Thank you, Mr. Chairman. I appreciate the

opportunity to appear today to provide my assessment of the recent

North Korean missile launches and their implications for United

States policy. I would like to note at the outset that I am here

today in a personal capacity and I do not represent anyone’s views

with the possible exception of my own.

Let me start by stating my two principal conclusions. First, while

undeniably provocative, the military threat posed by the North Korean

missiles depends far less on the missiles themselves than on

whether they are armed with nuclear weapons. Or to put the matter

a different way, the central security issue has been, is, and remains

whether North Korea has a nuclear program, and we should

not allow their missile launches to divert or dilute our attention

from that central issue. It follows that our responses, including our

military responses, to this North Korean provocation should be

guided accordingly.

My second point is that the North Korean missile launches have

produced effects that paradoxically have been positive, I repeat,

positive, from the perspective of United States diplomatic and security

objectives. I think the challenge that we face is to seize and

exploit the opportunity that the North Koreans have unintentionally

created for us.

Let me explain how I have reached these conclusions. As we have

already heard this morning, no one is quite sure what Kim Jong-

Il had in mind with these missile launches. If one of the things

that he had in mind was to get our attention, then that certainly

worked. But it worked in a way that almost surely was unintended

and unsought by Pyongyang. Indeed, it is hard to avoid the conclusion

that, whatever the North Korean plan may have been, it has

backfired on them and it has produced results that serve our interests

much more than it serves theirs.

North Korea’s open defiance of widespread calls not to launch the

missiles has produced near-universal condemnation by the international

community and has left North Korea even more isolated

diplomatically. A closely related result is that those missile

launches have had a commendable unifying effect on our negotiating

partners in the Six Party Talks, and Saturday’s U.N. Security

Council resolution on North Korea was a critical test of this

renewed unity of purpose and I think the test was passed.

The fact that the key members of the Six Party Talks were able

to come together to pass unanimously not only a tough resolution,

but I think it is worth emphasizing here a tough binding resolution,

demonstrated that these members could and would submerge

their differences over priorities, over tactics, and so forth to come

together and stay focused on the North Korean threat.

So I think that the Saturday vote was enormously important.

Having said that, I need to quickly add that I think this renewed

unity of purpose could prove to be quite fragile, and its fragility

could well be tested and could well be tested soon. If the North Koreans

follow through on their threats to conduct more missile

launches, then the differences that were compromised among Security

Council members in the July 15 resolution could well reemerge.

Another test will be how the U.N. member states now proceed to

implement the resolution. If we, the Japanese, whomever, rush to

implement its provisions in such an expansive way that China,

South Korea, and Russia believe that the result amounts to and is

intended to amount to de facto regime-threatening economic sanctions,

then I think the unity that was forged on Saturday could

well erode and ultimately could vaporize.

In many ways, the most important result of the missile launches

has been to move North Korea off the back burner and back onto

the front page. It has not only produced that result; simultaneously,

these launches have created a more favorable environment

by fueling a broadly negative international perception of North

Korea as an irresponsible, reckless actor.

Now, I know that the committee fully appreciates not only the

importance but also the urgency of the North Korea issue and I do

not propose to replow that ground. I also share the skepticism, dare

I say deep skepticism, that many have about whether there exists

any plausible set of security, economic, and political inducements

that will ultimately persuade North Korea to abandon its nuclear

weapons ambitions.

But, that said, it is really hard not to be struck by the fact that

while we have been insisting that Pyongyang needs to make a strategic

choice, a choice between nuclear weapons and becoming a

prosperous and secure member of the international community, the

reality is that the North Koreans face few if any incentives to make

what will be a very hard choice, and moreover they face few if any

penalties for refusing to choose.

Instead, North Korea continues to have it both ways, a little bit

like my mother. They continue to produce material for nuclear

weapons and at the same time they continue to receive economic

assistance and investment, particularly from China and South

Korea.

I think their missile launches and the ensuing international response

have put us in a better position to make North Korea make

that choice. Now, I think the outlines of what is required to exploit

this opportunity are familiar. On the one hand, North Korea needs

to be persuaded that it will pay a steadily increasing price for its

continued defiance, and I think that the public embarrassment that

Pyongyang has caused both Beijing and Seoul increased the

chances that they will now be more willing to make clear to North

Korea that its continued stonewalling will not be cost-free.

