
CONGRESSIONAL TESTIMONY

Creating a Comprehensive Policy Response to North Korean Threats and Provocations

**Testimony before
House Committee on Foreign Affairs
Subcommittee on Asia and the Pacific of the**

September 14, 2016

**North Korea's Perpetual Provocations:
Another Dangerous, Escalatory Nuclear Test**

Bruce Klingner
Senior Research Fellow, Northeast Asia
The Heritage Foundation

Creating a Comprehensive Policy Response to North Korean Threats and Provocations

Bruce Klingner

My name is Bruce Klingner. I am the Senior Research Fellow for Northeast Asia at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

North Korea's repeated violations of U.N. resolutions have led to a new international consensus on the need for stronger, more comprehensive sanctions. The U.N., the European Union, the United States, and other countries have begun to implement stronger punitive measures to enforce laws, curtail proliferation, and raise the cost for Pyongyang's defiance of the international community.

This new consensus was triggered by cumulative anger and frustration from repeated North Korean violations, the realization that diplomatic engagement with Pyongyang was no longer a viable solution, heightened concern over North Korea's growing nuclear and missile threats, and a greater willingness to push China for more extensive sanctions.

The enhanced punitive measures are welcome, if long overdue, to sharpen North Korea's choice between its nuclear program and economic isolation. That all of these measures could have been implemented years ago is testament to a collective lethargy to confront North Korean belligerence. While new U.N. and U.S. sanctions are commendable, their utility is dependent on complete and forceful implementation.

Escalating North Korean Military Threat

During Kim's four-year reign, Pyongyang has conducted more than twice as many missile tests as his father Kim Jong-il did in 17 years in office. In 2016, North Korea has engaged in a rapid-fire series of nuclear and missile tests, significantly augmenting and refining the nuclear threat to the United States and allies South Korea and Japan.

This year, Pyongyang successfully conducted two nuclear tests, an intercontinental ballistic missile test, breakthrough successes with its road-mobile intermediate-range missile and submarine-launched ballistic missile, re-entry vehicle technology, a new solid-fuel rocket engine, and an improved liquid-fuel ICBM engine.

In June, North Korea successfully tested a Musudan intermediate-range missile, leading experts to conclude the regime now has the ability to threaten U.S. bases in Guam, a critical node in allied plans for defending South Korea.

In July and August, No Dong medium-range missile tests were accompanied by North Korean statements that they were practice drills for preemptive nuclear attacks on South Korea and U.S. forces based there. A North Korean media-released photo showed the missile range would encompass all of South Korea, including the port of Busan where U.S. reinforcement forces would land.

A similar test in March was described by the regime as simulating a nuclear missile attack on South Korean targets conducted under “the simulated conditions of exploding nuclear warheads from the preset altitude above targets in the ports under the enemy control where foreign aggressor forces are involved.”

Adm. Bill Gortney, commander of North American Aerospace Defense Command, assessed that North Korea is capable of putting a nuclear warhead on the No Dong medium-range ballistic missile that can reach all of South Korea and Japan.

Targeting the U.S. Homeland. In February, North Korea used a Taepo Dong (Unha) missile to put a satellite into orbit, the same technology needed to launch an ICBM nuclear warhead. Assessments indicate that the satellite was approximately 450 pounds, twice as heavy a payload as the previous successful satellite launch in Dec. 2012, and that the missile may have a range of 13,000 km, putting the entire continental United States within range.

Submarine Missile Threat. In August, North Korea conducted its most successful test launch of a submarine-launched ballistic missile which traveled 500 kilometers (300 miles). South Korean military officials reported that the missile was flown at an unusual 500-km high trajectory. If launched on a regular 150-km high trajectory, the submarine-launched missile might have traveled over 1,000 km.

Some South Korean military authorities warn deployment potentially could occur within a year. South Korea does not currently have defenses against submarine-launched ballistic missiles. The SM-2 missile currently deployed on South Korean destroyers only provides protection against anti-ship missiles. South Korea has recently expressed interest in the U.S.-developed SM-3 or SM-6 ship-borne systems to provide anti-submarine launched missile defense.

Some experts are dismissive of a submarine-based ballistic missile threat based on the perception that North Korea’s old and noisy submarines would be easy to detect. However, in 2010, a North Korean submarine sank the South Korean naval corvette *Cheonan* in South Korean waters. In August 2015, 50 North Korean submarines—70 percent of the fleet—left port and disappeared despite allied monitoring efforts.

