

**RESPONDING TO IRAN'S NUCLEAR AMBITIONS:  
NEXT STEPS**

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**HEARING**

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

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## **RESPONDING TO IRAN'S NUCLEAR AMBITIONS: NEXT STEPS**

**TUESDAY, SEPTEMBER 19, 2006**

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The committee met, pursuant to notice, at 9:35 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee) presiding.

Present: Senators Lugar, Hagel, Allen, Voinovich, Alexander, Biden, Dodd, Feingold, and Obama.

### **OPENING STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR FROM INDIANA**

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee is called to order.

The committee meets today to examine United States policy toward Iran, with particular focus on our response to Iran's continued pursuit of a nuclear weapons capability.

The United States has a clear interest in preventing such an Iranian capability. Iran has been a destabilizing force in the Middle East. As former Secretary of State, Henry Kissinger, wrote in the Washington Post last week, "Everything returns to the challenge of Iran. It trains, finances, and equips Hezbollah, the state within a state in Lebanon. It finances and supports Moqtada al-Sadr's militia, the state within a state in Iraq. It works on a nuclear weapons program which would drive nuclear proliferation out of control and provide a safety net for the systemic destruction of at least the regional order."

Diplomatic efforts to persuade Iran to halt its enrichment and reprocessing activities have continued in fits and starts. In July and August, Iran turned down a package of incentives offered by the five permanent members of the Security Council plus Germany. Iran also rejected U.N. Security Council Resolution 1696, which required the suspension of its enrichment activities. In recent days, we have seen reports of additional European attempts at dialog with Iran against the backdrop of impending U.N. sanctions.

This committee has devoted much attention to examining Iran's nuclear intentions and United States policy options. Last May 17 and May 18, we held a two-hearing series on this topic. Our witnesses, experts from academia and policy organizations, judged that the Iranian leadership is highly motivated to pursue a nuclear weapons capability by national pride, the desire to have a potent military deterrent, and the goal of greatly expanding its influence

in the region. Our experts said that Iran will not easily be dissuaded from its current path, but that the leadership would not be prepared to sacrifice everything. They also noted that there are some divergent views within the Iranian regime on the wisdom of pursuing a nuclear weapons capability in defiance of international will.

The task for American diplomats must be to bolster that international will and construct an international consensus in favor of a plan that presents the Iranian regime with a stark choice between the benefits of accepting a verifiable cessation of their nuclear program and the detriments of proceeding along their current course.

The United States currently has in place extensive unilateral economic sanctions against Iran. Some have suggested that the Congress should pass legislation targeting additional unilateral sanctions against foreign companies that invest in Iran. I understand the impulse to take this step. But given the evident priority that the Iranians assign to their nuclear program, I see little chance that such unilateral sanctions would have any effect on Iranian calculations. Such sanctions would, however, be a challenge to the very nations that we are trying to coalesce behind a more potent multilateral approach to Iran. We should not take steps that undermine our prospects for garnering international support for multilateral sanctions, which offer better prospects for achieving our objectives than unilateral measures.

If we're able to proceed with multilateral sanctions in the United Nations, we should recall the lessons of the U.N. sanctions regime against Iraq. To the extent possible, the sanctions should be targeted on the Iranian regime or on maximizing popular discontent with the regime. Sanctions also must be designed to achieve the broadest international support over, potentially, many years. If a sanctions regime lacks the full commitment of the international community, it is more likely to be undermined by leakage and corruption.

As the United States pursues sanctions at the United Nations, it is important that we continue to explore potential diplomatic openings with Iran, either through our own efforts or through those of our European negotiating partners. Even if such efforts ultimately are not fruitful, they may reduce risks of miscalculation, improve our ability to interpret what is going on in Iran, and strengthen our efforts to enlist the support of key nations to oppose Iran's nuclear weapons program.

We're delighted to be joined today by two distinguished panels to help us assess these issues and evaluate policy options.

On the first panel, we welcome back our good friend, Under Secretary of State for Political Affairs, Mr. Nicholas Burns, and we look forward to his assessment of current diplomatic efforts.

On the second panel, we welcome three experts in the field. Dr. Ashton Carter, codirector of the Preventive Defense Project at the Belfer Center for Science and International Affairs at Harvard University, is a former senior official in the Defense Department, who, with former Defense Secretary William Perry, has recently led a blue-ribbon workshop on the Iranian nuclear issue. Ambassador Martin Indyk, director of the Saban Center for Middle East Policy

at the Brookings Institution, grappled with the challenges posed by Iran as Assistant Secretary of State for Near Eastern Affairs in the 1990s. And Dr. Ray Takeyh, senior fellow for Middle Eastern studies at the Council on Foreign Relations, is an expert on Iran's complex internal politics.

We welcome all of our witnesses, and we look forward to your testimony.

First, I would like to call upon the distinguished ranking member of our committee, Senator Biden.

**OPENING STATEMENT OF HON. JOSEPH R. BIDEN, U.S.  
SENATOR FROM DELAWARE**

Senator BIDEN. Thank you, Mr. Chairman.

I'd ask unanimous consent that my entire statement be placed in the record, as if read.

The CHAIRMAN. It will be placed in the record in full.

Senator BIDEN. And let me just say that, to state the obvious, Iran's failed to comply. This is a very important moment for a real test for our diplomacy, a real test for the U.N.'s tenacity, and for our partners' seriousness. And no easy answers.

I am looking forward to the testimony today of a very, very distinguished panel. And I know one thing will come out of this, and that is—the tendency occasionally on this debate is to hype and exaggerate, on the one side—or completely dismiss, on the other—the consequences of Iran failing to change course. But one thing I know from the witnesses before us, we're going to get a balanced, reasoned number of suggestions from them as to how to proceed. And I am more interested in hearing what they have to say than essentially seconding everything you said in your statement, because, if you read my statement, you'll see it's very, very similar.

So, I'm delighted that the Under Secretary is here. I have great admiration for Nick Burns, and I'm anxious to hear his testimony.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.

Thank you, Mr. Chairman. I welcome our witnesses.

As we meet, the President is at the opening of the United Nations General Assembly. Iran's nuclear program will be high on his agenda.

Since our last hearing on Iran, the administration has taken significant steps in the direction many of us recommended. We joined with other members of the P5 plus Germany in offering a package of incentives to Iran. It was conditioned on Tehran verifiably suspending its uranium enrichment and reprocessing activities. We also offered to join France, Germany, and Britain at the negotiating table with Iran.

Iran, not surprisingly, delayed in responding. When it finally did, on August 22, it was neither a "yes" nor a "no." Iran also failed to comply with the deadline set forth in U.N. Security Council Resolution 1696 for suspending its uranium enrichment activity by August 31.

So this is an incredibly important moment—and a real test for this administration's diplomacy, for the U.N.'s tenacity and for our partners' seriousness.

What will it take to get negotiations started, with an Iranian suspension of enrichment and reprocessing activities? If we get that far, what will it take to get Iran to suspend those activities not for weeks or months but for years—which is the only way it can begin to regain the world's trust? And if we don't get that far, what will it take to impose U.N. sanctions—and what good will they do?

Simply put, what is the administration's game plan?

I hope that we also use this hearing to consider the larger strategic picture. There is a pervasive sense in the Middle East that Iran is becoming an increasingly assertive power—and so a growing problem. This summer's war in Lebanon—ignited by

Hezbollah but fueled by Iranian cash and arms, Iran's continuing support to Shi'a militias in Iraq, its President's outrageous statements about the Holocaust and Israel, and its intransigence on its nuclear program are exhibits A, B, C, and D.

Two U.S. actions—a necessary war in Afghanistan and an optional one in Iraq—had the unintended consequence of removing Iran's greatest strategic threats, while tying our troops down. Add record oil prices to the mix—which have filled Tehran's coffers—and it is no surprise that Iran is feeling emboldened.

How should the United States respond to growing Iranian assertiveness? Should we build a containment policy with Iran's neighbors who do not want Iran to dominate the region?

How can we tap into the deep unhappiness in Iran with the current regime? While Iranians of all stripes support a nuclear program, they also differ on the price they are willing to pay for it.

The late Zulfikar Ali Bhutto once famously said that Pakistanis would "eat grass" in order to match India's nuclear weapon. I am not certain that all Iranians are ready to "eat grass" for nukes. Their number one priority is an improved economy and a better quality of life. We need to do a much better job appealing to those interests.

The incentives package offered in June is a good first step. But we should be much more explicit—and much more direct—in communicating the benefits Iranians can expect if their leaders suspend enrichment and end support for terrorism. We should also make clear the hardships they would face if their leaders remain defiant.

To that end, it is time to jettison the canard that negotiation equals legitimization. We've talked with North Korea, Libya, the U.S.S.R., and China during the cold war.

Now, our greatest allies against the theocracy in Tehran are the Iranian people. They admire America. But we never get our side of the argument into Iran—and into the minds of the people who, over time, have the power to change their government's course.

We should have confidence in the power of our ideas and ideals. Putting them front and center before the Iranian people is the best way to start a debate in Iran. Right now, they don't hear America's voice.

The CHAIRMAN. Thank you very much, Senator Biden.

We look now to you, Secretary Burns. Your full statement will be made a part of the record. And please proceed as you wish.

**STATEMENT OF HON. R. NICHOLAS BURNS, UNDER SECRETARY FOR POLITICAL AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. BURNS. Mr. Chairman, thank you very much for the invitation to be with you. And Senator Biden, other members of the committee, thank you very much for this opportunity.

I will—I have introduced my full statement for the record. I will not read it to you. I thought what I would do is just try to frame the issue of how we deal with Iran as a country, and then go into the nuclear and terrorism issues, both of which, I assume, will be of interest to the committee.

Mr. Chairman, it was a turbulent summer in the Middle East. And, in the aftermath of that, there's no question that the United States faces a considerable challenge from the Iranian Government.

Iran was offered—has been offered a historic opportunity to reintegrate into the international community, but its leadership, in our judgment, is continuing along a path of confrontation and isolation, because it's refusing to abandon its pursuit of nuclear weapons. Iran, in recent months, escalated its efforts to sow discord and to foment violence in both Iraq and in Lebanon. At home, the Iranian regime renewed its campaign against journalists, against intellectuals, and against democratic activists as President Ahmadinejad tried to turn back the clock and reimpose the obsolete



orthodoxies of the Revolution of 1979. Individually, these aspects of Iran's foreign and domestic policy—its nuclear ambitions, its support for terrorism, its efforts to subvert our interests in the region, and internal repression—present a profound set of concerns for the United States. Viewed comprehensively, it is clear that Iran's regime poses a complex and multidimensional threat to an array of fundamental American interests both in the Middle East and globally. The United States has no higher priority than facing and overcoming this threat, and we look forward very much to working, on that basis, with both this committee and with the Congress.

The challenge of dealing with Iran is further complicated by history, and especially of the painful events of a generation ago. We still remember, in the State Department, Iran's seizure of our Embassy in Tehran in November 1979. They took 52 American diplomats hostage, and held them there for over 400 days. And one bitter legacy of that dispute is the absence of formal diplomatic relations, and even any kind of regular diplomatic contacts between our country and Iran. And that's been going on for nearly 27 years.

We have no illusions about the nature of the Iranian regime or about its objectives. We believe that Iran's leadership aspires to preserve their place in power and to extend and entrench their influence over their neighbors in the Middle East. They view their presence—they view the presence in the region of the United States, and of our allies, as the paramount obstacle to their regional ambitions.

In many ways, the current leadership, especially President Ahmadinejad and his supporters, are attempting to make Iran, once again, a revolutionary power in the Middle East. They're seeking radical change inside Iran by returning to the zeal and purity, as they see it, of the early years of the revolution under the Ayatollah Khomeini. In their foreign policy, they are pursuing a course of aggressive behavior from their arming of Hezbollah with long-range rockets to strike Israel—this past summer, they held a million Israeli civilians hostage for 30 days during that campaign; their efforts to create a nexus of terrorism as they have routinely held summit meetings and planning meetings with Syria, with Hamas, with Hezbollah, with Palestinian Islamic Jihad, and with the Popular Front for the Revolution—the Liberation of Palestine-General Command. This is a newly aggressive foreign policy. It is different from what we have seen in recent years, and is—it is expressed most ominously in what most countries conclude, around the world, to be a national effort by Iran to acquire a nuclear weapons capability. That is the challenge, as we see it.

Now, the urgency and complexity of that challenge requires an equally vigorous and multifaceted response by our country and by our allies. And during the past 12 months we have worked, as you know, very hard to mobilize a strong international coalition designed to make clear to Iran that there will be an increasing cost to its behavior on the nuclear front, as well as to its support for terrorism, and there will be consequences in a variety of ways—first and foremost, at the U.N. Security Council, and that is in play this week. We have been intensifying pressure on the Iranian regime since a year ago, since Ahmadinejad's inauguration, and since he abruptly and unilaterally walked out of Iran's negotiations with

the European-3 countries. Since then, we have worked in the IAEA to pass two resolutions that have found Iran not to be in compliance with their international obligations concerning nuclear power and nuclear research and their scientific activities. We were joined in those votes, not just by the EU3, but by Russia and China. And Russia and China have been a big part of this coalition. We were also joined by India and by Egypt and by Brazil in the second vote in the IAEA, on February 4, which we believe sent a resounding message to Iran that it is increasingly isolated on this question.

And then, against the predictions of the Iranian Government and a lot of people who didn't think we'd be able to do this, we were able to move this issue to the Security Council in March, and we have set up a series of escalating steps to pressure the Iranians since then.

Now, our strategy toward Iran does not begin and end with the Security Council. We're also working in coordination with the Government of Lebanon in the aftermath of the war, and with our European allies, to reinforce the arms embargo provided in Resolution 1701, the resolution that brought out a cessation of hostilities. One of the causes of the war, in our judgment, was the fact that Iran had so heavily armed—as well as Syria—Hezbollah, and had—that it allowed Hezbollah to undertake the attack across the border that it did. We want to enforce the U.N. Security Council arms embargo, to make sure that those types of shipments do not continue.

We are also working with the Iraqi Government to mitigate Iran's influence there and to try to stem the assistance that we know Iran is giving to insurgent groups, including the provision of very sophisticated IED technology that has been injurious to our troops, as well as to British troops.

More broadly—and I think you saw comments from Secretary Paulson following his meeting in Singapore the other day—we are working with the financial community worldwide to impress upon them the cost of doing business with Iran, and we're making the case that Iran is not a good risk for further investment in any field. And we're beginning to see banks decide that they will not continue with new lending to Iran, and some European and Asian banks actually curtailing their operations quite significantly.

Mr. Chairman, I—we very much agree with you, the United States will not be successful in confronting the Iran challenge by unilateral measures. We have had unilateral sanctions in place in Iran for nearly a generation, for 25 years. What is more important now is to fashion this larger international construct of countries—on the diplomatic plane, at the United Nations; financially, through the efforts to Secretary Paulson and others—to raise the cost to Iran of its present behavior on both the nuclear and terrorism issues. And we intend to proceed on that basis. And, having established this international consensus, with just a few exceptions over the past year, we're confident that this is the best way to give diplomacy a chance—and we wish to give it a chance, as President Bush said the other day—and to make diplomacy effective.

The only countries that we can find that clearly do not agree with this international consensus on Iran are Cuba and Venezuela and Belarus and Syria. The four of them have consistently voted to protect Iran, whether it's in the IAEA or in the United Nations.

But Iran can't count on the Perm-5 countries. In fact, it can count on us to impose a sanctions regime, should that become necessary, and we can talk about the specifics of that. It can no longer count on leading members of the nonaligned movement. And I mentioned some of them—Egypt and Brazil and India—all of which have voted against Iran. So, we think this is the best way forward.

And I'll be very happy to answer any questions that you and the other members have, on that basis.

I thought I should just—since it's so much in the news, Mr. Chairman, just brief you—give you an update on where we stand on the effort to sanction Iran in the United Nations Security Council. You remember that we made an offer of the P5 countries and Germany to Iran, back on June 1, and we said, "There are two paths forward. If you are willing to suspend your enrichment-related and reprocessing programs, your nuclear research at the plant at Natanz, we are willing, all of us, to offer a package of economic and scientific and technological incentives." President Bush talked the other day about the willingness of the United States to see an international effort to try to create nuclear power for Iran's civilians. And that was the positive offer made on June 1.

There was also a second choice, a negative offer, made to Iran then, and the second choice was, "If you can't do this, if you proceed unfettered in your nuclear activities at Natanz, then we will proceed with a sanctions resolution." That was on June 1.

There were then a series of meetings that Javier Solana, representing the P5 and Germany, had with the Iranian leadership, but he didn't get anywhere with them in the month of June, in the month of July. On July 12, our Foreign Ministers all met in Paris, and they said, in the statement, "Should Iran not meet these conditions by the 31st of August, we will proceed to a sanctions resolution."

And then, on July 31, we were able to pass, by a vote of 14 to 1, a sanctions resolution, in essence authorizing sanctions, Resolution 1696, which said that we would act, under chapter VII, article 41, to impose a sanctions regime in Iran, should it not meet the conditions.

Well, the deadline expired on August 31, and then it appears the Iranians got interested in putting forth serious views.

So, now, Mr. Chairman, we're, in effect, in extra innings. At the Security Council this week, we assume that Dr. Ali Larijani, the Secretary of the Iranian National Security Council, will show up in New York. We assume that he will have a series of conversations with the European leadership, not with the United States. And we hope that, on behalf of his government, he will say that Iran is willing to suspend all of its nuclear research programs, and that will be verified by Dr. ElBaradei and the IAEA apparatus in Vienna. Should that be the case, President Bush and Secretary Rice have been very straightforward, the United States, will appear at the negotiating table with Iran for the first time in 27 years. We will seek to end their nuclear research programs through diplomacy. But should that not be the case, and since we're in extra innings—we can't wait for ever, and there's a very short timeline here—then President Bush and Secretary Rice, as recently as this

morning, said publicly that we will seek to impose a sanctions regime on the Iranian Government.

We believe, as you suggested, Mr. Chairman, that those sanctions, in their first phase—and there may be multiple phases of graduated sanctions on Iran—should be focused on their leadership, and should be focused on their nuclear program, and should be designed to curtail the kind of dual-use exports that we believe make it possible for the Iranians to conduct nuclear research by using technologies that are now permissible under the international trade guidelines.

We believe we have unity among the Perm-5 countries and Germany to do this. And, as recently as yesterday afternoon, that unity was in place.

So, the Iranians have a clear choice to make. That choice is in New York this week, and we very much hope that Iran will make the right choice so that negotiations can proceed and diplomacy can proceed.

Mr. Chairman, if I could just make two more points, then I'll conclude these opening remarks.

We're also concerned by Iran's support for terrorism. We've often said—and, I believe, in testimony before this committee—that, in effect, Iran is the central banker of Middle East terrorism. If you look at the three or four major terrorist groups, the ones that are designed—that have as their objective the destruction of the State of Israel, that have carried out terrorist attacks against Israel and against other allies of the United States, they are all being funded by Iran, the Iranian leadership meets with them routinely. And we believe there's also political control over many of these organizations by the intelligence services of the Iranian state. That is a very serious challenge to our country. We take it seriously. And you can believe that we're taking measures to confront that challenge.

We also have a challenge of Iran in Iraq. There's no question that Iran is not standing up for a—for unity among the various groups in Iraq. Quite the contrary. And there's also abundant evidence, as we have said now for a solid year, that the Iranians have supplied sophisticated IED technology to Shi'a insurgent groups, and that that technology has been used against our soldiers and the soldiers of the United Kingdom. That is a very serious matter. We're also confronting that issue.

We also know that after the destruction of al-Qaeda in Afghanistan in the autumn of 2001, in the winter of 2002 after they fled, some of the al-Qaeda membership fled to Iran. It is sometimes said that they are under house arrest there, but Iran has not prosecuted them, Iran has not turned them over to their countries of origin, and we have serious concern that these people may be able to operate in a somewhat free environment, and that is, of course, of great concern to us, as well.

So, terrorism—going back now to the early 1980s and the creation of Hezbollah and Iran's sponsorship of Hezbollah, continuing through the attacks against us in the gulf in the 1990s, terrorism is an abiding concern that we have with Iran. It's a front-order concern. And we are facing it squarely.

Finally, I just wanted to thank the Congress—this committee, the Senate, and the House—for having given us, in supplemental

fashion this year, \$66 million so that we might proceed in our efforts to promote democracy in Iran and to help those inside that country who wish to have a different future.

We're using the majority of that money to increase the ability of VOA Persian broadcasts to broadcast into Iran from 1 hour a day a year ago, to 12 hours a day by January of next year, January 2007, also to increase the ability of Radio Farda, our Persian-language radio service, into Iran, because there ought to be a competition for ideas in Iran, and there ought to be a political debate informed by free ideas and free information; and so, we take that responsibility seriously, and we thank the Congress for the financing that you've given us that enabled us to expand these programs.

President Bush said, the other day in his press conference, that he also hoped that we would be able to dramatically expand the people-to-people contacts between Iran and the United States. This is a most unusual relationship. I can't think of a relationship with any country in the world that is more unusual and more closed than that of the relationship between Iran and the United States. And we're now planning athletic exchanges, medical exchanges, professorial exchanges, people-to-people exchanges from people in all walks of life, so that we can bring Americans, in much larger—Iranians, excuse me, in much larger numbers to this country and hopefully have the kind of exchanges that, in the long term, might help us, over the horizon, to begin to have a more normal relationship and a more normal dialog, especially between Iranians outside of their governmental apparatus.

And, third, we're using some of the funding that you provided us to try to give support, on a grassroots basis, to the nongovernmental community in Iran and to those who wish to see democracy as the future of Iran.

There's not much that one can say in open session about this. We're trying to be very careful not to, in public, release the identity of the people with whom we're working, for obvious reasons, but there is a lot more we can say in closed session, and I'd be happy to do that, should you be interested.

So, Mr. Chairman, that constitutes the summary of my opening remarks. You have the full statement that we provided for the record last evening. And I look forward to your questions.

[The prepared statement of Under Secretary Burns follows:]

PREPARED STATEMENT OF HON. NICHOLAS BURNS, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Thank you, Mr. Chairman, Ranking Member Biden, and distinguished members of the committee for this opportunity to discuss U.S. policy toward Iran, in particular, next steps in responding to Iran's nuclear ambitions.

In the aftermath of a turbulent summer in the Middle East, the centrality of the challenge posed by Iran is ever more apparent. Offered a historic opportunity to reintegrate into the international community, Iran's leadership is continuing along a path of confrontation and isolation by refusing to abandon its pursuit of nuclear weapons. Iran escalated its efforts to foment violence and sow discord in both Lebanon and Iraq. At home, Tehran renewed its campaign against journalists, intellectuals, and democratic activists, as President Ahmadinejad tried to turn back the clock and reimpose the obsolete orthodoxies of Iran's revolution.

Individually, these aspects of Iran's foreign and domestic policy—its nuclear ambitions, support for terrorism, efforts to subvert our interests in the region, and internal repression—present a profound concern for U.S. policy. Viewed comprehensively, it is clear that Iran's regime poses a complex and multidimensional threat to an

array of fundamental American interests in the Middle East and across the world. The United States has no higher priority than facing and overcoming this threat, and we look forward to the support of this committee and the Congress in that effort.

The challenge of dealing with Iran is further complicated by history and especially by the painful events of a generation ago—Iran's seizure of our Embassy and holding hostage 52 American diplomats and personnel for more than a year. One bitter legacy of this tragic episode is the absence of formal relations or regular diplomatic contacts between Iran and the United States for nearly 27 years.

We have no illusions about the nature and objectives of the Iranian regime. Its leaders aspire to preserve their place in power and to extend and entrench Iran's influence over its neighbors in the Middle East. They view the presence in the region of the United States and our allies as the paramount obstacle to these regional ambitions.

In many ways, the current Iranian leadership, especially President Mahmoud Ahmadinejad and his supporters, are attempting to make Iran a revolutionary power. They seek radical change in Iran by returning to the zeal and purity, as they see it, of the early years of the revolution under Ayatollah Khomeini. In their foreign policy, they are pursuing a course of aggressive behavior from their arming of Hezbollah with long-range rockets to strike Israel to their work to create a nexus of terrorism encompassing Hezbollah, Hamas, Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine General Command, and Syria. This newly aggressive foreign policy is also expressed most ominously in what most countries conclude is a national effort to acquire a nuclear weapons capability.

The urgency and complexity of the Iranian challenge requires an equally vigorous and multifaceted response. Over the past several years, we have crafted a comprehensive approach to Iran that addresses the broad scope of the challenge and enhances the tools at our disposal for countering the Iranian threat. During the past 12 months, we have mobilized a strong international coalition to make clear to Iran that its policies at home and across the region carry political, economic, and diplomatic consequences. Those consequences are becoming evident to Iran in a variety of ways—first and foremost, at the U.N. Security Council, which has consistently intensified pressure on Iran since March to suspend all enrichment and reprocessing activities and is today considering sanctions in response to Iran's failure to do so as the Council required on July 31 in U.N. Resolution 1696.

Our strategy toward Iran does not begin or end with the Security Council, however. The tragic violence in Lebanon has created new opportunities for intensifying pressure on Iran's support for terrorism, and we are working in coordination with the Government of Lebanon as well as allies in Europe and the region to enforce the arms embargo provided for in UNSCR 1701. We are working with the Iraqi Government to mitigate Iran's influence and assistance to groups trying to accentuate conflict and divide Iraqis. More broadly, we have deployed a range of financial instruments to raise the costs to Iran of its behavior in the world. In addition, we are taking steps to expand the information flow into Iran, support democratic activists, and boost people-to-people contacts between our nations. These U.S. efforts are backed and amplified by support and cooperation from a broad-based international consensus.

The emergence of this international coalition of concern is important and may provide the most effective way to use diplomacy to convince or coerce Iran to modify the most dangerous aspects of its foreign policy ambitions. Clearly, if diplomacy is to succeed, we must preserve international unity to convey the most powerful message to Iran's leadership.

The emergence of this coalition is no small achievement. Rather, it is the product of the leadership of President Bush and the sustained diplomacy of Secretary Rice, the State Department, and other U.S. Government agencies.

We recognize, however, that even with a diverse set of tools at our disposal and solid multilateral engagement, meeting the Iranian challenge successfully will require patience and persistence. Beneath the bombast from Tehran is a determined strategy by Iran's leadership to undermine our efforts, and those of so many in the Middle East, to establish an enduring pro-Western orientation among the states in the region. Behind Iran's intransigence are a series of clever diplomatic tactics aimed at splintering the carefully crafted international coalition opposed to Iran's agenda.

We are committed to ensuring that neither these ploys nor Iran's vision for the Middle East will prevail. I will outline our policies for meeting the multidimensional challenge posed by Iran and detail the achievements that our coordinated efforts to check the regime's policies at home and across the region have already begun to realize.

*Iran Nuclear Proliferation / UNSCR Next Steps*

The greatest immediate threat posed by the Iranian regime is its desire to acquire a nuclear weapons capability. For more than 18 years, Iranian leaders pursued a clandestine enrichment program and other undeclared nuclear activities that they hid from the world, in violation of their international obligations. That flagrant abuse of the world's trust has allowed us to mobilize a strong coalition of countries to deny Iran nuclear weapons. While President Bush has always been clear that no option is off the table, the United States continues to support a diplomatic solution to the Iranian nuclear problem, should that be possible. We have worked for a solid year to form a coalition of the Permanent Five members of the U.N. Security Council and Germany to pressure Iran to open its system to IAEA inspection and suspend specific enrichment activities. Other leading countries such as India, Egypt, Brazil, Japan, and Australia have joined us in pressuring Iran to meet its IAEA obligations. I have traveled to Europe 12 times during the last 18 months to help this coalition unite around these goals.

Our diplomacy is paying dividends. Today, the international community has affirmed in a strong voice that Iran cannot be permitted to achieve its nuclear ambitions, and that a suspension of activities related to enrichment and reprocessing is required in order to rebuild the loss of confidence in Iran's intentions.

The goal is clear: Iran must abandon its quest for nuclear weapons and fully meet its obligations under the Non-Proliferation Treaty.

We have communicated this choice clearly over 2 years of efforts in the IAEA Board of Governors. In the past year, the U.N. Security Council adopted unanimously on March 29 a Presidential statement calling on Iran to fully suspend all enrichment-related and reprocessing activities and to cooperate fully with the IAEA's ongoing inspections. Iran essentially ignored this U.N. statement.

On June 6, the Governments of China, France, Germany, Russia, the United Kingdom, and the United States presented Iran a generous package of incentives that would provide for economic, political, and technological benefits for the Iranian people following a successful conclusion of negotiations with Iran. Secretary Rice announced that the United States would be willing to join negotiations with our European partners and Iran, if Iran established a verifiable suspension of enrichment-related and reprocessing activities. This was the first significant U.S. offer to negotiate a major issue with Iran in 27 years.

