The Committee will come to order. I want to

welcome our distinguished witnesses to the Committee today to

testify on U.S. policy toward North Korea. This is the first in a series

of two hearings on North Korea that our Committee will be

holding this week. The purpose of our hearing today is to examine

the current state and future of U.S. relations with North Korea

based upon the recommendations of what has come to be called the

Perry Review.

Without question, North Korea constitutes one of our Nation’s

greatest foreign policy challenges. The DPRK is also the country

most likely to involve the United States in a large-scale regional

war over the near term. Five years after the advent of the 1994

Agreed Framework and the beginnings of our policy of engagement

with North Korea, it is now the largest recipient of U.S. foreign aid

in East Asia. Our Nation will send over $270 million in aid to

North Korea this year alone. We have sent almost $750 million to

the DPRK since 1995. Our Nation arguably is now North Korea’s

main benefactor.

Despite this influx of aid, North Korea remains a significant

threat to our Nation’s interests. In fact, the concern is so great

about the comprehensive threat posed by the DPRK to American

interests that the Speaker has asked me to form a Republican

North Korea Advisory Group to look at this matter. We plan to

issue an unclassified report in the near future, which will address

the North Korean threat.

There is reason to be concerned about North Korea today. The

threat to U.S. interests continues and is now actually spreading

into less conventional areas. The DPRK has deployed three new

types of missiles since 1993, the newest capable of striking our Nation.

This constitutes a clear and present danger to our national security

and allows North Korea to create a ‘‘balance of terror’’ in

Northeast Asia.

North Korea arguably is the largest proliferator of missiles and

enabling technology in the world today. Its transfers to South Asia

and to the Middle East are particularly distressing and potentially

destabilizing. Despite the 1994 Agreed Framework, North Korea

may still be pursuing a nuclear program. The DPRK may be seeking

a parallel program based on highly enriched uranium, which

strongly suggests that North Korea never intended to curb its nuclear

ambitions.

My greatest fear is that this unpredictable regime in Pyongyang

will combine its covert nuclear weapons program with an intercontinental

ballistic missile capable of striking the United States,

and our current policy will have failed to prevent it.

North Korea continues to improve its conventional force structure.

Despite its economic decline, North Korea buys military

equipment from abroad, such as MiG–21’s from Kazakhstan, while

its people go hungry. It feeds the party elite and the military, yet

the DPRK refuses to reform its own economy to help North Koreans

feed themselves.

At my request, the General Accounting Office recently completed

two major studies of our assistance programs in North Korea. Our

aid is supposed to be closely monitored to prevent diversions to the

Communist Party or to the military, but according to the GAO report,

which will be released Friday, our fuel and food aid has not

been effectively monitored.

While the U.N. World Food Program, under its American Executive

Director Catherine Bertini, is doing an outstanding job, the

North Koreans have not let our monitors visit more than 10 percent

of actual food distribution sites. This means that 90 percent

of the sites where food is distributed have not been visited by a

food monitor. This runs counter to our Nation’s stated policy.

North Korea is the world’s most repressive regime. It brutally oppresses

the fundamental human rights of its people and sends

many of them to languish in political prisons. The DPRK is now

deeply involved in international narcotics trafficking and other

criminal activities, such as counterfeiting of U.S. currency.

Shockingly, North Korea still holds prisoners of war from the Korean

War, and may be holding live Americans against their will.

We must get to the ground truth about this issue of live Americans

in North Korea. All of these issues must be taken into account

in any process toward normalization of relations with this rogue

state.

I am concerned that our policies toward North Korea have failed,

and that our aid is sustaining a brutal regime. I also fear that the

Clinton Administration has conditioned North Korea to believe that

brinkmanship brings benefits.

I want to thank Dr. Perry for his efforts and his service again

to our Nation, but we must make certain as we embark upon this

new path that our policy will be firm, that it requires full reciprocity,

that it does not undermine our fundamental national security,

is willing to undertake tough measures in the face of North

Korean belligerence, and does not encourage in any way the DPRK

to miscalculate our Nation’s resolve. We wish Dr. Perry the best in

carrying out this most challenging and important task.