Despite post-*Cheonan* efforts, South Korean anti-submarine warfare capabilities remain an area of concern for allied military planners. A strong anti-submarine capability is not only critical for homeland defense but also for protecting sea lines of communication during a crisis on the Korean Peninsula.

U.N. Implements Stronger Sanctions

After nearly two months of debate, the U.N. Security Council unanimously approved Resolution 2270 in March 2016 to augment previous efforts to punish North Korea for its violations of U.N. resolutions. The tougher resolution reflected growing international concern over Pyongyang’s growing nuclear capabilities and resolve to confront the regime’s defiance.

The resolution went beyond previous U.N. actions by increasing financial sanctions, expanding required inspections of North Korean cargo, and targeting key exports. The resolution was the first instance of the U.N. targeting North Korean commercial trade, including mineral exports. The

sanctions and mandatory inspections of all cargo shipments will make foreign companies and investors more reluctant to engage with North Korea for fear of facing sanctions themselves.

Important Financial Provisions. A significant though easily overlooked provision is banning all financial institutions from initiating or maintaining a correspondent account with North Korea unless it is approved by the U.N. 1718 committee. Previously, the U.N. requirement was to prohibit correspondent accounts only if reasonable grounds exist for believing that they could contribute to North Korean nuclear or missile programs. If fully implemented, this new requirement could force disclosure of and increase scrutiny of all North Korean financial transactions.

Given international financial institutions' extreme sensitivity to reputational risk, this clause could also lead to increased due diligence efforts to prevent being even unwittingly complicit in North Korean illicit activities or cancelation of links with North Korea.

In 2005, the U.S. declared Macau-based Banco Delta a "money laundering concern," which, accompanied by *sub rosa* meetings by U.S. officials throughout Asia, led 24 financial institutions to sever relations with Pyongyang.

The new U.N. resolution is also notable for requiring mandatory inspections of *all* North Korean cargo transiting a country rather than only those suspected of carrying prohibited items. U.S. ambassador to the U.N. Samantha Power declared that all "cargo going into and coming out of North Korea will be treated as suspicious, and countries will be required to inspect it, whether it goes by air, land, or sea."

The resolution was passed with U.N. Charter Chapter 7, Article 41 authority rather than Article 42 (which allows for enforcement by military means). Article 42 authority would have enabled naval ships to intercept, board, and inspect North Korean ships suspected of transporting precluded nuclear, missile, and conventional arms, components, or technology.

Resolution 2270 is yet another attempt by the U.N. to punish North Korea for its blatant and repeated violations. However, U.N. members, most notably China, have been lackadaisical in enforcing previous resolutions. Although an improvement over its predecessors, in order for Resolution 2270 to effectively curtail North Korea's persistent violations, U.N. members need to take forceful and purposive steps toward enforcing the sanctions.

Congress Pushes for Stronger U.S. Actions

For years, the Obama Administration has been hitting the snooze bar on North Korean sanctions by not fully enforcing existing U.S. laws and regulations. Rather than fully utilizing existing authorities to target North Korean violators, the Obama Administration had pulled its punches. For example, the Obama Administration has still failed to sanction any Chinese entities for facilitating prohibited North Korean activity. Overall, the U.S. sanctions approximately the same number of North Korean entities as from Zimbabwe.

In February 2016, Congress, frustrated by the Administration's policy of timid incrementalism, stepped in to force the President to use the powers he already had to punish North Korea as well as Congress overwhelmingly approved the North Korea Sanctions and Policy Enhancement Act by Senate and House of Representatives votes of 96–0 and 408–2, respectively. The Act stands as an

example of the kind of supra-partisan, supra-ideological unity needed to respond to North Korea's constant violations of U.N. resolutions, U.S. and international law, and the norms of international behavior.

That the North Korea Sanctions and Policy Enhancement Act (NKSPEA) makes enforcement of certain sections of U.S. laws *mandatory* rather than discretionary is a rebuke to Obama's minimalist approach. Although the introduction of new sanctions is vital, fully implementing and enforcing already existing far-reaching measures is of prime importance.

