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IRAN: SECURITY THREATS AND U.S. POLICY

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

OCTOBER 28, 2003

Printed for the use of the Committee on Foreign Relations

Available via the World Wide Web: http://www.access.gpo.gov/congress/senate

U.S. GOVERNMENT PRINTING OFFICE

92–476 PDF WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
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IRAN: SECURITY THREATS AND U.S. POLICY

TUESDAY, OCTOBER 28, 2003

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

The committee met at 10:23 a.m., in room SH–216, Hart Senate Office Building, Hon. Richard G. Lugar (chairman of the committee), presiding.

Present: Senators Lugar, Hagel, Chafee, Brownback, Alexander, Coleman, Biden, Feingold, Bill Nelson, and Rockefeller.

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

Let me say at the outset that the committee looks forward to hearing carefully and respectfully the testimony of each of its witnesses. In furtherance of this goal, the chair will give an opening statement, and I will call upon the distinguished ranking member, Senator Biden, to give his statement. Then I will ask Senator Biden to recess the committee for 10 minutes so that members can vote at a time that is now designated at about 10:35, as the Chair understands the vote. That way we will all be reassembled to hear together Secretary Armitage's testimony and hopefully have clear sailing after that point. After I give my statement, I will depart and attempt to achieve the voting process so that I can return and make certain that we are able to truncate the recess as much as possible.

Today the committee is pleased to welcome Deputy Secretary of State Richard Armitage to review United States policy toward Iran. Secretary Armitage is a good friend of the committee and we always look forward to our discussions with him.

Despite some signs of reform in recent years, Iran continues to pose a serious regional and global security threat through its active support for terrorism and its continued efforts to develop weapons of mass destruction in direct violation of the Nuclear Nonproliferation Treaty.

Today's hearing is especially timely given the agreement reached last week by the Foreign Ministers of the United Kingdom, Germany, France, and Iran. This agreement narrowly complies with the October 31 deadline set by the International Atomic Energy Agency, IAEA, for Iran to fully disclose the nature of its nuclear program. By agreeing to accept enhanced United Nations inspections of its nuclear facilities and to temporarily suspend its enrichment of uranium that could be used to make nuclear weapons, Iran hopes to avoid international sanctions.

The Europeans consider this a significant step toward ensuring that Iran's nuclear program is benign. Although Americans are hopeful that this agreement does represent progress, we should not lose sight of the fact that Iran was caught red-handed trying to build nuclear weapons through several methods over a sustained period in violation of its treaty obligations. After years of Iranian delay, deception, and denial, this agreement should not lead us to a false sense of security about the Iranian proliferation threat.

In fact, the head of Iran's National Security Council reportedly told Reuters that the decision to suspend uranium enrichment was temporary and would last only as long as the Iranian leaders believe that it fits their purposes.

It is far from clear that the additional inspections to which Iran has agreed will prevent Iran from obtaining a nuclear capability, because they rely on Tehran telling the truth. The international community must be prepared to take more effective action.

When confronted with a case as blatant as Iran, the United States and like-minded allies must use the Security Council of the United Nations to demand that the violator cease all illegal weapons activities, dismantle weapons-related facilities, and submit to super inspections, even tougher than those imposed on Iraq. Elements should include unfettered freedom for inspectors, unsupervised interviews of nuclear scientists and engineers out of the country with their families, if necessary, and unrestrained aerial surveillance. Iran may object that such intrusive inspections impinge on its sovereignty, but this is the price Tehran should be paying to convince outsiders that for once it is keeping its word under the Nonproliferation Treaty. By demanding that Iran prove that it is living up to the NPT, the Security Council would strengthen that treaty.

Some will object that such strong action may force Iran's ruling mullahs to walk out of the NPT. But keeping Iran in the NPT should not be an end in itself. The treaty is useful only to the extent that its provisions are enforced to prevent states from acquiring nuclear weapons. If the international community were persuaded to work together, we would have substantial leverage over Iran. An Iranian withdrawal from the NPT would halt the Russian reactor deal and cooperation with other nuclear suppliers, expose Iran's naked nuclear ambitions for all to see, and stiffen international resolve for tough economic sanctions.

In the short run, our allies may be inclined to give Tehran the benefit of the doubt, partly to avoid a confrontation and partly to preserve commercial opportunities in Iran. But the United States should begin laying the groundwork now for a decisive international response to any additional violations.

Iran's pursuit of nuclear weapons is not the only threat it poses to international security. Iran is a major state sponsor of terrorism. It continues to support Hezbollah in Lebanon and to fund Hamas and the Palestinian Islamic Jihad, who employ violence and suicide bombers to frustrate the Arab-Israeli peace process.

Iran remained neutral as the U.S. and coalition forces removed Saddam Hussein from power. But Iran maintains close ties with several Iraqi Shiite Islamic factions and appears to be instigating these groups to undermine coalition efforts to rebuild Iraq. In addi-

tion, Iran claims to have al-Qaeda terrorists in custody. It is unclear, however, if Iran is sheltering the terrorists, holding them as leverage to use in dealings with the U.S., or pursuing another agenda.

The United States is also concerned by the political, religious, and gender repression perpetrated by the ruling clerics on their own people. These struggles were highlighted when Shirin Ebadi, a courageous Iranian woman who has brought world attention to Iran's human rights violations, received the 2003 Nobel Peace Prize.

President Bush has pursued a policy of containing Iran while employing selective engagement, as has almost every American administration for the last 2 decades. Within this context of containment, the challenges before U.S. policymakers are how we can change Iranian behavior in key areas, how U.S. policy can take advantage of opportunities created by reformist elements within Iranian society, and how we can generate more support from our allies on issues pertaining to Iran. Our response to these challenges will help shape the future of the Middle East and will have significant impact on the outcome of the global war on terrorism.

Mr. Secretary, we thank you for your participation in this important hearing, and we are anxious to hear your assessments in due course.

The committee is also pleased to be joined today by a second panel of distinguished experts. With us will be Ambassador William Luers, president of the U.N. Association; Dr. Nasser Hadian of Tehran University, who is a visiting professor at Columbia University; Dr. Anthony Cordesman, the Arleigh A. Burke Chair for Strategy at the Center for Strategic and International Studies; and Dr. Robert Einhorn, senior adviser for the International Security Program also at the Center for Strategic and International Studies.

We will welcome all of our witnesses during the course of the hearing, but I call now upon the distinguished ranking member, Senator Biden.

Senator BIDEN. Thank you, Mr. Chairman, for convening this hearing. It is obviously important and extremely timely.

Secretary Armitage, it is a pleasure to have you here. I always, I know, diminish your reputation when I tell people that in all the years I have been here in the Senate, there is no one who I have higher respect for because you always give us the unvarnished facts as you know them, you say what you know, you indicate what you do not know, and you are straightforward. And this is a commodity that is very much desired here both from the Congress, as well as from the administration.

Iran poses, to state the obvious, a vexing set of challenges to our security. It also holds the possibility of evolving in a more positive direction.

It is hard to argue about the geostrategic importance of a country that shares a long border with Afghanistan, as well as with Iraq, and sits in the heart of the oil-rich and politically turbulent region of the world.

We have good reason to be suspicious about Iran. It continues to actively support, as stated by the chairman, Hezbollah, Hamas, and the Palestinian Islamic Jihad. It refuses to surrender al-Qaeda

members who are in custody. It has been developing a nuclear weapons program, as well as long-range missile capability, and because it is one of the few countries with which we have no diplomatic ties and no regular dialog, we have a tougher time understanding its intentions, a problem made worse by the obvious internal disputes that are going on.

Yet over the last several years, the reform movement has sought to alter Iran's policy. It has met with only limited success because of the hard-line establishment that refuses to follow the will of the Iranian people. Just this month, the Nobel Committee, as mentioned earlier, awarded the Nobel Prize to a courageous Iranian reformer who has been pushing for democratic change, especially the rights of women and children, within Iran. This has brought joy and hope to millions of her fellow countrymen and has raised the question of whether or not her view is one that is widely held and whether or not there is any democratic prospect within Iran in light of the control that seems to be exhibited by the Supreme Leader.

We do have a profound stake in the outcome of this internal dispute, and we should have a policy of hard-nosed and hard-headed engagement with Iran to do what we can to promote positive policies in Iran without kidding ourselves about our ability to profoundly affect the outcome.

When I was in the seat now occupied by the chairman, I extended an invitation to meet anywhere, anytime with our colleagues in the Iranian parliament, as did my colleague, Senator Hagel. We were told that the offer itself generated the most intense discussion internally regarding ties with the United States and that the discussion got very heated. Reformers in Iran welcomed the invitation while hard-liners clearly felt threatened and condemned it loudly. I was pleased, I might note for the record, that Dr. Rice, speaking for the President, has consistently, repeatedly supported the idea of this parliamentary dialog and engagement.

In a speech, when I issued that invitation, I recommended five specific steps.

First, remove regulations that prevent private American groups from supporting the struggling democratic movement in Iran.

Second, discuss matters of possible mutual interest such as Afghanistan and Iraq with Iran.

Third, allow Iran to join the World Trade Organization to promote positive change.

And fourth, indirectly help Iran on refugees and narcotics matters where we share common interests.

And fifth, encourage citizens exchange.

Certainly there is a great deal to discuss with Iran. The Iranian reformers tell us that their interests in Iraq are identical to ours and that the Iranians were one of first to recognize the Governing Council in Iraq. Others in the Iran establishment take a more pernicious view of our presence, and the question is, should we test Iran to see whether it is willing to promote stability in Iraq by engaging in discussions?

In Afghanistan, we can see the same kind of ambivalence. Iranians in the elective branch of the government worked closely with our officials during and after our military campaigns. Others di-

rected their support not to the central government but to friendly warlords. With the Taliban regrouping and warlordism on the rise, it makes sense to have a dialog, it seems to me, with Iran over matters related to Afghanistan.

At the same time, we have to face the matters on which we have fundamental disagreement, particularly terrorism and weapons of mass destruction. Iran's continuing support for terrorism will impede any improved relations, and its vagueness about al-Qaeda and the suspects it is holding is downright dangerous.

France, Germany, and the United Kingdom recently gained an agreement, as was referenced earlier, from Iran to suspend nuclear enrichment activities and to provide much more transparency about its nuclear programs. I will not repeat, but I concur with the chairman's call for very intense oversight by the international community of this agreement. Of course, Iran's pledges will have to be tested, and the chairman who penned an op-ed piece last week in which he called for super inspections I think is the way to go. But that is all predicated on the idea that this Bush policy of containment, which is not fundamentally different than previous administrations—containment requires cooperation. Containment requires cooperation with our allies for it to have any prospect of bearing fruit.

So I look forward to hearing from you, Mr. Secretary, on what our policy toward Iran's nuclear program is, what diplomatic initiatives we have been working on with our allies in Europe and Russia.

Mr. Chairman, there is much more to be said, but let me conclude by saying that we do not have the luxury of ignoring the very real challenges and opportunities that are presented by Iran even as we find ourselves preoccupied with Iraq, Afghanistan, and the Israeli-Palestinian situation, the war on terrorism, and North Korea. That is a lot to have on your plate when any one of those issues could be all-consuming. Unfortunately, they are all interrelated and we ignore any one of them at our peril. But if we handle Iran well, success there could have a very beneficial spill-over to the other challenges we face in the region.

Let me say in closing, Mr. Secretary, that the panel that follows you is a group of very enlightened and informed people. I hope they are going to be willing to explore with us what the possibilities are. We have a tendency these days to be somewhat cabined in our view about what we are willing to discuss and what kind of chances we are willing to take. I hope we will have an open discussion without anyone being fearful or concerned that they may be a little bit too soft or not tough enough in this era of us having to demonstrate our military mettle.

There only seems to me to be three options.

One, there is an internal change within Iran that is beneficial that we may, on the margins with others, be able to help promote.

Two, we engage in an open dialog with the Iranians and raise questions that we are generally reluctant to raise publicly.

Third, we conclude that the only option to a misbehaving Iran that becomes more radicalized is ultimate confrontation. Although it does not seem to me to be all that complicated in what our options are, it is incredibly complicated in what the possibilities are.

So I am told by the chairman, since we are about to vote, that I should recess the hearing now for roughly 10 to 15 minutes. Then we will come back and begin with the opening statement by the Secretary.

Again, Mr. Secretary, it is an honor to have you here. We look forward to your testimony and I want to thank the second panel for being willing to devote their time. We are anxious to hear from you as well.

We will recess now until the call of the chair, which I expect will be within 10 to 15 minutes, depending on whether the Senate votes goes off as scheduled.

[Recess.]

The CHAIRMAN. The committee is called to order again.

We will be joined by our colleagues, as they complete the voting process. Senator Alexander has arrived with me, and so at least the audience is two of us, Secretary Armitage, but we promise more to come. We are grateful to you, as always, for coming today and look forward to your testimony. Would you please proceed?

STATEMENT OF HON. RICHARD L. ARMITAGE, DEPUTY SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. ARMITAGE. Thank you, Mr. Chairman, and I will not bore you with lengthy testimony. With your permission, I will just put it into the record.

The CHAIRMAN. Your full statement will be put in the record.

Mr. ARMITAGE. Thank you.

I just want to make a few comments. First of all, to echo what Mr. Biden said in your absence. Your op-ed piece in the L.A. Times was spot on as far as I can see. When Mr. Reagan used to say about the Russians, "trust but verify," this is beyond that now. I think we ought to be skeptical and verify, and that is the burden of your super inspections regime. I want to tell you that we all took careful note of it.

I actually lived in Iran during a time which was considered the good old days back during the Shah. I worked with the Defense Department at the time. I was struck at the time with a number of ironies or contradictions that existed in Iranian society and with Iranians. As I was preparing for this testimony just this morning, I was writing down some of these ironies. I will just go through them because they just occurred to me this morning.

The first is that I do not think you could find more charming, hospitable people, individually, than Iranians, and yet as a group, they can be unbelievably ethnocentric. It is one of those ironies.

They had a revolution in 1979 which was brought about in very large measure by women. And yet it is women who now suffer the most under that very revolution from repressive practices.

You have a nation that is awash in natural resources, and yet the official rate of unemployment is 16 percent, and we all know it is much higher than that, particularly when you consider underemployment. The poverty rate is 40 percent.

You have a nation which is the second largest in terms of gas reserves, and yet they are a net importer of gas because they can-

not or will not make the necessary decisions regarding infrastructure.

You have got a country which has a bit of a democratic process, but the neck of that democratic process is being throttled by unelected theocracies. This leads to an almost unbelievable cynicism if you look at the turnout for the most recent municipal elections which was about 30 percent.

You have got a country now which is speaking openly about the problems in their own society, drug abuse, prostitution, domestic violence, and yet still has those repressive policies against women and denies basic human rights to many of their citizens.

You have got a country which has been, I think, widely known as the leading state supporter of terrorism and a government which has a hunger for weapons of mass destruction. And in that regard, they act as a—pardon the term—rogue state. Yet it appears that it was fear of being seen in the international community in rogue terms that actually made them try to reach out in a recent visit of the three EU ministers and try to come, at least verbally, to some sort of open declaration about the length and breadth of their programs.

You have got a country that used to be called Persia, with 69 million people. Yet Persians are on the verge of becoming a minority in their own country as Azeris and Turks and Kurds and others increase their own percentage of the population. Persians are now 51 percent. You have a country as old as time, and yet of those 69 million people, about 70 percent of them are under 30.

Finally, you have the most recent irony, and it was referred to by you and by Senator Biden, a woman who thrived under the monarchy, was imprisoned under the present regime, and just recently was awarded the 2003 Nobel Peace Prize, Shirin Ebadi. A woman who is now giving hope and sustenance, I think, to the aspirations of the Iranian people.

So in sum, I very much appreciate the opportunity to be here. This is a fascinating, troubled, and troubling country. It is full of political and intellectual ferment and schizophrenia.

So I am delighted to be here, sir. Thanks.

[The prepared statement of Mr. Armitage follows:]

PREPARED STATEMENT OF HON. RICHARD L. ARMITAGE, DEPUTY SECRETARY OF STATE, U.S. DEPARTMENT OF STATE

Chairman Lugar, Senator Biden, Members of the Committee, as always, I welcome the opportunity to appear before this body to discuss the foreign policy priorities and challenges of the day. I particularly appreciate this opportunity to discuss Iran, given the high stakes of this very fluid situation and the importance and influence of U.S. policy on this matter. I look forward to a dialogue with you.

Iran is a country in the midst of a tremendous transformation, and I believe American policy can affect the direction Iran will take. This is a complex situation, but if you will allow a simplification: today in Iran, there is a struggle between destructive elements of ban's society and leadership, who want to keep the country mired in a violent, corrupt, and insular past, and a forward-looking popular movement, which wants a more engaged and modern Iran to emerge. The fact that the Nobel Peace Prize was just awarded to an Iranian citizen is no aberration; rather it is a sign of the sweeping desire for change across Iranian society. Indeed, all Iranians stand to benefit from a modern state, one that draws on the strengths of free minds and free markets. American and international security and well being also stand to benefit. United States policy is, therefore, to support the Iranian people in their aspirations for a democratic, prosperous country that is a trusted member of the international community.

Given the complexities of the situation, it is no surprise that there is a range of views—including on this Committee—about how to best implement that policy. That is entirely appropriate. Indeed, a single, static, one-size-fits-all policy would not be appropriate in the circumstances. In order to best protect and advance U.S. interests, our policy needs to be flexible, dynamic, and multifaceted. That is why the President and this Administration are pursuing a policy that weighs the full range of options available to us, both through bilateral and multilateral means. We seek to counter the government of Iran's negative and destructive policies and actions, while encouraging constructive policies and actions and engaging in a direct dialogue with the Iranian people about the freedoms they want for their own country.

As President Bush noted when talking about Iran last week, not every policy issue needs to be dealt with by force. Secretary Powell also noted last week that we do not seek conflict with Iran. We will continue to pursue nonproliferation and other such control measures as necessary and we must keep all available options on the table, given the lack of clarity about Iran's future direction and ultimate destination. At the same time, we are prepared to engage in limited discussions with the government of Iran about areas of mutual interest, as appropriate. We have not, however, entered into any broad dialogue with the aim of normalizing relations.

There is no question that Iran is engaged in a number of destructive policies and actions. Our most pressing concerns are Iran's poor human rights record, nuclear weapons program, as well as chemical and biological weapons programs, support for terrorism, and interference in regional politics, particularly in the Arab-Israeli peace process. These behaviors, along with the government's oppressive and corrupt centralized economic policy, shake the confidence of the international community and deny the Iranian people the quality of life commensurate with the country's rich human and natural resources. These behaviors also undermine regional stability and have ripple effects across U.S. and international security. We are taking and will take the necessary measures to protect U.S. interests.

Across the board, the United States is actively countering such Iranian activities through a variety of tools, including sanctions, interdiction, law enforcement, diplomacy, and international public opinion. When necessary, we will act alone. The United States, for example, has a broad array of sanctions on Iran. This includes prohibitions on a range of exports and assistance, particularly to the military and to the oil industry, strict regulations on economic transactions, and targeted sanctions against specific entities in other countries that aid Iran's weapons of mass destruction programs.

We believe, however, that international and multilateral responses—if sustained—will be especially effective in meeting the challenges Iran poses to regional stability, disarmament and nonproliferation regimes, and the rights of its own citizens. As President Bush said last week, we have confidence in the power of patience and the collective voice of the international community to resolve disputes peacefully.

We are working with the international community to effect change in Iran's abysmal human rights record, for example. According to our own documentation and to international organizations, the government of Iran uses torture, excessive and lethal police force, and arbitrary detention to repress free speech, freedom of association, and religious freedom, among other abuses. We are actively seeking a resolution on the human rights situation in Iran in the U.N. General Assembly's Third Committee or at the U.N. Commission on Human Rights.

We believe a united international front is especially critical in dealing with Iran's clandestine nuclear weapons program, about which there is widespread concern across the international community. We also remain concerned about Iran's biological and chemical weapons and ballistic missile programs. Our efforts to counter these programs include bilateral discussions with allies and friends, such as President Bush's meeting with Russian President Putin at Camp David, where the two leaders agreed on the goal of an Iran free of nuclear weapons. We consistently have urged our friends and allies to condition any improvements in their bilateral or trade relations with Iran on concrete, sustained, and verifiable changes in Iran's policies in this and other areas of concern. We think it is appropriate, for instance, that the European Union has conditioned progress in its Trade and Cooperation Agreement with Iran on movement in these areas.

Our international efforts also include the use of innovative and established multilateral tools. The Proliferation Security Initiative, for example, is a new counterproliferation initiative to interdict weapons of mass destruction-related shipments to and from states and non-state actors of proliferation concern. The nations involved in this initiative have singled out Iran and North Korea as countries of particular concern. We are, of course, also working through the International Atomic

Energy Agency (IAEA) to resolve critical international concerns about Iran's nuclear program.

Indeed, our close cooperation with Russia, the European Union, and a host of other countries has led to two very strong IAEA Board of Governors' resolutions on Iran. Last week, the French, German, and British Foreign Ministers traveled to Iran in support of those resolutions. As a result of that mission, Iran declared its intention to sign an Additional Protocol to the safeguards agreement with the IAEA, provide full cooperation to the IAEA, and temporarily suspend uranium enrichment and reprocessing activities. We welcome this progress, but as British Foreign Minister Straw said, "the proof of the value" of the European agreement with Iran will depend "above all on the implementation of what has been agreed." We are waiting to see if the information Tehran provided the IAEA last week will substantively meet the IAEA Board of Governors' October 31st deadline for coming clean on its nuclear program. Our consultations with our allies on this matter are continuing.

We are also engaged in bilateral and multilateral efforts, from sanctions to direct appeals, to put a stop to Iran's support for terrorist organizations, which we believe includes al-Qaida. We believe that elements of the Iranian regime have helped al-Qaida and Ansar al-Islam transit and find safehaven in Iran, despite Iran's official condemnation of these groups. Despite public statements that they would cooperate with other countries, the Iranians have refused repeated requests to turn over or share intelligence about all al-Qaida members and leaders they claim to have in custody. As the President made clear last week, Iran must change its course on this front; resolution of this issue would be an important step in U.S.-Iranian relations and we cannot move forward without this step. We will continue to press this issue from the highest levels of our government, as well as to encourage our friends and allies to press the Iranians.

In its support for terrorism, including by arming violent factions, Iran is interfering in the internal affairs of Afghanistan and Iraq, and especially in the fate of the Palestinian people. Indeed, Iran continues to be the world's foremost state supporter of terrorism, offering financial and logistical support to both Shia and Sunni terrorist organizations, including Hizballah, Hamas, and Palestinian Islamic Jihad. Through these abhorrent groups, Iran destabilizes the region and tries to stymie any movement toward peaceful resolution of the Middle East conflict.

On the other hand, Iran says it wants a stable, unified neighbor in both Afghanistan and Iraq and despite significant unhelpful interference, has taken a few steps in that direction. This includes rhetorical support, by welcoming the end of the oppressive regime of the Taliban, which exported drugs, violence, and millions of refugees across the border into Iran. Iran also welcomed the formation of the Iraqi Governing Council. The Iranians have backed up that rhetoric with pledges of material support at both the Bonn and Madrid Donors' Conferences and they continue to cooperate with regional counter-narcotics and refugee repatriation efforts.

Although we make no conclusions about the nature of Iranian intent, we have encouraged such constructive behavior by engaging in direct dialogue on issues of mutual and immediate concern. This dialogue has been limited in scope and produced some success in the Afghanistan context. The last such meeting was canceled after the May 12 Riyadh bombings, however, due to Iran's unwillingness to cooperate on the al-Qaida issue. The Secretary made clear at the time that we canceled only a meeting, not the process of discussing these issues with Iran. We are prepared to meet again in the future, but only if that would serve U.S. interests. Of course, we can remove any country from the list of state supporters of terrorism if that country is prepared to take the necessary steps. We are always prepared to respond if Iran changes its ways, in particular ceasing its support for terrorism and abandoning its weapons of mass destruction programs, by making corresponding changes in our own policies.