On the other hand, the United States not only needs to persuade

North Korea that we are serious about delivering on our promises

and commitments in the September 19 statement; in some ways as

important or more important, we also need to persuade our negotiating

partners about our good faith so that they will use their leverage

on Pyongyang to get it to return to the talks and get it to

negotiate seriously.

How then should the United States proceed? I believe there are

two principal and closely related tasks. First, we need to seize this

moment and seize the initiative. Second and equally important, we

need to work hard to maintain the current unity of purpose about

North Korea that has emerged. Among other things, I think this

means removing, working to remove obstacles to resumption of the

Six Party Talks. These are not obstacles so much as they are North

Korean excuses and acceptance by others of North Korean excuses

for refusing to return to the talks.

In this connection, I think that the issue of direct United States-

North Korean talks is or at least ought to be a red herring and we

ought to take it off the table, not only to deny the North Koreans

the excuse but also to deny needless friction, to avoid needless friction

among the five, and I think a clear reiteration and an appropriately

flexible interpretation of what is the current United States

position, one that you heard Ambassador Hill give this morning,

namely that it is prepared to engage with North Korea bilaterally

in the context of the Six Party process, ought to do the trick.

The Treasury Department’s investigation of money-laundering by

the Banco Delta Asia in Macao is a more difficult problem. Some

may wish the United States had not decided to move against the

Macao bank, but we have and, having done so, we should pursue

the matter as a tightly-focused investigation and one that is completed

as expeditiously as possible. We need to do this both to rebut

accusations by Pyongyang and to assuage concerns among our Six

Party partners that this investigation really is a de facto set of economic

sanctions against North Korea that we intend to remain in

place indefinitely.

My bottom line is simple: The stars are in better alignment than

they have been for a long time and the challenge for U.S. policy

is how best to capitalize on the opportunity that has been presented.

Let me close by expressing my appreciation again for this opportunity

to present my views to the committee. Thank you, Mr.

Chairman.

I appreciate the opportunity to appear before the committee today to provide my

assessment of the recent North Korean missile launches and their implications for

United States policy options with respect to North Korea. I would like to note for

the record that I am appearing in a personal capacity, and that the views I am expressing

are my own.

I have two principal points:

First, while undeniably provocative, the military threat posed by North Korean

missiles depends far less on the missiles themselves than on whether they are

armed with nuclear weapons. Put differently, the central security issue is and

remains the North Korean nuclear program, and we should not allow their missile

launches to divert or dilute our attention from that central issue. Our responses,

including our military responses, to this North Korean provocation

should be guided accordingly.

Second, the North Korean missile launches have produced effects that paradoxically

have been largely positive from the perspective of United States security

and diplomatic objectives. The challenge we face is to seize and exploit the opportunity

that the North Koreans have unintentionally created.

Let me explain how and why I have reached these conclusions.

As with almost everything that North Korea does, its motives for launching multiple

missiles on July 4 are, at best, unclear. The military results have been mixed.

Although the North Koreans may have acquired useful data from the apparent failure

of Taipodong 2, the missile’s destruction shortly into its flight must have been

embarrassing to Pyongyang, and will do nothing to increase the confidence of North

Korea’s would-be missile customers in the product that Pyongyang is marketing.

That said, the North Koreans did demonstrate a capability to do multiple launches

in a relatively short period of time. In doing so, they also underscored their ability

to threaten Japan and South Korea—including the United States military forces

and nationals in those countries—as well as China—with ballistic missiles. But I

conclude that the direct and immediate significance of the North Korean missile

launches lies less in their military effects than in their political effects, both intended

and unintended.

The political effects of the North Korean missile launches likewise have been

mixed. If they were designed to get attention, it certainly worked, but almost surely

in a way that was unintended and unsought by Pyongyang. (As a corollary, I would

note that we should be careful neither to give too much credit to Pyongyang’s ability

to play a weak hand, nor be too sanguine about its ability to avoid serious miscalculations.)