The United States and its partners presented Iran with two clear paths to choose: The first was to abandon its enrichment-related work and receive the far-reaching incentives included in the P5+1 incentive package, discussed with some of you individually and sent in full to the committee in July. To take advantage of these incentives, the Iranian regime has to verifiably suspend all enrichment related and reprocessing activities.

As President Bush emphasized last week, the United States supports the right of the Iranian people to enjoy the benefits of peaceful, civil nuclear energy. But we and other leading countries do not support Iran mastering the enrichment and reprocessing and other sensitive aspects of the fuel cycle that would allow it to produce fissile material and a nuclear weapon. Russia and other European countries have proposed an initiative to supply nuclear fuel for civil power reactors, without allowing Iran to conduct these more sensitive operations.

Alternatively, the P5+1 emphasized that the negative choice is for the Iranian regime to maintain its present course of defiance—violating the conditions laid out by the international community. If Iran continues down this path, President Bush and the other P5 leaders have made it clear that there would be consequences. In Paris, on July 12, the P5 and German Foreign Ministers, including Secretary Rice, affirmed their intentions to take Iran to the Security Council should Iran not suspend its enrichment programs. Unfortunately, Iran failed to take the steps needed to allow negotiations to begin. After 2 months without a positive, concrete response from Iranian leaders to the incentives package, we and our international partners in the U.N. Security Council adopted Resolution 1696 on July 31, 2006.

This resolution explicitly demanded that Iran suspend all enrichment-related and reprocessing activities, including research and development. Resolution 1696 also called upon Iran to take the other steps deemed necessary by the IAEA Board of Governors in its February resolution.

Resolution 1696 also made clear that if Iran did not comply by August 31, the Security Council would adopt appropriate measures under article 41 of chapter VII of the U.N. Charter, which provides for sanctions.

Iran finally responded on August 22 with a 21-page document that was alternatively rambling and vague. Iran's response did not even clarify its stance toward our central offer posed 3 months earlier—Iran's willingness to suspend its enrichment.

On August 31, IAEA Director General El Baradei reported that Iran had not suspended its enrichment-related activities, was continuing construction of a heavy water research reactor at Arak, and that it continues to deny numerous IAEA requests for information necessary to resolve uncertainties surrounding its nuclear activities. Furthermore, the August 31 board report contained two significant findings: (1) Discovery of HEU particle contamination on a waste container at the Karaj Waste Storage Facility; and (2) the temporary loss of continuity of knowledge over a UF6 cylinder. These findings are further evidence that Iran has raised more questions rather than answers regarding its nuclear activities.

Iran's refusal to suspend is disappointing and in our view, a major missed opportunity. The international community warned Iran's leaders that this course would result in further isolation and sanctions. Indeed, operative paragraph eight of U.N. Security Council Resolution 1696 made abundantly clear the Council's intention to pursue sanctions, if Iran failed to comply with the resolution.

We are currently engaged in discussions with our P5+1 partners on a sanctions resolution in the Security Council. I traveled to Berlin on September 7-8 to confer with my P5+1 counterparts on elements to include in a sanctions resolution. I have had numerous conference calls with my P5+1 counterparts since then to continue these discussions. There was an "experts"-level meeting in London on September 14 to review the technical details of the elements we want to include in a sanctions resolution. Secretary Rice and I will pursue this discussion of sanctions at the U.N. General Assembly in New York this week and next. I must today refrain from discussing details in an open session. However, I would be happy to discuss these measures with you in a closed session.

Iran's continued defiance is a clear challenge to the authority of the U.N. Security Council and the IAEA Board of Governors, and presents a serious threat to the non-proliferation regime. It is imperative that the international community send Iran a strong message that this defiance will not be tolerated by imposing U.N. sanctions that target the regime and Iran's nuclear and missile programs, not the Iranian people.

Going forward, we will do everything we can to maintain the widest possible international consensus on the steps Iran must take, and we will continue to keep Iran isolated on this issue. In the meantime, the High Representative for the European Union Javier Solana is discussing with Iranian officials a last-minute attempt to convince Tehran to accept the conditions of suspension and agree to negotiations. We support his effort but we will push for the imposition of sanctions if these talks do not produce a satisfactory outcome. The international community is waiting for Iran to give an unequivocal reply to our offer to negotiate.

Our message to Tehran remains clear: Abandon the quest for nuclear weapons, and establish a full and verifiable suspension of all enrichment-related and reprocessing activities. If you can do so, the United States and others will begin negotiations. If you cannot, you will face sanctions.

#### *Terrorism*

With your permission, I would like to also discuss our efforts on countering Iranian terrorism.

All of you are familiar with Iran's infamous status as the world's leading state sponsor of terrorism. Indeed, the Iranian regime has for 27 years used its connections and influence with terrorist groups to combat U.S. interests it perceives as at odds with its own.

In Iraq, Iranian activities aim to undermine coalition efforts. Iran provides guidance, weapons, and training to select groups, some of whom support attacks against coalition forces and are accentuating sectarian violence. It also provides Shi'a militants with the capability to build IEDs with explosively formed projectiles similar to those developed by Iran and by Lebanese Hezbollah. Shi'a insurgent groups have used this deadly technology in attacking, and in some cases, killing American and British soldiers.

Iran remains unwilling to bring to justice senior al-Qaeda members it detained in 2003, and it has refused publicly to identify those senior members in its custody. Iran has also resisted numerous calls to transfer custody of its al-Qaeda detainees to their countries of origin or third countries for interrogation or trial. Iranian judiciary officials claimed to have tried and convicted some Iranian supporters of al-Qaeda in 2004, but refused to provide details. In failing to identify and turn over these al-Qaeda members, Iran is blatantly defying its UNSCR 1267 and 1373 obligations. As the Council discusses the need for a chapter VII sanctions resolution on Iran as a result of its nuclear defiance, we hope Council members will take note of Iran's continued intransigence on its terrorism-related obligations as well.



We also continue to see evidence that Iran encourages anti-Israeli activity. Both Supreme Leader Khamenei and President Ahmadinejad often praise publicly Palestinian “resistance” operations, and we know that Iran provides Lebanese Hezbollah and Palestinian terrorist groups—most notably Hamas, Palestinian Islamic Jihad (PIJ), and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC)—with funding training and weapons. Iran, Syria, and these groups form a nexus of terrorism that presents a major challenge to our goals of democracy and peace in the Middle East. President Ahmadinejad has threatened more than once the very existence of Israel, not only a close U.S. friend, but a United Nations member state.

As Secretary Rice has said, Iran is the “central banker” of terrorism. In that regard, we have made progress in impeding the regime’s terrorism finance efforts. It is universally accepted that attacking terrorist financing is an essential element to combating terrorism. Treasury’s Under Secretary for Terrorism and Financial Intelligence, Stuart Levey, traveled to Europe last week, where he met with banking officials to enlist their support in our efforts to combat terrorism and isolate the Ahmadinejad regime. Treasury also announced on September 8 that it will prevent one of Iran’s largest state-owned banks—Bank Saderat—from gaining access to the U.S. financial system. We believe Bank Saderat has been used by Iran to transfer money to Hezbollah, Hamas, Palestinian Islamic Jihad, and other terrorist organizations. The only way that Iran can reintegrate fully into the international community is by ceasing all support for terrorist activity.

#### *ILSA Update*

Sanctions have been a consistent and valuable tool in our arsenal for dealing with Iran. This June, I testified before the Senate Banking Committee on proposed legislation to extend and amend the Iran and Libya Sanctions Act (ILSA). As Secretary Rice also testified earlier this year, we believe ILSA has proven constructive for our Iran policy. But as she also noted, “We are in a different phase now,” 10 years after ILSA’s enactment. In confronting the challenges posed by Iran, the administration supports legislation that would reauthorize the current ILSA statute for an additional 5 years. A bill to this effect has been introduced in the Senate: S. 2657. We support removing references to Libya from the law, given that ILSA’s applicability to Libya was removed in 2004 and given the administration’s decision to rescind Libya’s designation as a state sponsor of terror on June 30, 2006.

In today’s context, other pending legislation on ILSA raises serious concerns for the administration. In particular, I would like to say a word about H.R. 282, which was passed by the House of Representatives and is pending before this committee, and S. 333, also before this committee. The provisions that freeze current restrictions, set specific deadlines for decisionmaking, that restrict certain waiver authorities, and—in H.R. 282—that call for divestment of assets and prohibitions on assistance, would narrow the President’s flexibility in the implementation of Iran sanctions and strain relations with allies whose cooperation is crucial to our efforts to change Iran’s behavior. These bills would effectively penalize most severely the very allies critical to maintaining our international coalition against Iran.

Iran is still working to create divisions among the international community—including the P5+1. We are concerned that the proposed amendments would take the focus of international attention away from Iran’s misdeeds, where it now appropriately lies, and shift it to potential differences between the United States and its allies over ILSA provisions. If so, this would play into Iran’s hands and set back the progress that we hope to make diplomatically in stopping Iran’s nuclear weapons programs.

Today, there is a perception of heightened political and financial risk associated with Iran continues that will be further fed by Iran’s refusal to comply with a Security Council resolution.

Meanwhile, we should do everything possible to strengthen the unprecedented and expanding consensus we have in place. In this regard, I would urge you to support an extension of the current ILSA legislation and to oppose provisions which will drive a wedge between the United States and the P5+1.

#### *Democracy and Human Rights*

Before I conclude, I would like to turn briefly to another dimension of Iran’s challenge to the international community—the regime’s reprehensible treatment of its own people. Iran’s leaders are determined to preserve a system that endows power, privilege, and vast economic perks to a narrow revolutionary elite. As a result, the Iranian regime’s record of human rights abuse is among the worst in the world. Like its nuclear ambitions, the record of the regime at home is equally clear, equally consistent, and equally negative. It is a record of: Lack of transparency surrounding

judicial proceedings; depressed living standards; intolerance toward minority ethnic and religious groups; discrimination against women as it relates to child custody laws; and limitations on the extent of freedom of speech and assembly.

The Iranian people—an ancient, proud nation of 70 million—deserves much better. They have made clear their desire to live in a modern, tolerant society that is at peace with its neighbors and in close contact with the broader international community. And we are confident that, if given a genuine opportunity to choose its leaders freely and fairly, the Iranian people would make a very different choice. They would choose leaders who invest in development at home rather than bloodshed abroad and a system that respects all faiths, empowers all citizens, and resumes Iran's historic place as a regional leader.

For this reason, in parallel with our efforts on the nuclear and terrorism issues, we have launched a set of new initiatives intended to achieve an equally important goal—reaching out to the Iranian people to promote democracy and freedom. As President Bush and the Secretary have clearly articulated, we stand with the Iranian people in their century-old struggle to advance democracy, freedom, and the basic rights of all citizens. Since the Department received its first Iran-specific appropriation from Congress in FY 2004, our efforts to foster Iran's democratic development have expanded considerably. Congressional allocation of \$66M in FY06 supplemental funding has allowed us to begin initiating a wide range of democracy, educational, and cultural exchange programs as well as significantly expanding the flows of free information that are available inside Iran.

Support for prodemocracy activities inside Iran will consume \$20M of this supplemental funding as well as an additional \$11.5M in initial FY 2006 funding. These programs build on our effort initiated since 2004 to support human rights, expand civil society, improve justice and accountability, and advance basic rights and freedoms. Our grantees are assisting independent labor activists, conducting training workshops on civil mobilization and activism for NGO leaders, linking reformers within Iran to like-minded groups outside the country, assembling documentation on human rights abuses in Iran, and creating Persian and English-language Internet portals to connect reform-minded Iranians.

Given the nature of United States-Iran relations, however, progress toward our goals has predictably been difficult. Our partners on the ground—the brave men and women who have worked for years to advance democratic ideals in Iran—fear in many cases that public association with the United States and other governments could jeopardize their work and, possibly, their lives. Accordingly, we employ all possible safeguards—including confidentiality—to enable them to pursue their work.

The FY 2006 supplemental has also enabled us to undertake another critical goal in reaching Iranians—enhancing the volume and the quality of information that is available to the people of Iran. Communications are a vital tool in our efforts to champion democracy in Iran. Toward that end, the Broadcasting Board of Governors received \$36.1M of the \$66M that Congress allocated for Iran under the FY 2006 supplemental, an increase of more than 200 percent of the BBG's initial FY 2006 budget of \$17.6M for Iran broadcasts. This additional funding will enable the BBG to dramatically upgrade its infrastructure, improve Radio Farda service and its Web site, and increase Voice of America—Persian service television programming from 1 to 12 hours per day by January 2007.

Ultimately, the most valuable means of reaching out to the Iranian people comes through direct, face-to-face contact. As President Bush indicated last week, we hope to bring more Iranians into our country, even as its regime becomes further alienated from the international community. To that end, we are developing programs to bring more Iranians to the United States in the fields of culture, medicine, education, and environment. Similarly, we have developed academic exchanges, overseas seminars, and sports exchanges that will engage teachers, students, athletes, and other influential Iranians. We are working with respected American nongovernmental organizations to maximize our outreach to the Iranian people. One such effort will engage Iranian opinion makers and professionals, including physicians, religious scholars and business leaders. The Department is also partnering with the U.S. Olympic Committee and several national sports leagues to conduct a sports exchange for coaches and athletes in wrestling, soccer, and basketball for boys, girls, and those with disabilities.

Our Iranian partners want to improve life for all Iranians. Many Iranians share our concern about the imprisonment of political activists and the harassment of opposition journalists. The regime's harassment of Nobel Peace Prize winner Shirin Ebadi's legal office and the forced retirements of more than 50 Western-trained professors from Iranian universities are ominous signs of repression. The Iranian regime's unjust treatment of women, its persecution of religious and ethnic minorities,

and its continued harassment of critics demonstrate that life is not getting better in Iran.

We believe most Iranians are sympathetic to democratic values. They advocate for freedom and justice. Still, it may be years before the Iranian people achieve the changes they want and deserve. Against this backdrop, the United States—through these programs, and through our diplomatic efforts—stands with the Iranian people.

*Conclusion*

As all of us are aware, Iran presents the United States with a critical strategic challenge in its pursuit of nuclear weapons and regional hegemony, support for terrorism, and repression of its own people. Iran's leadership has chosen the path of isolation and confrontation, and now it is the responsibility of the international community to ensure that the costs for Iran of such a course are clear. Our comprehensive approach will require the determined efforts of this administration and our friends and allies around the world. We look forward to the support of Congress in this historic effort.

The CHAIRMAN. Well, thank you very much, Secretary Burns.

The Chair notes that we have good attendance, with perhaps more coming; and, likewise, a distinguished panel to follow, and a rollcall vote at approximately noon or thereabouts. So, with all those constraints in mind, and doing the math, I'm going to suggest an 8-minute limit. I hope that members will adhere to that as much as possible, so that we will be able to hear the second panel and have a good questioning of them, too.

Let me begin the questioning, Secretary Burns, by asking about your experience in dealing with Iran close up for some time now. Most of the accounts of Iran in the popular press, stress the large number of very poor people in the country. There are large stretches of the countryside that have not shared in whatever oil wealth or other wealth might have come from commerce. In a normal state, such a situation would be daunting, and maybe, in Iran, it is. But this byplay in Iran between those persons looking for a better life—maybe a majority of the people of the country—and those in control, does not really surface often. And so, I raise it today.

Second, we're often told about the students, or the young people in Iran. The population of Iran apparently has a majority under age 25. These young Iranians may, or may not, share the strength of the theological views of the leadership, but on the other hand have never shown particular signs of resisting, either. On a generational level, maybe they are waiting for the old people to die out, in due course, as they come into their own.

These are just two significant groups of people in a complex country, admittedly. As you've said, there is always the possibility of promoting for person-to-person exchanges between Iranians and Americans. Many people who have been to Iran have enjoyed pretty good colloquies. I've visited with some of the young people in our country who have gone there and had quite a good time, with the thought that, essentially, so long as they kept it private, they would not get in trouble with their elders and the religious folk and so forth.

Now, on top of that, the current President of the country, who will be speaking to the United Nations shortly after our President, is something else altogether. And here, people who are into historical quests, say, "Listen, Iran is a country that, in its tradition, in its ancient history and its aspirations, is destined, if not to rule the world, then to be a dominant force in the Middle East." In other

words, what we're witnessing, they say, is the "clash of civilizations" idea. They see Iran seeking nuclear weapons as a very important point of, at least, having all the resources necessary to be a dominant power, not only in the region, but universally, in the minds of, at least, more grandiose scholars.

Now, with these conflicting views coming and going, how do Iranian statesmen actually come to a policy? As you were discussing, Mr. Ahmadinejad may, in New York today, bring about negotiations, first with the Europeans, then maybe even with us. How does this come about? How? Have you witnessed the development of diplomatic policy in Iran?

Mr. BURNS. Mr. Chairman, thank you. I think you've asked a central question. What are the objectives of the Iranian Government? What type of world do they wish to live in? What type of policies do they seek to establish in the Middle East as they clearly flex their muscles in the Middle East region?

We are limited somewhat, because, as you know, we have no diplomatic contact with them. I've been in the U.S. Foreign Service for nearly 25 years. I've never met an Iranian Government official. And that's true with nearly all of my colleagues. And so, we observe. And there's been a great deal of observation taking place. As you know, we've recently established, in Dubai, an—a section of American diplomats who are solely focused on Iran. That was something we felt we had to do to increase our understanding of that country. We built up a new Iran Desk in the State Department, at Secretary Rice's instruction, so that we might devote greater resources to the effort of understanding the Iranians.

But I think it's clear—and I would—I know Ray Takeyh is the great expert on this, and he'll follow me—I think it's clear that we're not looking at a monolith. This is a country undergoing a vast transformation in the way that it views itself, both in its internal arrangements—there's a furious debate about the lack of democracy, about the repression of journalists and the repression of students and democrats. There is also a great debate in Iran about its foreign policy, about what kind of country it should be in the world. You saw some of that in the recent visit of the former Iranian President Khatami, who came here and spoke to many Americans. He said that, in his view, as I understood it—I did not—we did not meet with him, but I read his comments—that he didn't agree with President Ahmadinejad that Israel should be wiped off the map of the world, he didn't agree that the Holocaust, the historical accuracy of the Holocaust, should be put into question. So, there are many voices.

What we hope will emerge is an Iranian Government that realizes that a policy of the type espoused by Ahmadinejad, of aggressive behavior in the region, which has a lot of the Arab countries very concerned, a clear effort to create a nuclear weapons capability, and a clear effort to continue the funding of terrorist groups, that's going to create a vast international coalition against Iran. And that is happening. And you can see that today.

On the other hand, there are others in the Iranian Government and political system arguing for integration with the rest of the world, investment in trade, more moderate foreign policies that don't frighten the Sunni Arab regimes, that don't pit themselves

against the United States or Russia or China or the European countries on the nuclear issue. And so, we'll have to see how this debate plays out. It is often said that the youth of the country are frustrated, that they want democracy in their country, they don't want to live under these very harsh provisions of the Islamic theocracy, the ruling theocracy. And so, it's going to be very important that we understand these challenges inside the country—that's why we're devoting so many more resources of our Government to do so—and to react to it.

What concerns us is the policy of President Ahmadinejad and his supporters. We have to take seriously what they say. They seem to conceive of themselves as a revolutionary power, and they want to stir up some of the revolutionary sentiment of a quarter of a century ago and embark, both internally and externally, with the type of policies with which we have to profoundly disagree.

And so, our job and our challenge is to confront those policies and to blunt what the Iranians are trying to do on the terrorist issue, the nuclear issue, and turn them back.

As President Bush and Secretary Rice have been saying, we are choosing diplomacy, we are seeking a diplomatic way forward. We've invested a tremendous amount of our energy and diplomatic capital in diplomacy, and we believe that there can be—it's not assured, but there can be—a diplomatic way forward on this nuclear issue, and that's why we're working so hard in New York this week at the Security Council, to see if the Iranians can stand down their nuclear program and agree to negotiations. And Secretary Rice said this morning, if they do that, and if it's verified, Secretary Rice will appear at the negotiating table and engage them in a very tough way on all these issues.

The CHAIRMAN. My time has concluded. I appreciate the thought that all of us—people in public life and Americans—might become much better informed about Iran in a hurry. We really need to know the country and the people well. This is very serious.

Senator Biden.

Senator BIDEN. Thank you, Mr. Chairman.

Let me say, at the outset, I don't have a question.

Nick, I'm more encouraged by what you said today than anything I've heard from the administration. The President likes to kid—when I said to him, about a year and a half ago in a meeting, he asked me a question, and I said, "Well, that's nuance, Mr. President." He kiddingly put his hands on my shoulder and said, "I'm George Bush, I don't do nuance." Obviously, you're figuring out we have to do nuance here.

The fact of the matter is, I think we are woefully uninformed, at least in the public forum. There is virtually no discussion about the nuance that exists within Iran.

You said several very interesting things. You talked about moderates within Iran. You talked about the distinction among some of the present and former leaders in their attitude toward Israel, their attitude toward a number of different issues. And it seems to me the central question is, How do you isolate the extremists without killing the moderates? It seems to me—and I'm anxious to hear the panel talk about this a little bit—we've actually underestimated—and I don't purport to be an expert on Iran—we vastly un-

derestimate recent history and its impact upon the attitude of Iranians generally and how it has affected all the strata of the political leadership.

You look at Saddam's use of chemical weapons against the Iranians years ago, with, apparently, the blessing of the West and the rest of the world, everyone remaining silent. You have to ask the question, which is not popular to ask among all of us in public life—you know, sometimes paranoia is well-founded—if you were sitting in Iran, and you had a democratic government, would you want a nuclear capability? If the answer to that question would be “Yes,” then, it seems to me, that indicates there's got to be other kinds of incentives. It's not just the way we make it out to be is, there's just a bunch of these crazies—and some of 'em are crazy—and Ahmadinejad out there as if he's one in line with the clerics. I'm going to ask the panel.

That's not my information. My information, there's an internal struggle, an internal struggle between Ahmadinejad and the theocracy. The question is, How long are they going to let him—how long is the leash going to be? The discussions I have with Iranian experts relates to the conflict that exists at that level, yet we talk about it—and until you spoke today—I'm sure the administration has said what you've said before. I haven't heard it. What I heard mostly is absolutes, that we seem to know that—exactly what's happening.

I find—it seems to me one of the most hopeful prospects for us is—in order for us to succeed in dissuading Iran from making this next leap—the Iranian people. If I'm not mistaken, we are at least as well off, if not better off, in terms of public opinion, in Iran than we are in other countries who are supposedly our allies, like France. And it seems to me, that is a heck of a pool there to deal with it. It always—it always surprises me, our unwillingness to publicly engage on a world stage, even the bad guys in Iran, in order to give some sustenance or some argumentation, some support for those moderate voices inside Iran.

You pointed out that there's a need to significantly expand exchange programs. What's the purpose of that? Well, the purpose of that is to expose Iranians to our point of view. Yet, Iranians don't get exposed to our point of view. All they really get exposed to is our bellicose response to generally bellicose initiatives by the Iranians. There's hardly anything else that I see that comes forward.

And so, the fact that, you know, we talk and we use terms like, “This is really a religiously motivated attempt to dominate the Muslim world with a nuclear weapon.” If I'm not mistaken, only 15 percent of the entire Muslim world is Shi'a. And if I'm not mistaken, they aren't very well suited to lead the 85 percent of the Muslim world that is Sunni. Yet we conflate the two all the time. We talk about it as if there is only one concern we have, and it's all—they're all basically jihadists who sup from the same cup. I don't see it that way.

And I hope that you continue to—and the Secretary, assuming it's the Secretary—have influence to get a much more nuanced picture of what's going on inside this country.

It seems to me that nationalism plays a pretty significant part. For example—and I'll end with this—you hear, constantly, calls for

the need for us to go “take out” the Iranian nuclear facilities, as best we can, “Take ‘em out now. Don’t wait to do that.” First of all, we can’t take ‘em all out, but we could take some out and slow things up. I may be mistaken—and I’m going to ask this question—but my concern is, that may be the single most unifying act we could engage in, the thing that would most unify Iranians across the ideological spectrum.

So, I hope we are much more sophisticated than we were when we went into Iraq. I hope we’re much more sophisticated than we have been since we’ve gone into Iraq. And I look forward to—and I mean this sincerely—your influence on the administration, or your representation of the administration, that seems to be moving in the direction that understands that there may not be any single answer and we may be leaving some of our best assets on the table, in terms of this issue.

Conclusion. I find it difficult—my dad used to say—when I was a kid, I’d say something, and he’d say, “Champ, if everything’s equally important to you, nothing is important to you.”

What’s most important to us, stopping their nuclear program or stopping their support of terror? They’re both very bad things. Very bad things. If we could get a verifiable deal on enrichment, verifiable deal on missiles, would we make a deal with them, and recognize them, and then fight them on a different front, in terms of their supporting terror? Or do we have to have a total deal to change the relationship?

The policy of regime change makes it difficult to negotiate. It’s a little like my sitting down and saying, “You know, I want to work out an agreement with you about how we’re going to deal with that property next door that we both have an interest in. And then after we do that, work that out, then I’m going to eliminate you. And then I’m going to take out your property. I’m going to deprive you of ownership.” I find that kind of fascinating, why we think someone’s going to sit down and actually make a deal when they know, at the end of the deal, we still say they should be gone.

But—sometime, maybe, we can talk about that, but my time’s up.

The CHAIRMAN. Thank you very much, Senator Biden.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you. Secretary Burns, welcome.

I would like to follow along the comments of Chairman Lugar and Senator Biden, Mr. Secretary, and just reemphasize that we are dealing, as you have noted—and we will hear more specifically from the second panel on this issue—with a country that, as—we all have some sense of this—has deep internal complications, and—as you have suggested, using a current example of former President Khatami’s days here in the United States, and what he said, and the disagreements that he expressed with the current leadership—and we should not undervalue or underestimate those deep internal complications—I think, contradictions. I think we are dealing with a country—and I am no expert on Iran or any other country, but I do listen to experts carefully, and I think we are dealing with a country at a time in its history that is, in fact, full of contradictions. And if there’s anything that I hope we have learned

from our invasion of Iraq, in not planning carefully about who was going to govern after we disposed of Saddam Hussein, it is surely that those next sets of questions—that are always difficult to answer, but need to be answered, and certainly challenged as we work our way through these great diplomatic challenges of our time—Iran presents for us and the world the consummate example of what we didn't do right in Iraq, in my opinion.

We are in a mess in Iraq and in the Middle East, partly because we didn't do enough to understand those complications—religious, tribal, historical—a lot of differences, just as Senator Biden has noted, between Persian Shi'as and Arab Shi'as. And I think what is most important, at least in my opinion here, Mr. Secretary, is that we carefully examine all those—these pieces before we put ourselves, our country, and the world in a very dangerous position, that we have worked ourselves into a corner and we can't get out.

In fact, if—as you have noted regarding influence that Iran has in Iraq—and that's, I suspect, debatable, and we will hear more about that from the second panel. I happen to believe that Iran probably has more influence in Iraq today than any other country, for a lot of reasons. And I say that partly because if you look at the current Iraqi leadership—as you know, we have just had a visit in Iran with the Iranian leadership from the Prime Minister, the Iraqi President has been there. We also know that the Iraqi and Iranian oil companies are doing business. As a matter of fact, we know that because Iraq does not have the kind of refining capacity that it needs, that it is shipping crude to Iran, Iran is exchanging that crude with refined products. There is a very significant amount of not only commerce going on, but diplomacy, as well as other exchanges. That says to me, Mr. Secretary, that, aside from the fact that Iran is, in some way, involved in—as we know from some limited intelligence—other activities in Iraq. I have believed, for some time, that we will see no peace, no stability, no security in the Middle East until Iran is part of that. I don't see how it can happen, whether it's the Israeli-Arab issue or whatever dimension that you apply to security in the Middle East.

Now, I would ask you this question. You say that we are—the United States—leading a coalition that is becoming, I think, in your words, a vast international coalition against Iran, to isolate Iran. But how can you say that, when we have, for example, one of the permanent members of the Security Council's comments, President Chirac, today, on the front pages of all the papers, talking about sanctions, that sanctions is not the responsible way to go? We know there are two other members of that permanent Security Council, Russia and China, who have difficulties with our approach. I'm not so certain that—because I believe that Middle East is the most—is in the most combustible, dangerous situation we've seen since 1948—I'm not so sure, the way this is going, Mr. Secretary, that the United States is not isolating itself in the Middle East.

Now, when we also hear of tough talk from some in this administration, about, "Well, we'll use a military option"—let's start with that question. Under what conditions would this administration use military force against Iran? That's a question to you.

Mr. BURNS. Thank you very much. Thanks, Senator Hagel.



And responding to your two questions gives me an opportunity just to also respond to some of the thoughts put out by Senator Biden. I'll try to do that together.

