

U.S. Policy and Iran's Nuclear Challenge

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Thank you Mr Chairman and distinguished members of the Committee for this opportunity to discuss U.S. policy regarding Iran's nuclear program.

The efforts of the United States and its allies to dissuade Iran from pursuing its long-sought goal of attaining a nuclear weapons capability have so far failed to yield satisfactory results. Iran made temporary tactical concessions in October 2003 under strong international pressure to temporarily freeze its uranium enrichment operations and submit to increased inspections of its nuclear facilities by the International Atomic Energy Agency (IAEA). Tehran feared that referral to the Security Council could result in diplomatic isolation, economic sanctions, or possible military attack. It undoubtedly also was motivated by the examples set by the rapid overthrow of the Taliban regime in Afghanistan in 2001 and Saddam Hussein's regime in Iraq in early 2003 by U.S.-led coalitions.

Tehran made enough tactical concessions to stave off international sanctions and engage the European Union in diplomatic negotiations led by Britain, France, and Germany (the EU-3) to temporarily defuse the crisis. But Tehran later dropped the charade of negotiations after it apparently concluded that the international situation had shifted in its favor. It now apparently believes that it is in a much stronger position due to the continued need for U.S. military forces in Iraq and Afghanistan; the rise in oil prices which has given it greater bargaining leverage with oil importers; and its diplomatic cultivation of China and Russia, which can dilute or veto resolutions brought before the U.N. Security Council.

The installation of a new hard-line government led by President Mahmoud Ahmadinejad in August 2005 also was a major factor that led Tehran to renege on its agreement with the EU-3. Iran's new president is firmly committed to Iran's nuclear program and vehemently criticized Iran's previous government for making too many concessions in past negotiations with the EU-3. Shortly thereafter Iran resumed operations at the Isfahan uranium conversion facility, converting yellowcake into uranium hexafluoride, a preliminary step before enrichment. In January 2006 Iran announced its intention to resume uranium enrichment activities and removed IAEA seals at its Natanz facility. Iran remains determined to develop a complete nuclear fuel cycle, which would eventually give it the fissile material for a nuclear weapons capability. Thus far, Iran has escaped paying any significant price for its apparent violations of its commitments under the NPT and failure to fully cooperate with the IAEA.

The U.S. should mobilize an international coalition to raise the diplomatic, economic, domestic political, and potential military costs to Tehran of continuing to flout its obligations under its nuclear safeguards agreements. This "coalition of the willing" should seek to isolate the Ahmadinejad regime, weaken it through targeted economic sanctions, explain to the Iranian people why their government's nuclear policies will impose economic costs and military risks on them, contain Iran's military power, and encourage democratic change. If Tehran persists in its drive for nuclear weapons despite these escalating pressures, then the United States should consider military options to set back the Iranian nuclear weapons program.

THE GROWING THREAT OF AHMADINEJAD'S IRAN

Mahmoud Ahmadinejad rose up through the ranks of the Islamic Revolutionary Guard Corps (IRGC), the praetorian guard dedicated to advancing and exporting the revolution that Ayatollah Ruhollah Khomeini inspired in Iran in 1978-1979. Ahmadinejad is a true believer in Khomeini's radical vision of Iran's role as the vanguard of a global Islamic revolution. He has lambasted the U.S. as "a failing power" and a threat to the Muslim world.

In sharp contrast to his predecessor, former President Mohammad Khatami, who advocated a conciliatory "dialogue of civilizations" but was blocked by the strong opposition of the ideological hardliners, Ahmadinejad has returned to the fiery rhetoric of the Khomeini era. In September he delivered a truculent speech at the United Nations, warning foreign governments against meddling in Iranian affairs. On October 26, he made a venomous speech attacking Israel in which he quoted Khomeini: "As the Imam said, Israel must be wiped off the map."

Ahmadinejad's vehement return to Khomeini's radical line has been accompanied by a purge of pragmatists and reformers within the regime. Forty of Iran's senior ambassadors have been recalled from overseas posts, including diplomats who were involved in the EU-3 negotiations in Britain, France, Germany, and at the United Nations in Geneva. Ahmadinejad has appointed many of his IRGC cronies to key positions throughout the government.