Indeed, it is hard to avoid the conclusion that whatever the North Korean

plan may have been, it has backfired on them and has produced results that

serve our interests.

North Korea’s open defiance of widespread calls not to launch the missiles produced

near-universal condemnation by the international community, and left it even

more isolated diplomatically. China and South Korea have been particularly embarrassed.

As a result, they probably are less inclined and—in terms of their own politics—

probably less able to provide the support and economic assistance to

Pyongyang that, intentionally or not, have facilitated North Korea’s stonewalling.

Closely related, the North Korean missile launches have had a commendable unifying

effect on our negotiating partners in the Six Party Talks by narrowing differences

between the United States and Japan on the one hand, and China and

South Korea on the other, and by highlighting that it is North Korea, not the

United States, that is the problem and obstacle.

Saturday’s U.N. Security Council resolution on North Korea was a critical test of

this renewed unity of purpose. A Chinese veto of the Japanese resolution, and/or

a United States veto of the Chinese-Russian resolution would have been a huge self-inflicted

wound. Conversely, the fact that key members of the Six Party Talks were

able to come together to pass unanimously a tough, binding resolution not only underscored

Pyongyang’s intensified isolation, but also demonstrated that they could

and would submerge their differences over priorities and tactics to stay focused on

the North Korean threat.

Make no mistake: This renewed unity of purpose is quite fragile. Moreover, it

could well be tested again—and in the near future. If the North Koreans follow

through on their threat to conduct more missile launches, the U.N. Security Council

will have no choice but to confront the issue of how—and how forcefully—to respond.

In that event, the differences that were papered over and compromised in

the July 15 resolution will reemerge. Another test will be how U.N. member states

now proceed to implement the resolution. If the United States and/or Japan implements

it in a way that China, South Korea, and perhaps Russia regard as overly

aggressive and expansive—amounting to broad-gauged, regime-threatening economic

sanctions by another name—then the unity that was forged on Saturday

could well erode and potentially vaporize.

In some ways, the most important result of the missile launches has been not only

to move the North Korea issue off the back burner where it has been pushed by

other priorities and back onto the radars of senior policy makers, but to have done

so in a way that also has fueled a broad-based and broadly negative international

perception of North Korea and its irresponsible behavior. The challenge for U.S. policy

is how best to capitalize on the opportunity that has been presented.

I know that everyone on the committee appreciates not only the importance but

also the urgency of the threat presented by the North Korean nuclear issue, and

I do not propose to replow that ground. I also share the skepticism—even the deep

skepticism—that many have about whether there exists any plausible set of security,

economic, and political inducements that would persuade the North Koreans

to abandon their nuclear weapons ambitions.

That said, it is hard not to be struck by the fact that while we insist that

Pyongyang needs to make a strategic choice between nuclear weapons and becoming

a prosperous and secure member of the international community, the North Koreans

currently face few, if any, incentives to make that very hard choice, and confront

few, if any penalties, for their failure to do so. Instead, they continue to have it both

ways: Continuing to produce material for nuclear weapons while, at the same time,

continuing to receive economic assistance and investment, particularly from South

Korea and China. Their missile launches and the ensuing international response

create a new and potentially promising opportunity at least to make North Korea

choose—and make clear—the path it will take.

The outlines of what is required to exploit this opportunity are familiar. On the

one hand, North Korea needs to be persuaded that it will pay a steadily increasing

price for its continuing defiance. The public embarrassment that Pyongyang has

caused Beijing and Seoul increases the chances that they will now be more willing

to make clear to North Korea that its continued stonewalling will not be cost-free,

while the July 15 U.N. Security Council resolution provides the international authority

for them to do so.

On the other hand, the United States not only needs to persuade North Korea

that we are serious about our commitment to a diplomatic solution, and about delivering

on our promises of security assurances and economic benefits. In some ways

more important, we also need to persuade our negotiating partners about our own

good faith so that they will use their leverage on Pyongyang to get it to return to

the talks and negotiate seriously.

To outline these conditions is to make the current Perm 5 + Germany approach

on Iran an almost irresistible metaphor, and perhaps even a model, for a strategy

toward North Korea, including with respect to some specifics, e.g., an analogous approach

on the issue of civil nuclear power.