First of all, let me say that President Bush and Secretary Rice have been very clear, nearly every time they talk about Iran, that we haven't taken, and will not take, any of our options off the table. And that is commonsensical. And that is supported, by the way, by the great majority of our allies, that position—the thought, that is, you never take—you never want to limit your power and options ahead of time.

Second, the President has made it very clear—and he spoke on Thursday and Friday about Iran, quite extensively—that we are on a diplomatic course. We've been on that diplomatic course since March 2005. That's when we decided that we would support the EU3 diplomatic efforts. And for the past 18 months, we have been vigorously trying to put together this diplomatic coalition as a way to use diplomacy to resolve this nuclear crisis. That's our first choice. That's where the great percentage of the energy of our Government is going right now, to make diplomacy succeed. That's what the President and Secretary Rice are doing this week in New York. And I think we've proven our commitment to diplomacy by standing by the EU3 for the last 18 months, by bringing Russia and China into that coalition, by passing Resolution 1696—by the way, to answer your first question, does commit the French Government, the Russian Government, the United States Government to a course of sanctions under article 41, chapter VII of the U.N. Charter, should Iran not meet this basic condition, "Suspend your enrichment-related and reprocessing activities."

And so, we assume, and we believe, that all the governments that voted for that resolution back on July 31 will honor it. And I can tell you that over the last 10 days I've been to Berlin to discuss a sanctions regime with the French, British, Germans, Russians, and Chinese. Last week we had two very long conference calls. We had specific discussions on which sanctions we would like to employ in the first round. We haven't come to an agreement yet, but we are actively discussing the sanctions. And Secretary Rice will pursue that this evening when she meets Foreign Ministers of all these countries, in New York.

And so, I can assure you we are on a diplomatic path. That's the focus of our energies. We believe diplomacy could possibly succeed, may succeed. And we hope it will, because it's a vast—it's a vast preference over all the other options.

I would also say this. I agree with both you and Senator Biden that—and the chairman, he made this point, as well—that it's very important that we understand this country. And we're limited. We're limited, because we haven't had a single diplomat—a single—representing us in that country for 27 years. And so, we're making an enormous effort to do that.

And it's important to distinguish about these moderates, too. Iran is not a monolith. There are lots of different voices in the governmental structure, as well as in the society, but it's also important to note that the moderates, the so-called moderates, when they were in power, between 1997 and 2005, they continued the war on terrorism against us, they continued and accelerated the nuclear

research program. So, they may be called “moderates” in that country’s political spectrum, but we had profound disagreements with people like former President Khatami. And it was good to see—we chose not to meet with him when he came to Washington and New York and Boston, but we know that a lot of Americans put those issues to him, “Why did you continue to support the terrorism when you were in power? Why did you continue the nuclear programs?” And it’s important that we continue to understand that even the moderates are espousing policies that are directly contrary to American national interests.

And I’ll just say, further—to your final question, Senator, about Iraq, the Iranians are not acting in a way that would argue in favor of a unitary state in Iraq. They’re not supporting a political compromise among the three major groups in Iraq. They clearly have their preferences, and they’re open about it. And they’re also arming insurgent groups that are contributing to the problem of terrorism and violence.

So, the Iranians have a lot to answer for in their policies in Iraq. They may be influential. I don’t agree, respectfully, that they’re the most influential country, vis-a-vis Iraq. I think we have more influence. And we will exercise that influence. And we’ll do it in a very aggressive way, designed to protect our national interests, because that’s our job.

I hope I’ve answered your question. If I haven’t—

Senator HAGEL. Well, actually, you’ve not. If I—I know you wanted to keep a tight rein on this, Mr. Chairman, but I asked the question, Under what condition will the United States use military force in Iran?

Mr. BURNS. And I would answer that question, respectfully and specifically, by saying, Mr. Chairman, we haven’t taken any option off the table, but we are focused on diplomacy. I don’t believe any senior member of our Government has ever answered that question specifically, nor should we. But I can assure you that, while we’re always prepared to defend ourselves, we are seeking a diplomatic solution to the nuclear problem.

And Senator Biden asked a related question, which I should answer. He said, “You can’t have it—too many priorities. You’ve got to distinguish among those priorities.” I think we signaled that, back on May 31, when Secretary Rice made her very long public statement about Iran, in which she said that we’re willing to negotiate, for the first time in 27 years—no prior administration, Republican or Democrat, had made that offer in 27 years—that we’re willing to do it on the nuclear issue, because we see the nuclear issue as uniquely dangerous to our country and to our allies in the Middle East. And she said, in that statement, “Should we ever get to the negotiating table on the nuclear issue, we also feel so strongly about the terrorism issue that we’d raise it there.” But we’re obviously willing to enter into a course of negotiations with Iran on the nuclear issue, because that has to be the place we stop the Iranians first. We can’t imagine this particular Iranian Government, of President Ahmadinejad, in possession of nuclear weapons, and nor can our allies in the Middle East, the Arab countries, or the members of the Perm-5.

The last thing I'll say in answer to both of your questions is, I've made, I don't know, 15 or more trips to the Middle East and Europe over the last 18 months on this Iran issue. I have not encountered a single senior official of any of the serious governments in play who believes that Iran is not trying to develop a nuclear weapons capability. Everyone believes they're doing it. The 18½ years of lying to the IAEA has all of our suspicions aroused, and we want to use the concern that Russia and China and the Europeans have to mobilize an international effort to isolate the Iranians.

And, Senator, I would disagree, I think Iran is being isolated, not the United States. I think the story of the last 12 months is that the United States has been engaged in multilateral diplomacy. We've helped to build a big coalition. We're not isolated. It's Iran that's isolated on this particular issue, in my judgment.

Senator HAGEL. Thank you.

Senator BIDEN. I'd like to ask unanimous consent that—on this point, that the testimony in response to a question by me when Secretary Rice was here, in her first appearance, on the very question of priorities and if there was a verifiable agreement on missiles and on nuclear enrichment—Would we then build a relationship?—and I want her answer to be part of the record, if I might.

The CHAIRMAN. It will be made a part of the record.

[The information previously referred to follows:]

NOMINATION HEARING OF DR. CONDOLEEZZA RICE TO BE SECRETARY OF STATE,  
JANUARY 18, 2005

Senator BIDEN. Iran. Seymour Hersch wrote, in *The New Yorker*, that the "Hawks in the Pentagon, in private discussions, have been urging a limited attack on Iran because they believe it could lead to a toppling of the religious leadership."

I'm not asking you about whether there's any discussion about an attack, but do you believe that it is possible to "topple," the religious leadership in Iran? And—by any short-term military action—is that a goal—not militarily—is it a goal of the United States to change the regime in Iran?

Dr. RICE. The goal of the administration is to have a regime in Iran that is responsive to concerns that we have about Iran's policies, which are 180 degrees antithetical to our own interests at this point. That means that the—a regime, "the" regime, would have to deal with its nuclear-weapons obligations, deal with the fact that there are al-Qaeda leaders who have been there, deal with the fact that they're supporting Hezbollah and terrorism against—and Palestinian rejectionists against the Middle East peace process. That's what we're seeking.

I do want to say that the Iranian people, who are among some of the most worldly, in a good sense, that we know, do suffer under a regime that has been completely unwilling to deal with their aspirations, and that has an appalling human-rights record—

Senator BIDEN. One of the things that—if I can stick on the nuclear side of this equation for a minute, one of the things that I've found—I may be mistaken, but I think Senator Hagel also might have found, there were a lot of feelers coming out, we talked to you about it in detail, from the Majlis and members who were viewed as at least modern and not clerical, not necessarily pro-Western—was, I didn't find a lot of distinction between "Iranian democrats," with a small "d," and the Ayatollahs on the issue of whether Iran "was entitled to be a nuclear power."

The arguments I would get would be—even from people we would not consider hard-liners—was that, "We're in a dangerous neighborhood. We believe Israel has nuclear weapons, Russia has nuclear weapons, Pakistan has nuclear weapons, India has nuclear weapons, others are seeking nuclear weapons. Why are we not entitled to nuclear weapons? And there's no umbrella or guarantee coming from any nuclear power for us."

Do you think, if there was a regime change—that is, assume that the reform movement had been successful, assume that instead of toppling those elected officials in genuinely held democratic elections, assume that instead of them being

thrown out, assume that they had prevailed and the religious leadership had been defeated, politically, in Iran. Do you think Iran would forego its nuclear aspirations?

Dr. RICE. Well, it's hard to—I really don't want to speculate. I think it's the kind of thing that we've—we don't know. I do think that we're sending a message—the world is sending a message to Iran that Iran cannot be a legitimate participant in international—the international system, international politics, and pursue a nuclear weapon. And I would hope that that would have an effect on—

Senator BIDEN. Well, we did—

Dr. RICE [continuing]. Whatever regime there is in—

Senator BIDEN [continuing]. That, and—

Dr. RICE [continuing]. Iran.

Senator BIDEN [continuing]. And you did it very successfully, along with our European friends, who had initiated it, with regard to Qaddafi. But, as I said earlier, there were significant carrots in the Qaddafi “deal.” And I fully supported what you did, and I think it was a great success.

Now, the EU3, the European community, has approached this in a slightly different way than we have, with a slightly different emphasis. And I asked you about that in my questions to you, written ahead of time, and you said, in answer to the question about our participation with the EU3, you said, among other things, “The United States Government is not a party to the EU3's ongoing dialog with Iran. We believe that additional bilateral and multilateral pressure, including reporting Iran's noncompliance to the U.N. Security Council, will be required to persuade Iran's leadership to end its sensitive nuclear fuel cycle pursuits. We will continue to consult with our friends and allies toward this end.”

Now, my question is, Why do you think it is not—or is it that we are not welcome, or is it not profitable to be actually engaged with the EU3 as they proceed now? Because the likelihood of the U.N. Security Council—maybe you have more faith in the U.N. Security Council than I do—but the likelihood of them concluding that Iran is in noncompliance and imposing broad sanctions—we're already sanctioning the heck out of them—I wouldn't want to bet anything on that.

So I'm confused. Why are we not prepared to engage in the process and talk about what carrots we may be willing to offer in return for a cessation of their nuclear program and their missile program? Is there some philosophic reason for that, or is it a practical reason or what's the reason?

Dr. RICE. Well, we do have a number of other problems with Iran, not just the nuclear problem. And I think that the future of Iranian relations—United States/Iranian relations—rests, not only on the nuclear issue, but at other—a number of other issues, too—terrorism, our past—their human-rights record.

The way that we've chosen to do this is that Europeans work very closely with us, and they—we are trying to see if, indeed, the process that they're engaged in is going to bear any fruit.

Senator BIDEN. I understand that. And I think you've given me a straightforward answer, and I want to make sure I don't misunderstand you. When I talk to our European friends, who are the three, their Foreign Ministers and/or their parliamentarians who are engaged in this, what they say to me is essentially what you just said. I think the Europeans would be willing to cut a deal with the Iranians now, relating to economic help, if there was a verifiable forswearing of production of nuclear weapons and a missile program. But the truth is—and I'm not being critical, I just want to make sure I understand it—even if they did that, as long as they were continuing to support Hezbollah, as long as they were exporting the efforts to destabilize Israel, and as long as they were engaged in human-rights abuses, then the administration's position would be—even if the Lord Almighty came down and said, “We guarantee you we can verify this, guarantee we can verify a compliance with no nuclear weapons and no missile technology,”—we still wouldn't go for that deal, would we?

Dr. RICE. Well, I think we would have to say that the relationship with Iran has more components than the nuclear side, but let's see how far the Europeans get, and—

Senator BIDEN. Well—

Dr. RICE [continuing]. Take a look at—

Senator BIDEN [continuing]. I appreciate—

Dr. RICE [continuing]. Where we are.

Senator BIDEN [continuing]. That. I would just suggest that we have a real relationship with China, and their human-rights abuses are terrible. The watch group looking at Russia has now put Russia in the category—I can't find the exact quote, my staff has it—of being nondemocratic. We continue to have a relationship with them. And my worry is—I'll be very blunt with you, with regard to both Iran and Korea—is that I'm not sure we're ready to take yes for an answer. I don't know

whether they would go forward. But I do believe one thing firmly, that there is no possibility of any fundamental change in the nuclear program in Korea or Iran, absent the United States actively, deeply engaged in the negotiation. We're the 800-pound gorilla. We're the outfit, they want to know where they are, where we are. And it concerns me that we say the single most dangerous thing—as my friend from Illinois said—and that both candidates agree, the most single-most dangerous thing in the world is the spread of nuclear weapons and their possible access by the bad guys beyond the nation-states.

We seem to be able to delineate when we deal with Russia. We seem to be able to delineate when we deal with China. I would argue the human-rights abuses in China are not fundamentally different than human-rights abuses in Iran. By the way, it was Freedom House who categorized—I know you guys know this, I couldn't remember the outfit—that now labels Russia as “not free.”

As my grandpop used to say, the horse may not be able to carry the sleigh that you all are insisting on, but at any rate, thank you very much.

The CHAIRMAN. Thank you, Senator Hagel.

Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman, for holding this very important hearing. And, Secretary Burns, as always, it's good to see you, and to listen to you, and I appreciate your candor today.

I know it is difficult to answer some of the questions, given the sensitive nature of the day-to-day diplomacy that's occurring. But, that said, and like the rest of my colleagues, I feel it is important to recognize the grave nature of the threat that Iran poses to our national security, specifically, and to the security of the Middle East and the international community, in general.

While far from over—and I recognize that—current diplomatic efforts don't seem to be working. The role that China and Russia are playing in this standoff is troubling, and I remain skeptical about this administration's democracy promotion programs within Iran.

If we learned anything from the United States intervention in Iraq, it's—it was that disjointed or shortsighted efforts to change regimes don't work. It's also frustrating to me that this administration appears to be rejecting outright the notion of engaging one-on-one with Iran's leadership. While I acknowledge the work being done by our diplomats and the EU3, it is clear to me that diplomatic engagement should not be ruled out. In my opinion—and you have stated this, and I agree with you—no option should be ruled out.

That said—and, again, I want to thank you for coming today, I'm hopeful that we can work together on this issue, and I want to ask you a couple of questions—I'd like to move into the issue of Iran's relationship with India.

As we all know, these are two countries that have a long and complicated relationship and a history of close ties. According to a news report from the Islamic Republic News Agency yesterday, the Iranian President and the Indian Prime Minister had a meeting in the sidelines of the nonaligned movement summit taking place in Cuba. Following the meeting, Prime Minister Singh stated that, “India is determined to consolidate cultural, economic, and political ties with Iran,” and expressed regret over the, “misunderstanding caused about India's stance on Iran's peaceful nuclear program,” stressing that India, “would never join any efforts against Iran.”

What do you think India's reaction will be if we pursue sanctions against Iran? And, assuming that we can take the Prime Minister of India at his word here in saying that India would never join in

any efforts against Iran, how effective will our efforts be without India's support?

Mr. BURNS. Senator, I'm happy to answer that question, if you'd like me to.

The Indians—India was the first of the nonaligned countries to vote against Iran at the IAEA, back on—in September—late September of last year, and also in February 2006 of this year. So, India led the effort, that others subsequently joined, to say that the Iranians were not meeting their IAEA requirements and that they were—that they ought to come in line with those requirements. And we have found that Indian support to be essential in building the wider coalition that included countries like Egypt and Sri Lanka and Brazil. And the construction of this large coalition, I think, was made possible, in part, because, frankly, of the courage of the Indian Government in taking that decision last September.

Senator FEINGOLD. So, you just assume that the Prime Minister's words don't mean what they say?

Mr. BURNS. Well, you know, lots of countries have different relations with Iran. Some of our best allies in NATO—the European countries—have multibillion-dollar trade and commercial relations with Iran. And so, I don't think it would be fair, if you're asking about India, to hold India to a standard that we're not asking Italy or Spain or France to raise—to meet.

I will say this, that we put forward the sanctions—the Resolution 1696, on July 31, that will set up a sanctions resolution, with the idea that if the Security Council does agree to sanctions should Iran not meet the requirements of our offer, then all countries of the United Nations would be bound to follow those sanctions, and we'd include every country, obviously including India, to follow the wishes of the U.N. Security Council.

Senator FEINGOLD. Well, I assume obtaining India's support for such sanctions would be one of our highest priorities with our relationship with India, just as it should be with other countries, such as Indonesia and others. This is, I think we all agree, just a major priority for us, on a list of many important priorities.

According to another report, India and Iran are moving forward on plans for an Iran-Pakistan-India gas pipeline. If this project is completed, what effect do you think it will have on the regional political balance? It seems somewhat likely to me that India may be even less inclined to support any efforts against Iran if a large portion of its energy comes from an Iranian pipeline.

Mr. BURNS. Yeah.

Senator FEINGOLD. If you could react to that.

Mr. BURNS. There have been stories for the past year and a half that that pipeline is under consideration. In our conversations with the Pakistani and Indian Governments, we have encouraged them not to invest with Iran in a pipeline. We've told them that we think Iran would be a bad insurance risk and a bad risk politically, and that Iran can't be counted on.

I can check this for you, and I'll be happy to give you a written response, because I want to give you a full answer.

[The written response of Under Secretary Burns for the requested information follows:]

As you may know, proposals to bring Iranian gas to India via a pipeline through Pakistan have been under discussion for some years, but no firm agreement has been reached. India and Pakistan remain interested in the idea of such a pipeline, and the project is a frequent subject of meetings, public comments, and announcements. But basic issues—including structure, financing, and pricing—have yet to be determined.

The administration has stressed to both India and Pakistan that relying on gas piped from Iran would not enhance their energy security. The United States remains concerned about the Iran-Pakistan-India pipeline project, which raises issues under U.S. law and policy. The pipeline project and other actual or potential energy links with Iran have figured regularly in our diplomatic dialog with Pakistan and India. Both countries are also looking at other possibilities for meeting their gas needs. For example, India recently joined discussions on developing a TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline.

We will continue to address energy issues in a constructive context with both Pakistan and India, encouraging both countries to look to non-Iranian sources of supply.

Mr. BURNS. But my sense is, in talking to both Pakistani and Indian officials, that that project hasn't gone anywhere, that—

Senator FEINGOLD. I'd appreciate—

Mr. BURNS [continuing]. It may be currently being discussed, but I'm not sure there have been any significant agreements that would, you know, put it into motion. But I can give you a written answer, because I want to give you a complete answer.

Senator FEINGOLD. Appreciate that answer, look forward to the written answer, Mr. Secretary.

Can you give me an update on the administration's democracy promotion efforts in Iran? You talked about this in your statement. I'd like to know if you're confident that current efforts to engage the diaspora and to support opposition groups within Iran are not in any way undermining efforts to find a diplomatic solution to the nuclear standoff.

Mr. BURNS. Senator, we're grateful for the funding by the Congress for our democracy programs. Our democracy programs have no other purpose than to support those who wish to be free, and who wish to speak freely, and who wish to build on governmental organizations, and who wish to have freer elections. There's no other purpose than that. And we've never said—we've never ascribed any other purpose to them. I want to reassure you on that basis.

These are difficult programs to conceptualize and to run, because in the political environment that currently exists in Iran, people who openly work with Britain or France or the United States are sometimes jailed and sometimes have other liberties taken away. And so, what I said in my opening statement was that these programs are designed, very simply, to support organizations to grow and to increase contacts between Europe and—

Senator FEINGOLD. How effective—

Mr. BURNS [continuing]. North America—

Senator FEINGOLD [continuing]. Is this being, though? You know, I understand that the intentions probably were equally appropriate with regard to Iraq, but there are serious questions about the effectiveness of it. Is—

Mr. BURNS. I think it's—

Senator FEINGOLD [continuing]. It working?

Mr. BURNS. To be honest, I think it's too early to answer that question. You've—you asked a good question, because you gave us

the money; we now have to come back to you at some point and say, "Here's how we spent the money, and here's how effective we think it was—the program was." We're just starting. We're just—

Senator FEINGOLD. Are we taking—

Mr. BURNS [continuing]. Starting those efforts over the last—

Senator FEINGOLD [continuing]. Into account lessons—

Mr. BURNS [continuing]. Couple of—

Senator FEINGOLD [continuing]. Learned from problems with this kind of attempt in Iraq?

Mr. BURNS. In everything we do, we try to learn from past experience. We try to be good at what we do, and effective. And, obviously, if we—if there have been limitations in the past, or mistakes in the past, we try to learn from them. Whether it's—in any situation around the world, not just limited to the Middle East.

So, we're just starting. We're doing it in a way that we're trying not to expose publicly the people with whom we're working. And the only purpose here is to support them and to see grassroots organizations grow. And, by the way, we're joined in that by many of the European countries, by the European Union. All of us have the same—and I think we're working well with them—all of us have the same motivation here, and that is to simply—because we say—because we're democrats in our countries, we wish to support those in Iran who argue that there should be a democratic future there.

Senator FEINGOLD. I thank you for all of that, and I just want to say—obviously, of course, you always want to be mindful of lessons learned, but the Iraq situation is such a clear example, in my view, of things going awry, that I would hope that this is heavily and carefully reviewed as this effort goes forward. And I think that Congress is going to be very interested in making sure that the same mistakes are not made again. But I do—I do thank you.

Go ahead, if you'd like to respond.

Mr. BURNS. I just wanted to say, I think we have an obligation to come forward, maybe after a few more months have passed, and give you an accounting of how the democracy programs are going. We'd be happy to brief you in full in closed session. I—before you arrived, I also said that we're using most of the money to expand our television and radio broadcasting in Farsi into Iran, because, as you know, there's a great deal of repression and restrictions on free information. And we're also—President Bush said, the other day, he wants to vastly expand our exchange programs, because if our two governments can't work together—and right now, we can't, directly—over the long term, we have a national interest in getting to know that country better, and having Iranians get to know our country better, so we're looking into ways to do that in a quite ambitious—

Senator FEINGOLD. I strongly agree with you on that point, and I thank you, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Feingold.

Senator Allen.

Senator ALLEN. Thank you, Mr. Chairman.

This is obviously a very good time to hold this hearing, as the United Nations, at the same podium, will hear from President



Bush and they'll hear from the leader of Iran. They may share the same podium, but they certainly share different philosophies, our President representing a country where we are an open society, with freedoms, and the other a repressive country, and one that sponsors terrorism.

It is also important to recognize that the path that our administration and the United States is taking is not unilateral, it's actually working with our allies as best we can. They're taking a path of negotiations, of diplomacy.

Now we see—and Senator Hagel kind of mentioned the—one of the European Presidents making a comment. Well, you know, it seems like Iran doesn't care to negotiate. They don't care to look at the incentives. And, in fact, appeasement of Iran, and letting Iran decide when they want to start negotiations after they continue development, is not an approach that I think is going to get to the result we desire.

The point was made about India, for example. I've, Secretary Burns, enjoyed working with you on the United States-India Civilian Nuclear pact. It's outstanding work in cementing a marriage with a country, India, that shares our views of tolerance, and has the same mission for Asia and the world, which is peace.

It also indicates, I hope, to all of us here, of how overdependent we are, and other countries, on foreign oil—and, in particular, oil from the Middle East and other hostile countries around the world. It seems to me, as you see Iran joining up with Venezuela, which has joined up with Cuba, and somehow North Korea gets dragged into it, and China, that they're setting up these coalitions, making an oil cartel of their own. We need to do that same sort of thing, in my view, and strategic alliances, with countries to make sure that we do not have oil used as blackmail. And that is part of the problem we have with other countries, that if there were sanctions imposed because of the recalcitrants of Iran, that that's going to hurt their economies, hurt their people.

And so, energy's a national security issue, and we ought to have more oil and natural gas developed in our country, rather than sending out hundreds of billions of dollars every year to other countries. We ought to have more clean coal technology in this country. We're the Saudi Arabia of the world in coal, and we ought to be using coal—advanced clean coal processes—not just for electricity, but made into a fuel and gasified. Same with advanced nuclear, we ought to be moving toward, Mr. Chairman, to every available economically logical alternative approach, whether those are biofuels, whether that's solar, whether it's nanotechnology-enabled batteries. And we also need more young people actually interested in using their minds and American creativity for this energy independence.

Now, this situation with Iran, and why we care about Iran having nuclear weapons—we would care about any country having nuclear weapons. We particularly care about 'em, because they are clearly state sponsors of terror. And, while it was very nice, I suppose, to listen to Khatami—I was glad to hear you say, Secretary Burns, that he was—when he was in power, the so-called “moderate” started a nuclear program. The rockets that were in southern Lebanon, in Hezbollah's hands, that were raining in on Israel, did not just come in since Ahmadinejad has been in power. Those

were going in there for many, many years, those thousands of rockets.

Now, the question before us is a multifaceted one, but I think the administration is being patient, they're negotiating. We're trying to build a consensus to let Iran know that, "If you want peaceful nuclear power"—they can work with us and work with the rest of the world to come up with a credible regime.

The Europeans, heretofore, have been with us, although it seems like one of them is, maybe, getting a bit—well, I'll not make any comments til he clarifies his remarks. China and Russia, though, are crucial to this, because they are going to be important.

And I would like to ask Secretary Burns a couple of things, based on Russia, China, where we're going to go from here, and also the comments you've made about how Iran is sending and supplying advanced weapons and advanced IEDs to kill United States and British troops and Iraqis there. So many questions.

Let me just ask you this. In the efforts that we're making to stand up a free and secure country in Iraq, to what extent is Iran interfering in Iraqi politics? And how are Iran's policies in Iraq affecting the level of violence there, if at all?

Mr. BURNS. Senator Allen, thank you very much. And may I just take this moment—forgive me for doing it—by thanking all of you for your support for the United States-India Civil Nuclear Agreement. We're looking forward, we hope, to a vote in the full Senate shortly. That's a major priority for President Bush and for our administration and, I think, for our country. And thank you, Senator, for the—all the help, all of you, on that issue.

We don't believe that Iran is playing a productive or constructive role in Iraq. It seeks influence. Obviously, many Iranians believe that perhaps their national interests have improved because of the downfall of Saddam Hussein, their enemy. But it—but if the challenge in Iraq is to help the Sunni and Shi'a and Kurd to form one government, one society that works well, to reduce the level of terrorism, we don't see the Iranians contributing to that, not in their public comments, which have not been fair to some of the other groups, not in where their attention is as a government, and certainly not in the way that they are arming some of the Shi'a insurgent and terrorist groups. And so, we have a beef with Iran on the subject of Iraq, and we've made it clear that we're unhappy. And it's not just us, it's many of our allies that also have troops in Iraq that are very unhappy with the fact that Iran has missed an opportunity. They're not, at all, playing a role anything close to being statesmanlike. In fact, it's the reverse.

So, we have those concerns. While we don't have diplomatic relations, of course we have ways of communicating unhappiness and ways of communicating with that government. The Swiss have been acting as our protecting power for the last 27 years. We are able to pass written messages through the Swiss—and we do—on this issue of Iraq. And, of course, a lot of our friends around the world, that speak to the Iranians directly, amplify our concerns.

And so, the Iranian policy in Iraq, and Iran's policy in Lebanon over the past summer, reveal something very interesting. They have a concept that Iran's a revolutionary power, and all of their efforts seem to be directed toward destabilizing the Middle East,

not to bring peace or stability. They arm Hezbollah, they helped to arm Hamas, Palestinian Islamic Jihad, PFLP-General Command. They play a major role in the war in Lebanon by providing the long-range rockets that held those million Israeli civilians hostage all the way from Haifa to the northern border of Israel. This is a government that, on the leading issues in the Middle East—the peace process between Israel and the Palestinians, Lebanon, the war in Iraq—has consistently taken the opposite view from all the rest of us—the moderate Arab countries, the European countries, Russia, and the United States. And so, it's a country that's very much out of step.

And the challenge for us is, over the long term, to convince the Iranians that the only productive relationship we could possibly have would be if they help to construct a stable and peaceful Middle East, not the reverse. But, unfortunately, they are an agent of negative change and of violence. And that's the only way I can describe what they're doing in Lebanon, in Israel—or toward Israel, and certainly in Iraq itself.

Senator ALLEN. Thank you, Secretary Burns.

Mr. BURNS. Thank you, Senator.

Senator ALLEN. Appreciate your great leadership, knowledge, and experience.

Mr. BURNS. Thank you.

The CHAIRMAN. Thank you, Senator Allen.

Senator Voinovich.

Senator VOINOVICH. Mr. Chairman, thank you for having this meeting today. And welcome, Secretary Burns.

First of all, I congratulate the administration on their patience, in terms of working with the International Atomic Energy Agency (IAEA). I think there were many people in this country who thought we would never be able to pass a resolution in the Security Council that would deal with the challenge of Iran. I'm glad that you are continuing to work with the "Permanent 5 plus 1" to see if we can make a difference.