The Obama administration's designation in June of North Korea as a primary money laundering concern was likely brought on by Section 201 of the NKSPEA which "urge[d] the President, in the strongest terms—to immediately designate North Korea as a jurisdiction of primary money laundering concern" and imposed a requirement on the Secretary of Treasury to determine within 180 days whether "reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern."

Similarly, the administration's belated imposition in July of human rights-related sanctions was likely triggered by Section 304 of the NKSPEA which required the secretary of state to produce a report identifying North Korean entities "responsible for serious human rights abuses or censorship [and] make specific findings with respect to the responsibility of Kim Jong Un and of each individual who is a member of the National Defense Commission or the Organization and Guidance Department of the Workers' Party of Korea, for serious human rights abuses and censorship."

Chinese Policy Toward North Korea: Mix of Sanctions and Support

Faced with a stronger international consensus for greater pressure on North Korea, the Chinese government, as well as Chinese banks and businesses, undertook a number of promising actions early in 2016. Beijing accepted stronger text and sanctions in U.N. Resolution 2270 that went beyond previous U.N. resolutions. Chinese banks and businesses reduced their economic interaction with North Korea, though it is unclear whether it was due to government direction or anxieties over their own exposure to sanctions.

China Applies Pressure, But Gently. However, Beijing took similar action after each previous North Korean nuclear test. Each time, China temporarily tightened trade and bank transactions with Pyongyang and reluctantly acquiesced to incrementally stronger U.N. resolutions, only to subsequently reduce enforcement and resume normal economic trade with North Korea within months.

Oil Deliveries¹

¹ For more detail and full citing, please see Bruce Klingner, "Chinese Foot-dragging on North Korea Thwarts U.S. Security Interests," The Heritage Foundation, August 11, 2016, <http://www.heritage.org/research/reports/2016/08/chinese-foot-dragging-on-north-korea-thwarts-us-security-interests>.

- **August–September 2006.** China reduced a “significant amount” of its oil supplies to North Korea following the July 2006 long-range missile launch and exported no crude oil to North Korea in September 2006.
- **October 2006.** China resumed exports of crude oil to North Korea in October, according to Chinese customs figures. Chinese oil shipments to North Korea in October were up 67 percent from a year earlier, despite the October 2006 nuclear test.
- **2009.** China reportedly suspended exports of crude oil for four months. However, there were no accompanying indications of oil shortages in North Korea, suggesting China had only pretended to cut off deliveries.
- **2011–2013.** China did not export any crude oil to North Korea in February 2011, February 2012, and February 2013. However, China often does not ship oil to North Korea in February because of seasonal factors. Since 2000, China shipped crude to North Korea in February only during 2001, 2004, 2009, and 2010. Annual Chinese shipments to North Korea in March are often double the usual amount, indicating the reason is not because of Chinese displeasure with nuclear or missile tests.
- **2014–2015.** Chinese customs statistics reported *no* Chinese oil exports to North Korea in 2014 or 2015. However, Chinese Ministry of Public Security officials commented, “We are continuously supplying oil” to North Korea. The deliveries are not recorded in Chinese customs data or foreign trade statistics because they are characterized as aid. Continued operations at North Korean refineries and stable petroleum prices indicated Beijing continued to provide 500,000 tons of oil annually. South Korean intelligence officials commented that China was secretly providing North Korea with oil.

Financial Transactions

- **2013.** China ceased financial transactions with North Korea’s Foreign Trading Bank. The U.S. and South Korea had found dozens of accounts linked to Kim Jong-un in several banks in Shanghai and elsewhere in China. Beijing refused to allow them to be included in U.N. financial sanctions passed after North Korea’s February 2013 nuclear test.
- **2016.** According to the U.N. Panel of Experts, North Korea used a Chinese bank to evade nuclear sanctions. The U.N. determined that Pyongyang transferred tens of millions of dollars through Bank of China’s Singaporean branch. Chinese representatives at the U.N. delayed publication of the report as they previously hindered reports of Chinese noncompliance or malfeasance.