An important aspect of ongoing U.S. efforts to influence the direction of Iranian policy is encouraging the healthy development of Iran's civil society. We see many signs that the people of Iran want a different life and a more responsive government, and we believe we can encourage such developments through direct engagement with the Iranian public. An estimated 70 percent of the 68 million people in Iran are under the age of 30, and they are far more concerned about Iran's chronic unemployment than they are about Iran's past. Iranian displays of sympathy after the September 11th attacks and polls showing overwhelming desire for improved relations with the U.S. reflect strong popular sentiment, as do demonstrations and elections in support of reform. The government tries to blame any sign of dissent on outside agitators, but it is clear that the agitation in Iran is a genuine expression of a homegrown desire for change. Consider that thousands of ordinary Iranians spontaneously flocked to the airport to greet Shim Ebadi two weeks ago when she returned to Tehran after the announcement of the award of the Nobel Peace Prize.

We believe we can encourage the triumph of public resolve by engaging in direct communication with the people of Iran. We are doing this through Radio Farda, which operates 24 hours a day, and Voice of America (VOA) radio and television broadcasts into Iran. VOA has recently instituted a daily Persian television news program to Iran, in addition to its two weekly television feature programs. In May, the State Department brought on line a Web site in Persian and we continue to explore opportunities to incorporate Iran-related projects into our broader Middle East Partnership Initiative. Our Education and Cultural Affairs Bureau also supports cultural, educational, and professional exchanges.

We know our message is getting through. An average of 3,000 people already views our Persian Web site every day, for example. It is challenging to come by concrete measures of the audience for our television and radio programming inside Iran, but we do have evidence of a broad consumer base. The United States has no direct diplomatic presence in Iran, but we do have what we call a "virtual embassy" in the surrounding nations and beyond. Foreign Service Officers talk to Iranian citizens living and traveling across the region and around the world, collecting and sharing with us their observations. Based on such anecdotal evidence and on the direct contacts we get, particularly through the Internet, we know we have an attentive audience in Iran.

I firmly believe that our strategy will succeed in helping to push and pull Iran in the right direction, particularly with the close cooperation of other nations. But it is not up to the United States to choose Iran's future. Ultimately, I am most hopeful for that future because it is the people of Iran themselves who are providing the key impetus for change. Despite living under a regime that limits or denies its people even basic human rights, Iranians are engaged in a very rich and lively debate about the kind of society they want for themselves and for their children. They have made it clear that they want democratic and economic reform, accountability and transparency from their government, an end to corruption, religious moderation, and reintegration with the international community. The Iranian people should know of our support for their aspirations, but also that the full rewards of that support will only be realized once their government ends its destructive external and internal policies. We look forward to the day when the will of the people of Iran prevails.

The CHAIRMAN. Well, Secretary Armitage, you have touched upon the population situation. You just said that 70 percent of the population is under 30. Commentators in the United States point out that many of the people under 30 are often characterized as being dissatisfied with their living conditions such as high unemployment, which is higher still among those who are particularly young and who do not have a foothold in the society. Yet, as you pointed out, the democratic process has not proceeded very well. A 30 percent voting rate indicates the degree of apathy or cynicism about the situation. For most Americans, we wonder what gives. Many people in the area who are apparently pro-democracy are polled with very different reactions.

Contradictions, as you say, abound, but what is likely to happen in this situation with this kind of population, this kind of ferment, this desire for democracy, which thus just has not worked out particularly well? And now we have international scrutiny because of weapons of mass destruction. These young people or other adherents for democracy see Europeans, not just the United States, but also the United Nations, the weapons inspectors coming in saying you are headed toward the production of nuclear weapons, and the world does not like that. How can you foresee the future given these circumstances?

Mr. ARMITAGE. Well, my crystal ball is as muddy as yours, Mr. Chairman. And I want to apply our standards to this. We have not lived with that regime since 1979, and I am not sure I am competent of understanding all the hopes and aspirations, but I think there are some things we can say. Unless the regime comes to grips

with becoming more transparent, less corrupt, and more open in terms of giving people a voice, over time then, this will lead to gigantic dissatisfaction. But I do not think we can put a time period on that.

Second, I agree with the characterization, if poll data is to be believed, that people like the United States. I think what they like about us is what they lack now, the openness of our country. They like the ability to freely express their minds on things that peoples in all societies I think, for the most part, admire.

I would not say, however, they want to be like us. I think it would be a mistake to say they want to be like us. This was not the case during the "good old days" of the Shah. But we do share some basic characteristics.

Finally, there are some questions out there that if there were a different regime—that I think we need to come to grips with. I do not know how quite to do it. It is something that perhaps my colleagues here, who will follow me, who are much more enlightened on these matters, can say. Even if you have a different regime, I would ask two fundamental questions.

One, is would that bunch, even if democratically elected, eschew forever weapons of mass destruction? I do not know the answer to that because there is a sense of a sort of destiny in what used to be Persia.

And the second question has to do with our ally Israel. This is the thing that you do not hear very often. You hear bad news, and we certainly know about the support of Hezbollah, Hamas, PFLPGC, PIJ from Iran, but you do not hear generally the so-called reformists talking in more moderate terms about the right of Israel to exist. These are open questions even under a different society, and I do not have the answer to them.

The CHAIRMAN. We, that is, the United States, have issues with Iran with regard to weapons of mass destruction and with regard to the state sponsorship of terrorism, by Hezbollah and Hamas, for example. Now, as you suggest, perhaps even with a democratic regime, perhaps even among the young people, they would still want to produce weapons of mass destruction.

Where is the rest of the world in this situation? We have had the European intervention, and so obviously they and the IAEA have taken this seriously. But is the rest of the world as concerned as the United States is about the weapons program or about the state sponsorship of terrorism?

Even though we are sympathetic with the democracy that might arise from the aspirations of the young people, as you pointed out, at the end of the day, if you still have these instruments of terror and weapons of mass destruction, this is unacceptable in terms of the United States' security and a lot of other people's security.

How are you coming along with diplomatic efforts with European friends or with the people in the Middle East or with others who might see a similar threat?

Mr. ARMITAGE. Yes, sir. Mr. Chairman, on the question of terrorism, I think we are the one who is leading the charge on that without question. The closer and more involved you are to the Middle East, the more concerned you are geographically. Our European

friends have become much more concerned about terrorism and what can emanate from a state sponsor of the same.

On the question of WMD, I am quite heartened for two reasons. We had an interesting discussion and diplomatic challenge going into the 12 September IAEA Board of Governors meeting. There were those in the international community who were more accepting of the word of Iran. I am proud that our nation hung tough and ultimately got a unanimous verdict out of the Board of Governors, which I think was a shocking signal to the Iranians.

Moreover, recently during the trip of the three European ministers, which we were involved in from the beginning—it was their idea, but they were staying in very close touch with Secretary Powell as they moved forward. There were some fears on our side that perhaps, wanting to have a successful trip, the ministers might settle for 80 percent rather than 100. But we voiced those fears with our colleagues. They hung tough, and they got at least what appears to be on the face of it a good declaration, one that President Bush called a positive step in the right direction.

Finally, right now in advance of a full understanding of the over 200 pages of documents which the Iranians turned over, we have got my colleague, Mr. Bolton, in Madrid working with the Spanish. We have got some of the people who used to work for Bob Einhorn out in Japan and other places trying to build a coalition, a common understanding, as we approach the 20 and 21 November Board of Governors meeting, Mr. Chairman.

The CHAIRMAN. Well, is it our intent to pursue the nuclear question with the United Nations and the Security Council if progress is not satisfactory?

Mr. ARMITAGE. Well, this is one of those several alternatives that—certainly if progress is not satisfactory, that is right. But there are questions—you raised them in your op-ed piece; we raised them in our internal discussions—about noncompliance more generally. And there are many options that we could have considered.

Clearly Iran has been in noncompliance. They should be found that way. But whether you would take the noncompliance and move them toward to the U.N. Security Council and possibly sanctions or put them on probation or give them an ankle bracelet, as they do to people under house arrest, those are things that we have to consider and consider with our colleagues in Europe and the nonaligned movement. I think it is the most important thing, having gotten solidarity thus far, we have to maintain it.

The CHAIRMAN. Now, how much solidarity are you and Secretary Powell having with the Russians on this question? This has been an open discussion for a long time. Where do things stand now?

Mr. ARMITAGE. President Bush and Mr. Putin had a very good discussion at Camp David. The end result, that is, an Iran free of nuclear weapons, is something that our Russian friends sign up to. They are not as enamored of the tactics we use. They have worked hard to try to make Bushehr more attractive, in that they have made an apparent agreement with the Iranians that they would provide the fuel and then take back the spent fuel so there will not be the possibility of any sort of reprocessing. That is a step in the right direction. But our affection for Bushehr is still very much

under control because it seems to me the Iranians have a lot of work to do to prove their bona fides in the NPT arena.

The CHAIRMAN. Thank you very much.

We will have 8 minutes in this round of questioning, and I call now on Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you and, Mr. Secretary, as always, welcome. I am sorry I missed your formal eloquence, but I did peruse your statement.

The CHAIRMAN. It was fairly brief.

Senator HAGEL. Was it? Well, then I am not sorry.

Mr. ARMITAGE. But I will not subject you to it again, sir.

Senator HAGEL. I wanted the full Armitage projection here. But, nonetheless, I have lived with disappoints before and I will have to just accept this, Mr. Secretary. Thank you.

Regime change in Iran. Is that our policy?

Mr. ARMITAGE. No, sir.

Senator HAGEL. What is our policy?

Mr. ARMITAGE. Our policy is to try to eliminate the ability of Iran to carry forward with disruptive policies such as the development of WMD, such as the abandonment of human rights, such as repression against minorities, such as religious repression against the Baha'is and to try to get them to eschew their state sponsorship of terrorism. In this regard, our policy is to continue to support openly and publicly the aspirations of the people of Iran for transparency, anti-corruption, and democracy.

Senator HAGEL. I noted in your written statement, which I did have an opportunity to look at, you mentioned areas of common interest where we need to pursue those. I know Secretary Powell has said on various occasions the same thing and talked a little bit about possibilities of dialog. And that is the question. When, where could you envision some official dialog beginning with Iran?

Mr. ARMITAGE. Let me say that we have had some dialog, generally under the U.N. auspices. Of course, we carry on a continued exchange of information through the Swiss who are the protecting power for us.

Certainly the three things that come to mind immediately are continued efforts in Afghanistan where, to some extent, we share some common interests. The second is obviously in Iraq where, as we have seen—and I will be glad to go into it later—they are somewhat schizophrenic about our activities. And third, one that we I think share an almost absolute commonality of views, is on the question of narcotics. They have a large and growing product. They are the transportation route from Afghanistan, or one of them, up through to Central Europe, and it is something that at the proper time, when we feel it is in our interests, we could engage them.

Senator HAGEL. How would you envision that might happen? I know we have had, as you noted, some dialog through a U.N. third party, the Swiss, other approaches, vehicles. And you might even frame this up a little bit, Mr. Secretary, in recent experiences we have had with North Korea, how this might develop or is it worthy of pursuit with Iran?

Mr. ARMITAGE. I think this is an unsatisfactory answer, Mr. Hagel. I think it is probably something that will be decided at the

time and the place, certainly in consultation with the President. He is going to want to be involved in this decision.

I think initially my own view is that it should be somewhat multilateral. We have, I think, recently found the effectiveness of that approach, and I think we would continue that at some point in time. We should deal with them, but that is a decision the Secretary and the President will make. I was trying to make the point in my opening statement that we are not opposed to that. We are not saying no. We realize that there are areas in which our interests can be served by dialog.

Senator HAGEL. You mentioned Afghanistan, Iraq, obviously common interests there, not always parallel or the same as defined by each of those countries and by us, the United States. How would you rate the Iranian behavior, cooperation, intentions, motives today versus earlier in cooperating with the United States in Afghanistan and in Iraq? Are they undermining our efforts? Are they playing different tracks? There was significant evidence early on regarding Afghanistan that they were helpful. So if you could elaborate on those two areas. Thank you.

Mr. ARMITAGE. Yes, sir. On Iraq, it is a mixed picture. On the plus side of the ledger I think would be the almost immediate acknowledgement and welcoming of the Governing Council of Iraq. They have good relations with many of them. Twelve, of course, of the Governing Council are Shia. They pledged money in Madrid. It is a little confusing how much because it looks like a bit of tax credits for their businessmen and maybe some swaps in Iraq, but that is not a bad thing.

They share with us one absolute common view; they do not want a bordering state to be one of Sunni extremism. And that is one that we absolutely share as well.

They have done some other positive things at our urging. They dismantled some Iranian guard posts, for lack of a better term, that were on the Iraqi side of the border and moved them back to Iran.

On the negative side of things, they continue to have some of their intelligence officers and others come across the border from Iran into Iraq. We believe that they are intent on liaising with their own favorite Shia group, the SCIRI, and they have activities with the Badr Corps, which we frown upon. Ambassador Bremer from time to time has publicly called for Iran to cease and desist that type of activity. So it is very mixed there.

In Afghanistan, it is also quite mixed. On the question of narcotics, they are dead-on with us. They are suffering a lot, and they share that view. They did almost immediately, in the wake of our attack, disavow the Taliban, and at that time they disavowed al-Qaeda. But we have seen over time that al-Qaeda has been able to weasel their way back in a bit with the Iranians for reasons best known only to the Iranians.

The question of the Iranian interference in Harat is a real one, and the jury is still out on that. I know it is of some concern to Mr. Karzai and his colleagues.

Senator HAGEL. Thank you.

Have we thought through in any long range scenarios, strategies the development of regional institutions, the President's Middle

East Partnership Initiative, things where we could bring Iran into those regional institutions, economic development, for example, and other common interests that we could work off of? Have we gotten to that stage? Do you believe we will get to that stage?

Mr. ARMITAGE. Senator Hagel, I do not think we are at that stage because you used the term "long range" and at least the way I have lived for the past 3 years, that is about 4 days.

I must say those who want to be in these jobs have the time to figure out the long range.

But we do have exchange programs, small ones, with Iran. We do allow students—about 300 of them last year—to come here. We issued about 7,000 visas last year, some work-related, some family related, to come here. We do intend to use MEPI on discrete projects, and we do broadcast quite a bit both via VOA with TV and radio, and we have got Radio Farda, which is 24 hours a day.

We are quite proud in the Department of State that we have a Persian Web site. It gets about 3,000 hits a day. Now, that is not the end of the world, but it is not bad. That is 3,000 people who are interested in what we are having to say. And we are not propagandizing. We are just putting out what the President says or what you say at this hearing, those kind of things, without any editorial comment. And people are getting a view that there is a lot going on in the world.

Senator HAGEL. Mr. Secretary, thank you.

The CHAIRMAN. Thank you very much, Senator Hagel.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

Welcome, Secretary Armitage.

Mr. ARMITAGE. Thank you, Senator.

Senator CHAFEE. Mohammed Ali famously said, when he refused induction, "I ain't got a gripe with the Vietcong."

Here as we analyze what is our gripe with Iran, you say we seek to counter the Government of Iran's negative and destructive policies and actions and then later articulate those destructive policies and actions as human rights record, pursuit of weapons of mass destruction, also interference in the Arab-Israeli peace process. So obviously this is very important to our relationship with Iran.

Can you tell us where we are in the Arab-Israeli peace process?

Mr. ARMITAGE. We have nothing in front of us but the Road Map. But I think anybody would have to acknowledge that is a very rutted and bumpy map at present. We are waiting for the government of Abu Ala to be totally formed. I do not know if it will be. November 3 is the date it has to be done. Until that happens and until Mr. Arafat empowers that government to actually move meaningfully in the security area, then I do not think we have much reason for optimism.

We stay involved. We have John Wolf's colleagues. Mr. Wolf is back here consulting with us, but his colleagues are still active and present for duty, hoping that things will get a little better. We continue our discussions with the quartet. This is of enormous interest not only to our President but also, of course, to our friends in Europe.

Senator CHAFEE. From the Iranian point of view, obviously they would be concerned. Nothing is happening. We have no involve-

ment from what you just said. Ambassador Wolf is not there. Meanwhile in today's news Prime Minister Sharon is OK'ing the provision of services to some illegal outposts, a new break. The Palestinians are naturally objecting vociferously that this is a break in the Road Map process. Do we have a position on today's news and what Prime Minister Sharon is doing? Are we involved at all?

Mr. ARMITAGE. Yes, we are involved in fairly intense discussions with Israel, with the Prime Minister and his colleagues, both with the Secretary, who is in very often contact with his Foreign Minister colleague, as well as Dr. Condoleeza Rice, who is involved, as you would know, with her counterparts and colleagues.

We find some of these activities, such as provision of services to outposts and the development of the so-called fence, to be very problematic, and it is making it somewhat more difficult. Having said that, Israel in 2½ years of living frightened, and the very real specter of deaths and horrible maimings of women and children, I think it is understandable why they are so neuralgic on the issue. If it were easy, it would have been solved quite a while ago.

If I might, I do not want to leave you with a misimpression. I think of Iran not only as a present supporter of terrorism—on the 23rd of October we passed something that meant a lot to me and that was the Beirut bombing, the Marine barracks bombing of 1983. People often forget. There are also embassy bombings that Imad Mugniyah, sponsored by Iran, was involved in. There are sanctions. There are prices to pay for that kind of behavior in my view, sir.

Senator CHAFEE. Yes, I agree with you and I think it would be naive for anyone to think it would be easy. Of course, not. It is not going to be easy. The perception I think here and in the Arab world—and it is not tangential. We are having a hearing on Iran security. I think it is important. As you say in your written statement, these are the gripes that we have with the Iranian Government. They are interfering with the peace process. But when you look at it from their point of view, the peace process is disintegrating, and even from your testimony here, Condoleeza Rice may be over there talking, Ambassador Wolf's people are there. He is not even in the region. He is our point person for the Road Map. He is not even there, and I do not believe that there are any plans to send him back. It is disintegrating and it is relevant to what is happening in Iran and the region, Iraq also.

Mr. ARMITAGE. You know, sir, just a technical clarification. Mr. Wolf is head of the monitoring mission. He is not the point person for the Road Map, but that is, for better or worse, Secretary Powell.

I am not sure I understood the thrust of your question. If the Iranians do not see any motion either—it is the Iranians who are disrupting through terrorism the ability to have a meaningful dialog between a government, the Palestinian Authority, and the Israelis. So if they would cease their support for Hezbollah who lobbed 60 or 70 mortar rounds in yesterday, Hamas, PIJ, and PFLPGC, I think that you would immediately see that a relative quiet would descend on the area and perhaps we could have the dialog. At least those who are so keen to have movement toward the Palestinians would then have a much better leg on which to argue their point of view.

Senator CHAFEE. I would not dispute what you said about our abhorrence of some of what is happening on the other side. But meanwhile, nothing is happening, they might argue, on the side of Israeli agreements to the Road Map. That is my question to you. What is happening? What are we doing on that side? From what I have heard so far, absolutely nothing.

Mr. ARMITAGE. I would respectfully dispute the "nothing." But I think, as I have said, we have had some problematic actions by the Government of Israel in the wake of no action and no ability to have the Palestinian Authority unleashed, the security forces unleashed against those who would conduct terror.

Senator CHAFEE. One last question. Is the administration in favor of a Palestinian state?

Mr. ARMITAGE. Yes, sir. But if I may, it is a state living side by side in peace and security with Israel. So we are in favor, but there are some obligations for that Palestinian state as well.

Senator CHAFEE. Thank you, sir.

The CHAIRMAN. Thank you, Senator Chafee.

Senator Biden.

Senator BIDEN. Thank you very much.

Mr. Secretary, Iran is a hard nut and we have a whole lot on our plate with Iran. My observation has been that sometimes the policy of states takes a lot longer to adjust to changes that have taken place around them than, when viewed from hindsight, it should have taken.

We have somewhat limited options relative to Iran, although the options are real and at least one of which is very lethal.

So one of the things that I have been trying to discern is how much of, in an international sense, the antisocial behavior of the Iranian Government is the consequence of their feeling isolated, and from a purely self-interest point of view, the conclusion is reached that they have to do certain things.

For example, I can remember—I hate to admit it. I was here when the Shah was there—from the Shah on, Iran has been seeking nuclear weapons. The idea that the continued pursuit of nuclear weapons—and I am not saying you are suggesting this—is part of an extremist Shia Muslim clerical leadership that somehow is different than has been the instinct of every government that I have been aware of since I got here in 1973 is somewhat misleading. Now, they may have different designs on the reasons why they want a nuclear capability.

And one of the things we do not often examine, at least out loud, is whether or not there is any potential for a grand security bargain with the Iranians that might serve their purposes as well as ours. When I say "their," that is even problematic. Who is "they"? Because there is this internal dispute. But one thing everybody seems pretty well set on, from the "democratic" reformers to the ayatollahs, is the desire for Iran to have weapons of mass destruction, including nuclear weapons.

So I am wondering. I do not expect a specific answer but a generic answer. Are there folks at State and Defense, the National Security Agency that have examined this in the overall context of U.S.-Iranian relations as opposed to specifically their initiatives on weapons of mass destruction, their initiatives with regard to ter-

rorist organizations, their initiatives with regard to Iraq, Afghanistan, et cetera?

Because if you were sitting in Tehran, whether you are a democratic reformer or you are the supreme leader, for whom democracy is antithetical to everything that you believe, there are certain imperatives. They are at the moment surrounded by forces that seem somewhat hostile to them. Our assertions have been very straightforward about the threat we think they pose to the region and to us. I am not suggesting that justifies any of their actions.

I am just trying to figure out what are the broad policy prescriptions that have been debated internally within the administration other than what seems to be essentially one of two options: Their first option is to contain them, but containment only works if we have really wide international support for that containment. Obviously, the Europeans have concluded that it is better to take a shot at trusting but verifying, to use Reagan's phrase, and we will see how tough that verification is. And in this setting I do not quite understand what containment, absent their support, gets us.

On the other side of the equation, we always have the option of the hammer, which is what we did in Iraq, which I think would probably not generate a lot of U.S. public support right now.

So what are some of the other dynamics that are in play internally about—what are some of the big questions you guys are raising? I am not even looking for the answers. I want to get a sense as to how you are trying to get your arms around the problem. And I should say, I do not think a single one of us up here would suggest, if we were making the decision, we would know with any degree of certainty exactly how to proceed either. But I am trying to get a sense of what the nature of the debate is internally and what questions are being raised.

Mr. ARMITAGE. The nature of the debate, if I may—that is a great question. I think you have to take each of the elements separately, first of all. Then you come back to them.

On the question of WMD, I think many of us are informed. Personally from my own experience, I served in Iran during the time of the Shah when you were first coming up here, sir, or right after that. Even at that time, as you correctly point out, not only were they aspiring to have a nuclear weapon, but they were trying to have an overwhelming conventional capability. And they were not surrounded by threats. They were not. The Russians were working in the north. They were not surrounded by threats to their society. I believe that many us feel that there is sort of an innate grandeur still in the dreams of Persepalis and all of that. So that informs part of the debate. So the WMD question might be harder than it seems because it might be more broad in their society.

Now, the question of terrorism is not. This is very, I believe, sui generis to post-revolution. At the time I think the Iranian revolutionaries started on this in Lebanon and through Syria. The Quds force and the IRGC have just gained in power. In a way they are almost on automatic pilot and very detrimental. But that is not innate, I think, to Iran or to Persian society.

Then there is the question of human rights, which is very interesting, because at the time of the Shah when many people would say it was the golden era, there was something called SAVAK. And

it would be a very rare Senator, indeed, at the time who did not vociferously criticize the activities and the violations of human rights of SAVAK. So those are kind of the questions we wrestle with.