I want to thank our panelists for being here today. I think we

have assembled the right people to address these issues today, and

we look forward to their testimony.

I also want to welcome some members of the Speaker’s North

Korea Advisory Group to our Committee, Chairman Goss in particular.

I now turn to our Ranking Minority Member, Mr. Gejdenson, for

any opening remarks that he may wish to make.

Mr. Bereuter.

Mr. Rohrabacher.

The gentleman’s time has expired. Let me remind

my colleagues that we have Dr. Perry waiting to testify and

we have two of our colleagues before us prepared to testify, and our

time is running. Mr. Hastings.

Thank you. Just allow me to note that the

North Korea Advisory Group was appointed by the Speaker to provide

advice to him from Members of his own party in the reviewing

of security interests——.

He has the prerogative of deciding who he

wants to study and advise him with regard to this. This was not

any public hearing on policy, it was an attempt to advise the

Speaker of our security interests.

Yes, and we have given a report to the

Speaker.

If the gentleman will yield, what we are

doing here is conducting a hearing.

We are conducting an open hearing and discussing

policy. The Speaker has asked for some advice from some

Members and some of his Chairmen with regard to this security

problem. You are not precluded from offering advice on any initiative.

Again, I mention to our colleagues that we have Dr. Perry waiting,

and I don’t want to unnecessarily prolong this. We have two

Members of Congress waiting to testify.

Yes, Mr. Delahunt.

Mr. Ackerman, if you will yield, this is not

a report.

Thank you, Mr. Delahunt. This is not a report

on the Speaker’s Advisory Committee. The notice of this hearing

went out last week and it was revised again because both Mr.

Cox and Mr. Knollenberg requested the opportunity to be heard

with regard to this issue. Mr. Hall, I understand, will be testifying

later on this week. So this is not a belated notice. It was a notice

given to you last week. If any other Member seeks recognition, we

will certainly consider that.

Now let’s proceed with the testimony from our panelists, Mr. Cox

and Mr. Knollenberg, both of whom have requested the opportunity

to be heard, some of our leading Members in the Congress with regard

to North Korea. It is a pleasure to welcome them to our Committee.

Mr. Cox, as you know, is the Chairman of the House Republican

Policy Committee and a Member from California. Mr.

Knollenberg of Michigan serves on the Appropriations Committee.

Welcome, gentleman. We are pleased that you both could join us

today. You may proceed in whichever order you may deem appropriate.

Thank you, Mr. Delahunt.

Thank you, Mr. Knollenberg.

We are pleased to have with us the Chairman of our Policy Committee,

Congressman Chris Cox from California. Please feel free to

summarize your statement.

Republican Policy Committee. I thought you

were aware of that.

When I say ‘‘our,’’ it is our Republican Policy

Committee. Thank you for being so exacting.

Mr. Cox.

If the gentleman would withhold, I am going

to ask that any questions be withheld until the panel has finished

their testimony. Then you will have an opportunity to inquire.

Please proceed.

You will have an opportunity to question.

Just bear in mind that Dr. Perry is still waiting. We will try to

make our——

There certainly will be an opportunity, Mr.

Ackerman.

I want to thank our panelists for appearing

and for your testimony. Just one question that I have for both of

our panelists. What are your recommendations with regard to U.S.

policy toward North Korea at this point? Mr. Knollenberg?

Thank you. Mr. Cox?

The gentleman will have an opportunity to

inquire. I did not yield any time.

What is the gentleman’s point of order?

That is not an appropriate point of order at

this time. I rule the gentleman out of order.

Let me pursue the question I asked Mr. Cox.

Dr. Perry assured us he opposes the payment of any blackmail to

North Korea to get them to stop their threatening behavior. Mr.

Cox, do you believe his recommendations will avoid that kind of

payment?

