undertake its own investigation of the incident. South Korea refused to allow it. Why North Korea would undertake such a risky attack, possibly triggering all-out war with the South, remained a mystery. North Korea threatened a "sacred war" against outside forces in the face of the U.S.-ROK military exercises. But by the end of the summer, the two sides appeared to have pulled back from the brink.

Then, on 23 November, North Korean forces fired more than 100 artillery shells and rockets on the island of Yeonpyeong, just on the southern side of the Northern Limit Line. Two South Korean marines and two civilian residents of Yeonpyeong were killed. North Korea claimed its forces had responded to "provocative" South Korean military exercises on Yeonpyeong. South Korea strongly condemned the attack, as did much of the international community—with the notable exception of China. In his address to the nation on 29 November, President Lee (2010) vowed North Korea would pay "a dear price without fail" should it commit any additional provocation. The United States responded, just as it had after the *Cheonan* incident a few months earlier, by sending the aircraft carrier *George Washington* to participate in joint military exercises with South Korea. China, for its part, refrained from criticizing North Korea and called for an urgent resumption of the six-party talks. While South Korea, the United States, and Japan responded coolly to the Chinese proposal, there was no call for new sanctions or direct military response to the Yeonpyeong shelling. Tensions around the Korean peninsula were still extremely high at year's end.

Waiting for the Endgame

Just as a Republican U.S. administration and the progressive government of Roh Moo-hyun came together rather unexpectedly in a policy of engagement with the North during the second George W. Bush administration, so the Democratic administration of Barack Obama and the conservative government of Lee Myung-bak seem to have reached a de facto agreement on a policy of sanctions and hostility toward Pyongyang. But hopes for running down the clock while sanctions, isolation, and political instability lead to regime change in North Korea are misplaced. The Kim regime, for all its many faults, has shown a remarkable knack for survival over more than six decades. It is not yet clear what the face of new leadership will be in Pyongyang, or even if a genuine leadership transition is under way. But predictions of power struggle and instability in the North Korean leadership have proven to be wrong for the last 40 years, and regime change from below, while conceivable, does not appear likely any time soon. Crucially, China will give North Korea the political and economic support it needs to stay afloat, whatever Beijing's reservations about the regime and its nuclear ambitions. China's greatest fear is instability in the North, not nuclear weapons. In that regard Beijing has staked a position opposite to that of Washington and Seoul.

More than any previous South Korean administration, the Lee Myung-bak administration has aligned itself fully with the U.S. priority on the threat of North Korea's nuclear program. South Korea has called repeatedly for North Korea's denuclearization as a prerequisite for diplomatic engagement and economic cooperation, an approach that had little success under George W. Bush. South Korea's economic isolation of the North has not hurt the North Korean economy so much as increased its dependence on China. The United States and South Korea are increasingly at odds with China on Korean peninsular issues, pushing North Korea further into Beijing's embrace. Kim Jong-il's recent visits to China reinforce the sense of renewed closeness of the DPRK and the People's Republic, while South Korea's outspoken alignment with Japan and the United States signify—perhaps—a new Cold War dynamic in Northeast Asia. The difference this time, however, is that the two sides (ROK-Japan-U.S. vs. DPRK-China-Russia) are much more economically interdependent than in the heyday of Cold War hostility. South Korea in particular takes a great risk by aligning with the United States and alienating China.

Once again, the greatest uncertainty is the future of North Korea. No one knows for sure how the new DPRK leadership will take shape, which path North Korea will take in its economy and its contacts with the outside world, or what the

changes both outside North Korea and the changes under the surface within the country will lead to. The experience of the last 20 years suggests that the ability of outside force to affect change in North Korea is very limited. Neither Sunshine Policy nor sanctions and confrontation has effected fundamental change in the DPRK. Such change must come from within, and its consequences are necessarily unpredictable. In the meantime, a reengagement with the DPRK that embeds North Korea as much as possible into a net of connections to the outside world would probably be the best means of ensuring all the interested parties have stakes and roles to play in North Korea's future, whatever that may be. Just as the Bush administration climbed back from confrontation to pursue multilateral engagement, so the Lee Myung-bak administration appears to be moving back from the brink of conflict to a new form of interaction with the North. Although dialogue may not be appealing to many, the alternatives have proven to be worse.

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