Bilateral Trade

- **October 2006.** The Chinese customs office in Dandong closed for 40 days. Approximately 80 percent of Chinese exports to North Korea pass through Dandong.
- **2007.** Chinese–North Korean trade rose 21 percent year-on-year during the several months following the October 2006 nuclear test.
- **2009.** Chinese authorities banned shipments of all metals and chemicals to North Korea that could be diverted to military use and issued a stern warning that it would severely punish any violating Chinese business. Beijing also began shutting off food exports to North Korea, allowing only shipments under 50 pounds for personal use.
- **2010.** After North Korea’s 2009 nuclear test, Chinese trade and investment increased during the first 11 months of 2010 to \$3 billion, a dramatic increase from \$1.7 billion in 2009.
- **2013.** The Chinese Ministry of Transport directed customs agencies and logistics companies in Dandong and Dalian to strictly enforce U.N. Security Council Resolution 2087.

Concurrently, the Ministry of Finance began cracking down on illegal financial transactions by North Korean banks, including freezing North Korean assets.

- **2013.** According to Jilin Province officials, there were more stringent Chinese border checks and reduced bilateral trade for several weeks after North Korea's third nuclear test. The Chinese companies had reduced their exposure to North Korea due to concerns over the new sanctions but were assured by Beijing that they should continue business with North Korea as usual.
- **April 2013.** China increased border checks on trade shipments with North Korea. However, the flow of goods was largely unaffected, according to more than a dozen Chinese trading firms based near Dandong.
- **2015.** North Korean trade with China dropped nearly 15 percent in 2015 to \$5.76 billion with North Korean export of coal and iron falling 6.3 percent and 68.5 percent, respectively. However, the downturn took place before North Korea's nuclear test, suggesting it could also be attributed to China's economic slowdown and Kim Jong-un's call for using homemade products.

China as Enabler of North Korean Misbehavior

In the U.N., China has acted as North Korea's defense lawyer by:

- Repeatedly resisting stronger sanctions;
- Watering down proposed resolution text;
- Insisting on expansive loopholes;
- Denying evidence of North Korea violations;
- Blocking North Korean entities from being put onto the sanctions list; and
- Minimally enforcing resolutions.

For example, while the latest U.N. resolution appears to ban export of key North Korean resource commodities such as coal and iron, China insisted on an exemption for "livelihood purposes." In implementing the U.N. resolution, Beijing simply requires any company importing North Korean resources to sign a letter pledging that it "does not involve the nuclear program or the ballistic missile program" of North Korea." The reality is that the loophole is larger than the ban, making the sanction largely ineffective.

Even after the latest U.N. resolution sanctions, China remains a reluctant partner, fearful that a resolute international response could trigger North Korean escalatory behavior or regime collapse. Beijing resists imposing conditionality in trade because it believes it could lead to instability and unforeseen, perhaps catastrophic, circumstances.

China's reluctance to strongly pressure its ally provides Pyongyang a feeling of impunity which encourages it toward further belligerence. North Korea is willing to directly challenge China's calls for peace, stability, and denuclearization by repeatedly upping the ante to achieve its objectives including buying time to further augment its nuclear and missile capabilities.

China's timidity, and the international community's willingness to accommodate it, only ensures continual repetition of the cycle with ever-increasing risk of escalation and potential catastrophe. The effectiveness of international sanctions is hindered by China's weak implementation.

Noose Tightening on North Korean Regime

North Korea faces a perfect storm of conditions that makes it more vulnerable to economic pressure. While sanctions only apply to prohibited activities, even legitimate North Korean enterprises are becoming less profitable. Increased financial sanctions, combined with the increasing pariah status of the regime, are reducing the flow of hard currency to the regime.

Diplomatic pressure, including on human rights violations and the abysmal conditions of North Korean overseas workers, is scaring away traders and drying up the regime's overseas sources of hard currency. North Korean diplomats are being deported, overseas workers are losing their visas, and countries are severing business contracts with the regime.

In an attempt to prevent further defections, North Korea recalled some trade officials, students, and workers from overseas which, in turn, further reduces the regime's ability to gain hard currency. Other factors constraining North Korea's economy include decreased world prices for resource commodities (a key North Korean export), the slowing Chinese economy, and South Korea ending its involvement in the joint Kaesong economic venture (which had generated 23% of North Korea's foreign trade).

The regime is now facing greater pressure amidst a deteriorating environment for recovery. Previously, some country or another was willing to step in to provide whatever support was necessary to prevent collapse. But, North Korean actions have reduced international community tolerance and created a new consensus for stronger sanctions.