How, then, should the United States proceed? I believe there are two primary and

closely related tasks. First, we need to seize the moment and the initiative. Second,

and equally important, we need to work hard to maintain the current unity of purpose

about North Korea that has emerged. This means making clear that, as in the

case of Iran, we will be prepared to respond to North Korea’s legitimate concerns

provided our partners are prepared to join with us in taking tougher measures if

North Korea continues to pursue its nuclear weapons ambitions. It also means

working to remove obstacles to a resumption of the Six Party Talks or, more precisely,

North Korean excuses for refusing to return to the talks.

In this connection, let me note that the issue of direct United States-North Korean

talks is—or at least ought to be—a red herring, and we should take it off the

table in order both to deny the North Koreans the excuse and to ensure that it is

not a point of friction among the five. A clear reiteration and an appropriately flexible

interpretation of the current United States position that it is prepared to engage

with North Korea bilaterally in the context of the Six Party Talks should be sufficient.

The Treasury Department’s investigation of money laundering by the Banco Delta

Asia in Macau is a more difficult problem. Some may wish that the United States

had not decided to move against the Macau bank, but we have. And having done

so, there are legitimate law enforcement concerns that now need to be addressed,

if only because it is hard to argue that the United States should and will turn a

blind eye to money laundering and other serious currency violations in exchange for

a North Korean agreement to return to the Six Party Talks. However, the United

States should pursue the matter as a tightly focused investigation, and one that is

completed as expeditiously as possible, so as to rebut accusations by Pyongyang—

and to assuage concerns among our Six Party partners—that these are de facto economic

sanctions against North Korea that will remain in place indefinitely.

Let me close by again expressing my appreciation for the opportunity to present

my views to the committee.

Thank you.

Yes, Mr. Chairman. First on the question

about whether this new-found unity will be sustainable over time,

as I did indicate, I think it is fragile. But I think it is—depending

upon what the parties now do, the chances are better that the

unity of purpose can be preserved and pursued or, alternatively,

depending upon what the parties do, it could just fly apart.

I do not think that South Korea and China have different agendas

with respect to North Korea compared to us. It is rather that

they have different priorities among the same set of objectives than

we do and different risk tolerances, because they could imagine

really bad things happening to them if, in their view, too much

pressure is applied on North Korea, and from our point of view either

those bad things will not happen, are not as likely to happen

to us, they will not be as bad, or we believe they are not as likely

to happen.

So it is a matter of kind of differing risk assessments and different

priorities.

What I think the missile launches have done and the U.N. resolution

has done is the following. I think it has made it more likely,

far from a certainty, that Seoul and Beijing will now contemplate,

to be blunt, putting some pressure on North Korea. Not publicly,

not overtly, not loudly—quietly, indirectly, denying that it is pressure.

We all remember the interruption of fuel supplies for 3 days

a few years ago from China that was attributed to technical problems

in the pipeline. I would take that again in a minute.

Given the position that Pyongyang has put Seoul and Beijing

internationally and I would say also to some extent domestically,

I think that there is the possibility that they will be more willing

to behave this way now, in a low-key manner, but hopefully effective.

It can fly apart, however. This unity of purpose can fly apart either

if I am wrong and Seoul and Beijing essentially continue their

current view that what we need is more time and more patience

and pressure is counterproductive. If they continue that view as

though nothing has happened, then the opportunity will be squandered.

Conversely, if other member states rush to implement the U.N.

resolution in a very robust way, giving Seoul and Beijing no time

to reconsider and maybe begin to move quietly behind the scenes,

that too will squander the moment. So I think what we need to

hope for is that Seoul and Beijing will recalibrate their strategy

and that the rest of us will give them enough time for that to happen.

First with respect to the Macao bank, however

we got to where we are on that matter, we are there now and

it is essentially a matter of law enforcement. I do not think the

United States can put itself in the position of suggesting we will

turn a blind eye to violations of law in order to lure the North Koreans

back to Six Party Talks. That is just not a tenable position.

So I think we need to see this investigation through.