Iran also has been increasingly aggressive in stirring up trouble inside Iraq. In October, the British government charged that the Iranians had supplied sophisticated bombs with shaped charges capable of penetrating armor to clients in Iraq who used them in a series of attacks on British forces in southern Iraq. Iran also has given discreet support to insurgents such as Moqtada al-Sadr, who twice has led Shiite uprisings against coalition forces and the Iraqi government.

Iranian hardliners undoubtedly fear that a stable democratic Iraq would present a dangerous alternative model of government that could undermine their own authority. They know that Iraq's pre-eminent Shiite religious leader, Grand Ayatollah Ali al-Sistani, whose religious authority is greater than that of any member of Iran's ruling clerical regime, rejects Khomeini's radical ideology and advocates traditional Shiite religious doctrines. Although Iran continues to enjoy considerable influence with many Iraqi Shiites, particularly with Iraq's Supreme Council for the Islamic Revolution in Iraq and the Dawa Party, the moderate influence of Sistani dilutes their own revolutionary influence. Therefore, Tehran plays a double game in Iraq, using the young firebrand al-Sadr to undermine Sistani and keep pressure on the U.S. military to withdraw, while still maintaining good relations with Shiite political parties who revere Sistani and need continued American support.

In addition to its destabilizing role in Iraq, Iran continues to be the world's leading sponsor of terrorism. Secretary of State Condoleezza Rice recently called Iran "the central banker" of international terrorism. It has close ties to the Lebanon-based Hezbollah terrorist group, which it organized and continues to finance, arm, and train. Tehran also has supported a wide variety of Palestinian terrorist groups, including Fatah, Hamas, and Palestinian Islamic Jihad, as well as Afghan extremists such as Gulbuddin Hekmatyar. Iran was involved in the 1996 Khobar Towers bombing, which killed 19 American military personnel deployed in Saudi Arabia. Moreover, Iran reportedly continues to give sanctuary to elements of al-Qaeda, including at least one of Osama bin Laden's sons, Saad bin Laden, and Saif al-Adil, a top operations coordinator.

This long and deep involvement in terrorism, continued hostility to the United States, and repeated threats to destroy Israel, provide a strong warning against the dangers of allowing such a radical regime to develop nuclear weapons.

LEADING AN INTERNATIONAL RESPONSE TO IRAN'S NUCLEAR CHALLENGE

Diplomatic efforts centered on the United Nations to pressure Iran to abandon its clandestine nuclear efforts are unlikely to solve the problem, in part due to the institutional weaknesses of the U.N. Security Council, where a lack of consensus often leads to paralysis or lowest common denominator policies that are not effective. Nevertheless, the Bush Administration must resolutely press the diplomatic case at the Security Council to set the stage and improve the U.S. position in the push for possible diplomatic and economic sanctions targeted at Iran's recalcitrant regime, or, as a last resort, possible future military action.

Another goal should be to make sure that the end result of the Security Council's interactions with Iran clearly lays the responsibility of any failure on Tehran, not Washington. Washington should seek to focus the Security Council debate on the critical issue – the threat posed by Iran's nuclear program -- not the broader question of whether to seek a multilateral "grand bargain" with an untrustworthy revolutionary power that exploited and sabotaged past American efforts to stage a rapprochement under the Carter and Reagan Administrations and failed to respond to the tentative détente offered by the Clinton Administration. Getting drawn into a multilateral dialogue with Iran through the auspices of the United Nations would allow Iran to divert attention from its safeguard violations and history of terrorism, while subjecting the United States to growing international pressure to bribe Iran with diplomatic carrots to comply with international legal commitments that it already has violated and could renege on again in the future.

Iran already has provided ample evidence that it has no intention to fully cooperate with the IAEA or end the uranium enrichment activities that eventually will give it a nuclear weapons capability. If it merely seeks a nuclear power capability for economic reasons, as it insists, then it would not have rejected the Russian offer to enrich uranium at facilities in Russia, which would have saved it considerable costs in building and

operating uranium enrichment facilities. Moreover, Iran also would have received additional economic benefits from the EU-3 if it had not broken off those negotiations.