The real issue here is that Iranian President Ahmadinejad is a Hitler type of person. He has made it clear that he wants to destroy Israel. He has made it clear that he doesn't believe in the Holocaust. He is—well, we all know what he is. And I am concerned that as long as he is the President of Iran, we are not going to be able to solve Iraq, because the Iranian regime does not want Iraq to be a multireligious democracy. You just have to look at the relationship that Mr. Sadr has had with Iran, and the history of that relationship. I believe that Mr. Sadr wants to be the next Ayatollah of Iraq so that Iraq will have a theocracy like the one that exists in Iran. Iran wants to meddle in Iraq, Syria, and the Lebanon-Israel conflict. There seems to be a very deliberate, premeditated effort on their part to expand their influence in that area. And their ambitions for a nuclear weapons program is just part of it.

This is the way I perceive it, and I suspect it's the way that you perceive it, but my question is, How do our allies perceive it? In other words, we may be extremely concerned by Iran's actions and long-term goals in the region, but how do the Russians feel? How do the Chinese feel? How do the other countries feel about this

issue? Are they as concerned about Iran as we are? Because it would seem to me that if we do not have the full support of our allies and the members of the Security Council, the overall objective of stopping nuclear proliferation, imposing sanctions, and making sure the sanctions have a significant impact in Iran, will not be successful.

Mr. BURNS. Senator Voinovich, thank you.

I think you're right to start with President Ahmadinejad. He's addressing the U.N. General Assembly later today. We've found, over the past year or so, that he provides some of the glue that holds this international coalition together. When he spoke, on September 17 of last year at the United Nations, and made those extraordinarily vicious comments about Israel, a member state of the United Nations, that helped us to form the larger coalition, which we were just then beginning to bring about with Russia and China, and to bring it together. And every time he makes an outrageous statement, you find that there's more and more concern around the world about him.

Senator VOINOVICH. What about the Sunnis and their relationship toward Iran? Are the Sunnis concerned about Iran's policies and their President?

Mr. BURNS. Senator, I—I'm not in a position to speak for each of the Arab governments, but I can say, in general, there is a great deal of concern—in the gulf, in the Levant, in North Africa—about what President Ahmadinejad is saying and where he's taking—

Senator VOINOVICH. Are the Sunni countries helping us on this issue?

Mr. BURNS [continuing]. The Iranian Government. In many ways, yes. In many ways, yes.

And you asked a very important question about the coalition that we have formed, in the nuclear issue. It's a coalition of countries with sometimes different interests. I can't say that Russia and China see the Iranian nuclear issue exactly as we do. But we held together at the key junctures over the last 12 months. We brought Iran to the IAEA Board of Governors and rebuked them on February 4; March 29, Presidential statement to the Security Council; July 31, resolution; and we're now all committed to sanctions. So, obviously, if you put all the leaders up on a stage—of our coalition—they will speak differently, they'll have different points of emphasis. Some will be tougher, and some will not be as tough.

Senator VOINOVICH. Will they support sanctions that are significant enough to have an impact on the citizens of Iran so that people would start to question whether or not they can afford to have a President like this man? What's the relationship between the mullahs and this man? Is there any kind of feeling that maybe he's going too far? Because the real issue is convincing the Iranian people that Ahmadinejad's policies are not in the best interest of their country and its citizens.

Mr. BURNS. Right. I believe that the coalition against Iran will stay together. And, should the Iranians, within the next week or so, not suspend—agree to suspend their nuclear programs, as we have requested, I do believe the coalition will stay together and pass a sanctions resolution that will be focused not on the Iranian

people, but on the Iranian Government and its nuclear industry. And despite—

Senator VOINOVICH. You're confident that the sanctions really will make a difference?

Mr. BURNS. That's a different question. We hope the sanctions will make a difference. The agreement we have in the Perm-5, among all the countries, is that the sanctions will be graduated, so you—it would not start with comprehensive economic sanctions against Iran; we'd start with targeted sanctions. And we'd escalate the severity of the sanctions, should Iran not comply, down the road.

You know, the history of sanctions over the last generation or so all around the world is one of some success and some failure. And so, we hope that sanctions will be effective. We believe, in this case, they can be, for one reason—

Senator VOINOVICH. You're hopeful, but you're not confident.

Mr. BURNS. I can't—I can't testify to you that I'm 100 percent sure that any sanctions regime will have an absolute effect that you want on the Iranian Government. We hope that it will.

And the point I was going to make is, Iran's very different than North Korea. North Korea is a country that seems to thrive in isolation. Iran is a country that wants economic integration, it wants investment. It's got a multibillion-dollar trade relationship with the countries of Western Europe and some of the major countries in Asia, China, and Japan.

What Secretary Paulson has been talking about over the last few days is an effort to—working in the private sector, to see if banks will begin to restrict their lending to Iran. We're beginning to see that happen. And if you get commitment—with that—economic or—excuse me—nuclear sanctions focused on their industry, which I believe we can get in the next few weeks, should they not comply, then that's going to be a powerful message to Iran—

Senator VOINOVICH. I hate to—

Mr. BURNS [continuing]. If what happened—

Senator VOINOVICH [continuing]. Interrupt you, but will sanctions have any influence on Iran's behavior toward Iraq or Iran's policy of meddling in the Lebanon-Israeli situation and with Syria?

Mr. BURNS. First and foremost, these sanctions would be designed to have an impact on their nuclear policy and on their present disinclination to abide by the terms of the IAEA resolutions, and to stop their enrichment programs. But we also hope that the increased cost to Iran of its increased isolation would have a modifying impact on their behavior in Iraq, as well, yes.

Senator VOINOVICH. Well, I hope you're right. I think the real question must be: What influence will sanctions have on the Iranian people and what they believe to be in their best interests in the long run? How do you convince the people of Iran that it is better for their nation in the long run to abandon the course they are on now and become a responsible and reliable member of the international community?

Mr. BURNS. If I could just say—I don't know if time is up, Mr. Chairman—but I think you've asked, you know, a central question, Senator, and that's why, 3 months ago—or 3½ months ago, what we didn't say—we didn't say to Iran, "We've only got one negative

card to show you.” We offered a set of positive incentives—that we’ve not made public, but we’ve made available to the members of this committee—which would have entailed very significant technological, scientific, and business exchanges with the Iranian Government, benefits to them, should they give up their nuclear weapons program and just focus on civil nuclear power.

One of the things that President Ahmadinejad is fond of saying—and he’s absolutely untruthful in saying it—is that we, in the West, are trying to deprive the Iranian people of civil nuclear energy. President Bush has been saying, for 10 months now, we would support a Russian- or a European-led consortium to provide nuclear fuel to—or nuclear powerplants in Iran, but we want to deny them the sensitive aspects of the fuel program, because, frankly, we don’t trust them, and neither do our partners in the P5. The Russian Government position is, Iran should not enrich, should not reprocess, should not have fissile material. That’s what unifies this coalition.

So, we’re saying yes to nuclear energy, but no to nuclear weapons. And we gave Iran this choice, and they’ve been fumbling it. They essentially haven’t responded for 3½ months. We’re now in extra innings. We’re in the last possible moment. They’re going to have to make a decision—and it’s going to have to be soon—as to what they’re going to do. And if they can’t say yes to the positive offer, then, as Secretary Rice said this morning, for our credibility in the P5, we’re going to have to pass a sanctions resolution, because that’s what we said we’d do.

So, that, in a nutshell, is where the diplomacy is, as of today.

Senator VOINOVICH. Thank you.

Mr. BURNS. Thank you.

The CHAIRMAN. Thank you very much, Senator Voinovich.

Now, I’m going to recognize Senator Obama for his 8 minutes, and then this will conclude our questioning of you, Secretary Burns, because we do wish to move on to the other distinguished panel.

Senator Obama.

Senator OBAMA. Thank you, Mr. Chairman. I apologize for being late. I had a conflict.

Secretary Burns, I missed much of your testimony, so forgive me if I end up being repetitive, and I’ll try to avoid overlap.

I’m interested in the role of Russia in this whole process, because it strikes me that they can play a very constructive role. My sense is that a nuclear-armed Iran would pose, fairly serious security issues at Russia’s own doorstep. And, given that they have their own problems of Islamic separatism and fundamentalism in southern Russia and parts of the former Soviet Republic, it just strikes me that this would be an additional complication for them. And, as a consequence, I’m curious as to what the Russian thinking is right now, and their rationale for an apparent go-slow approach on sanctions and other punitive measures. And if you could discuss your best understanding of how the Russians are thinking about the problem, and also what the United States is doing to help shape the Russian attitudes and approach?

Mr. BURNS. Senator Obama, thank you very much.

Obviously, I can't speak for the Russian Government. I'll just try to—

Senator OBAMA. I recognize that.

Mr. BURNS [continuing]. In this session, answer your question as best I can by saying that Russia and the United States have very different views about Iran, in general, because of our different geographic proximity to Iran and because of our different history. Nonetheless, the Russians have been a key part of this coalition that we've built over the last 12 months.

A year ago today, there really wasn't a coalition. The EU3 had been trying to negotiate with the new Ahmadinejad government, and Ahmadinejad walked out, unilaterally, suspended the negotiations, and then proceeded with this tremendous increase in centrifuge research at the plant at Natanz that we've seen.

President Bush and President Putin talked, in October and November last year, and they fashioned a union on this, where the Russian Government said, "Look, we shouldn't deny nuclear energy to the Iranian people, because their energy—despite the fact that they're an oil producer, they need more energy domestically, and that we ought to make an offer to set up a consortium of countries that would supply nuclear fuel and take away the nuclear waste from a nuclear powerplant system in Iran, but we would deny Iran the sensitive aspects of a nuclear fuel cycle—enrichment, reprocessing—so they couldn't produce fissile material and couldn't produce a nuclear weapon." And President Bush publicly agreed with President Putin, in late October of last year.

And, since then, we've been pretty much locked up with the Russians. We've found them to be a good partner. They have kept to their agreement with us, in most respects. And I think Russia and China entering this coalition with the three European countries and the United States strengthened it, and it really caught the attention of the Iranians. We knew what the Iranians were trying to do diplomatically. From 2003 until summer 2005, they were trying to separate the United States from Europe. That didn't work. Then they tried to prevent Russia and China from joining this coalition. And I think my interpretation would be, frankly, out of frustration—the Russians and Chinese were not getting anywhere with Iran—they joined the coalition, and we passed this series of IAEA and U.N. Security Council resolutions.

So, we're at a key moment now, where, if Iran accepts the condition of suspension of enrichment, we're going to have negotiations. As Secretary Rice said this morning, she will be at those negotiations, should that happen; the United States, the first time in 27 years. But if that doesn't happen, then we're going to have to pass sanctions. And I have heard nothing from the Russian Government—and I've spoken to them every day for the last 2 weeks—that would indicate that they will not uphold their commitment under Resolution 1696 for sanctions. So, we're working well with the Russians. We don't have identical interests and views, but we're working well.

Senator OBAMA. But you feel confident that—should the Iranians not take advantage of the opportunity to work something out here in the final hours—you feel confident that we can persuade Russia to follow through on some sort of sanctions for Iran?

Mr. BURNS. I do. As well as China—the key question will be, what type of sanctions? I don't think there's any argument among the P-5. If Iran doesn't meet this condition of suspension, we must pass a sanctions resolution, or else the credibility of the U.N. Security Council on the leading issue of our day—and we consider this to be the leading security issue—is going to be called into question. So the question is, How tough will that first sanctions resolution be? And, can we then agree to a series of graduated sanctions measures to increase the cost to Iran should, down the line, they not come forward with suspension of enrichment and agree to negotiations?

Senator OBAMA. Give me a sense of the differences in terms of how—without getting into every last detail—United States and Russian and Chinese perceptions might differ in terms of what that sanctions regime might look like?

Mr. BURNS. Here's where we agree, and I'll tell you where we disagree, or where I think we may disagree. We all agree that you won't put everything into the kitchen sink in the first sanctions resolution. You're not going to put oil and gas sanctions or comprehensive economic sanctions because we agreed when we made the offer back on June 1, these should be graduated, incremental sanctions, and so we'll start there.

I think all of us agree that there are some sanctions that have to be directed at the core of the problem: Dual-use exports that currently can go from any country in the world—except those already into sanctions, like ours—to Iran that the Iranians can use for their nuclear research programs.

Can we, the United States we say, shouldn't we restrict the ability of Iranian scientists to study at MIT? Nuclear physicists, for instance, from studying there? Shouldn't we restrict the ability of officials who work in a nuclear industry to be taken, to be invited to other countries to conferences? So, to close off some avenues of support, or loopholes that the Iranians are currently taking advantage of, frankly, as they seek—in our judgment—to build, behind the guise of this civil nuclear program that they say they're constructing, a nuclear weapons system.

So, I think there's a core of agreement, that's probably the area, but there is no present agreement on the exact sanctions. I was in Berlin 2 weeks ago, I spent 2 days talking to the Russians and Chinese about this. I was with them twice last week, and we still don't have an agreement on the specific sanctions, but I think we do have an agreement that the sanctions should go forward, should Iran not step forward with its suspension.

Senator OBAMA. Last question, I'm running short on time here, and this goes to a broader issue. And that is, our posture toward Iran regarding their own security concerns. In this month's edition of Foreign Affairs magazine, Professor Scott Sagan of Stanford argues that the United States should be pursuing a deal along the lines of the 1994 Agreed Framework with North Korea. And part of the argument he makes is that the most important factor in changing Iranian behavior is reducing the security threat to Iran that they see from the United States. Sagan recognizes that there are other issues for Iran—satisfying parochial domestic interests or acquiring status in the Islamic world and being able to reassert



Iran's self-perceived role as the major regional power—but the single biggest factor is their concern that the United States is going to pose a security threat to Iran.

And I'm curious as to whether you agree with that analysis—you worked in senior levels of the State Department during the Clinton administration—do you think there are any lessons to be learned from the Agreed Framework especially in light of the fact that the current offer from the administration with economics and energy incentives looks very similar that are applicable to Iran, and do you think external security concerns are at the heart of the Iranian nuclear problem, in which case, would it make sense for us to try to figure out a more effective way to address those security concerns? Or, to put differently, is there any way that they are going to actually come to the table and negotiate, if they believe that—regardless of negotiations—the prospect of the United States attempting regime change is still on the table?

Mr. BURNS. Senator, thank you for that question.

First, we are not modeling the present solution for the Iran nuclear crisis on the Agreed Framework of 1994—very different countries, different times—I think all of us have learned a lot from how the North Koreans failed to implement that Agreed Framework. So we're trying to build into what we do in Iran, and we talked to the Russians and Chinese and Europeans about this—verification, and also positive and negative incentives that would encourage the Iranians to adhere to an agreement, if they make it.

The Iranians may feel insecure, based on their last 27 years, but they've really done nothing to relieve the source of that insecurity. They're supporting terrorist groups that strike at Israel and at us. There's a lot of evidence that the Iranians were involved in terrorist attacks against the United States, not just in the 1980s—the Marine barracks bombing, the bombing of our Embassy in Beirut—but Khobar Towers in the mid-1990s, during the Clinton administration. And our concerns about that haven't been relieved, and they haven't relieved them. In fact, I would say that Iranian support for terrorist groups has accelerated under President Ahmadinejad's direction as they've worked with Syria, Hamas, Hezbollah, and the other groups over the last year.

They also haven't done anything to alleviate our concerns about the fact that everybody in the world believes they're trying to build a nuclear weapons capability, and they're steaming ahead with this research that they say—Ahmadinejad said—they wanted to have 3,000 centrifuges in a cascade in a tons in their scientific research by December of this year, and they were experimenting with P2 centrifuge technology—no one else in the Iranian Government ever said it—he said it publicly.

So he's revealing quite a lot about their intentions, and the best way for me to answer your question would be to say this: The most significant offer in my judgment that the United States has made to Iran since the end of the hostage crisis in January 1981 was the offer we made with the P5 on June 1 of this year. There's a positive package of incentives waiting for you—scientific, technological, economic—if you would just agree to suspend your nuclear programs and work with us and negotiate. There is nothing in that positive package that entails security assurances. We have not given them,

no American President has since 1991, and in the interest in furthering our diplomacy in general with Iran, I think we're quite right to say that the President of the United States should have all options at his disposal, depending on what happens in the future. At the same time, we are clearly on a diplomatic path—we can't say it enough. We're focused on diplomacy, we really, we want to make that work. We would much prefer a diplomatic solution to this problem, and a multilateral diplomatic solution to this problem. That's where our attitudes are.

The CHAIRMAN. Thank you very much, Senator Obama. Senator Dodd has asked to raise one question, and of course we will assent to the Senator.

Senator Dodd.

Senator DODD. Thank you very much, Mr. Chairman. I apologize to my colleagues here and the witnesses and Under Secretary, to you, for being late getting in here this morning—but I just wanted to raise with you, very quickly if I could—there was a report the other day from a David Fickling regarding a U.N. response to a House Intelligence Committee report regarding the level of advanced activity by the Iranians in regard to their nuclear programs. And many of us here obviously recall how flawed intelligence led to some pretty rough decisions with regard to Iraq, and I'm very concerned that we may be heading down a similar road here with Iran if we're not careful.

And I'd like you to comment, if you could, just briefly on this House Intelligence report that I think has been responded to by the Intelligence Community here, as well as the United Nations—the United Nations, the other day, the IAEA took very strong exception to it. They called it “erroneous, misleading, unsubstantiated information” and took strong—and I'm quoting them—“strong exception to the incorrect and misleading claims in the report” by the House Intelligence Committee. And went on further to particularly criticize the captions and the reports claiming that the Natanz Plant in central Iran was enriching uranium to weapons grade.

What is the Department's response to the House Intelligence Committee report?

Mr. BURNS. Senator Dodd, we have tried to be very careful and prudent in putting forward information to you, and to the public, that we believe is absolutely verifiable and accurate. And that's our standard. And we're not going to put forward facts that we can't verify. And we think it's important in this debate that we have in this country, how do we deal with the Iranian nuclear threat, that we be measured and prudent, and I believe we've been that over the course of the last year or two as this has intensified.

And I make that commitment, just personally, that if I'm—any of us testifying here—we're going to testify on what we know, and that's the only way to present facts publicly. I have not had the pleasure of reading the House report, I guess I should do that, and I will do that. I did see the press reports, and I—of course, we were informed by the IAEA that they took great exception to certain aspects of it—and of course, our advice would be that we should now have a dialog between the IAEA and the administration, as well as those in the Congress that are interested, to see if we could all agree on a common set of facts.

Senator DODD. Well, it would be very, very helpful to all of us here, because we rely—we like to rely—we get that much contradiction from responsible committees or, hopefully responsible committees, then it's exactly the kind of trouble we can get ourselves into that many of us feel we did in the past, so I would hope we can get a response fairly soon as to whether or not the administration agrees with this report, or if they disagree with this report, that we get some clarity on that.

Mr. BURNS. Well I would just like to say, we have no reason to question the intentions of the framers of the House report, we just haven't—I haven't read it—and some of my associates haven't read it in full to give you the answer that you need, but obviously, if the IAEA is concerned—and the IAEA has great credibility on this issue of Iran's nuclear industry because they've been on site—then we'd like to establish a dialog to see if we can all agree on one set of facts.

Senator DODD. Well, the language was pretty strong, so if you'd get back to us on that, I'd appreciate it very much.

The CHAIRMAN. Thank you, Senator Dodd. A very sincere thanks to you, Secretary Burns, for your testimony today, your forthcoming responses to our questions, and your representation of our country in some very difficult areas. Thank you for sharing this time with us.

Mr. BURNS. Thank you, Mr. Chairman. Thank you.

The CHAIRMAN. The Chair would like to call now our second panel today, Dr. Ray Takeyh, senior fellow for Middle Eastern Studies, Council on Foreign Relations; the Honorable Ashton B. Carter, codirector of the Preventive Defense Project, Belfer Center for Science and International Affairs at Harvard University; and the Honorable Martin S. Indyk, director of Saban Center for Middle East Policy, the Brookings Institution.

Gentlemen, thank you very much for coming to the hearing today. All of your opening statements will be made a part of the record. I'll ask that you proceed in the order that I introduced you. That would be—first of all—Dr. Takeyh, then Secretary Carter, and then Ambassador Indyk. We'll ask that you summarize your remarks. We look forward to hearing from you and then we'll raise questions of you around our panel.

Dr. Takeyh.

**STATEMENT OF DR. RAY TAKEYH, SENIOR FELLOW FOR MIDDLE EASTERN STUDIES, COUNCIL ON FOREIGN RELATIONS, WASHINGTON, DC**

Dr. TAKEYH. Thank you, Mr. Chairman, for inviting me back to the committee, I'll stay well within my 10-minute limitation, I have submitted my full testimony for the record.

Since I was here last, I tried to bring up the subject matter that today, the United States confronts a fundamentally different Iranian leadership. It's not unnatural, after 27 years in power, that the complexion of the Iranian regime is changing, and the elders of the revolution are gradually being displaced by a younger cadre.

The debates are no longer, frankly, between pragmatists such as Ayatollah Rafsanjani and the more austere reactionaries, and Iran no longer views its international relation through the prism of stra-

tegic or economic vulnerability. Rising oil prices, America's entanglement in Iraq have led the new generation of leaders to perceive unique opportunities for their country. Iran views itself now as an indispensable nation in the Middle East, with its own claims of hegemony and dominance.

It is tempting to view Iran's new leaders, of the New Right, as a sort of monolithic, united clique of ideologues driven by the same impulses and objectives, but as with most political movements in modern Iran, there are obviously divisions and factions and power centers, even in the New Right. The current divide in the theocratic regime is between those who seek a revolutionary foreign policy, and more temperate realists, emphasizing nationals and Iran's national rights. This delineation is perhaps best exemplified by examining the global views of President Ahmadinejad, and the current head of the National Security Council, Ali Larijani.

I would say a combination of sort of a bitter experience and Islamic ideology tends to animate Iran's new President. If you look at President Ahmadinejad's speeches—particularly those focusing on international relations—he often suggests the notion of Iran's Islamic state as a model for the region to be emulated. Beyond such Islamists aspirations, it is Iran's own war with Iraq—that I think was mentioned by Senator Biden—that continues to condition Ahmadinejad's strategic assumptions. A pronounced suspicion of the United States and the international community that tolerated Iraq's war crimes against Iran characterizes the perspective of those who fought on the frontlines, and those veterans have now, in large measure, entered politics. The lessons that these veterans-turned-politicians drew from the war was that Iran's independence and territorial integrity cannot rest on international legal compacts or, for that matter, international opinion.

After decades of tension with America, Iran's reactionaries perceive that conflict with the United States is inevitable, and perhaps the only manner that America can be deterred is through the possession of the strategic weapon. However, I think it is too facile to suggest that it is the fear of America that is driving this faction toward acquisition of the bomb. As with some in the theocratic regime, Ahmadinejad and his allies perceive that nuclear weapons capability is critical for consolidation of Iranian hegemony in the Persian Gulf. It is only through the attainment of the bomb that Iran can negate the nefarious American plots to undermine its stature and power.

President Ahmadinejad's rhetorical fulminations and presence on the international stage, including today at the United Nations should not obscure the fact that he is not in complete command of Iran's foreign relations. One of the more important actors to emerge is, of course, Ali Larijani, and he brings to this his own allies. As a leader of a generation of realists that evolved, actually, in the intelligence communities in Iran in the 1990s, this cohort has significant influence over the direction of Iran's international relations. Through their presence in the key institutions, the link with the traditional clerical community, intimate ties to the Supreme Leader, they chart a course of Iran's foreign policy that is somewhat different.

For the realists, the Islamic Republic is offered a rare and unique opportunity to establish a sphere of influence in the Persian Gulf. For centuries, really, Iran's monarchs and, later, mullahs perceived that given their history, given their civilizational standing, given their geographic location, it should emerge as a preeminent state of the region. However, those ambitions were unjustly thwarted by global empires—British, American, and local hegemonic powers.

Today as Iran's leaders gaze across the Middle East, they see a more humble America, frankly seeking an exit strategy out of this predicament, and Iraq preoccupied with its simmering sectarian conflicts, and a gulf princely class that, in my view, is eager to accommodate rather than confront Iranian power. Therefore, a judicious and a reasonable Iran can go a long way toward achieving its long-cherished aspiration of domination of the critical waterways of the Middle East. It is important to stress that for this camp, they are driven not so much by Islamist ideology, but by Persia's historic aspirations.

Again, an examination of Larijani's speeches reveals in, sort of a peculiar insistence on India as a model for an aspiring regional power. India's *détente* with America has allowed it to both maintain its nuclear capability, and dominate its neighborhood. In contrast, a Russian Federation that at times finds itself at odds with the United States has seen its ability to influence its "near abroad" checked by a skeptical Washington. Although the United States presence is bound to diminish in the Middle East, for Iran's realists, American power can still present a barrier to projection of their influence, and Tehran's resurgence. For this cohort, a less contentious relationship with the United States—hardly an alliance, and hardly even a normalization—but a less contentious relationship with the United States may ease America's distrust, paving the way for projection of Iran's influence.

For the realists, the nuclear program, therefore, has to be viewed in the larger context of Iran's international relations. Once more, Larijani points to the example of India, namely a country that wants improved relations with the United States, may obtain American approbation of its nuclear ambitions. Iran and India are not the same countries, obviously, but nevertheless that is a perception that is emerging.

Thus, they don't seek to dismantle the nuclear program, but offer confidence-building measures and improved relations with the United States as a means of alleviating international concerns.

Hovering over this debate—as with all debates in Iran—stands the Supreme Leader Ali Khamenei and his relationship with these competing power centers. In my view, Khamenei's instincts would be to support the reactionary elements and their call for defiance and pursuit of the nuclear option.

However, in his role as the guardian of the state, he must consider the nuclear program in the context of Iran's national priorities. Thus far, despite his ideological compunction, Khamenei has pressed the state toward some degree of restraint. The fact that Iran continues to call for negotiations and even has expressed a willingness to suspend potentially critical components of its nuclear program for a brief duration, should meaningful discussions begin,

reflects a willingness to tentatively and grudgingly subordinate ideology to pragmatism.

So, where that leaves us is that we're essentially dealing with a country today as a result of what has happened in Iraq and the changes in geopolitical alignments of the Middle East, a country that is assertive, determined and is essentially insisting on maintaining what it views as its national priorities, and national prerogatives.

I'll stay at this point and defer to my other colleagues.

[The prepared statement of Dr. Takeyh follows:]

PREPARED STATEMENT OF DR. RAY TAKEYH, SENIOR FELLOW, MIDDLE EAST STUDIES,  
COUNCIL ON FOREIGN RELATIONS, WASHINGTON, DC

As the cycle of negotiations and United Nations conclaves begins, Iran's nuclear ambitions seem to be surging without restraint—no longer subject to easy diplomatic mediation or coercive resolution. A unique confluence of events ensures that Iran will sustain a nuclear program increasingly perceived as a national imperative. Today, Iran's internal political alignments and a changing regional landscape have produced an Islamic Republic that is confident, assertive, and empowered.

#### IRAN AND ITS FACTIONS

Since the Presidential election of 2005, the United States confronts a fundamentally different Iranian leadership. The complexion of the Islamic Republic is changing, as the clerical oligarchs who ushered in the revolution are gradually receding from the scene, replaced by a younger cadre. The debates are no longer between the pragmatists such as Ayatollah Hashemi Rafsanjani and the more austere reactionary clerics, and Iran no longer views its international relations through the prism of its economic and strategic weakness. Rising oil prices and America's entanglement in Iraq have led the new generation of leaders to perceive unique opportunities for their country's ascendance. Iran views itself as the indispensable nation in the Middle East, with its claims of hegemony and dominance.

It is tempting to presume that Iran's new hard-line leaders are a united clique of ideologues, driven by the same impulses and objectives. As with most political movements in modern Iran, however, the New Right features its own factions and power centers. The current divide in the theocratic regime is between those who press for a revolutionary foreign policy and more tempered realists emphasizing Persian nationalism. This delineation is best exemplified by examining the worldviews of Ahmadinejad and the current head of the Supreme National Security Council, Ali Larijani.

*Ideologues:* A combination of bitter experience and Islamist ideology animates Iran's new President. A persistent theme of Ahmadinejad's speeches is the notion that Iran's Islamic polity is a worthy model of emulation for the region. However, beyond such Islamist aspirations, it is Iran's own war with Iraq that continues to condition Ahmadinejad and his allies' strategic assumptions. A pronounced suspicion of the United States and the international community that tolerated Saddam Hussein's war crimes against Iran characterizes the perspective of those who fought in the front lines. The lessons that the veterans drew from the war was that Iran's independence and territorial integrity cannot be safeguarded by international legal compacts and Western benevolence.