Having said that, I agree that we have gotten the North Koreans’

attention, but I am not sure that we have done so in a productive

way. But much more to the point, as I indicated, one of our key

objectives now is to maintain this unity of purpose, and the actions

against the Macao bank have had exactly the opposite effect.

As Ambassador Hill said earlier this morning, I do not believe

that there is anything the United States can do itself, can do unilaterally,

to bring enough pressure on North Korea to really change

its strategic calculus. If we found ourselves in a situation—and the

U.N. resolution, I should say, gives ample room for this—whereby

the other members of the Six Party Talks, all of whom of course

are member states of the U.N., joined together in a cooperative effort,

that would be a quite different proposition.

But a unilateral expansion of these financial investigations and

sanctions I think is unlikely to have the desired effect on North

Korea and is likely to be counterproductive with respect to our objective

of trying to enlist the other members of the Six Party Talks

together with us on our diplomatic approach.

As Ambassador Hill said, the clock is ticking.

The problem we have is that this is not an issue that gets better

with time. In fact, it is an issue that only gets worse with time.

If for no other reason than that North

Korea continues to produce plutonium for nuclear weapons while

nothing else happens, and so they will have more plutonium tomorrow

than they have today, they have more today than they had

yesterday.

Whatever the uncertainty about how many nuclear weapons

North Korea has, there is far less uncertainty about the material

they have for nuclear weapons and the accumulation of that material.

So as time goes on and not much time goes on, we face the

prospect of not only a nuclear-armed North Korea, but a North

Korea that is an exporter of nuclear weapons. And given their list

of customers for the other stuff they sell, that is a very chilling

prospect indeed.

So I do not think that that—it seems to me that there is no way

for any neglect of this issue to be benign.

Now, in terms of what can we do, I think Ambassador

Abramowitz put his finger on something that is probably worthy of

some exploration. We have the statement of principles, but then we

have rather divergent views on how these principles are implemented

and, perhaps most important, divergent views about the sequence

in which things happen.

As was inevitable.

I would think that it would be useful, if it

has not already been done, for the United States to have at least

internally a view of how they see the process unfolding, not only

most desired but some alternatives that are more or less acceptable,

and which things are unacceptable. So that if and when the

Six Party Talks are resumed, we will have done our homework.

I do not see—I personally do not see any realistic prospect of an

outcome whereby the North Koreans do everything before anyone

else does anything. That is, I think there is going to have to be

some sequencing and some phasing. The formula that some members

of the Six Party Talks have used to capture this idea is: ‘‘Word

for word, action for action.’’ But it gets the idea of tit for tat in a

positive sense. It seems to me that is a concept that we need to,

we the United States, need to engage, if only for internal planning

purposes in anticipation of a resumption of talks.

If there is such a process, it seems to me sort of a physical inevitability

that North Korea would have to freeze before it dismantles

its nuclear weapons programs. Just sort of the logic of a process

means that there will be a point at which there will be a freeze.

And if there is some sort of step-by-step reciprocity to get to this

point, we will find ourselves in a situation in which, at that moment

at least, there has been a freeze in exchange for some consideration

from the other parties.

The trick will be to ensure that that is not the end of the process

and indeed that that process is reversible if it looks as though from

a North Korean perspective that is the end, because that would be

unacceptable.

But just as I think that we can make too much of the issue of

direct talks and somehow get diverted from a substantive problem

to a symbolic issue, I believe we can make too much of the concept

of a freeze and get diverted from hard thinking about how we get

from where we are to where we want to be.

One answer I think is we will not know

until we try. It seems to me any such arrangement, however, not

only would require one to hold one’s nose very, very hard, but it

would have to be accompanied by real confidence that the plutonium

that was being bought is all the plutonium that there is,

and——

And that there is not new plutonium

being produced, so there is this sort of unending stream,

because at the end of the day this would not be a commercial

transaction; it would be a rather distasteful buyout.

Finally, it would be incomplete because, however and however

successfully one deals with the plutonium program, that still leaves

the uranium program.

There are virtually certain to be those accusations.

But at the end of the day we have to choose among the

alternatives that are available rather than the world we wish we

were in.