We find that there is nothing inherently contradictory about Shia Islam and democracy, and that appears to be what the Nobel Prize winner is saying as well. So that also informs the debate. So that is where we are coming from.

The idea of a grand bargain I do not think that is on yet because I think each one of these questions is answered in a different way.

Senator BIDEN. Well, my time is up.

I begin to question how much of their support of terror relates to keeping us off balance in Iraq and Afghanistan and the region and how much of it relates to not wanting to see the emergence of a peace agreement in Israel and an Israeli state that is secure. But I will come back to that later, if we have time.

I thank you for engaging that question.

The CHAIRMAN. Thank you, Senator Biden.

Senator Brownback.

Senator BROWNBACK. Thank you, Mr. Chairman, and thank you, Mr. Armitage, really for your wisdom and your insightfulness and your great knowledge over years of service. It is quite instructive. Your answers really give us a lot of history and a lot of knowledge.

I also want to congratulate you. The President had a great trip into Asia last week on the issues dealing with North Korea and building that broad coalition on issues of proliferation. Hats off. That is a tough issue to pull together, and you guys really seem like you are getting it moving in nice fashion.

I would say, maybe contrary to some others, on Israel it looks to me like you are doing what you can in a very difficult situation where you have heightened terrorist attacks taking place on the people of Israel that really seek to live in peace in the region. That is just a very difficult situation.

I am not sure if this model of land for peace that we have been on now for 10–15 years is the right model to move us toward peace, but that is a discussion for another day.

I also want to congratulate you on the Sudan, what is taking place there, where you are very close, it appears, to be to getting peace on a war that has taken a couple million lives and has been going on for more than 10 years, and where you have got religious factions in each area, where you are pretty close to getting that done, which would be a remarkable thing in the region and in the world. So you have got a number of things taking place.

On Iran, I have tracked the Iranian activity on terrorist activity for the period of time I have been in the Senate, traveled throughout the Central Asia mid 1990s, late 1990s. The Iranians were very active in spreading terrorist cells up in that region at that time and continue to be. I would go into a number of countries coming out from the former Soviet Union that had a significant Islamic population, if not majority, and they were citing to the Iranians and the Saudis as planting community centers, mosques there, which were fine by them, but then out of that would come a radical element that would be organized. They have been at this for some period of time and continue to be.

There are a number of Iranian democracy advocates in this country and around the world. I have worked with a good portion of them. They would note very clearly to you Iran is not a democracy. You have got a ruling Guardian Council that all the candidates have to go through. You have, in essence, a religious ruler over the country. They support a referendum on Iranian governance and what is taking place within the Iranian society, and you are hearing more and more calls for that within Iranian society.

I would hope that we could support as well that call for a referendum within the Iranian society and note clearly Iran is not a democracy. We believe in democracy and human rights. I would hope you could speak to that on the support for a referendum internally by the Iranian people on the future of Iranian governance.

Mr. ARMITAGE. Like I think most Americans, and certainly all of my colleagues at the Department of State, we were mesmerized by the vision of Shirin Ebadi receiving the Nobel Prize. We were fascinated by the spontaneity of the demonstration that greeted her when she returned to Iran.

But I was even more interested in what she had to say. What she had to say about developments in Iran and democracy—and I am paraphrasing. I cannot do it with the eloquence—was basically that if we are going to have meaningful change, it has to come from within. I think she is on to something. It has to be something the majority of the people who live under the system embrace and see as a better way forward for them. If it is a referendum, then that is fine. But I am not able from the outside to determine what the proper path exactly is to transparency, elimination of corruption, whether it is political corruption or fiscal corruption, et cetera.

I think our best path and our best policy is to be very forthright in our views about transparency and governance and human rights, et cetera, not to propagandize, but put out the information, put it out, put it out constantly because we are finding, from what I think I called in my testimony virtual embassies, Iranians who travel around coming in and telling us they are getting the message. They are hearing it. Rather than trying to pick winners or losers in this, I do not think that is something we can do very well from the outside. But I think our duty, as well as our right, is to put the facts on the table and call things as we see them about the need for civilized behavior in the world, et cetera.

But whether it is a referendum or not, I think if that is what the majority of people want, I am all for it. But I do not know where they are in their own development. We know there is intellectual and political ferment. There has not been, other than those student demonstrations of the summer which were so horribly and brutally put down, a sort of political activism yet. I think they have got to come a ways internally before we will know which direction they want to go.

Senator BROWNBACK. We do know that Iran is a lead sponsor of terrorism.

Mr. ARMITAGE. The leading.

Senator BROWNBACK. The leading sponsor of terrorism. And you note, which I found interesting, that that is an aberration from historical Iranian Persian society. So that is really with the mullahs

that they have decided to go this route. That is something we find abhorrent and just stand completely against.

Mr. ARMITAGE. Yes, sir.

Senator BROWNBACK. I would also note there is a number of outside Iranians broadcasting inside and into Iran that are having their signals jammed at times. I hope the State Department and our governmental apparatus are working with them to try to stop the places where that signal is getting jammed and help them because it strikes me that one of the key things we can and should provide is information, and that information helps provide an organizational flow internally in Iran where they cannot communicate.

I have seen and heard of some of these operations where they are getting calls from inside Tehran to the radio station in the U.S. or another place of here is where we can organize to talk about right now and then broadcasting it back into Iran because they cannot internally organize without disruption, violation of human rights, or risking really life and limb themselves. I would hope we could help more with that broadcasting and communication ability inside Iran.

Mr. ARMITAGE. My understanding is that—I will not go through the complete laundry list of what we as a government broadcast, but it is VOA. I saw some of the correspondents here. They have got a roundtable with youth, all these kind of things that we send in. Radio Farda, which is 24/7, a mixture of news, music, pop, to kind of keep people interested.

The question of private groups broadcasting in, I think our preference on that is on a case-by-case basis we will support under the MEPI getting that information in. I am not expert in these matters, but I know at one time years ago with VOA, we had to be very careful about who was broadcasting into whatever country and who might be broadcasting for the diaspora in our own country. There were at least regulations and I believe rules about that.

So I got the message and I will look into it for you and respond.

Senator BROWNBACK. I appreciate that because to me Iran is a critical country in that region where we are on a stated policy of trying to drain the swamp and to provide open and free societies that can grow and prosper. You have got one here that has an economy that is less than it was during the period of the Shah over nearly 25 years ago. Clearly I think Iran will make a vibrant, open, democratic society with quite a contribution to the world once it throws off the tyranny that sits on top of it. I hope we can be as supportive as possible in that process.

Mr. Chairman, thank you.

The CHAIRMAN. Thank you very much, Senator Brownback.

Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for your public service. You are one of the best that we have.

I would like to get you to opine. Given the recent agreement by Iran to suspend their development of nuclear weapons, an agreement with the Europeans, what appears to be in exchange for European economic help for Iran, I would like for you to interpolate that as to whether or not it would work if we were to offer economic help in the same vein that the Europeans have.

Mr. ARMITAGE. I kind of look at this, Senator, as sort of who needs to go first and who has been hiding the ball. As the chairman indicated and Mr. Biden indicated, the Iranians have been caught lying and hiding the ball several times and most recently during a visit of the IAEA, when there were some traces of highly enriched uranium found, that gave lie to many of the things that the Iranians were saying.

So my own view is we are the United States. We are not like everybody else, and we need to be very cautious and careful when we make decisions about economic assistance, et cetera, because you are sending a signal absent some rather basic agreement on other elements of policy with Iran with which we have vehement objection, such as the terrorism and things of that nature that Senator Brownback was saying. So I think I would be pretty careful.

Regarding the apparent agreement, it appears that the Iranians have agreed to all the elements of the September 12 Board of Governors' resolution. It is not just an agreement with the three ministers, though they were the ones who went to Tehran and received it. The proof of that will be in the pudding, and we will see.

Dr. ElBaradei will issue a report after he has pored through the pages, the voluminous documentation. Then we will be consulting with the international community about the way forward as we go to the 20th and the 21st of November Board of Governors meeting.

Senator NELSON. You were talking to Senator Brownback about the jamming. There was a report that the Cuban Government was jamming broadcasts into Iran at a time when students were protesting the oppression by the ruling clerics. What do you know about that?

Mr. ARMITAGE. We approached the Government of Cuba about some jamming that was emanating from Cuba. It was not the Government of Cuba. It was another entity. And it has ceased.

Senator NELSON. Since Iran is such a sponsor and benefactor of Hezbollah and Hezbollah is clearly an impediment to the interest of the United States in reaching a peace accord in the Middle East, plus the fact that there is a substantial presence of Hezbollah here in the United States, what contacts, if any, have been with the Government of Iran about their sponsorship of Hezbollah? And if none, what do we plan in the future?

Mr. ARMITAGE. First of all, there is no need on this issue for someone to send a private message. Everybody from the U.S. Senate to successive Presidents have been very clear from the time of Ronald Reagan on about the Hezbollah-Iranian marriage.

We try to complicate and constrict the ability of Iran to provide aid and comfort to Hezbollah. We try this by stopping overflights or trying to jawbone countries into not allowing overflights when weapons are going to be delivered through Syria or something of that nature. We do it by trying to stop flows of money, which is a much more difficult thing because it can go 360 degrees and still find its way back to Hezbollah. We work with the terrorist financing resolution at the U.N. to try to constrict and control Hezbollah's access to funds. It is a pretty difficult thing.

Senator NELSON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Nelson.

Senator Coleman.

Senator COLEMAN. Thank you, Mr. Chairman.

Mr. Secretary, thank you for your service. It is pretty inspiring for somebody new like me to be able to listen to someone like you who has been there a long time, but you are never talking about yesterday. You are also talking about tomorrow.

Mr. ARMITAGE. Thank you. You are making me feel like I have a lot of moss on my tusks.

Senator COLEMAN. First, if I may, I just want to followup on the Middle East situation with Israel and terrorism. I share the opinion of my colleague from Kansas. This is a difficult situation, and I am sure my colleague from Rhode Island, when he was discussing concern about what is happening with the building of some barriers, that there is not an equivalency between Iran supporting Hezbollah, which is supporting killing, killing of Israelis, killing of Americans, of allies of America. I am clear there is no moral equivalency there. Iran is supporting terrorism. There is no question about that.

The second piece of that then, just to finish the discussion about the Middle East for a second, that portion of it, in terms of U.S. policy, our policy is the establishment of a Palestinian state, but the precondition of that still stands to what the President said on June 24, that an end to terrorism is a precondition. Is that correct?

Mr. ARMITAGE. Yes, sir.

Senator COLEMAN. If I can just followup with a comment that Senator Nelson raised about the jamming of the signals to Iran. I had a chance to be in Cuba and the Cubans are very forthright. They said we did not do it and others did it. You said other entity. Can you identify who that other entity was? Was it Iranian officials?

Mr. ARMITAGE. Yes, it was.

Senator COLEMAN. So the Iranians were jamming the ability of folks——

Mr. ARMITAGE. And it has ceased.

Senator COLEMAN. OK. I appreciate that.

Just one other question then. We know about the efforts for democracy in Iran—the students rise up and they get crushed. They were crushed brutally a number of years ago. They continue to be crushed. How do you support democracy? What is it that we are not doing today that will be more helpful in supporting a more democratic Iran?

Mr. ARMITAGE. The student riots to which you refer, Senator, as I understand it, actually came about not in a search for democracy, but they were demonstrating against the fact that the universities were going to be privatized and the tuition would dramatically rise. That developed over some time, a couple of days, into the need for more openness in society and democracy, et cetera. Of course, as we indicated, it was brutally crushed.

I think our job in this, we cannot force something on people who want it less than we do. As I say, I was very moved by Ms. Shirin Ebadi's comments about meaningful change has to come from within. The intellectual and political ferment I think has to be translated into louder and more demands for freedoms.

We have heard—it is not a state secret—that recently the Parliament has passed laws having to do with more judicial openness,

et cetera. Now, these laws were contravened by the unelected body, the Council of Guardians. But that kind of expression I think speaks to what is underlying most peoples in the world, that is, a basic desire to run their own lives.

Our job in this I think is to make, first of all, the facts available. The facts are both positive facts and negative facts, positive facts about how countries around the world are developing their own democracies. For instance, some of the countries of the former Soviet Union who in relative terms have come quite far in 10 or 12 years. Also, the negative facts, that is, how Iran is perceived in the world, why Iranians have difficulty getting visas, those who are able to travel, when we talk about corruption, just who is doing what to whom, those kind of things. So I think that is our job right now, and that would allow, I think, the political ferment to take hold.

Senator COLEMAN. Last question, if I have the time, just to touch upon the issue of Iran and its developing nuclear capacity. In U.S. policy toward an arming Iran, how do we avoid the pitfalls of our policy toward North Korea in 1994? How do you avoid the situation where somebody says that they are going to negotiate, they are going to sign an agreement, they are not going to go down this track but then they don't abide by their agreement? When they have the record that they have had, when they have certainly, as you indicated, the record of support for terrorism, we cannot afford to have what happened with North Korea happen with Iran. How do we avoid those pitfalls?

Mr. ARMITAGE. My own view, it is a good lesson. It is something that we need to keep our eyes on. I go into this saying our enthusiasm for Bushehr, for instance, the so-called civil nuclear reactors, is very much under control, because the Iranians have not demonstrated their bona fides in terms of the NPT. The Iranians would say to you that we have an inalienable right as an NPT signatory to civilian nuclear use. Well, that is not quite right. They have an inalienable right if they are living up to all the criteria in the Non-Proliferation Treaty, which has to do with eschewing nuclear weapons and enriched uranium and plutonium reprocessing for weapons, et cetera. So I think we have got to spend some time calling them, making them live up to their bona fides.

Second of all, I think unlike North Korea, this is a nation awash in energy, the fourth largest reserves of petroleum, the second largest in gas. So for them to say they need civilian nuclear reactors seems to me to be a bit incredulous, and I think we need to point that out. If there was some interest in developing the infrastructure of oil and gas and terrorism had ceased and all that, then that would be a different situation, and that ought to go ahead at some point in time. But our enthusiasm for this whole civil nuclear thing is very much under control for the reasons I mentioned.

Senator COLEMAN. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Coleman.

Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman.

Mr. Secretary, it is good to see you again.

Mr. ARMITAGE. Thank you, sir.

Senator FEINGOLD. Given the close relationship between powerful elements of the Iranian Government and several terrorist organizations, it obviously seems to me that Iran is among the most likely states, if not the most likely state, that could transfer weapons of mass destruction to terrorist organizations. I would like you to comment on that.

Why is it we heard so much about this issue with regard to Iraq and relatively little with regard to Iran?

Mr. ARMITAGE. I think we have in play several different things. I think they are the leading state sponsor of terrorism in the world. Their need for the hard currency might be slightly less than North Korea, something we have discussed up here more. Some might argue that would make North Korea more inclined to trade weapons for money.

Having said that, we have both the international regimes, the NPT and other things, that we apply. We have got also the Proliferation Security Initiative, in which 11 countries are now participating, which is a regime that, following international law, would try to block and stop shipments which we believe are suspicious in nature or WMD or related materials. As I say, 11 countries have signed up for that. We recently exercised it in the Coral Sea.

I think on the question of Iran, as I understand it, their ability to acquire this weapon—their desire there was no question of. How far along in their process, in terms of nuclear, sir, there were some real questions about. I think we felt that there, first of all, was more time. Second of all, we were able in the case of Iran to develop an international consensus. In the case of Iraq, we had a limited international consensus. But we have had much better luck thus far, and that is why the President has moved to say that it is not a one-size-fits-all. We are making some progress, he feels, in multilateral diplomacy, and we will continue to do so.

Senator FEINGOLD. Has the rift that has developed between the United States and other Security Council members relating to our policy in Iraq affected the prospects for international cooperation and pressure on Iran? And in connection with that, if you could talk about what specific proactive steps will the administration be taking in the near term to foster that cooperation and strengthen multilateral cohesion.

Mr. ARMITAGE. Senator Feingold, thanks to a lot of hard effort by my colleagues at the Department of State, United Nations, and the President's jawboning, we got 1511, U.N. Security Council resolution, unanimously. I think in the first instance, that is a good sign, that the past is the past and we are going to move forward.

On the question of Europe, it is quite interesting. I think many of our European friends—and that is where the trouble was in the Security Council—find that the prospect of Iran with a nuclear weapon and, as we know, the delivery systems they are developing—one, the Shahab, which I think on an unclassified basis has about a 1,300 kilometer range—is something that makes the problem theirs as well as ours. I think that is a good sign.

Now, I indicated earlier, Senator, that my colleague, John Bolton, and some of his colleagues, Acting Assistant Secretary Susan Burk and others, are right now out internationally. Mr. Bolton is in Spain and Ms. Burk was meeting with the Japanese

to try to make sure we keep consensus as we move forward to the 20th and 21st Board of Governors meeting of the IAEA.

Senator FEINGOLD. Thank you.

Finally, the administration reportedly signed a cease-fire with the MEK in April, and then it changed its mind. Can you explain why the administration changed its policy toward the MEK in such a short period of time?

Mr. ARMITAGE. We should not have been signing a cease-fire with a foreign terrorist organization. My understanding—and I think it has been written about—is this was done tactically in the field by a soldier who was faced with an immediate problem. Given the fact that this is an FTO, we are in the business of disarming them from their major weapons, which I am told has been done, containing them in a rather large area, which takes a certain amount of person power from the U.S. Army, and we are classifying them, going through them person by person, to see those who may have terrorist connections. In my understanding, a certain number of those do, and we could talk about it in a closed session. That process is ongoing now.

Senator FEINGOLD. Well, I am pleased to hear your comment about the impropriety of our signing a cease-fire with a terrorist organization, something I raised at the time.

Does the ambiguity surrounding U.S. policy toward the MEK complicate our efforts to demand that Iran act against terrorist organizations? And what exactly is the status of the members of this group who are operating in Iraq?

Mr. ARMITAGE. They are contained, as I understand it, by the U.S. military, primarily the Army, and they have been disarmed of their major weapons. I do not think all of them have turned over their sidearms. They are not allowed, as I understand it, free access in and out of their own camp. There have been speculations about making these swaps with Iran, et cetera. As you know, although we may have some real complaints against terrorists, we also have some real strong views about how people should be treated. So I think that impedes any possibility of swaps, et cetera, with Iran because we cannot be sure of the way they would be treated. But if we find that people qualify as terrorists under our definition, then they are going to have to be dealt with in a legal manner.

Senator FEINGOLD. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Feingold.

Senator Biden.

Senator BIDEN. Thank you.

You indicated, Mr. Secretary, that the way to support democracy in Iran is to make the facts available to the Iranian people. How do you do that if there is not direct engagement with them? How does that get done? We do it through radio messages?

And did your counterparts in France and Britain and Germany convey to you any request for steps that would help them arrive at last week's agreement? In other words, if so, did we take any steps? Did we convey via the Europeans or through any other channels any steps? Was there any discussion about security assurances? Are our fingerprints on any of that? I do not mean that as accusatory. I mean in a positive way.

So the first question is, how do we communicate this? And second, were we contemporaneously informed? Did we have any input?

Mr. ARMITAGE. We were informed before the trip. When the political directors went to Iran to sort of set the stage, Secretary Powell had discussions with some of his colleagues. John Bolton and I met separately with various German and French interlocutors—and with the British, we are cheek by jowl anyway—to make our point clear that we hoped the ministers would not settle for the 80 percent solution, that they would settle for 100 percent solution because we felt the only reason we were at the point where the Iranians were willing to talk was because of unanimity of views on the Board of Governors.

So to that extent, we were informed. And immediately upon the completion of the mission, Secretary Powell—his colleagues informed him. Then laterally we got it through diplomatic communications as well. We did not offer, to my knowledge, in any way any sort of security guarantee.

Senator BIDEN. I will conclude with this, Mr. Chairman. Are the Europeans asking us for any assistance from us in this run-up to the IAEA November meeting?

Mr. ARMITAGE. Not to my knowledge. We are, as I indicated, however, reaching out to them as we develop our own understanding of what is in those pages to give them the benefit of our views.

You had another question, Senator.

Senator BIDEN. How do we get the "facts"—I think we all agree—to the Iranian people without engaging them?

Mr. ARMITAGE. Well, we have got about 6 hours a day VOA and a couple of hours a day TV that goes in. We have got a Web site and we have got a 24/7 operation called Radio Farda, which we are told is quite popular because it mixes popular and contemporary U.S. and Iranian music with news broadcasts, et cetera. It is not propaganda. It is straightforward.

Senator BIDEN. Thank you.

Mr. ARMITAGE. I was asked even here today by the VOA would I sit for a one-on-one discussion that just goes to the Iranian people and just tell them what we think.

Senator BIDEN. Thank you.

The CHAIRMAN. Thank you very much, Secretary Armitage, for your testimony and for your response to our questions. As always, it was great to have you.

Mr. ARMITAGE. Thank you very much, Mr. Chairman. It is a pleasure as always.

The CHAIRMAN. The chair would like to call now our second panel: the Honorable William Luers, Dr. Nasser Hadian, Dr. Anthony Cordesman, and the Honorable Robert J. Einhorn.

Gentlemen, we thank you for coming and we thank you for listening to our first set of questions to the distinguished Deputy Secretary of State. Each of you have been with us before, and we appreciate your coming today.

Let me suggest, first of all, that all of your statements will be made a part of the record, so you need not ask for permission that that be done. If possible, if you could summarize your statements in 5 minutes or so, that will allow for more questioning and dialog

with the panel and with Senators. So I will ask you to proceed, if you can, in that fashion in the order in which I introduced you, which would be Mr. Luers first, then Mr. Hadian, then Dr. Cordesman, and finally Dr. Einhorn.

Mr. Luers.

STATEMENT OF HON. WILLIAM H. LUERS, PRESIDENT AND CEO, UNITED NATIONS ASSOCIATION OF THE UNITED STATES OF AMERICA, NEW YORK, NY

Mr. LUERS. Thank you, Mr. Chairman. I am pleased to be back and I am particularly pleased to see you in the Chair. I have long had a great respect for your work and I think you——

Senator BIDEN. Now, wait a minute.

I like you too.

Mr. LUERS. I am coming to you, Joe.

I think your decision to have these hearings is very important and I welcome them. I also have had a lot of conversations with your two colleagues and have a great respect for both of them, including Senator Biden in his former chairmanship.

Senator BIDEN. Thank you.

Mr. LUERS. I will be brief. The first thing I would like to say is I am not an Iranian expert, as the three of you know. My credentials come today from the fact that I have led a series of discussions we have been holding in a European country with Iranians over the last year. They have been regular discussions. We have had four-plus meetings.

On the U.S. side, participants include former diplomats, former government officials, and in fact, a number of people who are real experts on Persia and on Iran. It is a nonpartisan group.

I would welcome you, Mr. Chairman, Senators Biden and Hagel or indeed any of the Senators to join these meetings. I think you would find them enlightening, and you would be more than welcome.

I will do three things: summarize some of the attitudes that would be helpful for this hearing, outline a few particular problems that might be resolved, and then come to a few recommendations.

First on the attitudes of the Iranians. One of the major blocks from what we hear, to movement from the Iranian side on policy is that no matter what the issue, whether it is Iraq, nuclear, Hezbollah, or a whole range of bilateral issues having to do with U.S.-Iranian relations, the blockage comes from the fact that they believe that the United States is not interested in changed policies, but changed regime. Until they are satisfied that there is a decision on the part of the United States to work with this Iranian government in some form, it is going to be difficult for them to find ways to cede on some of the issues that are very important to us.

Having said that, I think it is important to say that the Iranians are also concerned about their own country, the stagnation, the inability to resolve problems and all the things that we know about. Yet nobody that I have talked to on the Iranian side or in the intelligence community in this country believes that Iran is about to implode. We are going to be dealing with it for a long time, as it transforms itself. We have got to decide how to deal with Iran.