After decades of tensions with America, Iran's reactionaries perceive that conflict with the United States is inevitable and that the only manner by which America can be deterred is the possession of the "strategic weapon." However, it is too facile to suggest that the fear of America is driving this faction toward the acquisition of the bomb. As with many in the theocratic regime, Ahmadinejad and his allies perceive that a nuclear weapons capability is critical for the consolidation of Iranian hegemony in the gulf. It is only through the attainment of the bomb that Iran can negate nefarious American plots to undermine its stature and power.

Beyond such perceptions, the American demands that Iran relinquish its fuel cycle rights granted to it by the Nuclear Non-Proliferation Treaty has aroused the leadership's nationalistic impulses. As a country that has historically been the subject of foreign intervention and imposition of various capitulation treaties, Iran is inordinately sensitive of its national prerogatives and sovereign rights. For the new rulers of Iran, they are being challenged not because of their provocations and previous treaty violations, but because of superpower bullying. In a peculiar manner,

the nuclear program and Iran's national identity have become fused in the imagination of the hard-liners. To stand against an impudent America is to validate one's revolutionary ardor and sense of nationalism. Thus, the notion of compromise and acquiescence has limited utility to Iran's aggrieved nationalists.

Despite their bitterness and cynicism, the theocratic hard-liners are eternal optimists when it comes to the international community's reception of Iran's nuclear breakout. Many influential conservative voices insist that Iran would follow the model of India and Pakistan, namely the initial international outcry would soon be followed by acceptance of Iran's new status. Thus, Tehran would regain its commercial contracts and keep its nuclear weapons. The former Iranian Foreign Minister, Akbar Velayati, noted this theme when stressing, "Whenever we stand firm and defend our righteous stands resolutely, they are forced to retreat and have no alternatives." The notion of Iran's mischievous past and its tense relations with the United States militating against the acceptance of its nuclear status by the international community is rejected by the right. However, should their anticipations fail, and Iran become subject of sanctions, it is a price that the hard-liners are willing to pay for an important national prerogative. Ahmadinejad has pointedly noted that even sanctions were to be imposed, "The Iranian nation would still have its rights." In a similar vein, Ayatollah Jannati, the head of the Guardian Council, has noted, "We do not welcome sanctions, but if we are threatened by sanctions, we will not give in." The notion of the need to sacrifice and struggle on behalf of the revolution and resist imperious international demands is an essential tent of the hard-liners' ideological perspective.

*Realists:* President Ahmadinejad's rhetorical fulminations and presence on the international stage should not obscure the fact that he is not in complete command of Iran's foreign relations. One of the most important actors in Iran today is the powerful Secretary of the Supreme National Security Council, Ali Larijani. As the leader of a new generation of realists that evolved in the intelligence community in the 1990s, this cohort's has predominant influence over the direction of Iran's international relations. Through their presence in key institutions, links with traditional clerical community and intimate ties to the Supreme Leader, the realists chart the course of Iran's foreign policy.

For the realists, the Islamic Republic is offered a rare opportunity to establish its sphere of influence in the Persian Gulf. For centuries, Iran's monarchs and mullahs perceived that given their country's history, civilizational achievements, and geographic location, it should emerge as the preeminent state of the region. However, those ambitions were unjustly thwarted by global empires and local hegemonic powers. Today, as Iran's leaders gaze across the Middle East, they see a crestfallen American imperium eager for an exit strategy out of its Arab predicament, an Iraq preoccupied with its simmering sectarian conflicts and a gulf princely class eager to accommodate rather than confront Iranian power. A judicious and reasonable Iran can go a long way toward achieving its long cherished aspiration of dominating the critical waterways of the Middle East. It is important to stress that the Larijani camp is driven not so much by Islamist imperatives, but Persia's historic aspirations.

A careful examination of Larijani's speeches reveals an insistence on India as a model for aspiring regional powers. India's détente with America has allowed it to both maintain its nuclear arsenal and dominate its immediate neighborhood. In contrast, a Russian Federation, that at times finds itself at odds with America, has seen its ability to influence its "near abroad" checked by a skeptical Washington. Although the U.S. presence is bound to diminish in the Middle East, for Iran's realists American power can still present a barrier to Tehran's resurgence. For this cohort a less contentious relationship with the United States may ease America's distrust, paving the way for the projection of Iran's influence in the gulf.

For the realists, the nuclear program has to be viewed in the larger context of Iran's international relations. Once more, Larijani points to the example of India, namely a country that improves relations with the United States may obtain American approbation of its nuclear ambitions. Thus, they don't necessarily seek to dismantle the program, but offer confidence-building measures and improved relations with the United States as a means of alleviating international concerns.

Hovering over this debate, once more, stands the Supreme Leader Ali Khamenei. Khamenei's instincts would be to support the reactionary elements in their call for defiance and pursuit of the nuclear option. However, in his role as the guardian of the state, he must consider the nuclear program in the context of Iran's overall policies. Thus far, despite his ideological compunctions, Khamenei has pressed the state toward restraint. The fact that Iran continues to call for negotiations and has even expressed a willingness to suspend critical components of its program for a brief duration should meaningful discussions resume, reflects his willingness to subordinate

ideology to pragmatism. Indeed, President Ahmadinejad's acceptance of the negotiations, despite his campaign rhetoric, denotes his willingness to accede to the direction set out by Khamenei.

Such internal changes cannot by themselves explain Iran's new found confidence. A careful look at two regional hotspots—Iraq and Lebanon—reflects the Islamic Republic's deepening influence in the Middle East.

#### SOURCES OF IRAN'S POWER: IRAQ

On September 12, a momentous event took place in Tehran. Iraq's new Premier, Nouri al-Maliki arrived in Iran eager to mend ties with the Islamic Republic. The atmospherics of the trip reflected the changed relationship, as Iranian and Iraqi officials easily intermingled, signing various cooperative and trade agreements and pledging a new dawn in their relations. It must seem as cold comfort to the hawkish Bush administration with its well-honed antagonism toward the Islamic Republic that it was its own conduct that finally alleviated one of Iran's most pressing strategic quandaries. In essence, the American invasion of Iraq has made the resolution of Iran's nuclear issue even more difficult.

Iran's model of ensuring its influence in Iraq is drawn from its experiences in Lebanon, another multiconfessional society with a Shiite population that was traditionally left out of the spoils of power. Iran's strategy in Lebanon was to dispatch economic and financial assistance to win Shiite hearts and minds, while making certain that its Shiite allies had sufficient military hardware for a potential clash with their rivals. As such, Iran's presence was more subtle and indirect, and sought to avoid a confrontation with the United States. Not unlike its approach to Lebanon, Iran today is seeking to mobilize and organize the diverse Shiite forces in Iraq, while not necessarily getting entangled in an altercation with the more powerful United States.

Although Iraq's Shiite political society is hardly homogeneous, the two parties that have emerged as the best organized and most competitive in the electoral process are the Supreme Council of the Islamic Revolution in Iraq (SCIRI) and the Dawa Party. Both parties have intimate relations with Tehran and allied themselves with the Islamic Republic during the Iran-Iraq war. SCIRI was essentially created by Iran, and its militia, the Badr Brigade, was trained and equipped by the Revolutionary Guards. For its part, Dawa is Iraq's longest surviving Shiite political party, with a courageous record of resisting Saddam's repression. Under tremendous pressure, Dawa did take refuge in Iran, but it also established a presence in Syria, Lebanon, and eventually Britain. However, despite their long-lasting ties with the Islamic Republic, both parties appreciate that in order to remain influential actors in the post-Saddam Iraq they must place some distance between themselves and Tehran. The members of SCIRI and Dawa insist that they have no interest in emulating Iran's theocratic model, and that Iraq's divisions and fragmentations mandate a different governing structure. Former Prime Minister Ibrahim al-Jaafari, the head of the Dawa Party, insisted, "Not all the Shiites are Islamists and not all Islamists believe in velayat-e faqhi. Cloning any experience is inconsistent with the human rights of that country." In a similar vein, Adel Abdul-Mahdi, the leading figure within SCIRI, emphasized, "We don't want either a Shiite government or an Islamic government." Their persistent electoral triumphs reflect not just superior organization, but a successful assertion of their own identity. Still, Dawa and SCIRI do retain close bonds with Iran, and have defended the Islamic Republic against American charges of interference and infiltration. In the end, although both parties have no inclination to act as Iran's surrogates, they are likely to provide Tehran with a sympathetic audience, and even an alliance that, like all such arrangements, will not be free of tension and difficulty.

Although less well-publicized by Tehran, it does appear that Iran has established tacit ties with Moqtada al-Sadr and has even supplied his Mahdi army. In a sense, unlike their relations with SCIRI and Dawa, Iran's ties to Sadr are more opportunistic, as they find his sporadic Arab nationalist rhetoric and erratic behavior problematic. Nonetheless, given his emerging power-base, strident opposition to the American occupation and his well-organized militia group, Tehran has found it advantageous to, at least, maintain some links with Sadr. Among the characteristic of Iran's foreign policy is to leave as many options open as possible. At a time when Sadr is being granted an audience by the Arab leaders and dignitaries across the region, it would be astonishing if Iran did not seek some kind of a relationship with the Shiite firebrand.

Finally, there is Iran's relation with Iraq's most esteemed and influential Shiite cleric, Grand Ayatollah Ali al-Sistani. The Grand Ayatollah stands with traditional Shiite mullahs in rejecting Ayatollah Ruhollah Khomeini's notion that proper Is-



lamic governance mandates direct clerical assumption of power. As we have noted, Khomeini's innovation contravened normative Shiite political traditions, making its export problematic, if not impossible. Thus far, both parties have been courteous and deferential to one another, with Sistani refusing to criticize Iran, while Tehran has been generous with crediting him for the Shiite populace's increasing empowerment. The powerful former President, Hashemi Rafsanjani made a point of emphasizing Sistani's role after the elections of the interim government, noting, "The fact that the people of Iraq have gone to the ballot box to decide their own fate is the result of efforts by the Iraqi clergy and sources of emulation, led by Ayatollah Ali al-Sistani." For his part, Sistani maintains close ties to Iran's clerical community and routinely meets with visiting Iranian officials—a privilege not yet granted to U.S. representatives. Moreover, even though Sistani has not pressed for a theocracy, he still insists that religion must inform political and social arrangements. Once more, Iran's reigning clerics have forged correct relations with the Grand Ayatollah, and do not harbor illusions that he would serve as an agent for imposition of their theocratic template on Iraq.

Today, the essential estrangement of the Iraqi Shiites from the larger Arab world, and the Sunni dynasties' unease with their empowerment makes the community more attractive to Iran. The ascendance of the Shiites may be acceptable to the Bush administration with its democratic imperatives, but the Sunni monarchs of Saudi Arabia and Jordan and the Presidential dictatorships of Egypt and Syria are extremely anxious about the emergence of a new "arch of Shiism." At a time when the leading pan-Arab newspapers routinely decry the invasion of Iraq as a United States-Iranian plot to undermine the cohesion of the Sunni bloc, the prospects of an elected Shiite government in Iraq being warmly embraced by the Arab world seems remote. Iraq's new Shiite parties, conservative or moderate, are drawn to Iran, as they look for natural allies. It is unlikely that this will change, as the political alignments of the Middle East are increasingly being defined by sectarian identities.

Given Iran's interest in the stability and success of a Shiite-dominated Iraq, how does one account for the credible reports indicating that Tehran has been infiltrating men and supplies into Iraq? To be sure, since the removal of Saddam, the Islamic Republic has been busy establishing an infrastructure of influence next door that includes funding political parties and dispatching arms to Shiite militias. For the United States, with its perennial suspicions of Iran, such activism necessarily implies a propensity toward mischief and terror. Iran's presence in Iraq, however, can best be seen within the context of its tense relations with the United States, if not the larger international community. Such influence and presence provides Iran with important leverage in dealing with the Western powers. The fact that America and its allies may believe that Iran will retaliate in Iraq for any military strikes against its nuclear facilities implicitly strengthens Tehran's deterrence against such a move. At a time when Iran's nuclear ambitions are at issue, it is not in the theocracy's interest to unduly disabuse the United States of that impression.

Should the Islamic Republic's implied deterrence fail, and the United States does strike its nuclear installations, then Iran's extensive presence in Iraq will give it a credible retaliatory capacity. Yahya Rahim Safavi, the commander of the Revolutionary Guards, has plainly outlined Iran's options, stressing, "The Americans know well that their military centers in Afghanistan, the Gulf of Oman, the Persian Gulf and Iraq will come under threat and they may be vulnerable because they are in Iran's neighborhood." The fact remains that Iran's network in Iraq is not necessarily designed for attacks against America, but it does offer the theocracy a variety of choices should its relations with the United States significantly deteriorate.

The Islamic Republic of Iran today stands as one of the few beneficiaries of American invasion of Iraq. As America becomes mired in its ever-deepening quagmire in Iraq, its ability to confront Iran has diminished. In the meantime, given Iran's assets in Iraq, its close ties to the reigning Shiite political actors and its ability to inflame the sectarian conflict, it possesses ample leverage in tempering American designs. The United States and its allies that may seek to confront Iran over its nuclear ambitions must wrestle with the reality of Tehran's power and its capacity to destabilize Iraq and the international petroleum market.

#### SOURCES OF IRAN'S POWER: HEZBOLLAH

The hapless country of Lebanon has always been the hotbed of conflict between sectarian forces, culminating in a bitter civil war in the 1970s and 1980s. Following the Israeli invasion of 1982 to evict the Palestinians, who were using Lebanon as a sanctuary to launch terror attacks, Iran became more directly involved in Lebanese affairs. In conjunction with its Syrian ally, Iran began to mobilize the Shiite

community, offering financial and military assistance to its militant allies. The Shiites constituted the largest communal group in Lebanon but were traditionally excluded from positions of political and economic power. Iran's Revolutionary Guards and diplomats energetically organized the various fledgling Shiite organizations and essentially created Hezbollah. Through provision of social services, an impressive fundraising capability and an increasingly sophisticated paramilitary apparatus, Hezbollah gradually spread its influence subsuming many of the remaining Shiite associations and assuming a commanding position in Lebanon's politics.

Hezbollah first came into the American consciousness when its suicide bombers attacked the Marine barracks in Beirut in 1983, killing 241 U.S. soldiers. At Iran's behest, Hezbollah went on a string of kidnappings and hostage taking, some of whom were eventually bartered away for U.S. arms during the Iran-Contra affair. In the 1990s, Hezbollah's operatives were also implicated in the killing of Iranian dissidents in Europe and an attack against a Jewish community center in Argentina. A grim record of suicide bombings, assassinations and kidnappings soon made Hezbollah a terrorist organization with an impressive global reach. Even before the rise of al-Qaeda, Hezbollah had assumed a prominent place in the world of fundamentalism, as it not only introduced new tactics to Islamist resistance such as suicide bombings, but also ingeniously utilized religion to justify its use of indiscriminate violence.

Despite its multiplicity of attacks around the globe, Israel has been Hezbollah's favorite target. Hezbollah's forces waged a long and costly guerrilla war against Israel, eventually compelling its withdrawal from southern Lebanon in 2000. Israel's departure has not lessened Hezbollah's animosity; the Lebanese group trained Hamas activists and periodically shelled Israeli settlements across the border. In the July 2006, Hezbollah took the defiant step of abducting and killing Israeli soldiers, provoking the massive Israeli invasion that nearly destroyed Lebanon. Nevertheless, the Hezbollah paradigm of confronting superior power with suicide bombings and a low-intensity guerrilla campaign has now been embraced by the region's militants as their preferred model of waging war. The case of Iraq demonstrates that even its Sunni insurgents are willing to learn from their Shiite counterparts, as U.S. troops are now subject to the same deadly tactics that Hezbollah has long employed against the Jewish state.

Iran's motivations for supporting Hezbollah thus stem from an interlocking set of ideological and strategic calculations. The Islamic Republic had always stressed its determination to refashion regional norms and spread its message throughout the Middle East. In practice, Iran's appeal proved limited to beleaguered Shiite minorities in states such as Saudi Arabia, Bahrain, and Lebanon. The fact that most of these Shiite communities eventually traded in Iranian support for accommodation with the ruling elite limited the Islamic Republic's reach to perennially fractious Lebanon. Prior to rise of its Shiite allies to positions of power in Iraq, Hezbollah remained the only palpable success of Iran's largely self-defeating attempt to export its revolution. On the strategic front, Hezbollah allowed Iran to project its influence to the Arab world at minimal cost.

The recent conflict between Israel and Hezbollah only reinforces its ideological and strategic value for the Islamic Republic. After weeks of battling Israeli armor, Hezbollah's mere survival constituted a political victory that had eluded larger Arab armies confronting the Jewish state. As Hezbollah captures the imagination of the Arab street, its Iranian patron is bound to derive political benefits. Nor was Hezbollah's war without strategic advantage for Tehran. At a time when Iran's nuclear portfolio is subject to international scrutiny, the conflagration in Lebanon is a pointed reminder to European states of the cost of confrontation in the Middle East. As Iraq and the Levant continue to burn, the Europeans and the larger international community must consider whether they really want yet another conflict in the region.

#### WHAT IS TO BE DONE?

Despite its incendiary rhetoric and flamboyant claims, Iran is not Nazi Germany, an ideological regime with a limitless appetite. The Islamic Republic is seeking to emulate China and India, regional powers whose interests and claims have to be taken into consideration in their immediate neighborhood. A successful model of engagement has to appreciate that Iran is a rising power and the purpose of the talks is to craft a framework for regulation of its influence. In essence, this model of engagement does not seek reconciliation between the two antagonists, but a means of channeling Iran's power in the right direction.

The proposed engagement strategy appreciates Iran's resurgence and seeks to create a framework for limiting the expressions of its power. The purpose of engage-

ment is not to resolve all outstanding issues or usher in an alliance with the Islamic Republic, but to craft an arrangement whereby Iran adheres to basic norms of international relations. In essence, America accepts Iran as a regional power with legitimate interests. In this context, the negotiations are designed to alter the structure of United States-Iran relations as opposed to merely addressing specific areas of disagreement, such as Iran's nuclear program. For Iran's realists, America finally offers an opportunity to press their state in a manner consistent with their nationalistic aspirations. As such engagement becomes a subtle and a more effective means of containment.

The practical operational aspect of such diplomacy should envision three separate negotiating tracks, whereby all issues of concern are examined by both sides. However, dispensing with linkage, progress on any one track should not be necessarily contingent on the others. For instance, if the United States and Iran are making important strides on the nuclear issue, negotiations should not be discontinued for lack of progress on terrorism or Iraq. Having stipulated the essential autonomy of each individual track, it is important to stress that in actual practice progress on any one of these issues is bound to have positive reverberations for others. An Iran that finds its relations with America to its advantage is bound to be a country open to tempering its radical tendencies regarding terrorism.

The CHAIRMAN. Well, thank you very much, Dr. Takeyh. Will you please proceed, Secretary Carter?

**STATEMENT OF HON. ASHTON B. CARTER, CODIRECTOR, PREVENTIVE DEFENSE PROJECT, BELFER CENTER FOR SCIENCE AND INTERNATIONAL AFFAIRS, HARVARD UNIVERSITY, CAMBRIDGE, MA**

Mr. CARTER. Mr. Chairman and members, thank you for inviting me to be here today to discuss the alternative courses of action if the diplomatic course that the United States and its European partners have been on for the last 3 years or so, fails to stop Iran's progress toward developing the wherewithal to make nuclear weapons.

These alternatives I will call "Plan B." What is Plan B, in short, if Plan A fails? There are three broad varieties of Plan B, all of which were discussed at a workshop that former Secretary of Defense and my academic partner, William Perry, and I convened here in Washington. The conference was an off the record workshop of distinguished experts—civilian and military—of both parties, all Americans. I draw now upon the report of that conference, which Bill Perry and I coauthored, and with your leave I will make my written statement, and ask that you insert the report for the record.

That being said, I would like to clarify that I'm responsible, and not the participants of that workshop, for everything I say before this committee today. Let me begin by saying, while I—and everyone in our workshop—thought it was important for the United States and its partners to design all three versions of Plan B now, I believe it would be premature to move to Plan B at this time, that is, to abandon the diplomatic path, particularly to move to a coercive path. And before I get to the paths, let me say why.

First, and importantly, Iran's known nuclear program is several years away from being able to produce its first bomb's worth of highly enriched uranium. The unknown program is by definition, unknown, but everybody that I talk to believes that the unknown program is on a still slower schedule than the known program, and therefore Iran as a whole is several years away from being able to produce its first bomb's worth of fissile material. Therefore, unlike

the case of North Korea—which has already obtained fissile material and is producing more—there is time, purely from the point of view of the technical development of the threat, to let diplomacy play out, in the case of Iran.

Second, and again unlike North Korea, the Iranian Government has exhibited at least a smidgen of sensitivity to international opinion, and to the possibility of further isolation and punishment if it persists and acceptance and trade if it stops, i.e., to diplomatic to carrots and sticks. You see less of that, as Secretary Burns pointed out, in the case of North Korea. And so, there's a chance that if this fish is played for longer, it can be landed.

Third, if the United States brings this matter to a head at this moment, I'm concerned that we will find Iran playing a comparatively strong hand, and the United States a comparatively weak hand, at this time. Iran's influence—as Ray Takeyh has indicated, and others in this discussion this morning have indicated—in the Middle East is at a recent historic high, its unstinting backing of Hezbollah and the latter's clash with Israel this past summer has added to its perceived luster, and its boldness. It has about as much sway—and here I would agree with Senator Hagel—within the borders of its historic enemy, Iraq, as do we at this time. And to top it off, Iran's President, Ahmadinejad, is enjoying what I would call a sort of “rock star” faddishness in much of the Muslim world.

We, by contrast, are weighted down by important ongoing and unresolved conflicts in Iraq and Afghanistan, a runaway North Korean nuclear program, as I mentioned earlier, our need to adjust cautiously and prudently to China's political and military rise, and above all, to the sprouting of post-9/11 versions of al-Qaeda—we have a lot on our strategic plate.

The United States has only, in recent months, seemed to get in the game on the Iranian problem. Also, our erstwhile partners in helping us combat Iran's nuclear ambitions—Europe, Russia, and China—are not always inclined, at this time, to follow where we lead.

All these circumstances could change, and the United States could find itself in a less adverse strategic position sometime in the future, but now may not be the moment to bring things to a head. And that would be a third reason not to move to, at least, a coercive version of Plan B at the moment.

And, fourth and finally, before you change horses, you need to saddle the new horse, and that would mean preparing the way for the three alternatives I'm about to describe, and as you'll see when I describe them, I don't believe we've done that yet.

So for all of these reasons, it's not yet time to switch to Plan B, but it is time to consider and devise Plan B, and the time that is available for diplomacy is only valuable if we use it effectively.

We addressed, as I said, three distinct versions of Plan B. The first would add direct United States-Iran contact to the EU3-led diplomacy that the United States has supported from the sidelines for several years. The idea of this plan was broached by a number of influential observers and leaders, Republican, Democratic, and foreign, to include Senators Lugar, Biden, and Hagel. In the very weeks before our workshop and shortly thereafter, the Bush admin-

istration adopted a version of this plan, which has not been implemented because Iran, as we all know, has refused to satisfy the condition that it suspend enrichment before we do so.

The second version of Plan B would use coercion to obtain the outcome that diplomacy seeks—a nonnuclear Iran. Coercion is the political, economic, or military pressure that the United States and other nations could bring to bear on Iran in an attempt to discourage or physically delay it from acquiring nuclear weapons.

And the third version of Plan B prescribes what the United States should do if Iran succeeds in going nuclear and the United States needs to make strategic adjustments to protect itself and its friends from a nuclear Iran. Strategic adjustment requires the United States to develop a long-term strategy to respond to Iranian possession of nuclear weapons if diplomacy and coercion fail.

Mr. Chairman, with your leave, I'd like to make one or two points about each of these options, and then I'm prepared to discuss all of them in more detail as does the report I referenced earlier.

First, regarding direct contact between the United States and Iran—there were at least four different views by knowledgeable people at our workshop—and let me just tell you what they were, they all head in somewhat different directions. One view was that direct talks are the only way to test whether a breakthrough in United States-Iranian relations, including the nuclear issue, is possible.

A second view is that a breakthrough is unlikely, but direct talks conditioned on a freeze will buy further time. And that in itself is valuable.

A third view is that direct talks won't succeed, but they will effectively prepare the way for coercion. Since coercion can only be effective with international support, and the United States can only win that support after it has shown that its best efforts at diplomacy have been tried and failed.

And a fourth view was that direct talks will only play into Iranian hands. Since the Iraq war and other developments have strengthened Iranian influence in the Middle East, direct talks will legitimize the Iranian Government. The U.S. administration is divided within itself and cannot negotiate shrewdly, or the Iranian Government has so many factions that it cannot deliver on a real deal anyway.

So, these were the views that participants had of the prospects for direct talks. Direct talks, second, come in several flavors. You have to ask yourself how you want to conduct the direct talks—are they purely bilateral? Are they with the EU? Are they in some form of six-party talks, including Russia, China, the EU3+, and Iran?

The second decision is: What do we talk about? Do we confine the talks to the nuclear program, or is anything on the table? If anything's on the table, to include other concerns, like terrorism, then some participants warned us—you will have, on the Iranian side, other factions in the leadership participating from their side in the talks. And that may make it more difficult to get agreement on the nuclear front. Moreover, if we're going to discuss other issues besides the nuclear issue in this larger setting, we're going to have to deal with Russia, China, and the Europeans on those other

issues, and it's been hard enough to corral them into a common view on the nuclear issue.

So there are pros and cons to a broad agenda versus a narrow agenda. And then finally, there are the conditions under which direct talks are held, and those conditions have to do with the Iranians and with our allies. The conditions with the Iranians we've imposed so far, and I support this, is that they suspend enrichment. The condition that we imposed on our friends and partners was that if the talks didn't work, they'd be prepared to go down the path of sanctions. And both of those conditions are in doubt as we sit here today.

Let me say something about coercion. Coercion can be political, economic, or military. I have just a few points to raise on this matter. The first is—and this has been addressed several times in the course of this hearing already—that economic coercion is not within the power of the United States to effect unilaterally, for the simple reason that we don't trade with Iran now anyway; there's nothing for us to take away. And so economic pressure is only possible if somebody else goes with us in doing so.

The second point to make about economic pressure is that the general view of people who study sanctions has varied as far as their assessment of the effectiveness, but the issue of time scale does not seem to be controversial. The time scale issue goes like this: The political effect of the imposition of sanctions would be immediate. The Iranian people would feel their horizons constricted by this act, and that might have some effect on them. But it takes years for the economic effects of sanctions to bubble up. We may not have that kind of time.

With respect to political pressure, I would note only the \$66 million or so of assistance that the United States Government is going to give to the cause of splitting the Iranian Government from its people. It will be—in my judgment—more than offset by the \$55 billion of oil money that goes into the coffers of the Iranian regime this year, in this calendar year 2006, which will have 1,000 times the effect of drawing the Iranian Government and their people together. I think we need to be realistic; whatever you think of our effort, it's small in comparison to that.

Military coercion: Military coercion has been much discussed in the press and was much analyzed by our workshop. The proposition is very straightforward, it's about air strikes on the main facilities of Bushehr, at Arak, at Esfahan, and of course, especially, at Natanz. I'm not going to add to what, I'm sure, members of this committee know perfectly well, which is that the consequences of an act of this sort would be very grave, both in terms of unifying the Iranian people behind their government and giving the Iranians opportunities to retaliate. That still may be worth the risk at some point, but the risk is very substantial.

The point I'd like to make that I think is also important is that a strike of this kind does not eliminate, would not eliminate the Iranian nuclear program. It only buys time, and you need to do the math to see how much time it would buy.

So let us do a hypothetical here. Let's suppose that our intelligence judgment—at the time a strike like this was mounted—was that if we broke off talks and Iran was unconstrained and just

raced to the bomb, it would take the Iranians 4 years. Let me suppose that that's our assessment. And that we further assessed that if we continue to pretend we think the talks are going to succeed—but we know they're not—we can add 2 years to that, for a total of 6. But, we believe that talks are a losing game.

Let's suppose further that we were to eliminate, in an air strike, the known facilities that I enumerated earlier; it would take Iran 2 years to restore them to their current state. These numbers are not entirely made up; each one of them is arguable.

In the end of the assumptions I just gave you, the attack wouldn't buy any time relative to continuing the negotiations. So one needs to do the math and ask how many years one's gaining. Obviously, if you're prepared to go back again and again and again, and attack facilities as they're reconstituted, you can continue to buy time. A single strike, which is so much discussed, buys a certain amount of time, but one needs to calculate how much that is. And depending upon the assumptions, it can be a short period of delay.

A final point on coercion. Coercion is properly seen not as an alternative, in my judgment, to diplomacy, but as a complement to diplomacy. That is, you show the Iranians what you're prepared to do if they're not prepared to agree. Plan A and Plan B reinforce each other. The specter of Plan B strengthens your hand in Plan A, and likewise you can't be effective at Plan B unless you have tried Plan A and were shown to have failed.