Resorting to Desperate Measures. As a result of heightened UN sanctions on financial transactions, some North Korean trading companies have resorted to smuggling foreign currency into the country. North Korea appears to have resumed or reinvigorated its currency counterfeiting operations. Starting in March 2016, high quality counterfeit \$100 bills were discovered in China with the North Korean government suspected as the source. The regime is also suspected in counterfeiting Chinese renminbi currency.

In February, North Korea conducted the first government-sponsored digital bank robbery. North Korean hackers gained access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) -- the system used by central banks to authorize monetary transfers -- to send money transfer requests of \$951 million from the Central Bank of Bangladesh to the New York Federal Reserve to transferred money to banks in the Philippines, Sri Lanka, and other parts of Asia.

The majority of the \$951 million in fraudulent money orders was halted or recovered, but \$81 million in transfers was laundered through casinos in the Philippines. Cyber security firms BAE Systems and Symantec identified North Korea as the most likely culprit. Both firms found links, including unique computer code, between the SWIFT hack and the 2014 hack of Sony Pictures by the North Korean affiliated hacker group Lazarus.

Time for Incrementalism Is Past

North Korea continues its relentless quest to augment and refine its nuclear weapons arsenal and missile delivery capabilities. Pyongyang's successful missile and nuclear tests show that it is only a

matter of time before the regime will be able to threaten the United States directly with nuclear weapons. North Korea already threatens U.S. interests and allies in Asia.

The regime shows its disdain for international efforts to constrain its behavior by openly and repeatedly defying international law and U.N. resolutions. Responding with strong rhetoric and minimalist measures has only encouraged North Korea to remain on course.

The international community should take all possible measures do cut off the flow of foreign currency into North Korea. It should no longer hold some sanctions in abeyance, to be rolled out after the next North Korean violation or provocation. There will be little change until North Korea feels pain and China feels concern over the consequences of Pyongyang's actions and its own obstructionism.

The U.N. should:

- **Eliminate the “livelihood purposes” exemption** for North Korean export of its resources and impose a ban on sale of crude oil to North Korea.
- **Ban North Korea overseas workers exploited in highly abusive conditions.** Workers are stripped of their passports, denied most of their earnings, and forced to perform labor without compensation. North Korea has an estimated 60,000 to 100,000 overseas workers in 50 countries but mainly China and Russia, earning the regime an estimated \$300 million to \$400 million annually.
- **Target North Korean human rights violations which a U.N. Commission of Inquiry deemed “crimes against humanity.”** Impose sanctions on North Korean entities, both at the individual and agency levels.

The United States should:

- **Impose secondary sanctions.** The U.S. should penalize entities, particularly Chinese financial institutions and businesses, that trade with those on the sanctions list or export prohibited items. The U.S. should also ban financial institutions that conduct business with North Korea from conducting business in the United States. Imposing secondary sanctions would have a chilling effect on Chinese economic engagement with North Korea since the risks would outweigh the economic benefits.
 - To date, the Obama Administration has not sanctioned a single Chinese entity for facilitating North Korean prohibited behavior. By hesitating to sanction Chinese violators due to concern of the impact on the strategic U.S.-Chinese relationship, the net effect is to give Chinese banks and businesses immunity from U.S. law.
- **Make clear to Beijing that Pyongyang is a national security threat to the U.S. and its allies** and that Chinese inaction or obstructionism on North Korea will impact the bilateral U.S.-China relationship.
- **Call on Beijing to abandon repatriation of North Korean defectors** and allow visits by the U.N. rapporteur on North Korean human rights to investigate refugee conditions in northeast China.
- **Compel the removal of North Korea from SWIFT financial transfers.** The Obama Administration and European Union pressured the Belgian-based Society for Worldwide

Interbank Financial Telecommunication (SWIFT) to disconnect sanctioned Iranian banks in 2012. The system is the world hub for electronic financial transactions.

- **Return North Korea to the state sponsors of terrorism list.** Inclusion on the list requires the U.S. government to oppose loans by international financial institutions, such as the World Bank, International Monetary Fund, and Asian Development Bank.
- **Increase information operations** to promote greater North Korean exposure to the outside world. Expand broadcasting services, such as by Radio Free Asia, and distribution of leaflets, DVDs, computer flash drives, documentaries, and movies into North Korea through both overt and covert means. Increased North Korean exposure to information is a useful long-term means to begin the transformation of the nature of the regime, as took place in Communist Eastern Europe and the Soviet Union.