Under these circumstances, the EU-3's recent undertaking to put together a new package of incentives for Iran is the triumph of wishful thinking over experience. Beginning a new round of negotiations while Iran continues to work to perfect its uranium enrichment technology will enable Tehran to buy time for its nuclear weapons program, forestall sanctions, and weaken the perceived costs of violating the nuclear non-proliferation regime in the eyes of other countries who may consider following Iran's path. To change Iran's course, the EU-3 should be considering larger disincentives, not just larger incentives.

Forge a coalition to impose the strongest possible sanctions on the Iranian regime.

Although it has greatly benefited from the recent spike in world oil and natural gas prices, Iran's economic future is not a promising one. The mullahs have sabotaged economic growth through the expansion of state control of the economy, economic mismanagement and corruption. Annual per capita income is only about two thirds of what it was at the time of the 1979 revolution. The situation is likely to get worse as President Ahmadinejad follows through on his populist promises to increase subsidies and give Iran's poor a greater share of Iran's oil wealth.

Iranians are sending large amounts of their capital out of the country due to fears over the potentially disastrous policies of the new government. Shortly after Ahmadinejad gave his October 26 speech threatening Israel, Iran's stock market plunged to its lowest level in two years. Many Iranian businessmen understand, even if Ahmadinejad does not, that Iran's economic future depends on access to world markets, foreign investment, and trade.

The US should push for the strongest possible sanctions at the U.N. Security Council. But experience has demonstrated that Washington cannot rely on the U.N. to halt the Iranian nuclear program. Russia and China, who have extensive economic, military, and energy ties to Iran, may veto or dilute any effective resolution. The U.S. therefore should make contingency plans to work with Britain, France, Germany, the EU, and Japan to impose sanctions outside the U.N. framework if necessary.

An international ban on the import of Iranian oil is a non-starter. It is unrealistic to expect oil importers to stop importing Iranian oil in a tight, high-priced oil market. Instead, the focus should be on denying Iran loans, foreign investment, and favorable trade deals. Washington should cooperate with other countries to deny Iran loans from international financial institutions such as the World Bank and to deny Iran loans for a proposed natural gas pipeline to India via Pakistan.

Although Iran is one of the world's leading oil exporters, it is also an importer of gasoline due to mismanagement and inadequate investment in its refinery infrastructure. An international ban on gasoline exports to Iran would deprive Tehran of approximately 40 percent of its daily gasoline consumption. This would significantly drive up the price of

Iranian gasoline and underscore to the Iranian people the shortsighted policies of Iran's ruling regime.

In addition to economic sanctions, the U.S. should press its allies and other countries to ban nuclear assistance, arms sales, and the export of dual use technology to Iran. Symbolic sanctions, such as a travel ban on Iranian officials or ban on Iranian participation in international sports events, would drive home to the Iranian people that international opposition to Iran's nuclear program is widespread and not an artificial issue created by the United States, as their government claims.

Support Iran's democratic opposition.

The Bush Administration has correctly aligned the U.S. with the Iranian people in their efforts to build a true democracy, but it has held back from a policy of regime change, partly in deference to the EU-3 negotiations with Iran about its nuclear program. However, now that it is clear that Iran has reneged on its promises to the EU-3, Washington should discreetly aid all Iranian groups that support democracy and reject terrorism, either through direct grants or indirectly through nongovernmental organizations. The Iran Freedom and Support Act of 2005 (H.R. 282 and S. 333), currently under consideration by Congress would authorize such aid and tighten U.S. economic sanctions on Iran.

Iran has a well-educated group of young reformers who seek to replace Iran's current mullahcracy with a genuine democracy that is accountable to the Iranian people. They have been demoralized by the failure of former President Khatami to live up to his promises of reform and his lack of support for the student uprisings of 1999, but are likely to be re-energized by a brewing popular disenchantment with the policies of Ahmadinejad's hard-liners.

The U.S. and its allies should discreetly support all Iranian opposition groups that reject terrorism and advocate democracy by publicizing their activities internationally and within Iran, giving them organizational training indirectly through western NGOs, and inviting them to attend international conferences and workshops outside Iran, preferably in European or other countries where Iranians could travel relatively freely with minimal fear of being penalized upon their return to Iran.

Educational exchanges with western students would be an important avenue for bolstering and opening up communication with Iran's restive students, who historically have played a leading role in Iran's reform movements. Women's groups also could play a key role in strengthening support for political reforms among young Iranian women, a key element opposing the restoration of harsh social restrictions by Iran's resurgent Islamic ideologues.