Finally, the third option is what do we do if Iran succeeds in getting the bomb. Our recommendations—for the scenario which is, obviously, a circumstance none of us want to be in—divide into three categories according to the three reasons why Iranians having the bomb is such a disaster. First, they might use it. Therefore, we need to figure out how to protect ourselves and our friends in the region against a profound new threat, and that takes you to deterrence, to defenses, to counterforce. All of the familiar military tools.

Second, an Iranian bomb might be diverted to other parties, via direct transfer to groups like Hezbollah, a black market sale by a corrupt scientist like an Iranian version of A.Q. Khan, seizure by extremist factions of a future Iranian Government, or loss of control in a new Iranian revolution. All of these are eminently plausible and fearsome dangers, and one needs to consider what one will do to protect oneself in that circumstance. And again, I could say more, I won't now.

But the third point, and the point on which I'll close, is that even if they don't use them and even if they don't divert them, the simple possession of the bomb by Iran creates a new fact in the region. It gives Iran a shield behind which it can be emboldened to try to extend its sway in the Middle East, export extremism, support terrorism and strike out at friends and allies of the United States.

Iran's success at getting the bomb with impunity might also give encouragement to others seeking the bomb, or cause others in the region to feel compelled to follow suit. We need to discuss—and it's in the report—the countermeasures that the United States could possibly take to try to limit the damage to nonproliferation from

this unfortunate development, and to contain and encircle a nuclear-armed and emboldened Iran.

Mr. Chairman and members, this then constitutes the look ahead at the alternatives if diplomacy fails. Obviously none of them is terribly attractive, and to repeat myself and close, in my personal judgment—now, I'm not speaking for the workshop participants—it would be premature at this time to move to coercion from diplomacy. Thank you.

[The prepared statement of Mr. Carter follows:]

PREPARED STATEMENT OF HON. ASHTON B. CARTER, CODIRECTOR, PREVENTIVE DEFENSE PROJECT, BELFER CENTER FOR SCIENCE AND INTERNATIONAL AFFAIRS, HARVARD UNIVERSITY, CAMBRIDGE, MA

*"Plan B for Iran: What If Nuclear Diplomacy Fails?" by Ashton B. Carter and William J. Perry—A Report Based on a Workshop Hosted by the Preventive Defense Project, Harvard and Stanford Universities*

#### SUMMARY

The Preventive Defense Project conducted the latest in its series of Washington WMD Workshops entitled "Iran Plan B Design" on May 22, 2006. The purpose of the workshop was to collect the best thinking on the design of a plan for dealing with Iran's nuclear program should diplomacy fail and the Iranians continue on the path to nuclear capability. (At the time of the workshop, diplomacy centered on the EU3-led process with the United States in the background; the United States has since agreed to join the talks directly, though Iran has rejected the condition that it cease uranium enrichment in advance of the talks.)

While it is important for the United States and its international partners to design Plan B now, it is premature to abandon the current diplomatic course, Plan A. For one thing, Iran's known nuclear program is several years away from being able to produce its first bomb's worth of fissile material. Unlike the case of North Korea which has already obtained fissile material and is producing more, there is time to let diplomacy with Iran play out. Second, and again unlike North Korea, the Iranian Government has exhibited at least a smidgen of sensitivity to international opinion and to the possibility of further isolation and punishment if it persists, and acceptance and trade if it stops—i.e., to diplomatic carrots and sticks. Third, while the cat-and-mouse diplomacy led by the EU3 has not led to conclusive results, it has caused Iran to slow the progress of its uranium enrichment program through intermittent suspensions. It is not yet time to switch to Plan B. But it is time to devise Plan B. And the time available for diplomacy is only valuable if it is used effectively.

The workshop addressed three distinct versions of Plan B.

Plan B1 would add direct United States-Iran contact to the EU3-led diplomacy the United States has supported from the sidelines for several years. Plan B1 was suggested by a number of influential observers and leaders—Republican, Democratic, and foreign—in the weeks before the workshop. Shortly after the workshop, the Bush administration adopted a version of Plan B1.

Plan B2 would use coercion to obtain the outcome that Plan A and Plan B1 seek—a nonnuclear Iran. Coercion is the political, economic, and military pressure that the United States and other nations can bring to bear on Iran in an attempt to discourage or physically delay it from acquiring nuclear weapons.

Plan B3 prescribes what the United States should do if Iran succeeds in going nuclear and the United States needs to make strategic adjustments to protect itself and its friends from a nuclear Iran. Strategic adjustment requires the United States to develop a long-term strategy to respond to Iranian possession of nuclear weapons if diplomacy and coercion fail.

The workshop participants were a select group of leading, experienced American thinkers and strategists on national security, Middle Eastern affairs, and nuclear weapons. All of the participants have been working actively on either Plan A, Plan B (in various versions), or both. The workshop was off the record, and this report accordingly attributes no statement to a particular participant. Given the sensitivity of the subject—explicit exploration of alternatives to current U.S. policy—the Preventive Defense Project did not urge current U.S. Government policymakers to join directly in the Design Workshop discussions. Briefings of this report are being held for key members of the administration and Congress—who will need a Plan B if and when that moment comes. The Iran Plan B Design Workshop is the fifth in a series



of WMD-related activities of the Preventive Defense Project. Other workshops and related publications and congressional testimony in this series have concerned

- Improving U.S. WMD Intelligence;
- Updating the NPT Regime;
- Plan B for North Korea; and
- The U.S.-India Nuclear Deal.

The workshops are supported by the Carnegie Corporation of New York, the John D. and Catherine T. MacArthur Foundation, the Richard Lounsbery Foundation, and the Herbert S. Winokur Fund, to which the Preventive Defense Project is grateful for their support.

*Plan B1: Direct United States-Iran Contact*

The idea of direct United States-Iran talks (bilateral or multilateral) over the nuclear issue and other matters of concern to both sides was broached by a growing number of influential U.S. and non-U.S. figures in the spring of 2006: Senators Richard Lugar, Chuck Hagel, Christopher Dodd, and John McCain, as well as Henry Kissinger, Madeleine Albright, Samuel Berger, former Middle East negotiator, Dennis Ross, U.N. Secretary General Kofi Annan, and reportedly German Chancellor Angela Merkel.<sup>1</sup> In May, Iranian President Ahmadinejad sent a lengthy letter to

<sup>1</sup> Senator Lugar: "I think that [holding direct talks with Iran] would be useful . . . The Iranians are a part of the energy picture . . . We need to talk about that . . . Furthermore we have an agenda with Iran to talk about as far as their interference in Iraq."

—Comments on ABC News "This Week," 16 April 2006.

Senator Hagel: "Allies of the U.S. will support tough action against Iran only if they are confident America is serious about achieving a negotiated, diplomatic solution. The continued unwillingness of the U.S. to engage Iran will make other states hesitate to support, and possibly oppose, these tougher measures . . . The U.S. should engage Iran directly with an agenda open to all areas of agreement and disagreement. It is only through this difficult diplomatic process that a pathway towards resolution and accommodation can be built, putting the U.S. and Iran, the Middle East and our allies in a position to defuse a potential Middle East conflagration and world calamity . . . The U.S., in partnership with our allies, should work towards a package of issues for discussion with Iran. This is not negotiation. That comes later. Ultimately, any resolution will most likely require security assurances for Iran."

—Chuck Hagel, "America Must Use a Wide Lens for Its Strategy on Iran," Financial Times, 8 May 2004, 11.

Senator Dodd: "I happen to believe you need direct talks. It doesn't mean you agree with [the Iranians]. . . . But there's an option."

—Comments on "Fox News Sunday" with Chris Wallace, 17 April 2006.

Senator McCain: "There has to be some kind of glimmer of hope or optimism before we sit down and give them that kind of legitimacy/it's an option that you probably have to consider."

—Comments on CBS "Face the Nation," 7 May 2006.

Henry Kissinger: "On a matter so directly involving its security, the United States should not negotiate through proxies, however closely allied. If America is prepared to negotiate with North Korea over proliferation in the six-party forum, and with Iran in Baghdad over Iraqi security, it must be possible to devise a multilateral venue for nuclear talks with Tehran that would permit the United States to participate—especially in light of what is at stake."

—Henry Kissinger, "A Nuclear Test for Diplomacy," Washington Post, 16 May 2006, A17.

Madeleine Albright et al: "We believe that the Bush administration should pursue a policy it has shunned for many years: attempt to negotiate directly with Iranian leaders about their nuclear program . . . Government leaders in Europe, Russia and Asia also believe that direct talks between Washington and Tehran could prove more fruitful now that the European and Russian-Iranian engagements on Iran's nuclear program have made some progress in communicating mutual positions and concerns. Accordingly, we call on the U.S. administration, hopefully with the support of the trans-Atlantic community, to take the bold step of opening a direct dialogue with the Iranian government on the issue of Iran's nuclear program."

—Madeleine Albright, Joschka Fischer, Jozias van Aartsen, Bronislaw Geremek, Hubert Vedrine and Lydia Polfer, "Talk to Iran, President Bush," International Herald Tribune, 26 April 2006.

Samuel Berger: "Another course is possible, one that is more likely to prevent a military confrontation or, if it nonetheless becomes unavoidable, less likely to produce such dangerous after-shocks. The U.S. should sit down with those who share a sense of danger—including, first and foremost, the European Union, Russia, and China—and explain that we are prepared for a bold diplomatic move toward Tehran if our allies are ready in exchange to impose tough sanctions on Iran should it reject a reasonable offer. Once that agreement has been secured, we should probably announce our readiness to negotiate with Iran on all issues of mutual concern: Its nuclear program, to be sure, but also its support for militant groups, its posture towards the Middle East peace process, the future of Iraq and, on their side, the removal of our sanctions, Iran's integration into the global community and U.S. assurances of noninterference and security guarantees."

Continued

President Bush making clear his willingness to enter such talks, and soon after Supreme Leader Ali Khamenei added his decisive voice in support.

In the wake of these calls (and the week after the Preventive Defense Workshop), President Bush decided to pursue one version of Plan B1: To have the United States join but not supplant the EU3 talks, with the condition that Iran restore its freeze on uranium enrichment, and with an agenda apparently confined to Iran's nuclear program but encompassing other issues of mutual concern.

The policy change to direct talks is controversial, since widely different views of the ultimate outcome of such talks are held by different observers, all with some logic to support them:

View 1: Direct talks are the only way to test whether there can be a breakthrough in United States-Iran relations including the nuclear issue—if such a breakthrough is possible.

View 2: Direct talks conditioned on a freeze in Iran's uranium enrichment will buy further time before Iran can produce the bomb, which is valuable in itself.

View 3: Direct talks will effectively prepare the way for coercion, since coercion can only be effective with international support and the United States can only win that support after it has shown that its best efforts at diplomacy have been tried and failed. (A contrary view is that direct talks legitimize the Iranian regime in international opinion, which will make resort to coercion more difficult even if the talks fail due to Iranian intransigence.)

View 4: Direct talks play into Iranian hands, since the Iraq war has strengthened Iranian-Shiite influence in the Middle East, the U.S. administration is divided within itself and cannot negotiate shrewdly, and the Iranian Government has so many factions that it cannot deliver on a real deal anyway.

A strategy for direct talks must answer the following questions:

*How?* Possibilities discussed were to hold bilateral United States-Iran talks, to have the United States join the EU3 talks (the choice of the Bush administration), or to convene an Iran version of the North Korea Six-Party Talks (United States, EU3, Russia, China, Iran).

*About what?* The Bush administration needs to decide whether all issues of concern to the United States and Iran will be on the table when it sits down with Iran for direct talks, including Iranian support for terrorism, bilateral relations, regional and global security, and economic and diplomatic relations. At the other extreme would be an agenda focused solely on Iran's nuclear program. An in-between option would be a theme of "the future of nuclear power worldwide," in which Iran's case would be treated as an example of the wider problem of avoiding a future in which proliferation of uranium enrichment and plutonium reprocessing does not occur in tandem with the needed spread of civil nuclear powerplants. Some argue that no U.S. administration can make a deal with Iran that covers only the nuclear issue and omits Iranian support for terrorism. But others warn that putting terrorism on the agenda will cause an entirely new faction to be added to the Iranian negotiating team—proterrorism constituencies in the Iranian leadership—that will only make it more difficult to get a deal stopping the nuclear program. And broadening the agenda will bring in the views of Europe, Russia, and China on all those other issues. Consensus among the U.S. negotiating partners is difficult enough to achieve with an agenda restricted to the nuclear issue.

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—Samuel Berger, "Talk to Iran," *The Wall Street Journal*, 8 May 2004, A19.

Dennis Ross: "Why not have the President go to his British, French and German counterparts and say: We will join you at the table with the Iranians, but first let us agree on an extensive set of meaningful—not marginal—economic and political sanctions that we will impose if the negotiations fail. Any such agreement would also need to entail an understanding of what would constitute failure in the talks and the trigger for the sanctions."

—Dennis Ross, "A New Strategy on Iran," *Washington Post*, 1 May 2006, A19.

U.N. Secretary General Annan: "I think it would be good if the U.S. were to be at the table with the Europeans, the Iranians, the Russians to try and work this out. If everybody, all the stakeholders and the key players, were around the table, I think it would be possible to work out a package that will satisfy the concerns of everybody."

—Comments on PBS "The News Hour with Jim Lehrer," 4 May 2006.

U.N. Secretary General Annan: "I really believe that as long as the Iranians have the sense they are negotiating with the Europeans . . . and what they discuss with them will have to be discussed with the Americans and then [brought] back again to them . . ., they will not put everything on the table"

—Comments at Vienna Summit, 12 May 2006.

Angela Merkel asked the U.S. to consider joining negotiations in private talks with Bush.

—According to Ruprecht Polenz, chairman of the Foreign Relations Committee of the German Parliament, *usatoday.com* (cited 11 May 2006).

*With whom?* A faction-ridden, protean government like Iran's raises the question of whom the United States can make a deal with. While Supreme Leader Khamenei supports direct talks, and President Ahmadinejad's letter to President Bush clearly expressed a wish for direct contact, factionalism will probably be evident whenever specific commitments need to be made by Iran in the negotiations.

*Under what conditions?* Two types of conditions for the United States to join in direct talks must be addressed: American conditions on Iran, and American conditions on the EU3, Russia, and China. Many workshop participants believed that the U.S. administration cannot be seen to be holding talks with Iran while the centrifuges are spinning at Natanz: A suspension of enrichment and return to inspections are necessary prerequisites (the Bush administration has imposed these conditions). The condition on the other negotiating parties is just as important and can be summarized as "together on the downward path as well as the upward path"—i.e., the EU3, Russia, and China must be committed in advance to penalize Iran if the direct talks fail as well as being committed to reward Iran if it agrees to curb its nuclear program.

#### *Plan B2: Coercion*

Coercion can be political, economic, or military. One workshop participant suggested that since Shiism celebrates self-inflicted pain, coercion of any sort will be ineffective in dealing with Iran. But presumably any Iranian Government must weigh penalties and gains that result from its policies, and eventually be held to account by the Iranian people.

Diplomacy and coercion should be mutually reinforcing. A vivid depiction of a coercive Plan B2 in the event of failed diplomacy is part of the "stick" that might persuade the Iranian regime to accept a diplomatic outcome, and thus a credible Plan B2 is necessary to diplomacy. Conversely, credible diplomacy is a necessary prelude to any coercive Plan B2, since political and economic coercion (if not military) cannot be fully effective without some measure of support from the EU3, Russia, China, and Iran's neighbors, and these other nations will not give their support unless diplomacy has been tried and been shown to have failed. A complete U.S. policy at this time should, therefore, logically consist of multiple plans being developed at the same time, with diplomacy implemented first and coercion (or strategic adjustment) resorted to, if and when diplomacy fails.

The U.S. administration has been divided between proponents of diplomacy (Plan A or B1) and proponents of coercion (Plan B2)—with some apparently fatalistically resigned to making strategic adjustments to an Iranian bomb (Plan B3). These factions seem not to recognize that diplomacy and coercion need to be seen as a sequence unfolding over time, not a choice to be made at this time. This artificial division has paralyzed the U.S. administration.

When should we move from diplomacy to coercion? What are the triggers for coercion? That is, at what point should the United States withdraw from talks and seek the same result it seeks from diplomacy—a nonnuclear Iran—through other means? Iran has already crossed a "redline" of commencing enrichment with impunity. Participants discussed various triggers for a move to Plan B2:

- Commencement of "large-scale" enrichment,
- Withdrawal from the NPT and its inspection regime,
- Failure to suspend enrichment and begin direct talks after a specified period of time,
- Failure of the talks to produce agreement after a specified period of time, or
- Failure of Europe, Russia, and China to support sufficiently strong action against Iran in the U.N. Security Council after the talks have reached an impasse.

*Political pressure* would be intended to isolate, downgrade, and expel Iran's Government from all manner of international fora and contacts, while simultaneously extending an open hand to the Iranian people. In theory, this pressure would either change the mind of the Iranian regime about nuclear weapons, or at the extreme, change the regime itself. On the one hand, the Iranian people seem currently to dislike their government and to be open to Western influence, which weighs in favor of the application of political pressure. On the other hand, Iranians have experienced one revolution in their recent history and don't relish another; and the nuclear program is broadly popular as a reflection of Iran's new role in the region and its proud Persian heritage. Workshop participants were accordingly uncertain whether political pressure would actually "split the government from the people" or, on the contrary, would provide a rallying point for the government.

In the face of this fundamental uncertainty, the State Department's \$85 million effort to promote democracy, aid Iranian dissidents, and provide Western information sources in Iran could either be helpful or backfire dangerously. And whether the effect of this program to undermine the mullahs is positive or negative, its mag-

nitide is tiny in comparison to the \$55 billion being paid by world consumers of oil at high prices into the coffers of the Iranian leadership in 2006.

At the international level, possible measures to apply political pressure include reduction in bilateral diplomatic contacts, visa/travel bans on Iranian officials and persons associated with the nuclear program, freezing of assets of these same categories of individuals, restriction of air travel in and out of Iran, withdrawal of support for Iran's WTO membership, and disqualification of Iranian teams from international sporting events.

*Economic pressure* would have the same objective as political pressure—to change the regime or its mind dramatically by curtailing Iran's economic relations with the rest of the world and frustrating its people's wish for a better life. Iran's economic vulnerability is great: Unemployment is running at more than 12 percent (higher among the young, a million of whom compete each year for half that number of jobs when they come of workforce age), inflation is 13 percent, interest rates are 25–30 percent, 40 percent of the population is classified by international standards as living in poverty, and an estimated 6 percent of the population is addicted to heroin.

The United States cannot by itself add much to Iran's economic pressures. Current U.S. law (the Iran-Libya Sanctions Act and other laws) essentially forbids trade and investment in Iran. The only exceptions are imports from Iran of nuts, caviar, carpets, and Iranian oil refined in third countries; and exports to Iran of agricultural and medical supplies (which are given interagency review). Iran may not receive U.S. loans or credit, or obtain assistance from multilateral development banks using U.S. contributions. U.S. law also penalizes foreign companies that invest in Iran's energy sector. The United States also continues to hold Iranian assets frozen since the revolution. In other words, the United States has long been doing almost everything it can do to pressure Iran's economy.

Economic coercion must therefore be backed by Europe (which provides 40 percent of Iran's imports), Russia, China, and Japan to be effective. U.N. sanctions would encompass all nations trading with Iran. In theory other nations could impose blanket sanctions like the United States already has, but this is unlikely. Instead, the parties have discussed lesser measures like restrictions on trade with entities involved in the Iranian nuclear program or other selected sectors, an arms embargo, and an embargo on sales of refined oil products (Iran imports 33 percent of its gasoline). Probably the most consequential form of economic coercion would be a general freeze on the assets of Iranian financial institutions.

An embargo on Iranian oil sales has not been threatened. A cutoff of Iranian oil exports would be a two-edged sword. On the one hand, Iran's production of 2.5 million barrels of oil per day exceeds the excess capacity of other suppliers, so stopping its exports would result in a global shortage of oil in the near term, with resultant price spike. On the other hand, Iran's oil earnings of \$55 billion this year account for 85 percent of the country's exports and 65 percent of the government's income, so a cutoff would cripple the regime and the country's economy.

According to workshop participants, economic pressure of the kinds foreseen in current negotiations would have two effects, an immediate psychological impact and a longer term economic impact. Psychologically, the Iranian people would immediately feel their future prospects constricted through the actions of their government in the matter of the nuclear program. But the actual economic effects of international sanctions would build more slowly—several years in the views of some workshop participants. Several years of delay would be too long if uranium enrichment were underway during this period. This difference between the timescale on which an Iranian bomb becomes inevitable and the time scale on which economic sanctions have their full effect suggests that economic pressure is an uncertain tool of a coercive policy.

*Military pressure* has been much debated in public. The simplest concept is for the United States to mount air strikes on the known facilities that make up the Iranian nuclear power infrastructure: The centrifuge facility at Natanz, centrifuge production plants, uranium conversion facilities at Esfahan, heavy water reactor activities at Arak and elsewhere, the Bushehr power reactors, and other parts of the known program. (In addition, there would probably need to be some suppression of air defenses.) Obviously elements of the unknown, or covert, program could not be bombed or assaulted by special forces. Such unknown facilities probably exist; after all, facilities that are now "known," like Natanz, were not known until 2001.

Destroying the known program would be effective in delaying the Iranian bomb if the known program is on a faster track to the bomb than the unknown program. If, on the other hand, the unknown facilities are closer to producing fissile materials and bombs than the known facilities, eliminating the known facilities would not delay Iranian achievement of nuclear capability. Most workshop participants judged

that the known program was ahead of, and not behind, the unknown program. Thus attacking the known facilities would delay an Iranian bomb.

Delay, but not prevent. In the aftermath of the destruction of its known facilities, Iran would probably try to hide or deeply bury its entire program, throw out international inspectors, and press ahead at full speed. A single airstrike would, therefore, have an important delaying effect, but to continue to prevent Iran from obtaining the bomb, the United States would need to make repeated attacks whenever it discovered hidden facilities.

How much time would a single attack buy? Suppose that the decision to break off talks and attack the known Iranian nuclear program was based on an intelligence assessment that after talks ended the Iranians would go full-bore at the known facilities and would have a bomb in 4 years; that dragging out the doomed talks would only delay achievement of a bomb by an additional 2 years (for a total of 6); and that after destruction of the known facilities Iran could rebuild its nuclear program to its preattack status within 2 years in the absence of follow-on strikes. In this case, mounting a single airstrike would offer no advantage over prolonging talks—even with the knowledge that the talks would eventually fail. As another example, if rebuilding its facilities to the preattack level took Iran 4 years, the attack would result in a net delay of 2 years. In reality no such precision in intelligence is likely. Advocates of a single airstrike would still need to do the arithmetic on the benefit of such an isolated action. Unless the delaying effect of a single strike can be shown to be significant, repeated strikes over years would be required to keep pushing back the date when Iran could obtain the bomb. Even repeated strikes might prove ineffective if Iran buries, hides, disperses, and defends its rebuilt program. It is difficult to see how a single attack mounted on Natanz at this time, when the enrichment “pilot plant” is only beginning operation, could buy more than 3 or 4 years at most.

The repercussions of a U.S. attack on Iran’s known nuclear facilities under current circumstances would be severe. If military coercion were not preceded by a robust diplomacy that demonstrably failed through Iran’s fault and not in any way U.S. fault, the United States will be isolated internationally. The Iranian people would likely rally behind their government in the aftermath of an attack on their country, whatever the U.S. justification or level of international support. Additionally, Iran could react in several ways:

- Direct retaliation against U.S. targets in the region (including forces deployed in Iraq, Afghanistan, and elsewhere).
- Attack on Israel, directly via Iranian medium-range missiles like the Shahab 3, or indirectly via shorter range rockets launched from southern Lebanon.
- Terrorism via Hezbollah and other Iranian-trained groups that have not targeted the United States directly in recent years.
- Interruption of Iranian oil supplies. This reaction would be a two-edged sword for Iran, however, as noted above.
- Interruption of gulf oil shipping. Iran’s military could also attempt to harass shipping with submarines, mines, small surface vessels, and land-based antiship missiles.

To deter retaliation, the United States would, therefore, need to withhold attack on some categories of targets not associated with the nuclear program (military and leadership headquarters and command and control, naval and missile facilities that could participate in retaliatory actions, etc.), threatening to attack them if Iran retaliated. An important escalatory step by the United States would be to destroy Iran’s oil infrastructure, ending the regime’s \$55 billion revenue stream. Controlling escalation implies restricting the strikes in the first place: The most parsimonious approach would be to announce to Iran and its people that the strikes were strictly limited to the nuclear program (and needed air defense suppression), that the program and not the country as a whole was under attack, and that no further strikes would follow if Iran did not retaliate and the nuclear program did not reappear. On the other hand, having borne the risk of one strike, the United States should make clear its intention to return again and again whenever it found evidence of continuing nuclear activities.

Some workshop participants noted the importance of targeting Iranian nuclear scientists as well as facilities, implying strikes during working hours or on residential complexes known to house such scientists. At Bushehr and other locations, Russian and other foreign workers would likely be victims of such strikes. Others suggested that the best time to attack Natanz would be several years from now, when more centrifuges were assembled and more could, therefore, be destroyed.

*Plan B3: Strategic adjustments*

What if all else fails and Iran goes nuclear? In that case the United States will need to make profound adjustments to its security policy—adjustments that are truly strategic in scope. Like the specter of coercive actions by the United States, the specter of these strategic adjustments should be made visible to Iran, and also to Europe, Russia, China, and the entire Middle East since all will feel these adjustments.

The strategic adjustments that will be needed if Iran goes nuclear follow from the three strategic problems an Iranian bomb will pose: Use, diversion, and possession.

First, the possibility of Iran's use of the bomb against the United States, U.S. forces in the region, or its neighbors including Israel, poses a new and profound threat that must be countered.

Second, diversion of Iran's bomb to other parties via direct transfer to terrorist groups like Hezbollah, black market sale by corrupt scientists like an Iranian A.Q. Khan, seizure by extremist factions of the Iranian Government, or loss of control in a new Iranian revolution are all eminently plausible and totally fearsome dangers.

Third, possession of nukes will, as a simple fact, give Iran a shield behind which it will be emboldened to try to extend its sway in the Middle East, export extremism, and support terrorism. Iran's success in getting the bomb with impunity might also give encouragement to others seeking the bomb, and its possession of the bomb could compel its neighbors (Saudi Arabia, Egypt, Syria, even Iraq in the future) to conclude that they must have the bomb.

*Use.* With respect to use, the United States and its friends will need to resort to the classic remedies of deterrence, defense, and counterforce.

The United States has a strong deterrent in its general military supremacy and its strategic nuclear force. It could take the additional psychological step to strengthen deterrence of introducing tactical nuclear weapons into the region (on land in the form of bombs on tactical aircraft, if neighboring countries will permit; or at sea in the form of nuclear cruise missiles on submarines and bombs on carrier-based aircraft). It can extend deterrence by promising Israel and Sunni Arab States threatened by the Iranian bomb that the United States will protect them from attack.

Defense against most forms of delivery of an Iranian bomb is a daunting task, but against long-range intercontinental ballistic missile (ICBM) delivery the United States can add missile defense interceptor sites in Eastern Europe (which lies along the great circle flight trajectory from Iran to U.S. targets) to those it already has deployed in California and Alaska to protect against North Korean missile attack. Within the region, sea-based short-range missile defenses could be deployed, although the geography of the region does not lend itself to effective protection from such defenses.

Counterforce means programming U.S. ICBMs and submarine-launched ballistic missiles (SLBMs) to be capable of attacking known Iranian nuclear forces promptly if attack by them appears imminent.

*Diversion.* Against the threat of diversion of an Iranian bomb to terrorists, extremist factions, or an even more radical government than the current one, there is little protection. Constant surveillance and interdiction where possible would be necessary but not likely to be effective. Iran should be made aware, however, that if radiochemical forensic evidence proves that its arsenal was the source of an attack on the United States or American interests, the United States will retaliate directly against Iran.

*Possession.* The adverse repercussions of Iranian possession of the bomb—even if it doesn't use it or divert it to others—are profound and difficult to counter. Much depends on the character of the Iranian regime that possesses the bomb. At one extreme, success with its nuclear program might herald the triumph of extremism in Iran, strengthening the hand of hard-liners and even ushering in regimes that are worse. At the other extreme, a moderate successor regime intent on integration with the rest of the world might not brandish its arsenal threateningly nor inspire concern in its neighbors—or in the United States. But assuming the regime that got the bomb was more or less like the ones that have led Iran since the revolution, one should expect Iranian-Shiite assertiveness, greater scope for state-supported terrorism, more anti-Israeli activity, and periodic oil price shocks. Against this onslaught the United States will need to try to forge a counterweight among Sunni countries, who will need in turn to choose between appeasement and alignment with Washington. U.S. forces associated with such a policy of encirclement and containment of Iran could be “over the horizon” or based in the gulf (including in Iraq on a continuing basis).