Thank you. Mr. Gejdenson.

Mr. Ackerman.

Mr. Ackerman, you have been yielded time by

Mr. Gejdenson. You may proceed.

The time of the gentleman has

expired. The Chair would like to urge his colleagues on the majority

side of the aisle, if possible, to permit our two distinguished colleagues

to leave at this point. We need to answer a vote. Members

can insist upon their right to be heard or to raise questions if they

wish. Mr. Pomeroy has said if the Republicans waive, that we will

waive. Therefore, I want to thank our two colleagues for their testimony

here today in responding to our questions. We very much appreciate it.

When we return, we will start with the second panel, Secretary

Perry. So we are now recessing for the votes.

Mr. Campbell.

Thank you, Mr. Campbell. Mr. Knollenberg.

I want to thank Mr. Knollenberg for participating

and being a witness for us today.

I know Mr. Sherman just joined us. I have to go out of order because

I am going to attend another hearing.

Dr. Perry, I regret I have been called back and forth to some

other meetings. What most concerns me about the first path in

your report, the path of improved relations, is that it appears to involve

significant additional resource transfers to North Korea.

If we go down that path, do you anticipate increased U.S. assistance

to North Korea beyond the hundreds of millions of dollars

worth of aid we are already giving each year?

Again, will there be additional funding that

would be needed if we follow that first step beyond the hundreds

of millions of dollars worth of aid?

Substantial food aid, for example?

Have you made any recommendations to increase

food aid and agricultural assistance?

Thank you, Ambassador Sherman.

I recognize that we respond to the food aid programs regularly,

but what I am asking Dr. Perry to tell me about is are you making

a recommendation as a result of your report in your work on this

issue for any substantial increase in food aid or agricultural assistance?

I am pleased to hear that.

Do you anticipate, Dr. Perry, North Korea eventually receiving

any subsidized assistance from financial institutions like the World

Bank and the IMF?

Have you made any recommendations?

Have you recommended that the U.S. support

any requests by North Korea for such financial assistance from the

international banks?

Did you make any recommendation that the

U.S. support any such requests?

Dr. Perry, it is my understanding that Japan

gave billions of dollars in assistance to South Korea after both of

those countries normalized relations in 1965, and that the last time

North Korea and Japan discussed normalization back in 1992,

North Korea demanded $10 billion in war reparations as the price

of normalization. Under the first path that you have laid out, do

you anticipate North Korean ultimately receiving massive war reparations

from Japan?

Have you discussed that proposal, Dr. Perry,

with Kim Dae Jung and the Japanese Prime Minister Obuchi?

Did you discuss that proposal with President

Kim Dae Jung and with the Japanese Prime Minister Obuchi?

But there was no discussion of war reparations

with the Japanese Prime Minister?

Ambassador Sherman, did you discuss these

as possible conditions in your negotiations and discussions with the

North Koreans?

You listed a long list of conditions. Were they discussed with the

North Koreans as a benefit to them in the event they agreed?

I would like to ask Dr. Perry that.

I am talking about the first path that you

recommended. Were those conditions included, or those benefits included?

No, I am asking what you suggested and recommended

to the President with regard to the first path?

Please let me pursue it with Dr. Perry.

Dr. Perry, as part of your first path, did you recommend that

these were possible benefits if the Koreans agreed to the proposals that you made?

Again, since it is there can you just recite to

us whether or not U.S. assistance and financial institutions, agricultural

aid, food aid, and war reparations were included in your

first path discussions?

Does it concern you then that all these resource

transfers of this kind of magnitude would consolidate the

rule of perhaps the most repressive and dangerous regime on earth today?

Dr. Perry, what assurances can be given that

the money gained by North Korea from the lifting of sanctions and

economic engagement with our Nation, with Japan and South

Korea will not be used to bolster their nuclear or military programs?

If there were financial gains by our lifting

the sanctions, couldn’t this flow of cash undermine our security?

Thank you, Dr. Perry.