Security-related

The U.S. and its allies must implement measures to defend themselves against the spectrum of North Korea's military threats.

- **Deploy the THAAD Ballistic Missile Defense System.** The Terminal High Altitude Area Defense (THAAD) is more capable than any system that South Korea has or would have for decades to defend against North Korean land-based missiles.
- **Refute fallacious Chinese arguments against THAAD.** Beijing asserted that THAAD deployment would impinge on its security interests. However, a careful analysis of THAAD interceptor and radar capabilities and Chinese missile deployment sites reveal Chinese technical objections are disingenuous.² Beijing's true objective is preventing improvement in allied defensive capabilities and multilateral cooperation.
- **Deploy sea-based ballistic missile defense against the submarine missile threat.** The THAAD system is not designed to counter SLBM threats. The X-band radar can only detect missiles in an approximate 90-degree arc, which would be directed toward North Korea, not the waters surrounding the Korean Peninsula. Therefore, Washington and Seoul should discuss deployment of SM-3 or SM-6 missiles on South Korean naval ships.
- **Augment allied anti-submarine warfare capabilities.** North Korea's apparent ability to evade allied submarine detection systems is worrisome. Washington should facilitate South Korean collection and analysis capabilities and linkage with U.S. naval intelligence. Seoul requires wide-area ocean-surveillance capability, for both coastal defense and blue-water operations.
- **Affirm U.S. resolve to support and defend our allies.** Ballistic missile defense is an important part of the broader strategy of strong alliances, forward-deployed U.S. military forces in the Pacific, and the extended deterrence guarantee.
- **Fully fund U.S. defense requirements.** The U.S. military is smaller today than it was on 9/11. The navy has 273 ships, 14% smaller than in 2001, and has not been this small since 1916. Five years ago the Army was building toward 48 brigade combat teams, today it has 32, a number that will likely drop to 24 or so by 2020. The Army will be smaller than at any time since 1940. The Air Force has 12 percent fewer personnel than on 9/11 and 26 percent fewer aircraft. In fact, the Air Force will have fewer planes than at any previous point in the

² Please see Bruce Klingner, "South Korea Needs THAAD Missile Defense," The Heritage Foundation, June 12, 2015, <http://www.heritage.org/research/reports/2015/06/south-korea-needs-thaad-missile-defense>.

history of the Air Force. The Marine Corps had 27 infantry battalions just a few years ago but is now on the way to 21.

Conclusion

At present, any offer of economic inducements to entice North Korea to abandon its nuclear arsenal is an ill-conceived plan with little chance of success. Instead, the consensus is that stronger sanctions must be imposed on North Korea for its serial violations of international agreements, U.N. resolutions, and U.S. law.

Washington must sharpen the choice for North Korea by raising the risk and cost for its actions as well as for those, particularly Beijing, who have been willing to facilitate the regime's prohibited programs and illicit activities and condone its human rights violations. Little change will occur until North Korea is effectively sanctioned, and China becomes concerned over the consequences of Pyongyang's actions and its own obstructionism.

Sanctions and targeted financial measures may take time to have an impact on the regime's financial condition. In the near-term, however, such measures enforce US and international law, impose a penalty on violators, and constrain the inflow and export of prohibited items for the nuclear and missile programs.

The difficulty will be maintaining international resolve to stay the course. Already, some have expressed impatience with the months-old sanctions and advocated a return to the decades-long attempts at diplomacy which failed to achieve denuclearization.

The Heritage Foundation is a public policy, research, and educational organization recognized as exempt under section 501(c)(3) of the Internal Revenue Code. It is privately supported and receives no funds from any government at any level, nor does it perform any government or other contract work.

The Heritage Foundation is the most broadly supported think tank in the United States. During 2014, it had hundreds of thousands of individual, foundation, and corporate supporters representing every state in the U.S. Its 2014 income came from the following sources:

- Individuals 75%
- Foundations 12%
- Corporations 3%
- Program revenue and other income 10%

The top five corporate givers provided The Heritage Foundation with 2% of its 2014 income. The Heritage Foundation's books are audited annually by the national accounting firm of RSM US, LLP.

Members of The Heritage Foundation staff testify as individuals discussing their own independent research. The views expressed are their own and do not reflect an institutional position for The Heritage Foundation or its board of trustees.