The nonproliferation regime will suffer a serious setback if the once “unacceptable” Iranian bomb is, in fact, accepted. Israel will probably abandon its practice of nuclear “ambiguity” and openly brandish its arsenal as a deterrent. Egypt, Turkey, and Saudi Arabia (the latter perhaps aided by Pakistan) will feel the pressure to match the Shiite bomb in Iran with another Sunni bomb. Any chance of avoiding such a domino effect of proliferation would lie in a strong U.S.-led encirclement and containment.

#### CONCLUSION

The Preventive Defense Project is committed to seeking solutions to national and international security problems before they can grow into A-List threats. The Iranian nuclear program is certainly one of the era’s greatest challenges to Preventive Defense. While it is, therefore, important to analyze the full range of alternatives to diplomacy to prevent an Iranian nuclear breakout or adjust to the reality of a nuclear-armed Iran—as our workshop and this report do—it would be premature for U.S. policy to move to alternative plans. Diplomacy with Iran over its nuclear program has been slow and fitful, its results meager, and its prospects for ultimate success arguable. But there is time. Iran is years away from producing its first uranium bomb. These conditions are very different from the case of North Korea, which is actively producing nuclear weapons and delivery systems. Additionally, the U.S. Government has only recently decided to move from the background to the forefront of the diplomatic stage. Unless and until the diplomatic path has been exhausted, alternatives to diplomacy to stop the Iranian nuclear program should not be attempted, and are unlikely to succeed. Time is available, but this time is only valuable if the United States uses it effectively.

The CHAIRMAN. Thank you very much, Mr. Carter.  
Ambassador Indyk.

#### **STATEMENT OF HON. MARTIN S. INDYK, DIRECTOR, THE SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOK- INGS INSTITUTION, WASHINGTON, DC**

Mr. INDYK. I will try to summarize it very quickly.

Mr. Chairman, you pointed out that I had tried to deal with the Iranian issues when I was Assistant Secretary of State for Near East Affairs in the Clinton administration. There were two lessons that I drew from that experience that I’ll reference now, and a third later. The first is that I agree with you completely on the point that you made in your opening remarks, that multilateral sanctions are the way to go if we’re going to use sanctions, unilateral sanctions are very destructive of any effective effort. In the ILSO legislation that we had to deal with in those days, it was proof in point that it divided us from our allies, as you pointed out.

The second point is that we did try to engage with the Government of Iran during the Clinton years. And it’s not true as Secretary Burns mentioned—and as newspapers from the New York Times to the Washington Post on, continue to assert—that the United States, since the revolution, has never offered to negotiate with Iran. It has, in fact, been the policy of Republican and Democratic administrations before this administration that we would negotiate with the Government of Iran, provided that they understood that we were going to put on the table all of the issues that were of concern to us—which included, the sponsorship of terrorism, pursuit of weapons of mass destruction, and opposition to the Middle East Peace Process. That was true in the previous Bush administration, and it was certainly true in the Clinton administration.

What was also true is that the Iranians would not talk to us, so the shoe was on the other foot. But the experience in the Clinton administration when President Khatami—a clear moderate and re-

former, had been elected with a large mandate—was that, nevertheless, we were unable to achieve any form of negotiation with that government. And that leads me to be quite pessimistic about the chances that we will succeed in the effort to try to negotiate a way out of this nuclear situation, with the current regime in Iran.

I want to run through, quickly, the reasons for that pessimism. Some have been mentioned already. First, and I think most important, is Iran has a very strong incentive—whether you're a radical President or the realist nuclear negotiator—both of them, as Ray Takeyh has pointed out, and a very strong desire to acquire nuclear weapons. Either for security reasons or reasons of prestige, or for the furthering of their regional ambitions. And so, it's going to be extremely difficult to head them off from that.

Second, distrust permeates the relationship between the United States and Iran. They think that the United States wants to overthrow them—they have good reason to feel that way. We think they want to dominate the region, subvert our friends, block the Middle East peace process, promote terrorism and destroy Israel, and we have good reason to believe that that's their intention.

And on top of that, as Secretary Burns pointed out, we don't have a feel for them, because we haven't dealt with them for 27 years, and they don't have a feel for us for the same reason. So, our ability to actually overcome this distrust and find a way to communicate is going to be very problematic.

I'm sure you noted that Secretary Burns underscored that Secretary Rice has indicated that she's prepared to sit at the table with the Iranians. I think that's an interesting idea, but the idea that we should have direct bilateral engagement with the Iranians if we actually get to the table is going to be critical in terms of overcoming this distrust. In other words, rather than a multilateral format, I think it's very important that we shrink that down to a bilateral engagement.

The third reason for pessimism lies with dysfunctionality on their side, and impatience on our side. We've seen in the 3 months that it took to respond, and the response that actually came that there was a good deal of confusion and conflict within their own system. Larijani, their negotiator, has suggested that perhaps they suspend enrichment for 2 months. That's now being repudiated by Ahmadinejad's spokesman. And so we have to understand that things don't function very well on their side, and it's going to be very hard to establish what the real position is on our side. I think there are many within the administration, and within its supporters—particularly in the neoconservative camp—that see the whole idea of negotiations as a real trap for us, opening up the possibility of the Iranians dragging out the engagement process so as to further their nuclear ambitions under the cover of negotiations.

And then there is the simple problem that we also confronted in previous efforts: We seem to be ships passing in the night. When they're ready, we're not. When we're ready, they're not. And in this particular case, given the sense that they feel that the wind is at their backs, that they are on a roll and that we are short of breath in the Middle East, their willingness to compromise on the critical demands that affect their national security and their concept of



their role in the region has gone down considerably because of those circumstances.

And finally, there's the question of whether there is an acceptable outcome to these negotiations. Beyond the question of whether they would really be prepared to give up anything, is the question of what they will demand in return. We talk about economic incentives—what they're talking about is getting the United States to recognize their regional hegemony. And that is something that I don't believe we could agree to, and even if we do, I don't think that our regional allies would accept it, to be under the domination of Iran. And, therefore, if we actually get down to negotiations themselves, I think it's highly problematic as to whether we could find some common ground here. The simple assumption that, "Oh, we'll buy them off" is one that I would caution you against.

That said, I do think that it's extremely important that we give it our best shot. I think that Secretary of State Rice and Under Secretary Burns deserve a good deal of praise for their perseverance and their patience with this effort, but we are playing a weak hand in this situation. Threatening sanctions that our allies don't really want to go along with, putting ourselves in a situation where the hint of negotiations seems to be enough for many of our allies to talk about jumping ship from this agreed strategy means that, I think, it's going to be very difficult to hold them together as well and maintain our position of leverage over them.

Finally, I would just like to point out that, having said all of that, I do think that there is a broader strategic opportunity that emerges from the recent war in Lebanon that we should not ignore as we go forward in this effort to engage the Iranians. As I said before, one of the problems is that they feel that they are now on a roll in the region, and what that has done is produce a reaction which I think we can develop. The reaction comes from the Sunni-Arab leaders in the region who fear Iranian dominance now, and there is potential in the threat that they perceive, and the threat that Israel perceives, for these Sunni-Arab leaders to come together and work with Israel in an arena that we pay very little attention to when we focus on Iran, but it affects Iran's calculations. If we can make progress in the Arab-Israeli arena and build a virtual alliance of interests with our allies there, we will find ourselves in a better position to pressure and deal with Iran. This is not a simplistic argument that—if you solve the Palestinian problem, everything else will follow. But it is to point out that everything in the Middle East is connected, and as the Iranians become more dominant, that sets up a reaction—an equal and opposite reaction—amongst the Arab countries there that we can use to increase our leverage on Iran. And that's the final lesson of the Clinton years: When we were making great progress in the Arab-Israeli arena, the Iranians were isolated, and felt much more pressured to take our interests into account.

Thank you.

[The prepared statement of Ambassador Indyk follows:]

PREPARED STATEMENT OF HON. MARTIN INDYK, DIRECTOR, THE SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION, WASHINGTON, DC

Mr. Chairman, distinguished members of the Senate Foreign Relations Committee, thank you for the opportunity to address you on what is probably the most

vexing and complicated diplomatic challenge that the United States currently confronts. The stakes could hardly be higher. If the United States fails to achieve a diplomatic outcome that provides the international community with sufficient confidence that Iran is no longer pursuing a nuclear weapons capability, the results are likely to be dire. In the already volatile Middle East, the logical consequences of diplomatic failure are either an extended military conflict or a nuclear arms race, or both.

Secretary of State Rice's offer to engage in direct negotiations with the Government of Iran, if it suspends uranium enrichment, and recent hints from chief negotiator Ali Larijani that Iran might be prepared to do so, create a faint ray of hope for diplomacy. But I fear that it is an illusion.

The reasons for pessimism are clear enough by now:

- Notwithstanding protestations to the contrary, the Iranian regime has a clear and intense interest in acquiring nuclear weapons. Nuclear powers are located to its north, east, and west, and the U.S. military is positioned on all its land and sea borders. The lesson of the Iraqi and North Korean experience is that countries that pursue antagonistic policies toward the United States are much less likely to face military intervention if they possess nuclear weapons. Moreover, Iran's hegemonic ambitions in the Persian Gulf and wider Middle East fuel a desire to possess the ultimate weapon. At a minimum, this leads the Iranian regime to want to keep the door open to a nuclear capability and maintain ambiguity about its nuclear program.
- The Iranian regime is highly mistrustful of Western especially U.S. intentions, even though it has earned American antagonism by casting the United States as the "Great Satan" and by using hostage-taking, terrorism, and subversion as its stock-in-trade. The Bush administration's declared policy of regime change and preventive war against state sponsors of terrorism that pursue WMD has exacerbated this mistrust. Reports of U.S. covert and overt programs to undermine the Iranian regime only heighten the paranoia of an already insecure Iranian leadership. Although this leadership has expressed a desire for negotiations with Washington, the abiding mistrust of the United States also breeds a schizophrenia: Parts of the leadership view negotiations as a trap designed, at best, to rob them of their minimum objective of nuclear ambiguity; at worst, to justify sanctions or a military strike on Iran.
- This concern adds to the dysfunctionality of the Iranian decisionmaking process. Advocates of negotiations with the United States within the highly fractionated Iranian power structure run the risk of being accused of jeopardizing the revolution or the national interest. President Ahmadinejad's confrontational approach has paid dividends both domestically and in the wider Arab and Muslim arenas, marginalizing those who advocate a diplomatic compromise. In this environment, Larijani clearly feels capable only of inching forward. The confusing and rambling Iranian response to the P5+1 offer of a negotiating package underscores just how difficult it will be to achieve clarity or consistency in the Iranian position.
- Added to this is the danger of Iranian miscalculation borne of a cockiness that manifests itself in the outrageous behavior of President Ahmadinejad. After a decade of being on the defensive, the regime now feels that its moment has arrived—a product of American success in toppling the Saddam Hussein and Taliban regimes in neighboring Iraq and Afghanistan while failing to consolidate its position in either country. Ahmadinejad, in particular, senses that the United States is out of breath in the Middle East while his message of defiance and "resistance" is met with growing support across a normally adversarial Arab world. This sense that the wind is at Iran's back in the region, coupled with the fact that the regime has paid no discernible price for proceeding with its nuclear program despite international criticism, reduces its need or interest in a compromise solution.
- Further complicating any negotiation will be the Iranian penchant for engaging in bazaar tactics, asking an astronomical price for faulty goods, and dragging out the negotiations to wear down the naive Americans.
- In the final analysis, there is also good reason to doubt even the possibility of bridging the gap between Iran's ambitions and American interests. For even if Iran were to forego its nuclear weapons ambitions for economic incentives and nuclear power guarantees, it would still demand U.S. recognition of its regional hegemony, which we cannot do without betraying our Israeli and Arab allies (and which they will not abide in any case).

On the U.S. side of this putative negotiation, reasons for pessimism also abound:

- Within the Bush administration and among its more strident supporters, negotiations tend to be viewed with deep suspicion too. Many fear that the Iranians are engaged in a game of “rope-a-dope,” absorbing our best efforts to stop their nuclear program while buying time to get themselves over the nuclear know-how threshold. For these people, many of them in influential positions, the offer of negotiations is a necessary evil to demonstrate that the United States has exhausted diplomacy before it resorts to a military strike on Iran’s nuclear facilities.
- The U.S. hand in these negotiations is weak. Sanctions leverage is reduced by the lack of unity and resolve on the part of our allies in the endeavor. Russia and China have made it clear that they are reluctant to impose any kind of sanctions, let alone meaningful ones. Even the minimal sanctions on nuclear trade and travel that U.S. diplomats are now promoting are unlikely to be supported by Moscow and Beijing. (There is a suspicion that China may have already told Iran that it will block these sanctions and Russia has made clear it will insist on an exception for its completion of Iran’s Bushehr nuclear reactor.)
- Although the Europeans talk a good game about applying sanctions even without a UNSC resolution, their behavior raises serious doubts. UNSC Resolution 1696 specified that if Iran did not suspend uranium enrichment by August 31, sanctions would be imposed. Yet our allies are now clinging to a confusing and ambiguous Iranian response to avoid living up to the commitment they made. What was supposed to be a clear choice for Iran between suspending enrichment by a date certain and sanctions has now morphed into negotiations about suspending enrichment instead of sanctions. The Iranians have surely concluded that if they play the game right, they can divide the United States from its partners. By holding out the prospect of negotiations while never actually seriously engaging in them, it looks likely that Iran may both continue enrichment while avoiding sanctions. This will strain U.S. diplomacy, leaving the Bush administration with the invidious choice of wielding the bigger stick of a military threat or offering bigger carrots that will not be domestically sustainable.
- European solidarity with the United States has also been weakened by developments in Lebanon. Ironically, the insertion of French and Italian troops in a revamped UNIFIL force has rendered them vulnerable to attacks by Iran’s Hezbollah proxy. This will make the Europeans hesitant to press Iran either through imposing sanctions or in the negotiations that EU High Representative Javier Solana is conducting with Iran’s Larijani, for fear that Iran will retaliate by unleashing Hezbollah in southern Lebanon.
- Beyond all that, almost 30 years have passed since the United States had official contact with the Government of Iran. Consequently, the United States has very limited understanding of Iran and apparently even less knowledge of what is actually going on in its nuclear program or its decisionmaking processes. Without a direct feel for the dynamics in Teheran, it becomes extremely difficult to calibrate U.S. diplomatic initiatives or responses. And with the accumulated mutual mistrust, it will be difficult to build confidence between the negotiators should direct talks ever get under way.

Nevertheless, because sanctions are likely to be ineffective, and military strikes are likely to generate costly retaliation, it is still essential to try for a diplomatic way out of the current crisis.<sup>1</sup> Moreover, there is still time to give diplomacy a chance: The Israeli official estimate is that it will take a year for Iran to cross the nuclear know-how threshold. Now that the Iranians appear to be experiencing difficulty running their enrichment cascades that deadline will likely be extended again. The intelligence communities seem to agree that Iran is still 5 years from actually developing a nuclear weapon.

Secretary of State Rice and her team of diplomats deserve praise for their patience in herding the international community’s sheep and their perseverance in overcoming administration opponents of diplomatic engagement with Iran. If Iran indeed agrees to suspend its enrichment program, then the first step of direct engagement can be achieved. It will be important for the American negotiators then to find discrete ways to engage bilaterally with their Iranian counterparts. In this

<sup>1</sup>Iran has a number of options that it can implement to retaliate for U.S. or Israeli military strikes on its nuclear facilities: Strike shipping in the Straits of Hormus, forcing the price of oil to skyrocket; unleash attacks on U.S. forces by its surrogates in Iraq; use Hezbollah to topple the Lebanese Government or launch strikes on Israel; encourage its Palestinian proxies (Palestine Islamic Jihad, the Hezbollah-financed Al-Aqsa brigades and the Damascus-controlled Hamas militants) to destroy the nascent Palestinian national unity government and attack Israel; and trigger terror attacks on U.S. and Jewish civilian targets across the globe.

way, it will be possible to begin to explore the outlines of a package deal. The Iranians will clearly insist on acknowledgement of their right to enrich uranium. It would be preferable for this to be handled through access to internationally controlled facilities outside Iran. But it may be necessary to explore international monitoring of Iran's enrichment facilities inside Iran to ensure that the process produces only limited quantities of nuclear fuel rather than larger quantities of nuclear weapons-grade material.

Beyond the structure of the nuclear deal, however, there are two components that should now be added to Rice's diplomatic strategy, one that might improve her leverage with Iran, the other that will help to provide a safety net should the diplomatic option fail.

We found during the Clinton administration that when the United States was promoting effective policies in dealing with other regional challenges—in particular Iraq and the Arab-Israeli conflict—it was easier to contain and pressure Iran. Indeed, it is no coincidence that Teheran sought to negotiate a “grand bargain” with the Bush administration in the immediate aftermath of the toppling of Saddam Hussein's regime (an offer that the Bush administration spurned at the time).

Although the Bush administration's inability to make progress in Iraq makes this approach more difficult now, the recent Israeli-Lebanese conflict may have opened up an opportunity to improve our leverage on Iran in the Arab-Israeli arena. That conflict highlighted a concern that Sunni Arab leaders across the region were already expressing about Iranian interference in Arab affairs. Egypt's President Mubarak, Saudi Arabia's King Abdullah, Jordan's King Abdullah, Palestinian President Mahmoud Abbas, and Lebanese Prime Minister Fouad Siniora all feel threatened by an Iranian-Syrian-Hezbollah axis that is challenging their efforts to stabilize the Arab-Israeli conflict. This common concern may even extend to Hamas Prime Minister Ismail Haniyah who finds his efforts to establish a viable government undermined by Palestinian militants under the influence of Teheran, Damascus, and Hezbollah.<sup>2</sup>

If American diplomacy can turn this Arab fear of Iran into a common interest with Israel in developing sustainable cease-fires and interim agreements on the Lebanese and Palestinian fronts, the Iranian “moment” in the Middle East may prove to be short-lived. But this will require the kind of sustained American diplomatic engagement in the Arab-Israeli arena that members of this distinguished committee have long called for. With it, the problems that Iran is exploiting in the Arab-Israeli arena will diminish and the Arabs and Europeans will feel more confident about standing up to Teheran in any diplomatic engagement. Without it, the United States will likely find itself more isolated in its efforts to deal with Teheran's nuclear ambitions and Iran's hegemonic ambitions may grow.

The second approach goes hand in hand with a more active and effective Arab-Israeli diplomacy. It would focus on laying the foundations for a security structure that would help Israel and the Sunni Arab leaders of Egypt, Jordan, and the GCC prepare for the potential emergence of Iranian nuclear weapons, or cope with the ambiguity of Iran's nuclear intentions. Indeed, the common threat that Israel and these Arab States face from a nuclear Iran creates a potential tacit alliance (whose glue could be progress on resolving Arab-Israeli issues).

The United States should actively consider the idea of extending a “nuclear umbrella” to these states should diplomacy fail to divert Iran's nuclear ambitions. At the appropriate time, such an American nuclear guarantee would go a long way toward bolstering their ability to deter an emerging Iranian nuclear threat. Whether, in the end, an Iranian regime with nuclear weapons is actually deterrable will be hotly debated. But an American nuclear guarantee cannot hurt. At a minimum, it would reduce the need for these Arab States to seek their own nuclear weapons, reducing the potential for a Middle East nuclear arms race. It might also reduce Israel's need to take its bomb out of the basement or pursue a preemptive military strategy that could short-circuit American diplomatic efforts to end Iran's nuclear program.<sup>3</sup>

Mr. Chairman, as you and members of the Senate Foreign Relations Committee know very well, in the Middle East everything is connected. For U.S. diplomacy to succeed in attenuating Iran's nuclear ambitions, a comprehensive strategy is needed, one that weds patience and creativity in the effort to secure a freeze on

<sup>2</sup>Although Haniyah has promoted the idea of an informal cease-fire with Israel (the tahdiyeh), Hamas militants under the direction of Damascus-based Khaled Mashal, Al-Aqsa militants in the pay of Hezbollah, and Palestine Islamic Jihad militants who take their instructions from Teheran, continue to attack Israel.

<sup>3</sup>Israel's Prime Minister Ehud Barak sought such a nuclear guarantee from President Clinton during the Camp David negotiations. See Bruce Riedel.

Iran's enrichment program with a sustained effort to build the case for sanctions if the freeze does not eventuate. But the effort will surely fall short if it is not also combined with a broader effort to encourage a community of interests between Israel, the Arab States, and the EU in a more stable, peaceful, and secure Middle East.

Thank you.

The CHAIRMAN. Well, thank you very much, Ambassador Indyk.

Let me just say that, procedurally now, we are about 3 or 4 minutes away from a rollcall vote. What I would like to suggest, if he's amenable, is that Senator Hagel might chair the committee and raise his questions, and then recognize Senator Biden, because he will probably return. Absent Senator Biden, recognize Senator Dodd. And I will be back to try to conclude the hearing and raise my questions at that point. So, if you will proceed, Senator Hagel, I would appreciate it, and perhaps we should adopt a 5-minute rule, for questions for these witnesses.

Senator HAGEL [presiding]. That's a risky proposition, leaving me in charge, but we will proceed in spite of that. It will not be voted on. Thank you, Senator Dodd. Gentlemen, thank you. You have made significant contributions as you have done over the years to—not just this issue—but to others as well, and we appreciate it, very much.

I would like to pose this question to each of you. You all touched upon the sanctions issue and examined it with some clarity. If I would have had another opportunity to address Secretary Burns in response to a question that Senator Obama asked—if you recall, at the end of his testimony at the question and answer period—he went into some detail about the graduated sanction regime and I think he said it would not include oil and gas in the first try at that regime, but if I recall correctly, he said it would involve exchange programs, specifically, I think he mentioned professorships at MIT. I mean, nothing personal, Secretary Carter, but he used MIT as I recall.

What struck me about that was—at least I thought—was a bit of an inconsistency when on one hand, Secretary Burns was talking earlier about great strides in progress we were making on the diplomatic exchange front, and he spoke specifically about education exchanges, students, and professorships. But yet, that would be included—according to the Secretary—in the first round of sanctions.

I'd like each of you to respond to that because, again, it's a bit unfair for Secretary Burns because he's not here and I didn't have a chance to follow up. But I'm puzzled by that, at least again, my perception of an inconsistency there. You can have it—I don't believe—both ways, especially if we're trying to develop some trust and confidence among our allies, and if we are trying to lay down—if, in fact, that's the point here—a legitimacy for some engagement, finding some forum for that engagement. So, I would appreciate each of you responding to that, and any other element of Secretary Burns' testimony and his responses to those questions, specifically on sanctions.

Ray, we'll begin with you, thank you.

Dr. TAKEYH. The congruity of having exchange programs while imposing a travel ban, I think that's what we're talking about. I

don't know how that works. You know, I can't explain that contradiction, other than acknowledging it.

In terms of having the United Nations being used, and the Security Council as a venue for progressively more coercive sanctions on Iran—I think that's far-fetched. It wasn't so much what the French President said, is on that very day France signed a \$2.7 billion oil and gas deal with Iran. On the day that you begin the discussion of sanctions. And throughout the EU3 negotiations with Iran, the French were among the more resolute—it was the Germans that were suspect of actually not wanting the resolution of coercion of Iran. So, there's a lot of reasons to believe that international solidarity—in terms of imposition of rigorous multilateral sanctions on Iran—is a nonexistent one. Nonexistent among our allies, and certainly I would say the same thing about the Chinese and the Russians.

So, the idea of having escalating coercive measures enacted to the United Nations is far-fetched. Now whether exchange programs are going to be suspended or not, that's neither here nor there. Some of the measures that are contemplated that can be enacted are not necessarily punitive, you know, travel ban on Iranian officials dealing with the nuclear issue—that's about four people. And whether that's going to be adhered to, I'm not sure.

Prohibition of cooperation between international, between other countries and Iran's nuclear industry—that's every bank in Russia. And frankly, the Treasury Department did have that provision before, it just never enacted it because it knew that it would be difficult to enforce. So these measures are, in my judgment, are not likely to succeed.

Senator HAGEL. Thank you.

Ash.

Mr. CARTER. Senator, I can only put the following interpretation on what Under Secretary Burns said, because I agree with you that getting an education in the United States is an aspiration of many Iranians. It is in our long-term interest to satisfy that appetite, for them to come here and study and take back what they see and learn. And I believe the restrictions referred to by Secretary Burns are on engineering education that could result in the kind of training that would provide assistance to the nuclear program. That would be hived off from other forms of educational exchange.

On the general question of sanctions, I'll just note something that people frequently ask me, and members of the committee surely know full well, which is that the most effective sanction, theoretically against Iran, of course would be to refuse to buy their oil. Which is \$55 billion in 2006 and certainly bonds the government to its people, because that \$55 billion is, I think, 85 percent of Iran's exports, and it is 65 percent of the federal government's budget in Iran. So, it would absolutely cripple Iran.

On the other hand, Iran's production, which is 2.5 million barrels a day, exceeds the slack in the international production system. So, interrupting Iranian supply, that supply could not easily be made up by—even with effort—by Saudi Arabia and other suppliers that have some excess supply, and so there would be a price spike, and so this falls in the category of a sort of mutually assured destruction. It would certainly destroy the Iranian regime, but it would

have repercussions in the rest of the world as well, and that's why one takes that off the table and cascades down to these much lesser measures which, as Ray suggests, aren't—short of comprehensive sanctions imposed, especially by Japan and Europe—likely to have much effect on the Iranian people, and, therefore, on its government.

Senator HAGEL. Thank you.  
Martin.

Mr. INDYK. Well, Senator Hagel, I think you really put your finger on a larger problem, which is the contradiction in the administration's approach when it comes to sanctions, because there is a belief—I think a justified belief—that the Iranian people are actually friendly toward the United States, much friendlier than many others in the Muslim world these days, and that we want to try to reach out to them. President Bush broadcast this message through an interview with David Ignatius which was published in the Washington Post.

But on the other hand, we want to punish the regime. But how do we punish the regime and still reach out to the people? Because sanctions are going to affect the people, and so sanctions don't work very well, so we talk about targeted sanctions—you remember the administration started off with targeted sanctions toward Iraq, and that didn't get anywhere, either. What we discovered in the case of sanctions in Iraq was that they hurt the people a great deal, in fact, a great deal more than we had understood, and didn't hurt the regime that much at all. And so you try to find targeted sanctions, and you end up with these kinds of contradictions and tensions.

Of course, Ray didn't mention, but when you focus on nuclear sanctions, it's not just the Russian banks that are going to want an exception, but the Russian Government is not going to want to affect the Bushehr Reactor, which they're building. So, even in the case of these targeted sanctions you're going to have a problem, because, as I understand it, the Russians are asking for an exception, in the case of Bushehr, which then guts that particular sanction. And it goes to the broader problem that sanctions are really not an effective weapon to achieve this objective.

What is effective, what I do think managed to concentrate the minds of the Iranians, was the way in which the administration very effectively managed to concert international opinion against Iran's nuclear program. And it's that isolation of Iran that is, I think, the key. And the problem when you get into sanctions is that you tend to divide your coalition, and the Iranians are able to play on this divide. So, I really think that that's the key that your question is addressing: How do we find a way to isolate Iran, politically and diplomatically, while not allowing them to divide us from our allies?

Senator HAGEL. Thank you.  
Senator Biden.

Senator BIDEN. Do you both agree with that last statement? That the most effective thing is to isolate them diplomatically, and that almost any configuration of sanctions is likely to split that consensus to isolate diplomatically? Did I accurately—

Dr. TAKEYH. I think we're all in agreement that there is sort of a sanctions regime that is contemplated. For it to be effective multilateral is unlikely to be enacted through the United Nations, because of the divisions and so forth.

Whether Iran can be diplomatically isolated; I suspect it can be, from the Western Block. But increasingly, the Iranian leadership are talking about an Eastern orientation. Namely, having a relationship with countries where the human rights records and proliferation tendencies are not that bothersome—the Chinese, the Russians—and those who, that they have a commercial relationship with, particularly in the oil and gas industry.

Can Iran be isolated regionally? Well, not long ago, the Deputy National Security Advisor of Iraq went to Iran and said there is absolutely no evidence that Iran is interfering in that country.

And the last July resolution, when 15 Security Council members voted against Iran, Qatar was not one of them. Ahmadinejad is very popular on the Arab street, Martin is absolutely right—there's concerns and palaces and Ministries, but that doesn't read down to the street. And even in nonrepresentative regimes, public opinion counts as you saw in the case of Lebanon when, initially, Egypt and Saudi Arabian officials came out in criticism of Israel, they quickly retreated when the popularity of Hezbollah became known.