The United States also should covertly subsidize opposition publications and organizing efforts, as it did to aid the anti-communist opposition during the Cold War in Europe and Asia. But such programs should be strictly segregated from the public outreach efforts of

the U.S. and its allies, to avoid putting Iranian participants in international forums at risk of arrest or persecution when they return home.

The United States should not try to play favorites among the various Iranian opposition groups, but should encourage them to cooperate under the umbrella of the broadest possible coalition. But Washington should rule out support for the People's Mujahideen Organization (PMO), which is also known as the Mujahideen Khalq, or its front group, the National Council of Resistance. The PMO is a non-democratic Marxist terrorist group that was part of the broad revolutionary coalition that overthrew the Shah, but was purged in 1981 and aligned itself with Saddam Hussein's dictatorship.

While this cult-like group is one of the best-organized exile organizations, it has little support inside Iran because of its alliance with arch-enemy Iraq during the Iran-Iraq war. Moreover, the PMO resorted to terrorism against the Shah's regime and was responsible for the assassinations of at least four American military officers in Iran during the 1970s. It demonstrated in support of the Soviet invasion of Afghanistan in 1979 and against the release of the American hostages in 1981. The U.S. cannot afford to support an organization with such a long history of terrorism, if it expects Tehran to halt its own terrorism.

Launch a public diplomacy campaign to explain to the Iranian people how the regime's nuclear weapons program and hard-line policies hurt their economic and national interests.

Iran's clerical regime has tightened its grip on the media in recent years, shutting down more than 100 independent newspapers, jailing journalists, closing down websites, and arresting bloggers. The U.S. and its allies should work to defeat the regime's suppression of independent media by increasing Farsi broadcasts by government sponsored media such as the Voice of America, Radio Free Europe (Radio Farda), and other information sources. The free flow of information is an important prerequisite for the free flow of political ideas. The Iranian people need access to information about the activities of Iranian opposition groups, both within and outside Iran, and the plight of dissidents.

The internet is a growing source of unfiltered information for many Iranians, particularly Iranian students. Farsi is reportedly the fourth most popular language used online and there has been a proliferation of political blogs devoted to Iranian issues. The U.S. should consider ways of assisting Iranians outside the country to establish politically-oriented websites that could be accessed by activists and other interested people inside Iran.

Mobilize allies to contain and deter Iran.

The bellicose resurgence of Iran's hardliners, Iran's continued support for terrorism, and the prospective emergence of a nuclear Iran pose threats to many countries. President Ahmadinejad's belligerence gives Washington greater opportunity to mobilize other states, particularly those living in growing shadow of Iranian power. The United States should maintain a strong naval and air presence in the Persian Gulf to deter Iran and strengthen military cooperation with the Gulf States.

The US and its European allies should strengthen military, intelligence, and security cooperation with threatened states, such as Iraq, Turkey, Israel and the members of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates), which was founded in 1981 to provide collective security for Arab states threatened by Iran. Such a coalition could help contain the expansion of Iranian power and possibly would cooperate in facilitating military action, if necessary against Iran.

Washington could also offer to deploy or transfer anti-ballistic missile defense systems to threatened states, enhance joint military planning, and step up joint military and naval exercises. In particular, the U.S. and its allies should stage multilateral naval exercises to demonstrate the will and capability to defeat Tehran's threats to block the Strait of Hormuz, through which flow about one fifth of the world's oil exports.

Prepare for the use of military force as a last resort.

A strong U.S. military posture is essential to dissuading and deterring Iran from fielding nuclear weapons and supporting terrorism, and when necessary responding decisively and effectively to Iranian threats. To deal with a nuclear or terrorist threat from Iran several military capabilities are particularly important. They include (1) expanding and strengthening the proliferation security initiative; (2) theater missile defense; (3) robust special operations forces and human intelligence (HUMINT) assets; (4) assured access to bases and staging areas in the theater for both special operations and conventional ground, air, and sea forces, and; (5) Energy security preparations.