Second, the Iranians that we have talked to over the last year feel more confident about themselves and their stature in the world community than when we began the discussions. Much of it has to do with the fact that the United States eliminated their two principal enemies, the Taliban and Saddam Hussein. They find themselves also possibly getting a twofer. We eliminate Saddam Hussein and the Taliban and we so tie ourselves down in Iraq that we can no longer be a threat to Iran. That is at least under consideration in their thinking. Nonetheless, there is the concern about U.S. intentions.

On the nuclear issues, I think what I would say principally is that I agree with Bob Einhorn. Bob has been a very professional and really quite brilliant participant in our discussions, and he has essentially led the discourse we have had on nuclear questions. I think he will be far more eloquent on the subject than I can be, and you have his testimony.

I would say one thing, however, on the subject of nuclear. If we follow your policy line, Mr. Chairman, as laid out in the Los Angeles Times—and there is strong argument for it—it seems to me it has to be structured in the context of an overall strategy. If we end up, as you hint at the end of that article, that we may have to resort to military force, it seems to me that doing that outside of the context of everything else we want from Iran or what we would like to achieve in the region would carry us in the wrong direction. By taking a firm stance opposing support for the IAEA's Western European beginnings of this new discussion on nuclear issues it would make it very difficult to even have a broad strategy to address other issues with Iranis.

On Iraq, the Iranians over and over again have indicated to us a desire to have official discussions with the United States. Discussions were broken off last summer by the U.S. Government over concerns that al-Qaeda terrorists operating from Iran might have been involved in the action against U.S. targets in Saudi Arabia. I think it was a mistake to have broken them off, and it is going to be difficult to reinstate them.

Whatever we learn from the Iranians about Iraq, we will learn more than we know now. We have had no discussions with them about Iraq—the most critical element in U.S. policy that we have had in the last 20 years. They are part of this neighborhood. They live on the border of Iraq. They are deeply involved, and for us not to probe officially consistently and directly what their intentions are, what they know, how they will work with us I think is a grave mistake and a deeply flawed policy.

Secretary Armitage in his quite excellent presentation did discuss all the commonalities of U.S.-Iranian policies within Iraq. One of the matters that I would like to go further on is the question that was posed by Senator Feingold on the MEK-al-Qaeda relationship.

We have heard that the U.S. proposed to Iran last March, before the war, that there be a linkage of some sort between our handling of MEK and the Iranian handling of al-Qaeda. Whether that is true or not, that is at least what we hear from the Iranians. The fact is there became a link and the Iranians thought there was one. In the final official meetings that they had that were held in Geneva

in June before they were broken off by the U.S., I understand that there was some specific discussions of what the Iranians would do that would be more forthcoming with regard to al-Qaeda.

Following that, the United States took actions against the MEK, but up to very recently there are continuing reports in Iraq that the Defense Department is continuing to associate with the MEK. Whether this is Iranian misinformation or whether it is an Iranian device to forego this presumed arrangement for them to be better behaved on al-Qaeda, the Iranians believe that there is continuing Defense Department interest in holding the MEK in abeyance as a potential for undermining the Iranian Government.

Now, I think the MEK issue has to be addressed in some forum. We are also persuaded that the Iranians, if we have direct discussions with them, would at least explain what they have done with those over 2,000 al-Qaeda representatives whom they have reported to the U.N. they have managed. We strongly believe that discussions in some form would be possible in this area.

Finally, on Hezbollah and al-Qaeda, the Hezbollah issue is huge. It is the terrorist organization with probably the largest reach of any in the world. It is not as active as al-Qaeda, but it certainly is more broadly reaching. As one develops a strategy toward Iran that makes some sense for us and for U.S. interests, one has to relate that to how we develop the strategy toward Hezbollah. A strategy toward Hezbollah like the one we have toward al-Qaeda will not work. There has to be an effort to try to recognize the fact that Hezbollah does have a dimension to it that al-Qaeda does not have, which is their political and social work in Lebanon.

I have already talked about al-Qaeda.

Finally, let me go to our several recommendations.

First, the United States must develop a strategy on how to handle Iran that will allow the United States to associate the multiple questions—the multiple problems we have with Iran in a coherent strategy. Obviously, I am an engaging person and I want to see us engage Iran. It seems to me that over time that is the only strategy. The alternative strategy of taking it piece by piece will result in us falling into a trap that will define the rest of our strategy, which I think is a mistake.

Second, the confrontational approach, as Senator Biden said, seems to be taking us nowhere right now. The likelihood of us undertaking an ultimately military strategy begun by sanctions perhaps is not high, given our involvement with Iraq.

We recommend now that there be strong support for the IAEA and Western European involvement in discussing the nuclear issues. When the discussions begin with the Western Europeans, we should be involved in those discussions and we should try to encourage, as much as possible, the Iranians to pursue a course that will have their suspension of enrichment and processing be a long-term suspension. It could go on indefinitely.

Third, we believe that we need to set up an environment in which to discuss with Iran the issue of Iraq. We think that the setting could be the five permanent members of the Security Council plus the United States and Iran. The issue would come up about the other neighboring states, but we think this is an appropriate setting. And the U.N. Secretary General could arrange for that.

In that discussion, we believe there should be a return to the issue of al-Qaeda and some firm assurances given and demonstrated that the MEK will be completely disassociated from U.S. interests.

We believe that small steps should be begun in other aspects of the U.S.-Iranian relationship, which have already been mentioned by most of you.

Congressional exchanges should be pursued. We think there is still that opportunity. We know some of you favor such exchanges.

And I recommend that we begin planning for a U.S. interests section in the Swiss Embassy in Tehran. I happen to have negotiated the opening of the U.S. staffed U.S. interests section in Havana when I was Acting Assistant Secretary for Inter-American Affairs, I do not believe there was any suggestion at the time that it reflected an approval of that Cuban Government. We must have access to Iranian society. How do you democratize? I have said here that democracy is most infectious when it is related to human contact, and that is what we must have with Iran. Information alone over the radio is not enough.

Mr. Chairman, that is all I have to say right now.

[The prepared statement of Mr. Luers follows:]

PREPARED STATEMENT OF HON. WILLIAM H. LUERS, PRESIDENT AND CEO, UNITED NATIONS ASSOCIATION OF THE UNITED STATES OF AMERICA, NEW YORK, NY

Chairman Lugar, Senator Biden, distinguished members of the Committee on Foreign Relations, it is an honor to testify before you today on the subject of Iran. I speak on behalf of a group of Americans who have been involved in discussions with Iranians over the past year. These informal talks have touched on many of the issues that this committee is addressing in this important and long needed hearing. We congratulate you, Mr. Chairman, on your efforts to encourage a public discussion on Iran and the U.S. interests engaged in our relationship with that pivotal nation.

I am pleased to be back testifying before this Committee nearly two decades since I left the Foreign Service. During my career with the Department of State I was privileged to have had several opportunities to testify on matters related to the Soviet Union, Cuba and Latin American—regional issues in which I was professionally involved. I come before you today, therefore, not as an Iranian expert—and there are precious few of them given our twenty-year gap of official relations with that country—or as an expert on the Middle East. My credentials flow from: * Decades in helping to engage U.S. relations with the former Soviet Union including arms control, negotiations, and cultural exchanges. I served as Ambassador to Czechoslovakia.

- Over a decade of engagement with Latin America including issues of political and economic development and cultural exchanges. I served as Ambassador to Venezuela.
- Over 13 years as President of The Metropolitan Museum of Art, during which time I became even more appreciative of the essential role of cultural understanding in international affairs.
- Discussions with Iranians that a group of Americans have been holding regularly over the past year.

INTRODUCTION

The United Nations Association of the USA (UNA-USA) began to lead these discussions with a group of Iranian policy experts following UNA-USA's involvement in the United Nations effort to begin "A Dialogue among Civilizations," which was first proposed by Iran's President Khatami. President Khatami and U.N. Secretary General Kofi Annan thought it worthwhile for an international effort to be undertaken to discuss and explore the opportunities that might be available to avoid the "Clash of Civilizations" predicted by Sam Huntington in his prescient article and book of that title. The culminating report of the "Dialogue Among Civilizations" was presented to the U.N. General Assembly in November 2001, only weeks after Sep-

tember 11th. President Khatami, who spoke at the General Assembly on the topic, chose that moment to denounce Al Qaeda and Osama bin Laden directly, underscoring that the terrorist attacks were in no way representative of Islam. Let me remind you that the United Nations system is the only setting in which Western nations deal regularly with Arab states and with the numerous states where the one billion followers of Islam live. That is one more reason why the United Nations is an important place—it offers a place in which the United States can work to develop greater understanding and reduce tensions with Islamic states over the years to come.

The discussions that UNA-USA has been conducting began almost a year ago. They have been held in a multilateral setting and have involved a group of Iranian academics and policy advisers acting in their individual capacities. During this period we have had access to official Iranian thinking. These talks have been off-the-record and included representatives of at least one other nation. We have met four times over the past year. The Rockefeller Brothers Fund and several other prominent American foundations have been the sponsors of these talks. We have met in Europe and have not met either in the United States or Iran for any of these conversations. We understand from the Iranians and from our American colleagues that, although there had been many informal efforts at policy dialogues with Iran in the decade before the current administration, virtually all of those efforts have dried up. Also, there are some continuing rich academic interactions with Iran on the part of a number of individual American scholars and there are journalists who still have unusual personal access to Iranian society. We understand that this UNA-USA set of discussions is the only one today that is seeking to carry out a broad policy discussion on U.S.-Iranian relations.

The U.S. side has been composed of prominent former diplomats and officials and representatives of the private sector. It is a non-partisan group in its approach and composition. The President of the Rockefeller Brothers Fund, Stephen Heintz, one of the initiators of this set of discussions, has essentially co-chaired this effort from the American side and has participated in all of the meetings.

Our intentions are to continue these informal discussions over the coming months and years with the following objectives:

(1) To expand the number and variety of Americans exposed to these important issues;

(2) To extend our access to the Iranian policy community and society;

(3) To continue to encourage the United States Government and the Iranian Government to undertake direct official conversations; and

(4) To offer suggestions on ways in which the United States might better handle the potentially serious threats to U.S. security interests in the Middle East that could result from the current deeply flawed policy direction that the United States Government is taking toward Iran and its engagement in the region.

IRANIAN ATTITUDES

The Iranians have expressed very informally their concerns about stagnation at home in Iran, the inability of the current Iranian governing structure to carry out political and economic reforms, and the potential instability in their neighborhood, including grave concerns about Pakistan, which is one reason they have been seeking a strategic alliance with India. At the same time, they make clear that, whatever their concerns are about the current Iranian governing structure, it is not about to collapse. The U.S. intelligence community agrees with that assessment. No one we have talked to in the U.S. intelligence community believes that the troubled and cleric dominated Iranian system is on the verge of any sort of implosion, even though one hears such claims on occasion from U.S. policy makers.

Most importantly, the Iranians have expressed concern about U.S. policies toward Iran. They say that Iranian officials believe that dealing with the United States is particularly difficult for Iran since the U.S. does not seek "policy change" on the part of the Iranian government but "regime change" and nothing short of "regime change" will satisfy the U.S. From public official U.S. statements and the general impression they have had from the few direct talks with U.S. officials, Iranians claim that they are discouraged from making any steps toward ameliorating some U.S. objections to Iranian behavior because the U.S. will always require more "concessions" until the Iranian government is overthrown or removed. The Iranians say that the U.S. does not seem prepared to make comparable steps to encourage movement toward resolution of some of the core issues. They would be far more ready to discuss the core issues between the two nations and engage in negotiations with the United States if they believed that U.S. policy was committed not to the over-

throw of the current Iranian system, but to working toward mutually beneficial steps.

At the same time, the Iranians say they are feeling more confident today than perhaps during any time since the Iranian revolution due to the U.S. elimination of Iran's two neighboring enemy regimes—the Taliban and Saddam Hussein—and an Iranian perception that the U.S. will be preoccupied with Iraq for some time. This sense of confidence can obviously be a mixed blessing for American interests in the region. We believe that the U.S. should try to play to this confidence rather than fight it as a strategy moving forward. If Iran, for its own economic and security reasons, wants to return gradually to playing a more constructive role the international community, the U.S. should take some steps to enable this to happen since that will offer the best available opportunity to reduce Iran's support for terrorism and other troubling activities in the region.

We recognize that it is difficult to know who speaks for Iran and whether the U.S. government would be able to deal with an Iranian group that has the authority to make the decisions the U.S. would seek. Nevertheless, based on our discussions, we believe that this moment offers an important opportunity to seek some movement from the Iranian government on issues of great significance to U.S. interests in the region. Most particularly, we think the Iranians are now intensely focused on how best to preserve their own national security as the environment in their neighborhood is changing dramatically. If both governments do not undertake mutually reinforcing steps to ease the differences, we believe that the uncertainty about each other's intentions could heighten tensions and lead Iran away from potential cooperation with the U.S. toward more confrontational policies and perhaps toward taking further steps to acquire nuclear weapons. This is an appropriate time to respond to Iranian overtures and to try to dissuade Iran from pursuing such strategies.

TALKING ABOUT THE NUCLEAR ISSUES

On the nuclear issue, we have heard the official Iranian line that, despite the IAEA's findings, Iran still has no intention to build nuclear weapons, but needs a nuclear capacity for power (citing similar nuclear power facilities in the U.S. and Russia which have substantial fossil fuel energy resources) and for scientific work. The official line also maintains that nuclear weapons would be unlikely to increase Iran's security and that the Supreme Leader opposes the development of nuclear weapons on moral and religious grounds. Yet in private conversations, the Iranians have told us that there is a serious debate in policy circles about nuclear weapons. They also say that there is probably an intention on the part of some elements of the Iranian governing structure to have at least the capacity to build such weapons, but that Iran does not have the capability yet and has not taken a firm decision on this matter. We have been told that the Iranian government would reject any offer of a package of agreements (such as is being discussed in connection with North Korea) that would link proposals regarding Iran's security to discussions of discontinuing the nuclear fuel cycle since such an approach would implicitly suggest that Iran was seeking its nuclear capacity for reasons of national security, i.e. nuclear weapons.

We welcome Tehran's announcement that it intends to sign and ratify the additional protocol agreement under the Nuclear Nonproliferation Treaty and temporarily suspend uranium enrichment activities. We believe that these hopeful steps are in the right direction and are in line with the recommendations we have been making to both governments over the past several months. We remain concerned that, should these current promising indicators not result in a longer term shift in the approach on both sides, Iran and the Western countries will remain on a course that will result in the IAEA referring the Iranian violations to the U.N. Security Council, with the possibility of sanctions being brought against Iran. We do not believe that UNSC sanctions, even if strongly supported initially by all of the European powers and China, will help to change Iran's still ambiguous intentions with regard to the capacity to build nuclear weapons. Indeed, prolonged sanctions would more likely lead them toward an increased sense of isolation and toward a decision to acquire nuclear weapons. From what we have heard from the Iranians, the perception that the U.S. is mobilizing world opinion against Iran makes it less likely that admonishments by the U.S. will have positive results. Indeed, we have strongly recommended that the United States Government remain in the background of negotiations with Iran on nuclear issues and that these discussions should be conducted primarily in the context of the IAEA and with key European governments.

In this connection, it would be useful to consider a phased course of action to address the nuclear issue. I understand that Robert Einhorn, who has participated in UNA-USA's discussions with the Iranians, will be providing further thoughts on this

matter in his testimony today before the Committee. In addition, we have been told that Iranians might agree to permit Western technical personnel and specialists to remain in Iran indefinitely to monitor the Iranian nuclear facilities. In return for opening up their country to a permanent monitoring presence from the West, the Iranians, we are told, would want Western support in the development of Iran's peaceful uses nuclear program. We have no assurance that these initiatives will be successful, but we believe that the United States should continue to support Western European expansion of such discussions with Iran at this time.

If the British, French and Germans, together with the IAEA (supported quietly by the U.S.), are able to work out an arrangement by which Iran is encouraged to step back from a full fuel cycle in connection with its peaceful nuclear program, then U.S. discussions with Iran on Iraq in a multilateral context could be even more productive.

TALKING ABOUT IRAQ

Throughout the course of our discussions over the past year, the Iranians reiterated their interest in engaging in talks with the United States at an official level on key issues of concern, especially with regard to Iraq. In fact, the Iranians stated that Iraq has the potential to become a constructive bridge-issue that could enable discussions on matters of broader mutual interest to the U.S. and Iran. They said that the more the U.S. begins to learn about the Shia through dealing with Iraq, the more the U.S. will understand Iran and the Shia. They also characterized this as a momentous time for security in the region and suggested that the U.S. will come to understand that the Shia and Iran itself are moving toward a more moderate stance on regional and religious matters. We are well aware that over the past decade Iranians have offered to have official discussions with the U.S. Government on a variety of subjects, but when the time has come for such talks, obstacles appear. We believe that it is in U.S. interests to persist in testing these Iranian offers to have discussions since the U.S. can only benefit from such discussions, particularly given the new situation in Iraq.

We have been impressed by several aspects of Iran's policies toward Iraq. The Iranians claim that Iran was the only country in the region to strongly endorse the Governing Council in Iraq. They say that the Governing Council in Iraq was well selected and will be able to form the basis of an interim Iraqi government. While strongly critical of the U.S. "occupation" of Iraq, our Iranian counterparts say they realize that the U.S. will be in the neighborhood for a long time and that Iranian and U.S. interests in Iraq generally coincide as they have often coincided in Afghanistan. They claim that there is general agreement among the various Iranian governing entities on a policy toward Iraq that reflects a desire for cooperation with the U.S. in Iraq. Yet, despite official U.S. government stated policies and actions, the Iranians continue to be deeply concerned by the support that the U.S. is giving in Iraq to the Mujahedin-e Khalq Organization (MeK).

We expressed much skepticism about this U.S. and Iranian coincidence of interests in Iraq and the Iranians did not deny that individual Iranian organizations, such as the Revolutionary Guard or some conservative clerics, might well be carrying out activities that are unhelpful to U.S. efforts. One Iranian participant said that Iran was "pre-positioning itself" in Iraq just in case the U.S. were to try to use Iraq as a platform for launching attacks against Iran or to destabilize the Iranian regime. There have been occasional menacing observations in the otherwise cautiously supportive attitude on the part of these Iranians. For instance, they have warned that we should know that Iran has the means to make it very difficult for the U.S. in Iraq.

Yet despite their disappointment about the decision last May on the part of the United States to cut off the Geneva discussions with Iran on Iraq, it is our understanding that the government may be prepared to respond favorably to a U.S. initiative to renew such talks in an appropriate multilateral setting such as the 6+2 talks that were held on Afghanistan.

On a related note, the Iranians continue to underscore with us their willingness to consult on Afghanistan. If no other forum can be found, they would welcome a reconvening of the "6+2" mechanism—including Uzbekistan, Turkmenistan, Tajikistan, Iran, Pakistan and China, plus the U.S. and Russia. The aim of such a meeting would be a reinforcing of President Karzai's ability to get the job done.

OTHER ISSUES: ISRAELI-PALESTINIAN CONFLICT, HEZBOLLAH, AL QAEDA

While our discussions in recent months have concentrated on the nuclear and Iraqi issues in view of their immediacy, we have dealt regularly with U.S. concerns over terrorism and the Israeli-Palestinian conflict. We believe that this set of issues

is the most difficult and it is unlikely that we can anticipate change in Iranian policy and behavior in these areas until there is some positive movement on the Middle East peace process. However, we see some possibility for Iranian movement on the Al Qaeda issue.

Israel. Iran's official policy against Israel has not changed, although its line on the peace process changed some time ago. It did not oppose the road map per se, but expressed strong doubts about its success. The official position remains that if Palestine should reach a two-state agreement with Israel, Iran would be supportive. The Arab-Israeli conflict is on the lower end of the list of priority issues for Iran because the domestic political context is not ready for a retreat on this issue and because Israel is not today seen as an existential threat to Iran. Moreover, it is unlikely that the Iranians will become helpful on this issue. The most the U.S. can hope for at the present time is to reduce their motivation to be harmful. In sum, a substantial change in the Iranian position on this issue is not likely.

Hezbollah. Iran's support of Hezbollah is a critical source of U.S.-Iranian tension. Hezbollah is viewed, particularly within U.S. intelligence circles, as an international terrorist organization whose global reach equals or extends beyond that of Al-Qaeda. In addition, a major U.S. concern continues to be Hezbollah's implacable opposition to any two-state solution to the Israeli-Palestinian conflict. With Iraq in a state of instability and the continuing bloodshed between the Palestinians and Israelis, Hezbollah could well be tempted to expand its terrorist activities in the region. We have no special knowledge from the Iranians about Hezbollah and suspect that those we are talking to do not have extensive information about the extent of Iranian support for Hezbollah. Yet, from our discussions and general sense of the region today, Hezbollah, while a large potential threat, has been more restrained than might have been anticipated. But more importantly we share the view of Daniel Byman in his article in the current issue of Foreign Affairs that "a campaign against it similar to the U.S. effort against Al Qaeda will probably fail and might even backfire." The purely military option against Hezbollah will not work. As Byman suggests, the role of Iran will be key to any more complex alternative strategy toward reducing the threat of Hezbollah.

The Iranians say that Hezbollah, very much like Iran itself, has been going through a significant transition over the past decade that the U.S. has not understood. Moreover, the Iranians we have talked to argue that with careful political management and with some future improved prospects for a return to a Middle East peace process, the Hezbollah threat in the region could decline if handled wisely. They argue that there is a strategy that the U.S. could develop that would both diminish external support for Hezbollah and move it more in the direction of pursuing the social and political work that is increasingly defining its primary role in Lebanon. Our Iranian counterparts pointed out that during his visit to Lebanon earlier this year, President Khatami made a conscious effort to address Hezbollah in the context of Lebanese politics and stated that Hezbollah is becoming a legitimate political organization.

Based on our discussions, we have become more convinced that Hezbollah cannot be treated strictly as a military problem. Its reach and potential for action is too great and buried in so many different societies. The U.S. must begin to understand and manage relationships with the various Shia groups in the region and worldwide and develop multiple strategies to manage this large Hezbollah network. Iran, as a major supporter of Hezbollah, would also be a key player in any broad U.S. strategy to reduce the Hezbollah threat.

Al Qaeda. Iran's inability to control Al Qaeda operatives within Iran and its failure to turn them over for prosecution is a source of continuing concern to the U.S. Government. Indeed, discussions on Iraq that had begun between some U.S. and Iranian officials in Geneva were broken off by the U.S. over a belief that senior Al Qaeda operating from Iran carried out the terrorist attacks against U.S. targets in Saudi Arabia last May. The Iranian side considered that the U.S. was seriously mistaken to have called off those potentially useful talks on a matter of deep mutual interest. They also claimed that the U.S. had faulty information on the role of Al Qaeda allegedly working from Iran in Saudi Arabia.

In many conversations about Al Qaeda, we have found the Iranians consistently surprised that the U.S. does not understand the degree to which Iranians are opposed to Al Qaeda. They say: that they have already returned many (over 500) Al Qaeda prisoners to their countries of origin; that there are some Al Qaeda who are in Iran and cannot be located such as in many other nations including throughout Europe; and that of those who are still held in Iran, many more could be turned over. We have reported to the U.S. Government on several occasions that the Iranians have linked the U.S. continued practical support for the MeK in Iraq to the U.S. effort to get more cooperation from Iran on Al Qaeda. The Iranians say that,

despite the fact that the MeK is declared a terrorist organization by the U.S. and, despite repeated U.S. statements of intentions to disarm and control the MeK in Iraq, there is continuing evidence that the U.S. Defense Department seeks to keep in reserve the possibility of deploying the MeK terrorists in Iraq against Iran as part of a latent plan to destabilize Iran. The Iranians we talked to say there is a deal possible with regard to Al Qaeda, but they want something in return which will be responsive to Iran's own fears about terrorism, i.e. solid action to eliminate the MeK as a threat to Iran.