Iran today is the second-most important country in Afghanistan, the second-most important country in Iraq—perhaps destined to be the most important in each. It has, the Gulf Cooperation Council is not likely to congeal against Iran, that is not its temperament, that is not its behavior. It has relationship with Syria of long standing, and it is increasingly becoming an important player, even more important in the emerging Lebanese civil war.

So, can a diplomatic arrangement be made to isolate Iran? I think privately most Arab officials would complain about Iran's behavior, just because they board the plane to Iran and shake hands with the Iranian officials. I don't see diplomatic isolation within the region, I think it's possible to sever Iran, to some extent, from Western Europe, in terms of diplomatic presence, but not necessarily from the Eastern bloc that Iran is beginning to appeal to, and not necessarily about the nonaligned community, which actually is supporting Iran's stance as a country that has nuclear rights within the confines of the MPT and the traditional north-south talks.

Senator BIDEN. Thank you.

Ash.

Mr. CARTER. I just, very briefly, I agree with your contention, Senator Biden, with my two colleagues. There is a sense, however, and I noted this earlier, in which economic sanctions have a political effect. They do express universal or some degree of consensus. And, as I mentioned earlier, the experts on sanctions will tell you that the political effects kick in immediately, and the economic effects actually kick in over a long period of time, so sanctions do have a political effect.

The other thing I would say is I completely—

Senator BIDEN. Excuse me, I'm not asking whether they have a political effect; I'm asking whether or not it's possible to get the sanctions. In other words, this notion was we diplomatically isolate,



but there's a degree to which we seek sanctions that are not unilateral that splits that diplomatic consensus.

Mr. CARTER. I'm sorry, then, that I also agree with the sanctions we can get will not be effective, and the sanctions you can imagine being effective, we will not get.

Ray is absolutely right, the expression Martin used was "Iran's on a roll" and I think we all recognize that. We're looking in a kind of fun-house mirror in the Middle East at the moment, and places that are smaller than they really are, look bigger at the moment, and I think Iran's bubble is destined to—I don't know, burst—but certainly reduce in size. There are fundamental things that go against the Iranian Government. The people are uncertain about its ability to deliver what they want. The rest of the region might be in appeasement mode at the moment, but fundamentally they're looking for an opportunity to put Iran back where it belongs, so these are things that—over time—will play out in our favor. And that's one of the reasons why I said that the moment isn't quite right for us now, because they're doing so well and we're so pre-occupied elsewhere, and that's why I take some solace in the fact that they're not about to build the bomb.

Senator BIDEN. That's—without ruining your reputation—I agree with you completely. That's been the thesis on which I've been operating, that (a) there is more time than is asserted by the administration before there's an eminent threat; (b) that time really plays to us, not to them; and (c) that if you could divine a way to do it, the place to play is internally in Iran. If you could, I don't know how to do that, I don't know how to do that.

But, you know, if you take a look at Syria—if you look down the road and you assumed that Iran was destined to become the hegemonic power in the region and the dominant power, and you were sitting in Damascus, I don't think that would bode too well for you. Especially if you buy the argument of our right that it is a radically Islamic-driven bunch of crazies who are in the position that they are attempting to extend the influence of Shi'a power in this internal revolution that's going on, clash of cultures within Islam, et cetera—all of these sort of nightmarish scenarios that are set up. If you're sitting in Syria, you're kind of making a Faustian bargain with an outfit that doesn't like you very much. With which you don't have a whole hell of a lot of future, it seems to me.

Martin, I apologize, I had to take a call—but I'm told by staff that you indicated the possibility of a Sunni-Arab-State fear combined with an Israeli fear that maybe this is the time to try to jump-start the Arab-Israeli peace process. Wouldn't that require them and us, as interlocutors, to engage Syria relatively soon in that process, if there was going to be an attempt to do that?

Mr. INDYK. Well, first of all, on the timeline, Senator Biden, I think it's important to bear in mind that while you and Ash are correct at this time that the Iranians appear to be—as far as we can tell, you have to always say that—5 years away at a minimum, Israel keeps on making the point that what matters is the time it takes them to cross the nuclear know-how threshold. Meaning, when they actually know how to enrich the uranium, know how to build the bomb and put it on the missiles, which they've already

developed. And their estimate is that Iran crosses that “nuclear know-how” threshold within a year.

Senator BIDEN. Well, let’s assume that’s true. There aren’t many options anybody has laid out to do anything about that. In other words, I mean, we have all of these projections, but I don’t know anybody—I don’t hear any of you recommending—that there is military action taking place, we’ve all acknowledged that the likelihood of getting coherent and cohesive economic sanctions that would make a difference by the world community is not in the cards, we acknowledge that Iran’s on the ascendancy momentarily and that we are—to say the least—bogged down in Iraq and in Afghanistan. There don’t seem to be a whole lot of options available, other than trying to figure out how we get straightened out in Iraq and Afghanistan as quick as we can—we have no plan, in my view; and try to figure out as well how to put strange bedfellows together who have a common concern—even though it may only be the leadership—a common concern with regard to Iran. Because, you know, we kind of—anyway—

Mr. INDYK. Well, we’re left with the choice between bad options.

Senator BIDEN. Well, I haven’t even heard any option that is not bad, we’re left with a choice between disastrous options.

Mr. INDYK. Well, no, I wouldn’t go that far, I mean—

Senator BIDEN. Well, military force, use of military force in the near term—is that an option that does anything to generate or benefit our short-term interests?

Mr. INDYK. Ash should answer that, but I mean, we should not abandon the diplomatic option just at the moment when it’s going to be really tested, so, obviously, we have to—

Senator BIDEN. I’m not suggesting that.

Mr. INDYK [continuing]. We have to pursue that first and foremost. And there is a military option. Ash has laid out a lot of problems with that, but I think, ultimately, we are going to be left in the situation—the reason for my pessimism—where we’re going to have to end up deciding whether we can live with Iranian nukes, like we live with Pakistani nukes and North Korean nukes, or not. And Israel, of course, is going to make its own decision about whether it can. But, ultimately, Senator Biden, that’s where I think we end up.

Senator BIDEN. Well, I would argue that there is an interim step in there within the timeframe we’re talking about, but that’s a different issue. Let me conclude by asking the question—and I should know the answer—how much oil do we import from Iran? And would it make a difference if, in fact, we unilaterally cease and desist from importing Iranian oil? I assume it would just be picked up by other countries immediately.

Mr. CARTER. I’m not an expert, Senator, on oil markets, but my understanding is that we would just end up buying oil from Venezuela, and somebody whose now buying oil from Venezuela would buy it from Iran—it’s a fungible commodity, and the world supply—

Senator BIDEN. I think it’s important for the record that that be stated.

Mr. CARTER. It would have no effect on Iran or on us, for that matter. May I touch on this question of the Israelis and the knowl-

edge? I've heard Israelis say that and I want to say as a scientist that I really think that that is a misleading metric. You can have all the knowledge you want of how to build a bomb, and if you don't have highly enriched uranium or plutonium, you're not going to have a bomb. Now, that's the important threshold.

The second thing I would say is that, particularly with highly enriched uranium, but less so with plutonium, anyone who is knowledgeable about bomb design will tell you that terrorists can make a bomb if they get the material. It's sadly not difficult. You know that the United States had no doubt that ours would work, our very first one. It's trickier with plutonium—these people are using highly enriched uranium and any knucklehead who has enough highly enriched uranium can make it go off. The pacing item here is getting the metal, and if they're going to make it, they have to make it in those centrifuges, we know how many there are, we know how effective each one of them is at enriching uranium—even if they get to the thousand centrifuge pilot plant level, that pilot plant running full time with nonenriched fuel, I think the number is 2.7 years to the first bomb. That's once they get the pilot plant going in the thousand centrifuges.

So these are the numbers that people can work out. And why the Israelis are saying this, I don't know, but I say from a technical point of view, it's just not true.

Senator BIDEN. Well, I noticed that the new Israeli Ministry of Intelligence has stopped using the phrase “point of no return.” And I'm at the point of no return to vote on the floor is up and I've got to flee. Thank you, gentlemen.

The CHAIRMAN [presiding]. Thanks, Senator Biden. Senator Dodd, I'll raise questions after you have.

Senator DODD. Well, thank you, Mr. Chairman, and thank all three of you for your continuing help and support and trying to shed some light on a very, very difficult and complex foreign policy challenge, about as serious of one as I can think we've had.

One of you might just—instead of trying to decide what options are here—I wonder if you might, each of you, take a moment out and describe, if you could, what a successful endgame would look like to you in a process here which would leave all of the principal parties satisfied. I mean, satisfied is a vague enough word, but envision if you will, or share with us your thoughts on an endgame here that would leave everybody here saying, “Well, that's a pretty good result.” And is it possible, in your view, that such an endgame would allow us to, would allow Iran to attain its enrichment capabilities.

Dr. TAKEYH. I'll just begin. In terms of negotiating options with Iran, I think what Senator Biden was referring to that, what are the options to negotiate.

First of all, this is not a unique historical moment for the United States. We've been in this position before. If you look back in the late 1960s, early 1970s, we were in a position in East Asia where our power was declining because of the Vietnam war and the Chinese power was increasing, because of China's own capability and declining American power, and there was certainly antagonism between the two countries. They had gone to war with each other in

Korea and, obviously, the Chinese were very much involved in the Vietnam war.

The negotiations with Iran, I think, as being contemplated today, suffer from a conceptual divergence. Iranians are going into these negotiations—as Martin was saying—in order to offer confidence-building measures that will allow them to continue their nuclear program. The Europeans and now, I gather, the Americans, are going into these negotiations in order to arrive at an arrangement that will cease those nuclear activities. These are conceptually divergent perceptions of what the negotiations are for. And ultimately it was this conceptual divide that undermined the EU3-Iran negotiations after 2½ years.

How do you negotiate with Iran? I think you have to accept certain basic realities. Iran is an important power with influence in the region, and the purpose of negotiation would be how to establish a framework for regulation of this influence. Therefore, in a perverse sense, negotiations is a form of containment. We're negotiating as a means of containing Iran's influence, as surely as we negotiated with the Chinese in the 1970s as a means of coming to some arrangements to rationalize United States-Sino-American relations as a means of regulating Chinese power. So, what you can do, and I think I alluded to it in my written testimony, is actually having negotiations with Iran as I think Martin was saying—a comprehensive negotiations on all of Iranian concerns, and all of our concerns. Our concerns are human rights, terrorism, they have their own grievances and so forth—and these negotiations will take place, ultimately, without precondition.

In 1970 when the United States negotiated with the Chinese, there was no precondition to those negotiations. We didn't say we wanted 250,000 Chinese troops that were active in North Vietnam to be withdrawn. But the purpose of those negotiations was essentially to establish a framework where Beijing's relationship with Washington was more important to it than its relationship with Hanoi.

The purpose of these negotiations would be to foster an arrangement where Tehran's relationship with Washington is more meaningful to it than various gradation of uranium, or potentially its ties with Hezbollah. So, therefore, although suspension of nuclear activities is not the beginning point, you hope to get to that at the end point—by creating a new framework and a new basis for United States-Iran relations. But in all of these discussions and negotiations, we have to appreciate that, in a sense, we are legitimizing Iran's—at least Persian Gulf—if not larger regional aspirations.

Mr. CARTER. It's an excellent question—it's the key question—what would we be satisfied with? Ray's given a version of it that I think is quite cogent, but I'm going to take a different cut at it.

When it comes to proliferation, you never really win, ultimately. Because people never renounce forever. Whether it's Taiwan, South Korea, South Africa, Ukraine, Kazakhstan, they can all reverse course. So there's a buffer in time between where they stand now, and them having a bomb. And what you want in the case of Iran is a sizeable buffer. But you'll never make that buffer infinitely long.

We judge that if they are making their own fuel—even for a civil nuclear program—that buffer is too narrow. And that is why we have opposed Iran having the capacity to enrich itself—even if that enrichment capability was inspected. That has been the American view. I share that view. I don't share the view that them having nuclear power of any kind is too dangerous, nor, evidently, does President Bush. For the reason that, that buffer can be made longer if the fuel comes from outside of the country—the enriched fuel, the enrichment is not done there—and then the spent fuel goes outside of the country. But what we need from Iran is a buffer that's long enough, so that we don't feel that we're up against an Iranian bomb that's only 1 or 2 years away, or some uncertainty about whether there is an Iranian bomb at all. And that's what we're looking for—a buffer of some years.

And there are various ways that that can be worked out and that's one of the reasons why I think that from a technical point of view, these negotiations could succeed. The Iranians could be satisfied that they were close enough, that they hadn't renounced for all time a Persian bomb, and they could have a civil nuclear power program, but the buffer could be long enough that we're satisfied, and our allies are satisfied that they're not on the cusp of proliferation. That's the end state, I think, that both sides could be looking for in this negotiation that would satisfy them both.

Senator DODD. Do you think that satisfies Iran? I was intrigued by Martin's point earlier, and I was telling the chairman on our way over to vote, without a forum like this, sharing with you who specifically said this, but I was in the region in April and had a long meeting with a very high-ranking Arab official from a very strong ally of ours who expressed to me great reservations and fears about an Iranian-United States diplomatic conclusion that would exclude them in some way, it would in some way leave them out of the equation. And Martin made the point earlier that you think there's going to be an ask coming back from the Iranians to us, assuming we could be satisfied with the result that Ashton has talked about here, that may include a very significant and dominant role in the region. And so I—could you give me some idea, before I turn to Martin—what you think the Iranian ask is going to be, other than the satisfaction here that they've somehow been able to maintain their nuclear options here without taking the position that they would forebear forever from acquiring that weapon.

Mr. CARTER. The result I described, which was purely a nuclear result, is unlikely—in my judgment—to be attained in isolation. It will be part of some larger package.

Senator DODD. Right.

Mr. CARTER. And the larger package will cut both ways for the Iranian leadership. To some extent it will legitimize them and reward the roll they're on; on the other hand, it will constrain their behavior in the future and the other response I'd give, I guess, Senator Dodd, to your excellent question is that when one says, "Well, will the Iranians accept it?" the answer is, there are several different flavors of Iranians.

Senator DODD. That's right.

Mr. CARTER. And, I'm sure there's some who want to have the bomb, and nothing can turn them around, others who want to have

nuclear power, and others who don't care about one or the other. We do know that the nuclear power program is what they say they want, and we know that that is popular with their people. And so it's possible that they could be satisfied with some version of that, and not the bomb, but who knows.

Senator DODD. Ambassador, do you want to add anything to this?

Mr. INDYK. I don't think I spoke to that same high-level leader, but I did hear one of them here just recently speak in what I would assume would be the same terms, in which he said there should be no negotiations with Iran because if you negotiate with Iran, you are allowing it to become the arbiter of Arab interests, and that is unacceptable to us.

Senator DODD. In fact, that was the same message.

Mr. INDYK. And that's a very real fear that they have in the region. But I just want to come back to what I thought was very useful explanation on Ashton's part of what the nuclear deal would need to be. Because I think what I heard him say was that Iranian independent enrichment is not something that would give us sufficient confidence that the buffer will be long enough, correct? And that's precisely what the Iranians are saying is a redline for them. That they insist on their right to enrich. If you just focus it down to the nuclear issue, that's where the rub will be, that's where the real problem will be. And I suspect that the scientists are going to have to work out a way—if we really think we could get a nuclear deal—the scientists are going to have to work out a way to allow Iran to do low-level enrichment under strict controls, and we're going to have to decide whether that's acceptable or whether that one's too high a risk. I don't think we're going to get to that point anyway, but if we do get to that point—to answer your question, that's where it would have to be worked out. Can we live with low-level Iranian uranium enrichment? That's the focus if the deal would have to be done.

But on the much broader question of what they ask would be, I think it's very clear that what they're looking for is recognition by us of their regional role. And that is their minimum and we can't accept that. The question is, What do they really mean by that? How do we parse it? We can only figure that out in a negotiation, a direct negotiation in which we are, obviously, going to have to be talking about a security structure in the region that takes care of their security concerns, as well, and takes care of our security concerns, and the concerns of our allies.

So, it's possible to work out compromises for all of these things. But, it's very difficult to see how we're going to get there. Theoretically, we can do it; practically, it's very difficult to see.

Senator DODD. Someone suggested that we take some sort of a bold action here to break through and start the process. I like, by the way, the analogy going back in the late sixties with President Nixon and Henry Kissinger's opening toward China which has been articulated. Peter Beinart has talked about this conversation in just doing the unexpected and changing the game. Changed the game dramatically, that very clever defensive move, I thought, in that time. But just even opening up an intersection, offering Iran to just open up an intersection here, in return for one being opened up in Tehran. Is that something that you could imagine?

Mr. INDYK. We would love to do that, the Bush administration would love to do that, the Iranians have never been prepared to allow us.

They have an interests section, sorry, we would like to have American diplomats on the ground in Tehran, they are not prepared.

Senator DODD. Have we made a public offering? I don't recall ever seeing that kind of a public expression of offering that exchange of intersections being made. Do you know if that's been done?

Mr. INDYK. Well, our interests are represented by the Swiss—I forget who represents their interests, Pakistan—but in terms of actually being able to, I think the real benefit to us would be if we could actually get in on the ground there in a diplomatic capacity, and that's not something they're prepared to do.

Senator DODD. They've been resistant to this.

Mr. Chairman, I've got a dozen more questions, but I can see the look on your face and the look on these—I have an opening statement which I obviously was not here for, I'd ask if I can put that in the record.

The CHAIRMAN. It will be placed in the record.

[The prepared statement of Senator Dodd follows:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER J. DODD, U.S. SENATOR FROM  
CONNECTICUT

Thank you, Mr. Chairman. I commend you for your continued attention to the Iran nuclear crisis and for holding this hearing. Addressing Iran's nuclear ambitions is one of the most complex foreign policy challenges confronting our country. I look forward to our distinguished witnesses shedding light on recent developments and on how to proceed in resolving this crisis.

For my part, the facts on the table give me little reason for optimism. In fact, they suggest that we are stuck in a diplomatic logjam. Tehran continues to refuse to suspend uranium enrichment having ignoring the August 31 U.N. Security Council deadline. The Bush administration continues to push for sanctions while the Chinese and Russians remain averse to a harder approach. And now the President of France, one of the EU3 negotiating with Iran, has clearly stated that sanctions are not the way forward. The cracks are deepening.

While the United States and much of the international community are unified in their opposition to a nuclear Iran, the United States seems to be increasingly walking a lonely road in its approach to preventing this outcome. The Bush administration has labeled Iran a member of the "axis of evil." It subscribes to regime change and it obstinately shuns direct talks.

Of course, there is more than ample reason to refuse dealing with Iran. The Iranian regime has sponsored terrorist groups in the Middle East such as Hezbollah, including during the recent conflict with Israel. It continually violates the basic rights of its own people. And it has shown its true colors through malignant statements denying the Holocaust and calling for the destruction of Israel.

But let's face the facts. The administration's demonizing Iran and its refusal to talk has not solved anything. It has created fissures between the United States and its allies. It has fueled the perception that the United States is not serious about diplomacy with Iran and is once again itching for a military solution. United States actions have alienated the most important player in the ongoing struggle with Tehran: The Iranian people. Today, United States support for groups within Iran is the kiss of death.

But it doesn't stop there. By refusing to convert any of the Iranian President's outlandish overtures for talks into an opportunity for substantive negotiations, the Bush administration has partially ceded the higher ground to Tehran. Irresponsible and poor diplomacy are the words that come to mind. For me it's a simple calculation. What have we gained by not talking to Iran? Absolutely nothing. What do we lose by talking to Iran? Absolutely nothing.

Now I understand that we have offered to talk with Iran if it first suspends uranium enrichment but this is only going to lead to more stonewalling. It is high time that we changed tack in dealing with Iran.

What we need to do is sit down with our allies and chart a course forward taking into account the interests of all stakeholders. There is no denying that convincing states like China, Russia, and India to take a hard approach on Iran is an uphill battle because of their robust commercial and energy relationships with Iran. In 2005, China signed a \$70 billion oil and gas deal with Iran while India signed a \$22 billion gas deal to meet their growing energy needs.

Bringing these states on board for any eventual punitive measures, if need be, will not be easy. At a minimum it requires addressing their interests and a collective exhaustion of all diplomatic options including direct talks. Similarly, the United States ought to consider relaxing its precondition of uranium suspension prior to talks with Iran. The EU foreign policy chief Javier Solana has suggested such a more nuanced and productive approach with talks resuming at the same time as Iran suspends its enrichments activities.

The stakes for regional and global stability are high enough to merit a flexible and fresh approach. We cannot keep on spinning in our tracks. Yet some in this administration prefer the demonizing, cold shoulder approach.

And if it wasn't bad enough that the executive branch led this country into Iraq on spinned and faulty intelligence, it may have become a contagious disease. Earlier this month, the House Intelligence Committee Republican staff released a report that came to questionable conclusions about Iran's nuclear capabilities.

That report brought a wave of criticism from the IAEA and other experts. The IAEA went so far as to call parts of the report "outrageous and dishonest" and that it contained "erroneous, misleading and unsubstantiated information." If these allegations are true, they do not reflect well on the House leadership or on the United States. And needless to say, they only widen the critical credibility gap that has emerged between this country and much of the world today.

I have said this before and I'll say it again. All options may well be on the table but we need to talk to Iran first. This administration has been bandying Presidential talks with the Sudanese President, the head of a regime that the United States has declared guilty of genocide. And yet we can't sit down with Iran to discuss its nuclear ambitions. It makes no sense whatsoever. Quite simply, it seems to me that this administration just doesn't know when to talk and when to brandish the stick.

Our Iran policy is deeply troubling to me because it seems to have just led us in circles. Circles that have only further squandered our political and moral authority. I look forward to hearing the witnesses before us on where we stand today, how to break this cycle, and how to proceed toward a resolution of this crisis.

Thank you.

The CHAIRMAN. Thank you. We appreciate the panel responding to the Senator, for the record.

Let me just conclude with a couple of questions. One, just theoretically, why would it not be a good idea—aside from the fact that it seems to be a grave change in course, but leaving that aside—if we indicated that we want to have, as a country, a very open relationship with Iran? For 27 years, as you pointed out, we haven't had very much of a relationship at all. Suppose that we immediately announce scholarship exchanges? Sports teams have been mentioned. What about business people, tourists, curious people, whoever? What if we ask the Iranians to admit all of these people to their country, and at the same time, we admit all sorts of Iranians here? When a distinguished Iranian comes to Washington nowadays, there are editorials as to whether anybody ought to meet with the person or not. I can understand the reasons, but we would point to past precedents for such people-to-people exchanges with the former Soviet Union and China. You could say, "Well, as a matter of fact, we suspect that this is probably a better course, all things considered, and we'd like the Congress to consider it." Throw some of the burden over to us, so all of the contradictory factions in American society come in here and say "Don't touch those



Iranians,” but others say, “Well, we ought to have direct talks.” We also need to understand Iran better. One of the questions often raised about Iraq, including in this committee, long before we got into hostilities, was that frankly, we didn’t know very much about Iraq. It’s very painful to have so much discovery about for years after we got into hostilities. I believe that it is of the essence, presently that we understand Iran.

We do have, obviously, a very large United States military presence in the area, in Iraq and in Afghanistan. Much larger in Iraq than in Afghanistan these days. Is this likely to be helpful or harmful, as we deal with Iran? We haven’t discussed, today, the implications for possible United States negotiations with Iran regarding its nuclear program if, for example, we were to withdraw a substantial number of forces fairly rapidly from Iraq, or, on the other hand, we simply said, “Well, as a matter of fact, in order to get that situation under control, we need to send another division to Iraq,” as some suggest.

How does the United States military presence in Iraq affect negotiations with Iran over its nuclear program? Does an American military presence offer credibility?

So, can any of you comment on these ideas?

Dr. TAKEYH. Ash can talk about his buffer plan. I’ll briefly say something that has been alluded to in this hearing and others—is to, I always view studying Iran as comparable to studying China in the 1950s. We just have to access to that country, we have no real way to understand it, it is a country that is very difficult to work in, given the fact that they often equate research with espionage, so it’s an enclosed country in many ways in terms of trying to decipher the internal deliberations within the regime. In all countries there’s a gap between public declaration of officials and their private perception, and in the case of Iran, that gulf is at the Atlantic Ocean, and many Iranian officials say yes, he could mean yes, he could mean no, he could mean maybe—there’s just no way of assessing it, so I think a greater degree of American interaction with Iran, going there and talking to people—particularly at an official level, and even a nonofficial level would be extremely salutary. But the problem, frankly, hasn’t been from our side. There are lots of Iranians that are willing to go, lots of Americans are willing to go, I was supposed to go this summer, I was denied a reentry permit. Deputy to Ken Pollack, Martin’s Deputy, had tried to go many times, he was denied a visa, so not every problem in United States-Iranian relations is the fault of the United States. Part of the reason that we fail to understand their country is they’re not providing us with an ability to do so. And there has to be a change of mind on the other side. If all three of us applied for a visa to go to Iran, I doubt if any of us would get it. Certainly not Martin. [Laughter.]

Mr. CARTER. Before my Security Officer has a stroke, I would say that I would have to ask, and I would probably not be allowed to go.

The CHAIRMAN. But it might be important to publicize the fact that you are attempting to do that.

Dr. TAKEYH. Simon and I went through months of negotiations to go and they never, ultimately their final response was a no re-

sponse. Which we took as a no. The role of Iraq, increasingly, I think, the presence or absence of American troops in Iraq does not affect Iran's negotiating posture, because I think they arrive at a position that they're confident that those troops are not going to be used against them. And it's important to recognize when Iranians are talking about security issues, we often misinterpret that as them asking for security guarantees. Increasingly they're asking for negotiations with the United States over the security environment of the Persian Gulf, which is in some way recognition of their rights and prerogatives in that particular region. So, they're coming at this with some degree of vulnerability.

Should American forces begin to leave Iraq? I think Iranian influence in Iraq is intact, it's operational not just through the Shi'a allies that Iran has, but also has close relationship with the Kurdish population and Kurdish leaders and so forth.

The CHAIRMAN. Ash, do you have a thought?

Mr. CARTER. Just two observations here, both excellent questions, and Ray has given excellent answers to them.

On the question of the troops in the region, it hasn't turned out, at all, the way the Iranians probably expected. It certainly didn't, of course, turn out the way we expected. At the time the war began, many people were telling me that if things went well, this would strengthen our hand with respect to Iran, we would have a military presence in the region that could, maybe, be semipermanent, right on their border, and notwithstanding the fact that we had eliminated their historic enemy and balancer in the region, we would be able to assume that role. The Iranians, I think, now—certainly the Iranians I've spoken to—have said to me that they're pretty happy with the current situation. They have a big hand in what happens, but we're keeping the lid on, they don't want the lid to blow off entirely.

Even if it were the optimal thing to do, to put more U.S. troops in Iraq, the reality is that it's unfortunately not physically possible for us—given the size of our current military, the Army and the Marine Corps and the rotation we've already put them through, now on their third rotations—materially to increase our presence there. Even if we felt that another 50 or 100,000 troops would spell the difference, we couldn't do it.

Mr. INDYK. I would just say, first of all, on the issue of exchanges, I think, in principle, it's a very good idea, and we should encourage it, but we shouldn't have any illusions that it's going to make a major difference. We did have experience with this in the 1990s. We had all sorts of exchanges going on, but what was happening in Tehran was that the hard-liners were effectively establishing their control, undermining and thwarting the reformers, and in the end all of the exchanges didn't change that dynamic and we are where we are. But I still think we should do it, if only because it would give us a better understanding of what's going on. I think one of the things that everybody has agreed on in this hearing is that we don't have that feel, and that's very problematic.

As far as Iraq is concerned, I mean, I think to put it crudely, Iran is on the ascendancy in the region, not because of anything they've done, in particular, but because of what happened in Iraq. We've, in effect, taken Iraq out of the balance of power equation

now, and it's going to be a long time before it's back in the equation, and that makes Iran dominant in the gulf, because the Iraq-Iran balance doesn't exist anymore.

Were we to put another division in, I think the Iranians would be very concerned. Were we to pull out our forces, they'll also be concerned, because descent into chaos on their borders—with their involvement there with the Shiites—could easily drag them in. So, the ideal situation for the Iranians is the one that exists now—we're bogged down, but we're keeping enough of a lid on it that it just enables them to build their influence—including in Iraq, and in the border region—gratis, courtesy of the U.S. Army.

The CHAIRMAN. Well, there is lots of optimism. That's a lot of wisdom, and we appreciate it very much—your thoughtfulness, your patience, your stamina, but we feel we've had a good hearing for ourselves and for the people who have shared this hearing over C-SPAN.

So thank you for coming, and we look forward to seeing you again soon. The hearing is adjourned.

[Whereupon, at 12:47 p.m., the hearing was adjourned.]