Proliferation security initiative (PSI). PSI is a multi-national effort to track down and breakup networks that proliferate chemical, biological, and nuclear weapons technologies and materials. The administration should field more modern capabilities that can provide the right intelligence, reconnaissance, surveillance, and interdiction assets for the U.S. military. In particular, modernization of Coast Guard and Naval forces that can help prevent seaborne trafficking of weapons material is vital.

Theater Missile Defense (TMD). TMD is also essential. Missile defenses provide the means to intercept a ballistic missile in flight and destroy it before the missile can deliver a nuclear warhead to its target. The United States should work with its friends and allies to provide theater missile defense to countries in the region. The United States should continue to pursue a mix of air, land, and sea-based missile defense systems.

Special Operations Forces and HUMINT. These military and intelligence assets provide the capacity for focused operations against specific targets. Today, these forces are overstretched, performing many missions in the global war on terrorism. The Pentagon must end the use of special operations for training foreign militaries and other tasks that can be done by conventional military units. In addition, the administration must bolster the ranks of the special forces and HUMINT assets that might be required to operate in Iran, ensuring they have the right language skills, area knowledge, and detailed, actionable intelligence.

Theater Access. The United States must ensure it retains the means to deploy and sustain forces in the theater. The Pentagon should work to secure a variety of basing options for staging military operations. In addition, the military must have robust means to ensure its ability to operate in the Gulf and defeat “anti-access” weapons that Iran might employ such as cruise missiles, sea-based mines, terrorist attacks, and biological or chemical weapons.

Energy Security Preparations. In the event of a military clash with the United States, Iran undoubtedly will try to follow through on its threats to close the Strait of Hormuz to oil tankers and disrupt oil exports from other Persian Gulf oil exporters. Washington should take immediate steps to limit the future impact of such oil supply disruptions by working with the Arab gulf states to help them reduce the vulnerability of their oil infrastructure to Iranian military and terrorist attacks; pressing U.S. allies and other oil importers to expand their strategic oil stockpiles; encouraging Saudi Arabia to expand its excess oil production capacity; and asking Saudi Arabia to upgrade the Trans Saudi Arabian pipeline to increase its capacity and make preparations to bring the Iraq-Saudi pipeline back online to reroute oil exports away from the Persian Gulf to the Red Sea oil export terminals.

THE NIGHTMARE SCENARIO OF A NUCLEAR IRAN

There is no guaranteed policy that can halt the Iranian nuclear program short of war, and even a military campaign may only delay Iran’s acquisition of a nuclear weapons capability. But U.S. policymaking regarding the Iranian nuclear issue inevitably boils down to a search for the least-bad option. And as potentially costly and risky as a preventive war against Iran would be, allowing Iran to acquire nuclear weapons would result in far heavier potential costs and risks.

The U.S. probably would be able to deter Iran from a direct nuclear attack on American or Israeli targets by threatening massive retaliation and the assured destruction of the Iranian regime. But there is a lingering doubt that a leader such as President Ahmadinejad, who reportedly harbors apocalyptic religious beliefs regarding the return of the Mahdi, would have the same cost-benefit calculus about a nuclear war as other leaders. The bellicose leader, who boldly called for Israel to be “wiped off the map” before he acquired a nuclear weapon, might be sorely tempted to follow through on his threat after he acquired one. Moreover, his regime might risk passing nuclear weapons off to terrorist surrogates in hopes of escaping retaliation for a nuclear surprise attack launched by an unknown attacker.

Even if Iran could be deterred from considering such attacks, an Iranian nuclear breakout would undermine the NPT and trigger a nuclear arms race in the Middle East that could lead Saudi Arabia, Egypt, Turkey, Iraq, and Algeria to build or acquire their own nuclear weapons. Each new nuclear power would multiply the risks and uncertainties in an already volatile region.

Iran also may be emboldened to step up its support of terrorism and subversion, calculating that its nuclear capability would deter a military response. An Iranian miscalculation could easily lead to a future military clash with the United States or an American ally that would impose exponentially higher costs than a war with a non-nuclear Iran. Even if it could not threaten a nuclear missile attack on U.S. territory for many years, Tehran could credibly threaten to target the Saudi oil fields with a nuclear weapon, thereby gaining a potent blackmail threat over the world economy.

I believe that Senator John McCain was correct when he concisely stated: “There is only one thing worse than the U.S. exercising a military option, and that is a nuclear-armed Iran.”