We cannot estimate the number of Al Qaeda in Iran or the degree to which there are dark alliances between Al Qaeda and some components of the complex Iranian governing structure, but we do believe that, through direct discussions and mutually reinforcing actions between the two governments, progress could be made on the Al Qaeda issue with Iran. Just as the U.S. is reluctant to talk to Iran until the Al Qaeda question is dealt with, the Iranians are not prepared to be more forthcoming with Al Qaeda until there is a clear and consistent U.S. policy toward MeK.

The MeK-Al Qaeda issue is a metaphor for the overall relationship between Iran and the United States. One side places preconditions before beginning discussions and before taking constructive actions, and the other side holds back possible actions and concessions as bargaining chips. It is time that this cycle that has blocked forward movement be broken and that each side consider small steps that can be undertaken to send signals, build confidence and engage officially in order to determine whether, over time, significant steps would be possible to reduce tensions.

RECOMMENDATIONS

We have several specific recommendations that flow from our discussions:

- The U.S. Government should support, as a critical first step,µthe agreement reached by the three European governments and Iran, under which Iran would adhere to the IAEA Additional Protocol and temporarily suspend its uranium enrichment and processing activities. In addition, Iran should cooperate fully with the IAEA and provide to the Agency all the information about its nuclear program requested by the IAEA Board in September.µ In the longer term, Iran, the IAEA, the Europeans, the United States, and other interested parties should seek to put in place a more durable solution that would provide confidence that Iran is not pursuing a nuclear weapons capability.
- Based on our discussions, we believe that an American initiative to renew the diplomatic conversations on Iraq would be well received by Tehran. We believe that a new group—like the "6+2" group that met on Afghanistan—should be organized by the U.N. Secretary-General. This new grouping might be composed of Iraq's neighbors plus the permanent five members of the U.N. Security Council. Whether this or another forum is organized, we believe that an opportunity for renewed direct conversations in some multilateral setting would be welcomed by the Iranian government and lead to at least a better understanding of each other's role and intentions in Iraq
- In the context of renewed U.S. official discussions with Iran on Iraq, we believe that a first priority should be direct exchanges on Al Qaeda. These would lead toward a better understanding of what steps the Iranians would expect the U.S. to undertake with regard to the MeK or other potential threats against Iran that might be causing concern to the Iranians and that might lead to further Iranian and even joint U.S.-Iranian action against Al Qaeda.
- We also believe that there is a range of small steps that each side could take over the coming months that could be seen as confidence building measures for each side to move forward. These steps would begin with the way each side speaks of the other—language is one of the most important signals at the early stage. For example, language in speeches and public statements that suggest that the U.S. is expecting regime change in Iran or is not prepared to deal in any way with the current government of Iran undercut opportunities to have serious discussions and reinforce the impression in Tehran that the US is not serious about any negotiations with Iran.
- We recommend that exchanges between Congressional representatives and members of the Iranian Parliament should be pursued as a way to build confidence and dialogue between our two countries. We are aware that a number of members of Congress have been seeking such exchanges and would be willing to participate. It appears that the Iranians have delayed moving forward, even though they have indicated that they are favorably disposed.
- We recommend that the U.S. begin planning for the establishment of a U.S. presence in Tehran in the form of an American-staffed "U.S. Interests Section"

at the Swiss Embassy—similar to what we have in Havana. This would mean a comparable presence of an "Iranian Interests Section" in Washington, D.C. Such planning should not be considered unthinkable now, in view of our deep long term commitment to the region and our need to know much more about the neighborhood. In the Department of State in the mid-1970's I oversaw two years of planning for such a step toward Cuba. Then, as Acting Assistant Secretary for Inter-American Affairs, I negotiated with the Cuban government the establishment of the U.S. diplomatic presence in the "U.S. Interests Section" in Havana in early 1976. Such an act does not imply approval, in any way, of a regime, but allows the United States direct access to the society and provides a vital means for our understanding of a changing and distant culture, such as Iran.

CONCLUSION

We see Iran as very different from Saddam Hussein's Iraq and North Korea—the other two members of the "Axis of Evil." The option of direct military action against Iran or even the option of prolonged intensive covert efforts to bring about "regime change" should be discarded. Such actions would threaten other U.S. interests in the area and likely increase Iran's interest in seeking nuclear weapons and openly opposing all U.S. activities in the region. Given the fact that Iran borders on and is deeply engaged in two nations which represent some of our most important interests in the region—bringing peace and stability to Iraq and Afghanistan—we do not want Iran to be an implacable, isolated, and even more determined enemy. Engagement with Iran could serve to advance other U.S. interests, including: a better understanding of the Shia Movement; stability in the Middle East; stemming the proliferation of WMD; and addressing drug trafficking in the region.

The negative effects to U.S. interests of a long-term strategy of isolating Iran should be recognized. Such a strategy would deprive the United States of the knowledge and ability to relate to one of the most important nations—arguably the "pivotal" nation—in the region and potentially one of the most troubling. We are placed at a disadvantage by having no direct knowledge of them, often times having to depend on flawed intelligence from "technical means" to evaluate what are deeply human cultural, economic, and political issues in this young and dynamic society.

Formal U.S. conversations with the government of Iran or the establishment of some form of relations with that nation through a diplomatic presence should not in any way reflect approval of Iran's domestic or international behavior. The U.S. has close relations with Pakistan and Saudi Arabia, yet these are two nations, which at a certain level arguably have done or could do great harm to U.S. interests in the region. The U.S. certainly does not approve of all of the internal actions of these two governments. Nor does it approve of many of the domestic actions of the government of China or many other governments whose political and economic systems are so vastly different from ours. The U.S. does not bestow legitimacy on a government by talking to it. On the contrary, such discussions would provide the most powerful nation in the world the ability to increase the varieties of influences it can bring to bear on a region of vastly growing importance to U.S. interests. The U.S. can promote its democratic values much more effectively by expanding contacts and opening up societies through direct contact over a prolonged period of time. If our objective is to "infect" nations with the ideas of democracy, direct contact works best.

The U.S. is likely to be militarily, politically and economically involved in the Middle East for decades to come. American involvement there could conceivably reach the scale of its involvement in Europe during the Cold War. Yet we knew Europe. We know little about the Middle East. As the cultural, political, national and religious elements of the Middle East evolve over the next generation, the U.S. will have to develop direct expertise, knowledge and appreciation of the trends in the area. The current course of U.S. policy makes it virtually impossible for the most powerful and information-based society in history to understand the basic elements of Iranian society. The U.S. is without the personnel, the tools, the language and the knowledge to make informed decisions or to conduct the appropriate diplomatic efforts that can further U.S. interests. This should not be the approach of this great nation.

Terrorism has become a fundamental threat to American society. Yet, should the U.S. Government persist in dealing with all perceived terrorist threats in purely military terms, it will surely fail and indeed could polarize the nations of the world ever more frighteningly. There is an opportunity today to begin to devise a strategy of engagement with Iran that would be part of a new, more astute political approach to the nuclear and the terrorist threats. This engagement strategy is more likely

over many years of determined effort to produce a far more constructive outcome than the course of confrontation, imposing isolation and military action that currently characterizes U.S. policy. Even though the U.S. military has fought well and bravely, Americans over the long run are better in engagement than in war. Engagement certainly suits better the American traditions and instincts. Engagement also contributes better toward providing the world with a beacon of the United States as a strong nation determined to spread its insights on democracy and liberty.

Mr. Chairman, it is now within the U.S. Government's capacity to set a new course that will reduce Iran's threatening posture and gradually encourage them to pursue a more cooperative role in the region. This process could take years, and there will be setbacks, but the time to begin is now lest our actions push them dramatically in the opposite direction toward further endangering our interests and those of the entire region.

I hope that these hearings give impetus to the efforts of so many in this country who believe that the time has come for the United States to directly engage Iran, one of the most important and influential nations in the Middle East.

The CHAIRMAN. Thank you very much, sir.

Dr. Hadian.

STATEMENT OF DR. NASSER HADIAN, PROFESSOR OF POLITICAL SCIENCE, TEHRAN UNIVERSITY, AND VISITING PROFESSOR, COLUMBIA UNIVERSITY, NEW YORK, NY

Dr. HADIAN. Thank you very much, Mr. Chairman. I wish also to express that this is a very good idea to have the hearing about Iran, and again that is very timely.

Also, I wish to mention that I have been benefited by being educated here tremendously in the U.S., and in fact, Senator Alexander was the President of my university, the University of Tennessee, at the time at which I was graduated, and that is an honor and privilege, in fact, for me.

There are a number of points which I would like to discuss. Of course, I have extensively elaborated on them in my paper, but briefly I would love to mention the ones which I consider are very timely and important.

First of all, unfortunately, I would like to characterize the relationship between the U.S. and Iran predominantly as a mutual failure since the revolution. I hope we change the course, we change the paradigm, and try to go for a much better relationship which is in the best interests of both countries and very much a possibility.

To me the Iran-U.S. cold war is over. We are for all practical purposes in fact neighbors. Iran is facing the U.S. in Afghanistan. It is facing the U.S. west of Iran in Iraq and also in the south in the Persian Gulf. For all practical purposes we are neighbors, and I believe we just cannot continue any further to have a sort of a cold war. Either we have a choice of confrontation or reconciliation, which my argument would be basically we are much better off to go for reconciliation rather than confrontation which I am not sure would serve any one of our countries' interests.

There are a number of important common interests which are just mentioned, but I am not going to elaborate on them. We have a huge interest in Afghanistan, narco-terrorism there, terrorism, and the problem of refugees for Iran. Also, having a stable and strong government in Kabul is in the interest of both Iran and the United States.

In Pakistan, we have both, in fact, a very important interest there to see a not-failed government there. Extremism on the rise there, and Pakistan is a nuclear power. Pakistan is our neighbor. Thus, to see a prosperous and stable Pakistan I believe is in the interest of both countries again.

The same thing is Azerbaijan. In fact, the coming to power of now President Aliev and the unresolved dispute with Armenia there and the possibility of instability there and having a large minority of Azeris in Iran, to see a stable Azerbaijan again is in the interest of both of our countries.

In the Persian Gulf, the same thing. It is very important to have a safe and stable Persian Gulf, particularly the safe passage of oil.

The next issue is Iraq. On Iraq, I would like to elaborate more. I would emphasize a little bit on the issue of the nuclear programs in Iran, on Iraq, and the idea of regime change. These are the three points which I would like to elaborate a little bit more.

In regard to WMD or basically the nuclear weapons, I would like to say that you have to be a little bit considerate of the domestic situation in Iran. We have five major views in Iran which are debating with one another.

The first view which would not be fundamentally different from the American view is those who would argue that Iran in fact even needs not to have nuclear energy and we do not need to acquire extensive nuclear knowledge and technology. The powerful Deputy Speaker of the Iranian parliament, Behzad Nabavi, in fact has supported this view. He is a very important reformist as well. But this is a very teeny minority view.

The second view is the view that Iran is entitled to have, in fact, nuclear energy and also acquire nuclear technology and nuclear knowledge. In fact, the very point that Iran signed the NPT is because of access to this technology. Many people would support this view. In fact, 500 students from Sharif University which is the most important and prestigious engineering school in Iran, incidentally the same type of students which have protested against the Iranian Government and which have been welcomed by many here, the same students have publicly stated—they have published in a statement in support of having access to nuclear knowledge and nuclear technology. In fact, they have called those who—if the government officials want to prevent Iran from such access, they have called it this is treason.

The third group is a group which would say that we have to have access but different from the second one, but they argue against, in fact, nuclear weapons. They would say that would not increase and enhance Iran's national security environment, that would lead to a sort of arms race in the region, and that would not serve Iran's best interests. This is a third group.

And the fourth group is the one which would say that we have to have nuclear weapons capability. The first three do not link the nuclear technology to security, but the fourth group would link it to the security issues. There are two major parts in this fourth group.

One would argue for the fuel, even if the fuel is being somehow provided for us. They would like some sort of assurances that somehow those countries who are providing the nuclear fuel for

Iran is not going to be persuaded by one part or another to stop providing Iran's nuclear fuel. Thus, they are somewhat concerned about that. That is a security issue, but a different kind of security issue.

But there is another major portion of them which would think that because of Iran's national environment, because of Iran's vulnerability, because chemical weapons have been used against Iran, we need to have nuclear capability and that would be very much a deterrent factor for Iran and that would provide sort of a deterrence. Many people would support this view too.

And the fifth view is the one which is supportive of, in fact, withdrawing from the NPT and going altogether for having the weapons.

The first and the last view are among the minorities, but there are a lot of supporters for the other three. I believe the international community in general and the U.S. in particular is much better off, rather than emphasizing the first position, emphasizing the second position, recognizing Iran's right to access knowledge and technology and nuclear energy, but also addressing the legitimate concerns of the fourth group which is the security and fuel through sort of assurances for the fuel and a sort of exploring the idea of how the insecurity, which is being perceived by the supporters of that group, can be addressed and can be provided for. I believe that is the only way you can convince a determined nation not to follow the path for nuclear weapons. If Pakistan 30 years ago with limited resources could develop nuclear weapons because they were determined, for sure Iranians if they are determined, if they are being confronted with possibly—there are people who would argue that we have to follow the other way.

Since my time is up, I wanted to discuss about Iraq and about the regime change, but I probably have to stop here, and in the question and answer I will try to do that.

[The prepared statement of Dr. Hadian follows:]

PREPARED STATEMENT OF DR. NASSER HADIAN, PROFESSOR OF POLITICAL SCIENCE, TEHRAN UNIVERSITY AND VISITING PROFESSOR, COLUMBIA UNIVERSITY, NEW YORK, NY

IRAN'S EMERGING SECURITY ENVIRONMENT AND RELATIONS WITH THE UNITED STATES: DYNAMICS AND PROSPECTS

INTRODUCTION:

The objective of this paper is to provide an overview of Iran's security environment, challenges and opportunities with specific consideration to the critical nature of U.S.-Iran relations and its current dynamics and future prospects. The paper initially will provide a background on the evolving nature of Iran's security environment and the historical factors affecting Iranian perceptions and policies. The paper then will address factors shaping Iran's decision making process and thinking on national security. The paper then will address the U.S.-Iran relations in the context of common interests and areas of contentions and concerns. The final section will be devoted to several key observations on issues concerning Iran and the debate on Iran.

The Background:

Iran is a country that borders seven other nations, and it is located in one of the most crucial and strategic locations of the world. It connects the Middle East to Central Asia and Southwest Asia and is located between the oil rich and strategically significant Persian Gulf and the Caspian Sea.

Iran maintained a border with the former Soviet Union, and it played an important role for the West during much of the Cold War. Because of its strategic loca-

tion, its geopolitics and large oil reserves, Iran drew the attention of both East and West during this period. Its domestic stability along with its alliance with the West was very crucial to the maintenance of Western interests. As an extension of its strategic significance, it became one of the pillars of the United States' twin pillar policy for the preservation of stability in the Persian Gulf. The events of the 1979 Iranian Revolution changed the geopolitics of Iran, an overnight transformation from being one of the closest and most strategic allies of the U.S., to being one of its most vehement opponents. Iran's threat perception and foreign policy priorities changed with respect to its immediate environment and the larger world at this pivotal juncture.

The Iran-Iraq war (1980-1988) left a deep imprint on the minds of ordinary Iranians and policy makers alike. Iran felt alone in its war with Iraq, going from a Western client to fighting an Iraq who had the full support of important countries of the Arab and Western world. The most relevant factor in this analysis for this discussion is the use of WMD (chemical weapons) against the Iranians and Iraq's indigenous Kurdish population. According to Robin Wright, Iran lost about 50,000 individuals during the course of the war as a result of the use of chemical weapons. The West and Arab world supported Iraq in its endeavors, providing military hardware, trainings, sometimes manpower, credits, and satellite imagery to a hostile and WMD-toting Iraqi force. The Iranians believed that the usage of WMD was a "red line" in combat that would not be crossed. To their dismay, they found out that international community in general and the West in particular either supported or ignored the use of chemical weapons in Iran. Witnessing such horrible facts Iranian elites reached a definite conclusion that Iran had to rely on its own resources for providing security for its citizen. They also concluded that the leaders of most powerful nations could easily be persuaded to ignore the crossing of a "red line" for shortsighted interests and the hatred of a regime in Tehran.

The next important event, which impacted Iran tremendously, was the collapse of the former Soviet Union. A new geo-politics emerged which changed the equation of threat and opportunity for Iran. Iran found itself bordering three new land neighbors, and two new states vying independently for the Caspian Sea access. A new geopolitics emerged: the increased chance to use the opportunities to cooperate with these countries was balanced by the immediate regional and the great power decision to isolate Iran, especially in area of energy, and the new and quickly erupted regional ethno- territorial conflict between new neighbors, namely Azerbaijan and Armenia. In Afghanistan, due to the withdrawal of Soviet forces, there was a period of internal war between various Mujahideen factions which led to instability and a serious refugee issue for Iran. Iran also became a significant transit route for narcotics at this time.

These momentous events were synonymous with the coming to power of President Rafsanjani. Iran tried to play a more constructive role in the region and internationally as well. Iran's relations with its Persian Gulf neighbors improved, and Iran's relations with the Europeans and the East Asians also enhanced.

Relations with the U.S.:

The U.S. coup de tat of 1953 in Iran and its subsequent support of the Shah during his quarter of a century dictatorial regime was an important factor in shaping the perception of Iranians toward the U.S. In post-revolutionary Iran, many were still suspicious of U.S. intentions and some Iranian university students stormed the U.S. Embassy, taking the Americans hostage for 444 days. The hostage crisis left a negative image of Iranians in the minds of most Americans. Later in mid 1980s during the Reagan administration some attempts were made to improve relations with Iran; those attempts were buried with the Iran—Contra affairs.

President George Bush also noted in his inaugural speech in January 1989, clearly having the American hostages in Lebanon and the possible role that Iran might play in their release in mind, indicated that "good will begets good will". The message was received well in Iran; Tehran facilitated the releasing of hostages in Lebanon. While officially neutral in Second Persian Gulf War, Iran supported the Operation Desert Storm. Rather than the reciprocal promise of good will, Iran became a target of the U.S.'s "dual containment" policy. Containment of Iran became an official doctrine during the Clinton Administration and economic sanctions and toughening of visa restriction and cultural exchanges followed. With the election of President Khatami in 1997 in Iran, a new opportunity emerged for improving relations between the U.S. and Iran. Positive exchanges between the leaders of both countries was followed by the U.S. and Iran open expression of regret for the events of 1953 and the 1979 hostage crisis respectively. The positive atmosphere of the late 1990's, however, did not lead to concert actions. The hopes were that the United States and Iran would ultimately normalize relations within a few years.

With the election of President Bush and the horrible events of September 11th, a new security environment emerged which impacted both the U.S. and the Muslim World, Iran in particular. Immediately Tehran released an official condolence. Soon after the tragic event, Iranian citizens poured out into the streets to show solidarity with Americans, Iranian firefighters expressing regret for their counterparts in the United States. Across the Iranian political spectrum, including from the President Khatami himself, there was a strong condemnation of the attacks and terrorism in general. Nonetheless, "The War on Terrorism" became the motto by which Bush approached his presidency, and it became the primary objective of his administration. During the U.S. war against Afghanistan, Iran was instrumental in supporting the Northern Alliance and defeating the Taliban and Al-Qaeda. Iran and America both played an important role, cooperating in the constituting of a new government in Kabul during the conference in Bonn. Expectations were raised at this time that finally the end of the road of hostility was reached. Light could be seen at the end of the tunnel for a workable relationship once again between these two once allies.

Unexpectedly, Iran was accused of supporting Al-Qaeda, and Iran was included in President Bush's State of the Union speech as a member of the "axis of evil". In the minds of Iranians, this created an image of the Bush administration as one driven by ideology and intent on reshaping the entire region. Diverse forces with different political persuasions in Iran opposed the inclusion of Iran in the "axis of evil". They were convinced that U.S. intentions would be detrimental to the national interest of Iran. The U.S. war in Iraq generated a debate in Iran again. What should Iran's policy be toward the U.S. and the war? There were calls for neutrality or implicit support from a majority of the Iranian political spectrum. With the eventual dismantling of the Ba'ath regime, a new security environment has emerged which has created both opportunities and threats for Iran.

One of the most important impacts of U.S. policy toward Iran has been the securitization of politics in Iran, and the external negativity towards Iran. Everything in Iran became a matter of state security. Newspapers were closed down, political activists, along with academicians, were put in jail, and political parties were controlled or banned many on charges of being agents of the U.S. Externally, especially in the region, an informal U.S.-inspired international "reward structure" emerged that promoted hostility towards or distance from Iran. Regional actors used this opportunity to receive U.S. support in their presumably unified effort to contain the Iranian fundamentalist threat. Nations are calling for U.S. concessions to contain Iranian-style fundamentalism. A sense of mutual obsession which cut on both sides domestically and internationally became the enduring characteristics of the U.S.-Iran relations after the 1979 revolution. Occasional attempts at realistic assessment of the relations and hopes of possible rapprochement could not survive the intensity of the past and recent legacy of hostility and mutual frustration. Will the immediate or long-term future be the repetition of the past 25 years, or one should expect and hope for a different and better alternative?

IRAN'S NATIONAL SECURITY: THE ENVIRONMENT, POLICY SOURCES AND THE DECISION MAKING INSTITUTIONS

The Environment: The Center of Regional and Global Storms:

Three times in the last 25 years events of great historical significance have transformed Iran's national, regional and global setting. The 1979 revolution, the collapse of the Soviet Union, and the tragedy of 9/11 and the U.S. response to it. The revolution changed not only the prism through which the external world was received and interpreted, but also how Iran was perceived and treated; Saddam's aggression and the disruption of relations with the U.S. were the most consequential results. The collapse of the Soviet Union, changed Iran's geopolitics, removed the limited umbrella of cold war, and added both opportunities but mostly vulnerabilities by exposing Iran's northern frontier, compiling the problems of an already border/neighbor-saturated country. The 9/11 tragedy changed, one more time Iran's regional if not very national security environment.

One doesn't have to be sympathetic to the Iranian regime to see the incredible array of security challenges facing Iran. A simple look might tell the basic sketches of Iran's regional complex. In the north the stability of the Soviet time has been replaced by an intense new "great games" over the resources of the Caspian Sea, largely to the territorial and, political, economic, and environmental detriments of Iran. In the East first it was Soviet occupied Afghanistan, replaced by a hostile Taliban-led, and now run by the United States. Another neighbor in the East, Pakistan, while "friendly" on diplomatic face, supported Taliban, harbored the anti Shi'/anti Iranian regional extremist movement, and it is armed with nuclear weapons. The Eastern front has also been the source of grave national security as the bulk

of socially devastating drug trafficking to Iran's young population is generated from there. To the West is, Turkey, a NATO member, with strong military ties to the U.S. and until recently a vocal champion of the theme of "the Iranian threat". And, Saddam's Iraq with his aggression and the use of WMD against Iran. Post Saddam Iraq is run by the United States, a country that considers Iran a member of axis of evil and openly talks about its regime change. In the South, where Iran national and strategic resources are located, the country again faces the United States.

Thus a true example of an international system that is based on "self help", Iran's "anarchical" regional environment has all the ingredients of an strategic nightmare: Too many neighbors with hostile, unfriendly or at best opportunistic attitudes, no great power alliance, a 25 years face-off with greatest superpower in history, living in a war infested region (5 major wars in less than 25 years), a region ripe with ethno-territorial disputes on its borders (Iran has been a major regional refugee hub), and with a dominant Wahabi trans-regional movement which theologically and politically despises Iran, and finally a region with nuclear powers; Pakistan, Israel, and India. Iran is located at the center of the "uncontrollable center" of post-Cold war and post-9/11 world politics.

Two points are worth emphasizing in understanding Iran's national security environment. *First,* that assessing Iran's intentions and policies, must out of rationality and not sympathy, take this taxing environment into serious consideration. *Second,* that in spite of this challenging security framework Iran has been able to maintain its territorial and political integrity, stability and considerable infrastructural development and an stable society, without external support.

The Policy Sources and Decision Making Institutions:

A detailed discussion of Iran's decision-making process is beyond the scope of this presentation, but two points are worth emphasizing. First, the decision on major issues is not made by one person, or a particular group; no body and no institution, in real world, has such authority. Second, Iran's deacons on key issues are made through consensus. Iran's defense and security policies and decision-making are articulated by and developed in a composite of complex processes. A number of formal institutions, informal networks, personal relationships, and individual initiatives play a role in the formation of Iranian policy. From the outside, it may seem very chaotic and it is often difficult for outsiders to know who makes what decisions and how. However, the output of the system is consensually based. While the consensually driven process provides policy stability, it nevertheless makes reaching decisions more difficult and arduous. On major national security decision, while the elites have been too eager to factionalize and politicize the issues including relations with the U.S., but at the end great decisions are made through consensus. A consensus that is borne out of a painstaking process of give-and-take, public and private maneuvering, and at the end a "democratic" process in its own context, within a maze of incredibly complex labyrinth of interest groups and factions. The conservatives have significant power, but their rhetoric is both checked by their own sense of reality and serious challenge within their own ranks, and by the reformers. The ironic and positive role of the conservatives in charge should not be overlooked; they control the "real believers" and hot headed radicals; something that the reforms are not capable of doing. The difficult and so publicly made debate and struggle over the nuclear issue last week was made in such a complex environment.

Policy Sources:

The Iranian national security policies are influenced by and are made at the intersection of ideological factors which in addition to revolutionary and reformist Islam, it includes Iranian nationalism. Consideration over the economic prosperity of a very demanding population, the multi ethnic character of Iran and finally the geopolitical consideration play very significant role in informing and framing Iranian national security decisions and policies. A critical point that needs underscoring here is that all these factors in one way or the other involves or affected by U.S.-Iran relations. *Four* important facets are influential in the formulation of Iran's defense and security policies:

1. *Ideological Sources:* Three important ideological orientations are influential in shaping the security and defense policy in Iran: Revolutionary Islam, Reformist Islam, and Iranian Nationalism. Depending on the particular issue and the constellation of political forces, along with the international community, any of these three orientations can have a bearing on policy more or less. If there isn't consensus among these three camps, as is often times the case, there arises a serious problem in implementation.

2. *Economic Prosperity:* Iran's 70 million people have expectations of a better standard of living. A quarter century has passed since the time of the revolution,

and the citizens of Iran are expecting better economic performance and government policy. Thus, the Iranian government is under serious pressure to perform. Iran has improved its economic relations with the rest of the world and also created infrastructure for foreign investment with the hopes of increasing domestic prosperity. On the whole, economic issues are exercising more and more influence on Iran's security and defense policies.

3. *Multi-Ethnic Character:* Iran is comprised of different ethnic and religious minorities. Many of these minorities have an affinity to their people on the other side of the geopolitical border. This has an important impact on the defense and security policies of Iran. Whoever presides in Tehran and wants to form a coherent policy must be wary of the multi-faceted nature of society.

4. *Geopolitical Considerations:* More and more, Iran's security and defense policies are being influenced by geopolitical issues. Instability in Afghanistan and Iraq, uncertainties in Azerbaijan and Pakistan, and Iran's maintenance of good relations with the Persian Gulf countries all have a bearing on Iranian policy. A wide U.S. presence in many of these areas poses a problem: there is no buffer, or physical space between Iran and the U.S. anymore; they are literally neighbors to the South, East, and West.

Decision Making Institutions:

A number of formal and informal institutions and organizations are additionally important in shaping security policy in Iran. Highest among the formal institutions include Iran's armed forces (both regular and revolutionary), intelligence, interior, and foreign ministries, Islamic propagation organizations, the expediency council, the office of the President and the Supreme Leader, the Supreme National Security Council (SNSC), and the Foreign Relations and Security Committee of the parliament. A number of informal organizations and individuals also have input in security policy issues. Depending on the nature of the issue, the interplay between these different organizations and institutions are different and their impact on policy differs as well. The ultimate outcome is a product of debates and negotiations between these groups.

The Supreme National Security Council of Iran plays a very important role in initiating, debating, aggregating and helping reach a consensus on security issues. All major players in the security apparatus of Iranian government have a representative in the Supreme National Security Council. Typically, decisions of the SNSC are abided. To violate a decision of the SNSC is usually associated with paying a heavy cost. This process was displayed last week, when the SNSC played a pivotal role in making decisions with regard to Iran's nuclear program. Though a number of hardliners and conservatives disagreed with the decision, and expressed concern with the decision, they ultimately abided by the decision. It is interesting to note that usually in the United States, the Secretary of State is perceived to be a more powerful individual than the National Security Advisor. However, in Iran as we saw recently, the role of the General Secretary of the SNSC was perceived as more central than that of the foreign minister. The General Secretary sat among the three European Foreign Ministers during the interview process, which indicates the power of the SNSC in making ultimate security decisions.

U.S.-IRAN RELATIONS: ISSUES OF TENSIONS AND CONCERNS

There are several critical issues that have been at the center of U.S.-Iran tensions especially since the early 1990's, namely Iran's nuclear program, terrorism and radicalism, the Palestinian Israeli conflict and the peace process, and finally the issue of human rights. While the degree of significance and relevance of each might differ, they have collectively become important issues of concerns in U.S.-Iran relations.

1. *Iran's Nuclear Program:* Iran began its nuclear program in 1974 during the Shah's regime with the perception that oil is a finite resource that would ultimately be exhausted. Ironically, the U.S. supported that initiative. The statements that are being heard today—that Iran doesn't need nuclear energy due to its vast oil and gas reserves, were never made before 1979. This inconsistency is still a confounding issue in the minds of many Iranians. They are surprised that with a population twice the size of pre-revolutionary Iran, and oil consumption exponentially higher, the U.S. would argue this point of contention at this point in time. Simply put, this argument is viewed as politically motivated argument particularly in the context of today. Five domestic views can be identified with regard to Iran's nuclear program.

a. Small numbers of people argue that due to environmental and economic reasons, nuclear energy is not a necessity for Iran. Arguments have been that the cost of investment for generating a kilowatt of electricity is more expensive using nuclear energy than it is with other means. Behzad Nabavi, the powerful

deputy speaker of parliament and one of the influential leaders of the reformist movement, is a supporter of this view (ISNA, 15, 08, 2003). This seems to be the American position as well.

b. A much larger group argues that Iran needs nuclear energy and should acquire nuclear knowledge and technology. They argue that this is an economically wise decision (investing in alternative forms of energy) and in terms of pride and prestige, many would like to acquire that knowledge and technology. It is seen as technology of the future, and no country should be deprived of having access to such knowledge and technology. They argue that the very point of Iran's joining the NPT was to have this access and technology. Many university students, hundreds of faculty members of Universities, and officials and elites Iran wide are supporters of this policy. The European, Japanese, and Russian governments support this position.

c. Some hold the conviction that Iran should have access to nuclear technology and be able to use nuclear energy for civilian purposes but it should develop neither nuclear weapon capability or nuclear weapons. Because they will not enhance Iran's national security; violate Iran's international commitments; contribute to regional proliferation and will be detrimental to Iran's relations with the other states. They are in favor of Iran's signing of Additional Protocol, are supportive nuclear disarmament and are critical of the U.S. overlooking Israel's nuclear weapons which works against creating a nuclear free zone in the Middle East. The possession of nuclear weapons by other states, including Pakistan and Israel tend to weaken the proponents of this view in Iran.

d. Some would argue that we should not only have nuclear technology for alternative sources of energy and a source of knowledge, but would also argue that the capability for nuclear weapons should also exist. For the supporters of this outlook, the security environment of Iran considering the usage of chemical weapons against it with no complaint from the international community, and Iran's threat perception necessitate that this capability exist. There is a nuance that should be considered in this perspective. Some argue that the capability to produce fuel for the reactors must exist. Their main concerns are not typical security per say, but rather that they may have to be dependent on others for fuel if they are not self sufficient. This rises from the uncertainty of having access to the necessary fuel for the reactors. The other portion of the group would argue that it is in fact important for Iran to have all the necessary elements and capabilities for producing weapons. Of course, they only want the capability, not the weapons. The capability alone is an important strategic deterrence in their view, and can have a positive contribution to Iran's defense and national security policies. There are quite a few influential people who support this perspective.

e. A small number of people argue that Iran should withdraw from the NPT and move to develop weapons as soon as possible. They believe that Iran should pay the price of international sanctions if necessary. They cite the hostility toward Iran and Iran's security environment, and say that the weapons would make an ideal deterrence. It would preserves its territorial integrity, provide reliable security and enhance Iran's status in the region and the world.

The first and last groups have few supporters in Iran. They are seen as extreme positions. A majority in Iran supports b, c or d views, including the elites and governmental officials. It would be very unwise of the U.S. to press for the first position, because that would be perceived by a majority of ordinary Iranians and elites alike as indicative of hostile intentions of the U.S. In other words, the U.S. would want to deprive Iran of achieving knowledge and technology to help better itself. An insistence on this position will serve to unify diverse forces in Iran against the Americans.

The U.S. has already applied severe economic sanctions to Iran in order to change the behavior and attitude of Iranian officials in regards to terrorism, WMD and Arab-Israeli conflict, but as we are witnessing, none of the objectives of these policies have been achieved. According to the State Department, Iran is still at the top of the list of terrorist supporters, Iran still opposes the peace process as the U.S. sees it in the Middle East and according to the IAEA, Iran has also had vast improvement in its nuclear infrastructure and capability. Some would argue that much tougher sanctions by the international community would force Iran and those who support weaponization of Iran's nuclear program to quit, but if indeed Iran is determined to achieve nuclear weapons (although this author does not believe that Iran is), it has the capability to do so. Their resources, for example, are significantly better than that of Pakistan to achieve this objective. Thus, additional sanctions will

more than likely be unsuccessful in convincing those in Iran who would like to see a weaponization of Iran's program.

It should also be pointed out that the surgical military attack on different nuclear sites in Iran (either by Israel or the U.S.) would only enhance and strengthen the will of the Iranians in going forth with full nuclear weaponization.

Additionally, Iran has sufficient resources in Iraq, Afghanistan, Azerbaijan, the Persian Gulf, Lebanon and other places to escalate the tension. Iran's capabilities in these areas, policy makers in Iran believe, should have enough deterrence for those contemplating a surgical attack on Iran's nuclear facilities. Such a surgical attack, also, would have to be unlimited and total for it to be successful, which poses dangers that could be unimaginable. With the coming presidential election in the United States, and the U.S. difficulties in Iraq and Afghanistan, this seems an unlikely option. Iran's sense of pride and independence and their capabilities and the lack of support for such action by even the most hostile anti-Islamic Republic forces would make this action further unrealistic.

A related issue is Iran's missile program. Asking Iran to stop or dismantle its missile program would simply not work. Considering the missile attacks by Iraq in the course of Iran-Iraq war, and missiles importance and roles in defense policy, Iranian military planners were convinced that it is imperative for Iran to invest in missile research and development. Iran has successfully tested mid-range missiles-Shahab 3. As a part of comprehensive solutions to problems between the U.S. and Iran, Iran may be persuaded to stop developing longer-range missiles and also can be persuaded to deploy the already tested Shahab 3 from a particular point in its territory, which cannot reach sensitive areas in Europe and Israel. A verifiable regime can be agreed upon to check these deployments. These would be important confidence building measures.

2. *Terrorism:* Two kinds of terrorism can be distinguished: Politically oriented terrorism and ideologically oriented terrorism. Politically oriented terrorism is an extension of politics. A cost benefit analysis is present in a calculation of politically oriented terrorism. Thus, if in someone's calculation the benefit of politically oriented terrorism outweighs the costs, the possibility of action increases. Suicide bombs in Israel can be included in this category. Hence, it is very much possible that if a "reasonable" offer is proposed to the Palestinians, suicide bombing can be stopped. It is much easier to deal with this type of terrorism than the other kind. Ideologically oriented terrorism is inherently and fundamentally a different kind of action, though the consequence of action and the outside appearance of such acts may seem the same. In this type of terrorism, the actor performs a duty regardless of consequences. Consequences are part of the calculation of those who partake in politically oriented terrorism, while in ideological terrorism consequences are secondary in importance. By performing these acts, the actor has been promised true victory no matter what the specific outcome of that event might be. Though it has been said that politically oriented terrorism is easier to deal with, ideological terrorism is more difficult particularly in fighting extremist Islamic terrorist actions.

Islamically oriented radicalism is on the rise in Islamic countries. It seems that the Muslim masses, elites, and intellegencia have come to the conclusion that the Islamist alternative to secular ideas is more promising. There is introspection in Islamic countries as to why they are behind the West in a number of important areas of social life, and they feel that their lifestyle and belief system is in danger by the imposition of sets of alien values through globalization or their Western supported governments. They believe a return to Islam, to an idealized past or an Islamically constructed utopian in the future is the solution. There is a belief that this idealism can be brought to the here and now. They are willing to fight with whatever force they deem is an impediment to the realization of their objectives. If these forces were their governments, or supporters of their governments, they would fight with them. Their commitment to this cause is not a rational cost/benefit analysis. The only way you can fight with them and deconstruct these ideological underpinnings is through an alternative reading of Islam which seems both modern and authentic. Tanks, missiles and other state of the art military hardware are not appropriate weapons for fighting these kinds of wars. In other words there is no military solution for this kind of terrorism. In Iran, reformists' construction of Islam is the antidote to that radical construction. In fact, a successful reformist government in Iran and a reformist construction of Islam—which has already been articulated—is the best prescription to fight with the radical ideological construction of Islam. In the hearts and minds of many Muslim intellectuals and intellegencia, it is the Reformist Islam—a reading of Islam which is compatible with modernity—that appears very native, authentic, and appealing. The West like the Muslim world has an interest in seeing the victory of reformist Islam in its battle with extremists Islam.

Al Qaeda, Hezbollah, Hamas, and Palestinian Islamic Jihad: It is wrong to lump different organizations of different stripes together, and to try to prescribe the same course of action in dealing with them. Iran's relation to each one of these four organizations is different. Iran's relations with Hezbollah in Lebanon are much closer than to the others. Across the political spectrum in Iran, there is support for Hezbollah. To them, Hezbollah is not only a force which fought for an end to Israeli occupation of Lebanon, but also a representation of Shiite rights in Lebanese society. Iran is a predominantly Shiite country, which feels a strong affinity with the Lebanese Shiite community. In Hezbollah, we also find differences of opinions like we do within Iran itself. There are hardliners, conservatives, and reformers that preside within the party of Hezbollah. Thus Iranian reformers feel closer to reformers in Hezbollah, and conservatives to their counterparts in Hezbollah as well. In the eyes of the Iranian reformists and popular supporters of the reformists, there is the view that Hezbollah is not involved in acts of terrorism. If Hezbollah were to engage in more radical acts that would be easier to distinguish as acts of terrorism, the Iranian reformers would react accordingly.

There is generally support for the Palestinian cause among Iranians, but approaches vary. With regard to Hamas, there is a different type of relationship. Though conservatives and hardliners support Hamas, this support manifests itself rhetorically and psychologically. Certainly, the sympathy that exists between conservative Iranians and Hamas is weaker than that between many Arab countries and the latter group. With regard to Islamic Jihad, Iran has a slightly closer relationship (hardliners in Iran). However, Iranian reformers perceive both Islamic Jihad and Hamas as radical organizations, which hurt the Palestinian cause. For the Iranian reformers, the Palestinian Authority represents the Palestinian people. In other words, they support the PA. Iran can play a very constructive role should they be asked seriously to take a positive role in the Israeli-Palestinian conflict. They might be able to exercise some influence on various groups, for example.

With regard to Al Qaeda it should be noted firstly that Iran has never supported this group. In fact, for the past 5-6 years, they have been engaged in a proxy war with Al Qaeda and the Taliban in Afghanistan. Al Qaeda's actions are in fact considered extremism even in view of the Iranian radicals. Even before September 11th, Iran policy makers across the political spectrum condemned Al Qaeda's actions and its naive construction of Islamic ideology. Post 9/11, Iranians have continued to vehemently condemn Al Qaeda's actions. After the U.S. overthrow of the Taliban and their fight with Al Qaeda, quite a few Al Qaeda members escaped to Iran. Many of them have been arrested, some of them being sent to their countries of citizenship. Still, quite a number of them are in custody in Iran.

Since the U.S. invasion of Iraq and overthrow of Saddam however, a peculiar relationship between the U.S. and the MKO (Mujahideen Khalq Organization) has emerged. The MKO is an Iranian opposition group which has fought violently with the Iranian government since the early days of the revolution. They have killed many Iranian officials and non-officials along the way. Throughout the Iran-Iraq war, the MKO cooperated with Saddam in fighting with Iran, and also it is widely believed it was used as a suppressive apparatus by Saddam against Shiite and Kurdish forces. On the one hand, the Mujahideen has been listed as a terrorist organization on the State Department's list. However, some forces in Washington have argued that the MKO can be used as an instrument to apply pressure on the Iranian government, be a counterbalance to the Bath Brigade, collects intelligence for the U.S., and participates in possible acts of sabotage against Iranian interest. Iran is receiving mixed signals from Washington with regard to the status of the MKO. Sometimes, it is claimed that they have been disarmed. At the same time, there are reports that they are in a position to be rearmed if necessary. Thus, the issues of Al Qaeda and the MKO are tied together in a sense. Iranians would not accept the U.S. on the one side preaching moral clarity in the fight against terrorism, while finding an interest in supporting an organization that they themselves label terrorist on the other hand.

3. *The Peace Process:* Although Iran's official position is a one state solution in Israel and Palestine, Iran has publicly announced that it is ready to accept a two state solution if the Palestinians do. Although Iranian leaders have publicly opposed the peace process and verbally attacked Israel, they have repeatedly said they would not do anything to sabotage the peace process in practice. For sure, there is a dispute in Iran with regard to dealing with this issue. A majority of Iranian reformers have already publicly announced that they support a two state solution, and they oppose extremism of both Israelis and Palestinians. These reformers have been accused by the conservatives that by making such statements they are betraying the Palestinian cause.

4. *Human Rights:* The issue of human rights is very much alive in the Iranian domestic political scene, and Iranians are debating and fighting among themselves on this issue. A number of debates have emerged reconciling human rights and Islam, which has significant impact on the Islamic World. Many individuals and institutions have been engaged in supporting human rights issues. Thus, there is an important constituency inside of Iran that demands its government respect and promotes human rights and vehemently opposes the violation of those rights by any institution. There are many different NGOs in Iran, which directly or indirectly deal with this issue. The recent reception of the Nobel Peace Prize by Iranian Shireen Ebadi, a human rights activist, has strengthened the morale of human rights supporters in Iran.

The U.S. has not been consistent in its demand for the observation of human rights in Iran. At times, it has emphasized human rights, and other times it has used it as a means for pressuring Iran. For sure, a double standard of U.S. application of human rights issues to Iran and not its allies with worse human rights records has served to politicize the issue. Support for human rights, if not used as a means to pressure Iran, can be a genuine objective of U.S. foreign policy toward Iran. The U.S. should be sensitive of domestic issues, and pay attention to debates within Iran instead of superimposing its own standards inconsistently on Iran.

If U.S. policy makers are truly interested in non-proliferation of nuclear weapons, a bold and new initiative should be adopted in dealing with Iran. The U.S. should also be supportive of the second Iranian position on nuclear issue like the Europeans, but should also address the two most important considerations of the third position. Iran should be assured of reliable source of fuel and legitimate national security concerns of Iran should be addressed. A Middle East free of nuclear weapons, and a collective security arrangement, which can include the U.S. and others, and bilateral security assurances to Iran all should be explored. In general the nuclear issue can be part of a comprehensive approach to solving Iran-U.S. problems. None of the Iranian requests are outside the bounds of the NPT. We have lost many opportunities in the past, and we have both paid the cost of these blunders. Both Iran and the U.S. have important common interests. The issues of concern to both sides should be addressed in a bold and comprehensive way.

Through engagement, and not containment or intensification of hostility, the U.S. can address its legitimate concerns and interests. This would be welcomed by Iran. In return, for cooperating with the U.S. on these points, Iran has some concerns and demands as well. The most important of these would be the recognition of its revolution and perceiving Iran as a normal state and supporting Iran's legitimate and constructive regional role. Again it should be repeated that this may seem symbolic, but it indeed plays a very important role in the minds of Iranian policy makers. As an indication of such a changed perception by U.S. policy makers, a number of major measures should be adopted by the U.S: For one, sanctions should be lifted. As it was stated before, they do not have the intended outcome anyway, but they pose a psychological barrier for Iranian policy makers. Second, U.S. should not be an impediment toward Iran's ascension to the World Trade Organization. Last week, the U.S. again prevented Iran from initiating the process of joining the WTO. Third, the unfreezing of Iranian assets is also very important. Fourth, changing rhetorical dynamics of demonization will have a major impact. And finally, a preliminary move, which will have a major positive impact in Iran especially among the public is the easing of visa restriction for family visits, academic purposes and cultural exchanges. This will not be a costly measure but its impact will be very significant. After all no Iranians were involved in 9/11 or any terrorist activity in the United States; the pouring of sympathy for the U.S. on this tragedy in Iran was and remains constant. A collective punishment that actually has been unusually tough on Iranians who try to visit the U.S. has been very damaging.

U.S.-IRAN RELATIONS: AREAS OF COMMON INTERESTS

While the relations between Iran and the United States have been signified by hostility and lingering issues of concern, the two countries, ironic as it may appear, have significant common interests with considerable countervailing potential and the weight to overcome the differences and the tensions. These common interests are most significantly expressed in the desire of both countries for regional stability in the Middle East, the Caspian Basin and in Southwest Asia. A common desire which has given a new and urgent impetus in post-9/11 era and the subsequent U.S. military intervention in the region.

1. *Afghanistan:* Iran has a long and porous border with Afghanistan, and the security and stability of Afghanistan are very important to Iran and America alike. Having a large number of Afghan refugees in Iran, having lost more than 3000 Ira-

nians in fights with Narco-Terrorists, and the presence of cheap narcotics in Iranian streets have made Iranian policy makers determined in seeking a stronger and stable central government in Afghanistan. The United States also has an interest in a stable and secure Afghanistan because of its fight against terrorism. Narcotics are also a problem for the U.S. and more notably Europe. Rather than competing with one another, and perceiving one another as a threat which can jeopardize the entire situation in Afghanistan, it is imperative to cooperate for the sake of the prosperity and improvement in Afghanistan. Depending on U.S. posture toward Iran, Iran has the ability to either use its infrastructure to play a constructive role in Afghanistan or do otherwise.

2. *Azerbailan:* With the coming to power of Ilham Aliev and his deficit of legitimacy the possibility of subsequent instability in Azerbaijan is high, yet unresolved disputes with Armenia, and a large population of Azeris in Iran, Iran has an interest in seeing a stable and prosperous Azerbaijan to its North. The U.S. also has similar interests in Azerbaijan. Both nations therefore must help ease tension between Armenia and Azerbaijan. Rather than making it a point of contention between two countries, and adopting exclusionary policies, Iran and the U.S. should cooperate and would benefit greatly from mutual respect. Any U.S. support for an Azerbaijani irredentist movement in Iran, discretely or indiscreetly, will be perceived by an overwhelming majority of Iranians as a hostile act.

3. *Pakistan:* Both Iran and the U.S. have interests in seeing a nuclear Pakistan not turn out to be a failed state. The rise of extremism in Pakistan and the multiethnic nature of Pakistani society, the prevalence poverty, and its contention with India can lead to a situation which will pose a danger to the region and to the world. Stopping narcotic traffic through Iran, maintaining secure borders, the Baluchistan minority problem, and the preservation of the rights of Shiites in Pakistan are very important issues for Iran. Included among these is the safety of Pakistan's nuclear weapons. The U.S. has an interest to see an extremist controlled and democratic Pakistan which does not place nuclear weapons in the wrong hands as well. Both the U.S. and Iran would like to see control of extremist elements within Pakistan.

4. *The Persian Gulf:* Iran and the U.S. both have an interest in the safe passage of oil in a stable and secure Persian Gulf. Stability of world energy markets through cooperation and coordination between producers and consumers is in vital interest of both countries and world community as well.

5. *Iraq:* While all major U.S. regional concerns and preoccupations somehow involve Iran, none has the immediacy, weight and far-reaching regional, global and domestic implications of the future of Iraq. The enormity of the U.S. stakes in Iraq needs no explanation; what is not often acknowledged or appreciated is Iran's role in Iraq's future. Beyond the U.S., Iran is and will be the most influential and relevant state actor in Iraq. Not only Iran's proximity, but significant though until now suppressed, historical, institutional, personal, and religious ties, in addition to Iran's knowledge of Iraq and its intricacies, underscore its significance and relevance. A hostile U.S.-Iran relationship, especially one with built-in coercive military and economic measures, will make a successful reconstruction in Iraq very difficult if not impossible. One can easily assume the same in Afghanistan.

Since Iraq is a pressing issue at this point in time, I would like to expand on it in more detail. Overthrowing the Saddam regime was the easier part of the Iraqi crisis. Establishing peace and security, winning the terrorism war and convincing the Iraqi, Arab and Muslim masses that America is not an occupying force and is not planning to plunder Iraqi oil and wealth, and it does not have a grandiose plan for reshaping the Middle East map are much harder tasks to achieve. Radicalism in the form of terrorism and suicidal bombers will certainly increase against Americans and would be considered as few remaining options for Arab and Muslim who perceive the exercise of U.S. power very unjust and detrimental. Over the course of the last few decades, Saddam's Ba'ath party apparatus destroyed every feasible form of civil society and prevented the emergence of any autonomous associations and institutions. He ruled through terror and fear.

The resemblance with pre-revolutionary Iran is striking. The only remaining autonomous institution in 1970s Iranian society was the clerical network. Mosques were an important public space available to masses and elites for debating and adopting goals and objectives for their collective actions and designing strategies to achieve them. This is the case in today's Iraq. The Shiite clerical network, in Iraq as well as in Iran, is relatively hierarchical, with the Supreme Jurisprudent at the top, learned Ayatollahs in the middle, and the lower ranking clergy among the people in the rural areas and small towns. The pinnacle of the hierarchy expands from Qum to Najaf (the two main centers of learning in Iran and Iraq respectively) and consists of deep relationships between the clerics of the two cities. The structure,

content and language of their training are almost identical. Intermarriage between them further solidifies their relationship. This establishment has influence both within Shiite villages and towns in Iran and Iraq. Even withstanding the rivalry that exists between these two centers of learning; substantial influence can be transmitted from the Qum's clergy to Iraq, and from the Najaf's clergy to Iran. Historically, this has indeed been the case. The return of a relatively large number of senior clerics who have been residing in Qum as a result of Saddam's repression, along with the Bath Brigade and other Iraqi exiles, will seriously influence the course of events in Iraq. It is reported that a number of Shiites who have returned from Iran are already in positions of governance in Iraq.

This powerful clerical network presents an organized force with the ability to set objectives, and ultimately set an agenda for society. Given the current power vacuum in Iraq, the clerics are best positioned to organize and mobilize the masses. This is the case, not only among the Shiites but also among the more religious Sunnis. Mosques are excellent resources at the disposal of the clerics' for facilitating these processes. The potential exists for a very powerful socio-political movement to be generated by this force under the slogan of: "No to occupation, yes to democracy." A review of recent events in post-war Iraq underscores the potential power of this idea. Demonstrations under this slogan are indeed becoming the most visible expressions of "homegrown" empowerment.

Iran is in the position to influence greatly the tide of events in Iraq. It can, if it chooses, complicate the situation in Iraq by fueling the anti-American mayhem, or it can play a constructive role in containing extremism. The initiative of calling for Iranian cooperation is now in the hands of the United States. Iran and the U.S. share a number of crucial interests (territorial integrity, stability, fair representation for Shiite majority and WMD disarmament) in Iraq. The current climate of U.S.-Iranian relations does not lend itself to such a bold initiative. However, with the future of Iraq and the final verdict on the utility and legitimacy of U.S. intervention in the balance, this opportunity should be taken not only to improve relations with Tehran, but also to lay a more solid foundation to manage the ever-complex socio-religious and political fabric of the Iraqi polity and move towards a stable and prosperous Iraq.

The significance of Iran-U.S. relations in Iraq must also be understood in the larger context of the perhaps unintended consequence of the invasion of Iraq and the overthrow of the "Sunni minority" rule and the eventual dominance of Iraq, in one form or other, benevolent and democratic as it might and should be, of Shiites in Iraq. The georeligious and geopolitical map of the Middle East will never be the same. The two most powerful Muslim states of the Persian Gulf/Middle East, Iran and Iraq, will be controlled by Shiites. While some people in Washington may argue for an American policy based on the emergence of an intra-Shi'i rivalry between Iran and Iraq, that tempting paradigm, lacks, appreciation of the transnational and translocal nature of relations between Qum and Najaf, the clergy in Iran and Iraq, and the depth of historical, personal, and blood ties between the two sides. One should not underestimate, in addition, the centrality of Najaf and Karbala for the entire edifice of Iranian worldview, emotion and identity. A closer or normalized Iran-U.S. relationship means not only better bilateral ties, but rather a much-improved situation in the larger social, ideological and political milieu of the Muslim world that includes millions of Shi'is spread throughout not only in Iran and Iraq, but also in Afghanistan, the volatile Indian sub-continent, Africa, Lebanon, and the rest of the Arab world including Saudi Arabia.

OBSERVATIONS: IRAN'S DOMESTIC AND REGIONAL CONDITIONS, AND RELATIONS WITH THE UNITED STATES

Several key observations could result from an overview analysis of Iran's strategic conditions, its domestic prospects and its relations with the United States; issues that have been subject of discussions in both countries and especially in the United States. Consideration of these issues will be essential in the understanding of Iran, and the contemplation over the future prospects of her relations with the United States.

1. *Iran's Centrality and the Myth of Isolation:* Iran is the most important linkage state in the Middle East. For the reasons of its geography, its revolution and ambitions, and its peculiar and jealously guarded sense of independence and thus centrality, all issues of importance in the Middle East from the Palestinian-Israeli conflict, proliferation, terrorism, future of Iraq, stability in Afghanistan, future of relations between Islam and the West, regional political change and reform, Persian Gulf security, to access to secure energy both in the Persian Gulf and the Caspian, etc., either by default or design, run in one way or the other, through Iran. Isolation

of Iran is not an option. What underscores this centrality is the significance of U.S.-Iran relations in shaping Middle East dynamics; no other factor in the last 25 years has had a more transformative impact on this region than the Iranian revolution and the hostile nature of U.S.-Iranian relations.

2. *Iran's Loneliness and Independence:* A key characteristic of Iran's external condition is its essential strategic loneliness. Partly the result of the revolution's character and nature, and partly self inflicted, this loneliness, which was most dramatically displayed during the 8 years war with Iraq where all major regional and global powers including the United States supported the "Butcher of Baghdad" and his gas making and gas using machine, has resulted in a national and elite-shared psychology that favors self sufficiency in defense, lacks trust in the efficacy of international institutions and great power alliances, and thus emphasizes reliance on its own resources, both mental and physical for national protection and defense. While the real and opportunity cost and damages of this imposed or selected self reliance have been enormous, it has nevertheless also interjected and infused a sense of confidence, pride, ability for crisis management, and internal development of native recourses unparalleled in the region. This combination of loneliness, independence, and self-sufficiency underscores both Iran's cautious attitudes towards regional conflicts on the one hand, and its bold, and even tough style on issues of principle and national significance. You are dealing with a seasoned elite that while displaying idiosyncrasies of its own in loosing opportunities is quite capable of maneuvering in real crisis, not only with regional states, but also with great powers like the United States. Do not underestimate Iran's power; a power that is not necessarily nor primarily physical. The subjective staying power is considerable, especially in times of crisis. This is particularly all the more true as Iran, thanks partially to the United States which surgically removed Iran's enemies in Afghanistan and especially in Iraq, is currently in its most favorable geopolitical position since the revolution in 1979.

3. *The Myth of the Regime Chance:* There has been a lot of talk and conversation about "regime change" in Iran especially after President Bush's "axis of evil" speech, and more so after the victory in Iraq, in Washington; a conversation that has been heavily influenced by certain elements of Iranian expatriate community and some of the influential think tanks. I think, such analysis is primarily driven by politicized information, tainted and self serving opposition-supplied knowledge. The regime in Iran has many difficulties for sure, and even more serious shortcomings and flaws, many of which are in open display in peoples' daily life, thought and conversations in the country, but it is a regime firmly in control, and is not about to and will not be overthrown by a few declarations in Washington. Discussion of the domestic condition in Iran is too complex of a subject to be treated here, but a few fundamental facts are worth mentioning.

First, although the conservatives in Iran are a minority, they are in control of many resources. They have leadership and organization, an ideology that binds them together and commits them to the cause, control of coercive apparatus', economic and political resources, and they have social and cultural propagation means. They are also well linked with their constituency. All of these characteristics and resources make them a very potent force. Reformers, many of them the former radicals, who additionally control important resources, are also not supportive of externally engineered change in Iran.

Second, the real, organized impetus and energy, both intellectually and politically for reform and change is generated from within the ruling elite itself, and not from outside of the regime; notwithstanding the presence of others in the struggle for reform. There is a real, and serious ideational struggle within the regime itself over the very identity and substance of the Islamic Republic which is not subject to simplistic wishes and dictates of outsiders. The reformers are neither pro-U.S. nor anti-U.S.; they have a much larger and historical agenda in mind which is the establishment of democracy in Iran in harmony with its cultural and religious traditions; an experiment with far reaching ramifications not only for Iran but for the post-9/11 Muslim world in general.

Third, the elite, both conservatives and reformers, and the public at large are quite intense if not "paranoid" about the sense of independence and dignity of the country and thus very sensitive about outside interference and meddling, especially in the case of the United States, which has not had so bright a record with Iran in this regard. U.S. meddling, especially attempts of few people in Washington at manufacturing "regime change" through expatriate oppositions, covert plans, etc., will weaken the reform efforts, will unify the elite and will signal a beginning of real confrontation with the United States in the region. Iranians want a peaceful change and through nonviolent means. It should be a domestically driven change, and they would like to bring change within the established framework of the Ira-

nian polity. Any foreign induced radical change will not be well received by the population. Among a ten million-person population in Tehran, less than 10,000 people participated in last summer protests because they were largely perceived as externally inspired or manipulated. The debate on nuclear issue for example, among others, underscored also the important caveat that Iran's domestic scene does not lend itself to simplistic analysis; hundreds of the same students who protested in the summer, and praised by the United States for their anti-regime demonstrations, strongly and openly warned against Iran's acceptance of demands beyond the IAEA additional protocols and inspection, while many of the conservatives who forcefully had denounced the students' movement, eventually lined up for the approval.

Fourth, while there is real frustration in Iran and outside about the pace of reform in Iran, the reality is that there have been significant and irreversible changes in Iran; frustration over unmet and justifiably high expectations should not overshadow that fact.

Finally, the real subjective and objective check on Iran's elite, both reformer and conservative, is the looming fear of lack of domestic legitimacy. An imperfect Republic, the pride and the asset of the regime for the last 25 years, in spite of external loneliness, however, has been that it has sufficient popular support, that it is not lonely at home. The public frustration over the unfulfilled promises of the reform movement, not the fear of U.S. attack, is the number one worry among the ruling elite. This concern for sure is not felt universally and equally among all, but it has certainly become, in immediate years, if not months ahead, will remain, the most important preoccupation of the regime. This is not a regime, that though capable objectively, can rule for long without a sufficient sense of public legitimacy.

4. *Domestic Reward Structures and the Mutual Demonization:* To a large extent and in both countries, Iran-U.S. relations have become domestic political issues and hostage to its intricacies and dynamics. A reward structure has been established in the United States, which supports anti-Iranianism, irrespective of merit. Anti-Iranianism is cost free; yet calling for dialogue can be costly. A number of congressional bills have been introduced in the U.S., which under normal circumstances should have not been passed by Congress, but they pass with overwhelming ease. Similarly, in Iran the same reward structure exists for anti-Americanism. In Iran, those who have called for rapprochement with the U.S. have paid a heavy price, being labeled publicly and sometimes have lost their job. The mutual language of denouncement and name-calling, while reflects the burden of historical mutual mistreatment, it has acquired a life of its own; the changing realities on the ground and real interests of both sides has little bearing on the intensity and serious damage of public denouncement and mutual demonization. Words have enormous consequences; they form perception and cultural and mental straightjackets, which impedes considerations of real and rational mutual interests. For the sake of the interests of both countries, this reward structure should be dismantled.

5. *Iran and the U.S.:* The Losers?: The biggest losers of the 25 year old U.S.-Iran hostility have been the Americans and the Iranians themselves. While both have scored tactical gains against each other, but one can make the argument that both have suffered strategic loses in the process. Regionally, many countries, ranging from those with secular claims of identity including Saddam Hussein's Iraq, to other Arab dictatorships in orthodox clothing, to more recently emerged post communist dictatorships in Central Asia tapped into the U.S.-made anti-Iranian "reward structure", which in the pre-Alqaeda world also meant anti-Islamism. Distance from or hostility towards Iran/radicalism, was perceived to be the prerequisite for being in line with the U.S., and became the justification for policies such as domestic repression and development of alternative and harmless Sunni fanaticism; ironically one of the hidden dynamics that gave rise to Saddam's. regional ambitions as champion of secularism and later under-the radar development of a region-wide Islamic extremism. In the realm of geopolitical space of great power involvement, regionally Russia seemed to be the winner, by simultaneously milking and using its relations with Washington and Tehran cross-currently against the other, having strategic partnership with both and limiting the maneuverability of the United States and Iran. Also critical has been the emergence of Europe, the EU, as perhaps the most important player in the global position of Iran; a role which has only increased after the encounter with the United States in Iraq, and underscored by the high drama display of Europe's diplomacy last week on Iran's nuclear issue. European, Russian, and even Chinese, economic and political gains have been and would be significant, mostly at the expense of the United States and not necessarily to the benefit of Iran.

CONCLUSION

This is the most critical time in U.S.-Iran relations. A quarter century of U.S.-Iran cold war is almost over and the two countries, having exhausted all the space for proxy war between them, have now entered into a new cycle of direct proximity and relations that is qualitatively different from the past 25 years; the prospects and options are increasingly limited to *either* a direct confrontation, *or* a major reconciliation. Iran and the United States, after the U.S. wars in Afghanistan and Iraq, are not only virtual but real physical neighbors. The direct and over-the horizon U.S. presence in the Persian Gulf and Central Asia and the Caucasus, is being complemented by the U.S. physical presence in Afghanistan and Iraq. For all practical purposes the borders of Iran with those two states are the borders of Iran with the United States.

The result of this real contiguity is that any qualitative intensification of the conflict will lead to a physical clash, the consequences of which are extremely serious for the national interest and security of both countries. Iran is for sure very vulnerable to U.S. military and coercive measures; a target reach country with a very demanding population Iran will be significantly hurt. But so will, though to a lesser degree, the United States. If people in Washington are now worried that the U.S. is not doing well in Iraq against Saddam's supporters or disgruntled Iraqis, and the future of the U.S. global interest and even its very security is dependent on success in Iraq and Afghanistan, one can imagine the level of difficulty the U.S. will experience, especially in Iraq in case of an intense confrontation with Iran. Iran is well pre-positioned, perhaps given the typical trepidation on such a confrontation with the U.S., to make life for the U.S. in Iraq very difficult; a democratic Iraq ala post-war Germany, as a showcase of U.S. success will be out of the question; a Lebanon after Israeli invasion will be a better metaphor.

While the prognostication for the disastrous impact of the confrontation is obvious one can also assume the positive revolutionary impact of U.S.-Iran reconciliation and rapprochement. A normalized U.S.-Iran relationship is the missing link in the geopolitical, geoideological, and geoeconomic structure of the Middle East and global politics. The United States and Iran while ideologically constructed to become enemies, in reality are unusual and in a sense unnatural and odd enemies. This oddity is reflected in the fundamental reality that neither has gained anything but insecurity and political headaches and setbacks from this hostility, the enemies of one turn out to be the enemies of the other (remember Iran went through an 8 year war and half a million casualties trying to remove Saddam Hussein and almost went to war with the Taliban—its sworn enemy—in 1998!). This oddity is also reflected in the appreciation of the fact that resolution of most issues of concern for the United States, as mentioned before, significantly and directly involves a better relationship with Iran.

It is high and urgent time, that a new concerted effort be made on both sides to move away from confrontation, and instead to engage in real, open, equitable, and serious dialogue for reconciliation; the national interests of both great nations and international security demands it.

The CHAIRMAN. Well, thank you very much, Dr. Hadian. Your views, of course, are in the statement, and this will be available to members and for the record, but perhaps we will be able to get back to it in the questioning.

Dr. HADIAN. Thank you.

The CHAIRMAN. Dr. Cordesman.

STATEMENT OF DR. ANTHONY H. CORDESMAN, ARLEIGH A. BURKE CHAIR IN STRATEGY, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Dr. CORDESMAN. Thank you, Mr. Chairman, and thank you for the opportunity of testifying here. Like the other witnesses, I feel this is a very important subject to cover but I would like to touch on only a few issues in my written testimony.

Let me begin by saying that I agree with the previous witnesses that Iran is a country where we have some real options and possibilities. However, I may be less optimistic about internal developments in Iran. I have sat through quite a number of informal dis-

cussions with Iranians and Iranian officials. I am struck by the fact that over the years I do not see that those who I would regard as moderates or the supporters of President Khatami becoming more confident.

I think there is great concern about the tensions within Iran on the part of many of those that I have dealt with. I am very uncertain as to whether Iran is prepared to full, formal dialog with the United States today. It may be. But time and again, Iranians have privately said that—until the issues and tensions between the various factions in Iran are resolved—there are many things we might do to move toward an informal dialog but they are not prepared to confront the issues of a formal dialog.

I too, like Deputy Secretary Armitage, served in Iran in the early 1970s. I too watched the Shah engage in a nuclear program, and I watched the Shah lie about it. And I watched reports emerge in the U.S. of imports of technology ranging from laser isotope separation technology to other weapons oriented technologies that bore no resemblance to a peaceful nuclear program. As a result, I do not believe that getting today's Iran to stop an overt program will really stop its nuclear program, and I think we can count on Iran to try to obfuscate and lie about that.

Now, Mr. Chairman, you talked about super inspections. I am not sure what those really are. I am not sure that it is easy to do more than UNSCOM and UNMOVIC did in Iraq, and they obviously failed. They could not characterize that effort.

I think we are learning that there are deep problems in the U.S. intelligence effort and in our coverage of proliferation. Iraq is only a case example, and I would hope at some point either the Senate Intelligence Committee or this committee fully examines our capability to characterize proliferation.

I do not believe that we will ever have the capability to be able to determine whether Iran pursues a research and development strategy as distinguished from an overt production of fissile material. Looking at the IAEA reports, I believe Iran could conceal R&D efforts in the development of reactor technology, that they could create a mature centrifuge capability far more sophisticated than the one they have in terms of centrifuge design, that they could proceed with many aspects of nuclear weapons design, and that no amount of inspection or intelligence coverage could, with confidence, detect that effort if it was dispersed and concealed and did not go into advanced development.

I would also note that this is a country that has stated it has chemical weapons and which may well have biological weapons. A focus on one form of proliferation may be dangerous, particularly when it is far from clear to what threat Iran's long-range missiles could pose with conventional warheads, except as psychological weapons. The Shahab frankly has to have a motive other than dropping 1,000 kilograms of high explosives as an area weapon on an enemy. Having said that, I do agree that we should move toward dialog and toward discussion.

I would also have to reinforce a point that has been made in this hearing. I was in Iran when the MEK murdered American officials. One of the people I was working with, Colonel Louis Hawkins, was shot down in front of his family by the MEK. I have followed their

actions over the years. They are a sophisticated lobbying body with many democratic fronts. They also were a tool of Iraq, a cult of their leaders, and they pursued a policy of murdering and assassination against Iranian officials, which is well documented in the State Department reports. I do not believe this is a movement we can tolerate or encourage.

I would also have to say that whatever we do we should stay as far away from the Shah's son as possible. I saw little redeeming about his Imperial Majesty when I was in Iran. If the Bunyaads are corrupt today, I can remember my wife going to an orphanage supposedly supported by the Pahlavi Foundation and finding out the Pahlavi Foundation took the money and kept it, and it was the wives of American and British diplomats who kept the orphanage going with their money. This is not in any sense the successor regime that is needed in Iran.

Now, let me make a few final points about recommendations. We must not forget that whatever we do, we have to maintain a strong military position in the gulf to contain Iran. It is one of the ironies of our action in Iraq that it has not altered the need for containment and possibly not even altered the level of containment that is required.

I would also say that labeling Iran as the leading nation supporting terrorism, or part of an "axis of evil," is the worst possible way to influence the Iranian people. If we have things to say about terrorism, identify specific actions, identify specific groups, and seek specific goals. I think our rhetoric on Iran illustrates a broad problem in American policy. We speak in terms of domestic politics to American audiences in ways which undermine our credibility in Iran, in the Middle East, in Europe, and in the rest of the world.

As we deal with Iran, I also have to strongly endorse what Senator Biden said about the need for as much informal dialog as possible. I would also endorse the point that we had a semi-official dialog with Iran and we broke it off in dealing with Iraq. That was a mistake. It served no interest of our own, not only in dealing with Iran, but with Afghanistan.

I would be cautious, however, about the nature of European cooperation. I have had many discussions with Europeans and many have criticized their own approach to the problem, as well as ours. Perhaps one of the best statements about Europe's approach to critical dialog was that, "we have a tendency to be all dialog and no critical." If we are going to rely on Europe to deal with the problem of nuclear weapons in Iran, it is going to require intense pressure.

Let me also say that this committee should, as it moves forward, also reconsider the sanctions policy we have. I thought the legislation that led to ILSA was stupid in terms of the original proposal. I thought it was stupid when it was passed, and I think it is stupid now. Its net effect is not to alter proliferation or the military buildup. It is to ensure that American business and American commerce cannot work with Iranians to create barriers to contact with people who are moderate Iranians. The end result is precisely what we do not need, to reinforce the views of extremists and hard-liners. If we need sanctions, they should lie in dual use technology and limits

on arms sales. The sanctions we have today are precisely the sanctions we do not need.

Finally, in terms of the Arab-Israeli issue, if we are ever to reach a modus vivendi with Iran, if we are to get them to stop support of Hamas or the Hezbollah, we have to demonstrate that we have an unremitting support for a peace process so strong and convincing that every possible effort is being made regardless of delays, problems, and reversals. If the United States cannot demonstrate it is doing that, I frankly do not know how we go to the Arab world and Iran and say, stop supporting Hamas, Hezbollah, and the Palestinian Islamic Jihad.

Thank you.

[The prepared statement of Dr. Cordesman follows:]

PREPARED STATEMENT OF DR. ANTHONY H. CORDESMAN, ARLEIGH A. BURKE CHAIR IN STRATEGY, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Iran presents one of the most complex security problems the US faces in dealing with the threat posed by proliferation, in securing world energy supplies and the global economy, and in bringing stability to the Middle East and the Gulf region. Iran is located in an area with more than 60% of the world's proven conventional oil reserves and some 35% of its gas. It has borders on two nations where the US is still at war: Iraq and Afghanistan.

Iran is a major proliferator. It plays an indirect role in the Israel-Palestinian conflict. It has carried out direct terrorist activities in the past, and it tolerates and supports terrorist movements today. At the same time, Iran offers opportunities as well as a threat. Political change is taking place, some forms of informal dialogue have been possible, Iran has moderated some of its actions, and the US has been more able to work out at least a partial modus vivendi in dealing with some aspects of the problems posed by Afghanistan and Iraq.

Moreover, the US cannot divorce its treatment of Iran from its overall strategic posture in the region and the world. The US war in Iraq is still underway, and it is not a popular conflict. The US lacks the military resources for a major intervention in Iran, and limited strikes might do as much to encourage Iranian proliferation and support of terrorism as discourage it. While the EU has been more supportive recently in pressuring Iran over proliferation, the US lacks allies in its present approach to Iran at a time when it has more overall tensions with its traditional allies than at any time since the war in Vietnam.

THE RANGE OF POSSIBLE IRANIAN THREATS

The US faces a wide range of policy challenges in dealing with the security threats posed by Iran. Nuclear proliferation is only one of these challenges, and the US cannot afford to look at only one problem and ignore the others. In brief, the challenges the US must deal with may be summarized as follows:

- *The US faces a wide range of potential threats in terms of proliferation.* Iran has admitted it has chemical weapons and is testing ballistic missiles. It may well be developing biological weapons and cruise missiles. The unclassified reporting by the US intelligence community on Iranian developments is necessarily limited, and does not address many of the most recent issues affecting Iran's nuclear program, but a recent CIA report describes the range of Iranian activities as follows:

  Nuclear. Despite Iran's status in the Treaty on the Nonproliferation of Nuclear Weapons (NPT), the United States remains convinced Tehran is pursuing a nuclear weapons program. To bolster its efforts to establish domestic nuclear fuel-cycle capabilities, Iran has technology that also can support fissile material production for Tehran's overall nuclear weapons program.

  Iran has continued to attempt using its civilian nuclear energy program to justify its efforts to establish domestically or otherwise acquire assorted nuclear fuel-cycle capabilities. Such capabilities, however, are well suited to support fissile material production for a weapons program, and we believe it is this objective that drives Iran's efforts to acquire relevant facilities. We suspect that Tehran is interested in acquiring foreign fissile material and

technology for weapons development as part of its overall nuclear weapons program.

Despite Bushehr being put under IAEA safeguards, Russia's provision of expertise and manufacturing assistance has helped Iran to develop its own nuclear technology infrastructure. In addition, facing economic pressures, some Russian entities have shown a willingness to provide assistance to other nuclear projects within Iran. For example, an institute subordinate to the Russian Ministry of Atomic Energy (MINATOM) had agreed to deliver in late 2000 equipment that was clearly intended for atomic vapor laser isotope separation, a technology capable of producing weapons-grade uranium. As a result of US protests, the Russian Government has halted the delivery of some of this equipment to Iran.

Chinese entities are continuing work on a zirconium production facility at Esfahan that will enable Iran to produce cladding for reactor fuel. As an adherent to the NPT, Iran is required to accept IAEA safeguards on its nuclear material. The IAEA's Additional Protocol requires states to declare production of zirconium fuel cladding and gives the IAEA the right of access to resolve questions or inconsistencies related to the declarations, but Iran has made no moves to bring the Additional Protocol into force. Moreover, Iran remains the only NPT adherent with a full-scope safeguards agreement that has not adopted a subsidiary agreement obligating early declaration of nuclear facilities. Zirconium production, other than production of fuel cladding, is not subject to declaration or inspection.

Missiles. Ballistic missile-related cooperation from entities in the former Soviet Union, North Korea, and China over the years has helped Iran move toward its goal of becoming self-sufficient in the production of ballistic missiles. Such assistance during the reporting period continued to include equipment, technology, and expertise. Iran, already producing Scud short-range ballistic missiles (SRBMs), is in the late stages of developing the Shahab-3 medium-range ballistic missile (MRBM). In addition, Iran publicly has acknowledged the development of follow-on versions of the Shahab-3. It originally said that another version, the Shahab-4, is a more capable ballistic missile than its predecessor but later characterized it as solely a space launch vehicle with no military applications. Iran's Defense Minister has also publicly mentioned a "Shahab-5." Such statements strongly suggest that Tehran intends to develop a longer-range ballistic missile capability.

Chemical. Iran is a party to the Chemical Weapons Convention (CWC). Nevertheless, during the reporting period it continued to seek chemicals, production technology, training, and expertise from Chinese entities that could further Tehran's efforts at achieving an indigenous capability to produce nerve agents. Iran already has stockpiled blister, blood, and choking agents—and the bombs and artillery shells to deliver them—which it previously has manufactured. It probably also has made some nerve agents.

Biological. Even though Iran is part of the Biological Weapons Convention (BWC), Tehran probably maintains an offensive BW program. Foreign dual-use biotechnical materials, equipment, and expertise—primarily, but not exclusively, from Eastern Europe—continued to feature prominently in Iran's procurement efforts. While such materials do have legitimate uses, Iran's biological warfare (BW) program also could benefit from them. It is likely that Iran has capabilities to produce small quantities of BW agents, but has a limited ability to weaponize them.

Advanced Conventional Weapons. Iran continued to seek and acquire conventional weapons and production technologies, primarily from Russia, China, and North Korea. Since Russia announced in November 2000 that it was abrogating the Gore-Chernomyrdin Agreement, the Russian and Iranian Governments and firms have engaged in high-level discussions on a wide variety of military services and equipment—including air defense, naval, air and ground weapons, and technologies. In October 2001, Tehran and Moscow signed a new military-technical cooperation agreement, which laid the groundwork for negotiations and created a commission for future arms sales, but did not itself include sales contracts.

Contract negotiations, which may take years to complete, continued in the following months and at least one sale—apparently for helicopters—was concluded. Various Russian officials and academicians have suggested that sales under this new agreement could, in the next few years, make Iran Russia's third-largest arms customer, after China and India. Until that agreement is concluded, Russia will continue to deliver on existing con-

tracts. Estimates of conventional arms sales to Iran of $300 million per year would put Iran's share of Russian sales worldwide at roughly 10 percent, compared to more than 50 percent going to China and India.

To facilitate new arms agreements, Russian oil enterprises entered an agreement with the Russian state arms trading firm Rosoboronexport to promote arms exports. Russian and Iranian arms dealers are to include such firms as Lukoil to coordinate "commercial conditions" and participate in projects proposed by the customer.

Outside the Russian market, Iran's search for conventional weapons is global. In particular, Iran capitalized on the specialized weapons services and lower prices that China and North Korea offered. Elsewhere, Iran sought out products, particularly weapons components and dual-use items, that are superior in quality to those available from Russia or that have proven difficult to acquire through normal government channels.

- The US cannot afford to focus on one form of proliferation. Iran can pursue a wide range of proliferation strategies, and this includes different approaches to nuclear weapons development. Iran could, for example, give up any efforts to produce fissile material using reactors and known centrifuge facilities, while concentrating on covert research and development of weapons, compact or "folded" high capacity centrifuges, laser isotope separation, and warheads. It could build more reactors as part of a "peaceful power generating" programs, appearing to conform to IAEA standards but preparing for the day it was no longer dependent on imports and could use its own fuel cycle. The recent IAEA reporting on Iran leaves major questions unanswered regarding Iran's fuel cycle efforts, but also regarding its research and development programs in both laser isotope separation and centrifuge technology.
- *Iran can wage a number of forms of asymmetric warfare against the US and its allies without ever being at war in any overt sense.* It can support hard-line and extremist elements in Iraq, Afghanistan, Lebanon, Gaza, and the West Bank using proxies to attack US interests without ever directly conducting acts of terrorism. Here, Iran can also use organizations as proxies that have a civil role or which cannot be identified solely as terrorist groups. These include the Hezbollah, Shi'ite movements in Afghanistan and Iraq, and Islamic charities or political causes that fund or act as covers for extremist groups. It can create ambiguous sanctuaries and operating/training areas in Iran for organizations like Al Qaida or simply turn a blind eye to low-level activities that are difficult to detect or prove.

  Iran can use more direct forms of terrorism, as it may well have done in supporting the attack on the USAF barracks at Al Khobar. The most recent State Department report on terrorism describes Iran's role as follows, and this report was issued before the full scale of Iran's relations to Al Qaida and support of Hamas and the PIJ became a major issue:

  Iran remained the most active state sponsor of terrorism in 2002. Its Islamic Revolutionary Guard Corps and Ministry of Intelligence and Security were involved in the planning of and support for terrorist acts and continued to exhort a variety of groups that use terrorism to pursue their goals.

  Iran's record against al-Qaida has been mixed. While it has detained and turned over to foreign governments a number of al-Qaida members, other al-Qaida members have found virtual safehaven there and may even be receiving protection from elements of the Iranian Government. Iran's long, rugged borders are difficult to monitor, and the large number of Afghan refugees in Iran complicates efforts to locate and apprehend extremists. Nevertheless, it is unlikely that al-Qaida elements could escape the attention of Iran's formidable security services.

  During 2002, Iran maintained a high-profile role in encouraging anti-Israeli activity, both rhetorically and operationally. Supreme Leader Khamenei referred to Israel as a "cancerous tumor," a sentiment echoed by other Iranian leaders in speeches and sermons. Matching this rhetoric with action, Iran provided Lebanese Hizballah and Palestinian rejectionist groups—notably HAMAS, the Palestine Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command—with funding, safehaven, training, and weapons. Tehran also encouraged Hizballah and the Palestinian rejectionist groups to coordinate their planning and to escalate their terrorist activities against Israel.

  Iran also provided support to extremist groups in Central Asia, Afghanistan, and Iraq with ties to al-Qaida, though less than that provided to the groups opposed to Israel.

Iran can use the Israeli-Palestinian conflict as a proxy war to gain support from Arab nations, and put pressure upon the US and Israel.

- *Iran lacks modern conventional forces, and is modernizing at a slow rate compared to most Gulf and Middle Eastern countries, but its conventional warfighting capabilities cannot be dismissed.* It did sign some $1.7 billion worth of new arms agreements during 1995-1998, and $1,000 billion worth during 1999-2002—primarily with Russia, China, and Europe, and signed $200 million worth of new agreements in 2002. It took delivery on $2.1 billion worth of arms during 1995-1998, and $700 million worth during 1999-2002.

  Iran has some 513,000 men in its armed forces, some 325,000 in its army, 125,000 in its Revolutionary Guards Corps, 18,000 in its navy, and 45,000 in its air force plus some 40,000 paramilitary forces and 300,000 in its Basij or Popular Mobilization Army. These forces include some 1,600 tanks, 1,500 other armored vehicles, 3,400 artillery weapons, and 283 combat aircraft—roughly 180-200 of which are operational. It has no modern tanks, combat aircraft, or surface-to-air missiles, but it can certainly pose a far better organized and more popular resistance to any US or other outside military attack than Iraq, and its conventional forces will improve with time.
- *Iran lacks any modern surface ships but geography gives Iran a strategic position that commands the tanker routes through the lower Gulf and the Strait of Hormuz.* The Strait is the world's most important oil chokepoint. Some 13.6 million bbl/d or so of oil transit the Strait of Hormuz each day and go east to Asia (especially Japan, China, and India) and west via the Suez Canal, the Sumed pipeline, or around the Cape of Good Hope in South Africa to Western Europe and the United States. Moreover, the EIA reference case indicates that exports through the Strait must nearly double by 2020, reaching around 42 MMBD. This implies that up to three times more tankers will transit the Strait in 2020 than at present. Alternative routes cannot move anything close to current export levels, much less the much higher production levels forecast by DOE.

  At its narrowest, the Strait consists of 2-mile wide channels for inbound and outbound tanker within the Omani side of the Strait, and a 2-mile wide buffer zone. The exits on both sides of the Strait are close to Iranian waters and air space.

  Iran and the UAE have also long quarreled over sovereignty over three islands on the Western side of the Strait that are near the main tanker channels. These islands include Abu Musa, Greater Tunb Island, and Lesser Tunb Island, Reports that Iran had fortified the islands seem to be untrue, but Iran has steadily increased its numbers of smart mines. It has bought three relatively modern Kilo-class conventional submarines with long-range torpedoes and minelaying capability from Russia. It has bought anti-ship missile equipped patrol boats from China, has land based anti-ship missiles, and can deliver such missiles from aircraft, including maritime patrol aircraft and long range fighters. Over time, it can steadily improve its capability to threaten Gulf oil traffic, and while the US can certainly defeat Iran in any open attack on such traffic, Iran's ability to intimidate its neighbors, disrupt such traffic, or conduct low level raids give it the ability to conduct asymmetric wars of intimidation as well as actual military operations.
- *Iran has large asymmetric forces in its Revolutionary Guards Corps, including some 20,000 men in the IRGC naval branch. These can do more than attack Gulf shipping.* South Gulf states have vulnerable offshore oil and gas facilities, highly vulnerable oil and gas loading facilities on their Gulf coasts, and have become totally dependent on large-scale coastal desalination plants for water. Once again, threats and "wars of intimidation" can substitute for overt military action.
- *Finally, Iran can put pressure on the Southern Gulf and other states by funding, training, and arming Shi'ite groups in nations like Bahrain and Saudi Arabia, by disrupting the pilgrimage in Saudi Arabia, and by funding local liberation and religious groups that are not Shi'ite but are hostile to such states.* These are not theoretical options. It has carried out all of these activities at some point since the Iranian revolution in 1979, and while it has chosen improved diplomatic relations since the death of Khomeini, it can resume such actions at short notice.

AN UNSTABLE AND CONFLICTED IRAN

The US cannot afford to ignore these potential threats. At the same time, it also cannot afford to ignore the fact that Iran is a deeply conflicted nation and one where

no one can now predict whether it will evolve towards moderation, move towards overt civil conflict, or come under the control of its extremists and hardliners.

Iran is a partial democracy, but one where its religious leaders and hard-liners control the choice of all candidates, can veto any action by the President or Majlis, and have control over much of the media, the justice system, the military and security forces, and intelligence. The balance of power between reformer and hardliner is so close that many Iranian officials that would like both to focus on national development, and create a more moderate state that has improved relations with the US, fear that clashes with the hard-liners could lead to open conflict. Many have already been arrested and imprisoned for such views, as have many Iranian religious leaders, citizens, and students.

It is clear that the Iranian people want a more moderate government, and many—probably most—are potentially friendly to the US. At the same time, it is a proud and highly nationalistic nation and one that has memories of a US role in the coup that destroyed a previous secular Iranian democracy and brought back the Shah. If the US has memories of a long hostage crises and Iranian terrorism, Iran has memories of long periods of imperialism and US interference in Iranian affairs.

This situation is complicated by the fact that the outside opposition does have elements that support true democracy, but also consists of a largely ludicrous effort to restore the monarchy and one of the most vicious terrorists movements in the world: Mujahedin-e Khalq Organization (MEK or MKO). This organization is designated as a terrorist organization and is known under other several other names, some of which lobby the US Congress: The National Liberation Army of Iran (NLA, the militant wing of the MEK), the People's Mujahedin of Iran (PMOI), National Council of Resistance (NCR), the National Council of Resistance of Iran (NCRI), Muslim Iranian Student's Society (front organization used to garner financial support).

The MEK claims to be democratic in the West, but its actual structure mixes the cult of personality with political beliefs that mixes Marxism and Islam. It was formed in the 1960s, opposed the Shah, and murdered a number of Americans, including men like Colonel Louis Hawkins. The organization was expelled from Iran, after which support came from the Iraqi regime, and it was based primarily in Iraq, where the remnants of its military forces remain.

The State Department describes the organization as follows:

> The MEK's history is studded with anti-Western attacks as well as terrorist attacks on the interests of the clerical regime in Iran and abroad. . . . The worldwide campaign against the Iranian Government stresses propaganda and occasionally uses terrorist violence. During the 1970s, the MEK killed US military personnel and US civilians working on defense projects in Tehran and supported the takeover in 1979 of the US Embassy in Tehran. In 1981, the MEK detonated bombs in the head office of the Islamic Republic Party and the Premier's office, killing some 70 high-ranking Iranian officials, including chief Justice Ayatollah Mohammad Beheshti, President Mohammad-Ali Rajaei, and Premier Mohammad-Javad Bahonar. Near the end of the 1980-88 war with Iran, Baghdad armed the MEK with military equipment and sent it into action against Iranian forces. In 1991, it assisted the Government of Iraq in suppressing the Shia and Kurdish uprisings in southern Iraq and the Kurdish uprisings in the north. Since then, the MEK has continued to perform internal security services for the Government of Iraq. In April 1992, the MEK conducted near-simultaneous attacks on Iranian Embassies and installations in 13 countries, demonstrating the group's ability to mount large-scale operations overseas. In recent years, the MEK has targeted key military officers and assassinated the deputy chief of the Armed Forces General Staff in April 1999. In April 2000, the MEK attempted to assassinate the commander of the Nasr Headquarters—the interagency board responsible for coordinating policies on Iraq. The normal pace of anti-Iranian operations increased during the "Operation Great Bahman" in February 2000, when the group launched a dozen attacks against Iran. In 2000 and 2001, the MEK was involved regularly in mortar attacks and hit-and-run raids on Iranian military and law-enforcement units and government buildings near the Iran-Iraq border, although MEK terrorism in Iran declined throughout the remainder of 2001. Since the end of the Iran-Iraq war, the attacks along the border have garnered almost no military gains and have become commonplace. MEK insurgent activities in Tehran constitute the biggest security concern for the Iranian leadership. In February 2000, for example, the MEK launched a mortar attack against the leadership complex in Tehran

that houses the offices of the Supreme Leader and the President, and assassinated the Iranian Chief of Staff.

THE OTHER SIDE OF THE HILL

The US cannot afford to ignore the fact that while Iran may be a potential threat, it also feels threatened. Iraq—the main threat to Iran is no longer under the control of Saddam Hussein—but Iran fought one of the most bloody wars in recent history against Iraq and one that involved the massive Iraqi use of poison gas. The US was seen to be Iraq's ally in that war, and the US fought Iran in a low-level tanker war between 1987 and 1998. The US now has forces on two of Iran's borders, and if the US sees Iran as unwilling to engage in a meaningful official dialog, Iran sees the US as unwilling to engage in a meaningful unofficial dialog.

The US sees the Israel-Palestinian conflict largely as an Israeli war on terrorism, but Iran's regime and people see it as an asymmetric war between Palestinian and occupier. If Israel sees Iran as a major potential threat because of its search for long-range missiles and nuclear weapons, Iran sees Israel and the US as current threats with both nuclear weapons and massive conventional capabilities. Iran has little confidence—if any—in the future stability of Iraq and points to proliferation in Pakistan and India. It also sees a Gulf in which the Southern Gulf states have cumulatively imported $83.3 billion worth of arms since 1995 versus $2.9 billion for Iran—a ratio of roughly 30:1

THE CONSTRAINTS ON US POLICY

The United States thus faces an extremely difficult situation. It must contain any Iranian adventures, help to protect its allies, do as much as possible to prevent Iranian proliferation and the support of terrorism, and help ensure the security of Gulf energy exports. At the same time, it must seek to find ways to support peaceful internal change and the move towards a moderate democracy that the Iranian people clearly want. It must seek to limit the actions of Iran's extremists and hardliners, but it must avoid being seen as intervening in Iranian affairs in ways that could provoke a nationalist reaction or civil conflict, tie the US to terrorist groups like the MEK, and unify Iran around a more aggressive and hostile posture towards the US.

The US must also act in ways that recognize that its approach to Iran is virtually unique, and does not have the support of any European ally of the US or any friendly Gulf state. Rightly or wrongly, all have chosen dialogue and trade over the US effort to isolate and sanction Iran. This is particularly important at a time when the US face growing hostility to its operations in Iraq and has problems with many of its traditional allies over both Iraq and the Israeli-Palestinian conflict.

More materially, the US cannot ignore the fact that the Department of Energy and International Energy Agency project a steady increase in global economic dependence on Iranian energy exports as part of a projected increase in Gulf exports. It estimates that Iran's production capacity must increase from 3.8 MMBD today to 4.9 MMBD by 2025, as part of an increase in total production capacity that will allow the Gulf to increase its total exports from 14.8 MMBD in 2001 to 35.8 MMBD in 2025—a more than 140% increase.

DEALING WITH THE IRANIAN THREAT

Given this background, there are several ways the US should approach Iran, both in terms of threat and opportunity:

- *It should make it clear that the US will react to any Iranian military threats and deter and contain them.* It is as dangerous to romanticize Iran, as it is to demonize it. Iran may evolve towards a stable form of moderation. It has not done so as yet. It must be made clear to Iran that any course of action it pursues will be met with a reaction that does not leave it any viable military options and that any major military action would lead to the destruction of its present regime.

  The US should also be prepared to react decisively to any overt Iranian deployment of nuclear weapons, biological weapons, and long-range missiles. Deterrence and containment should not be static. The US should be prepared to provide missile defenses, and improved defenses against other forms of attack. The US should also be prepared to extend a conventional deterrent umbrella over its regional allies. It should never threaten Iran with nuclear retaliation—which would only provoke more problems in the region—but it should never renounce such an option as long as there is any risk of Iranian proliferation, leaving the issue in doubt.

It should be stressed that this does not mean adventures in areas like preemption unless massive improvements can be made in US intelligence and targeting capabilities, and unless it is either clear that Iranian strikes are both imminent and far more threatening than seems likely for some years to come. Retaliation is the ultimate option, and the US cannot afford to carry out strikes that miss their targets or which only succeed in making an enemy out of the Iranian people while force Iran's government to create more covert means of proliferation.

- *Demonstrate US will and capability responsibly:* Deterrence and containment are best done quietly and by deploying a "big stick." Harsh and over-simplistic rhetoric plays into the hands of Iran's hard-liners and America's opponents. In contrast, US military deployments and exercises, and military cooperation with friendly Gulf states, provide a quiet and tangible message. Similarly, US reporting and statements that provide clear and validated public descriptions of threatening Iranian actions persuade both regional and other allies, where sweeping and vague charges simply undermine US credibility.
- *Pursue arms control without relying on it:* It is highly unlikely that Iran will abandon a major research and development effort in every aspect of proliferation until major changes occur in its regime and perception of the threat. The US must assume this is the case until it has far better intelligence collection and analysis regarding proliferation than it now has on any country, and it must not forget that nine years of UNSCOM and UNMOVIC inspection of Iran, and months of postwar US efforts, have still failed to provide an understanding of such efforts in Iraq. Even if Iran does fully comply with its agreements with the British Foreign Minister and gives the IAEA all of the access called for under the NNPT protocol, major uncertainties will remain.

  Iranian compliance in arms control may well, however, prevent any overt acquisition and deployment of nuclear weapons, and the creation of major fissile material production facilities. Other arms control efforts may limit the scale of Iran's chemical weapons programs. The will still leave Iran with no meaningful constraints on its missile and biological programs, but even imperfect arms control can be far better than none provided that the US is proactive in ensuring that every possible violation is dealt with honestly and with suitable inspection, and the US firmly seeks to enforce those treaty provisions that could cut off the flow of nuclear, chemical, and possibly biological technology.
- *Continue to put constant pressure on Iran's suppliers:* The US cannot cut off Iran from dual-use and direct technology for proliferation, or block all purchases of advanced weapons, but it should continue to make every effort to try. One possible step would be to move beyond quiet dialogue with allied governments over transactions and suppliers that appear to aid Iran in proliferating and acquiring advanced arms and to aggressively name and sanction such suppliers in the way that has been done for some Russian and Chinese firms.
- *Pursue counterterrorism systematically and in a focused way:* The US should make it unambiguously clear to Iran that it will do everything possible to check any Iranian support or tolerance of terrorism against the US or any of its allies. Far too much of the public US effort, however, again involves sweeping and careless rhetoric, rather than carefully focused efforts with detailed charges and credible demands for Iranian action.
- *Make every effort to maintain an informal dialog with Iran, and create formal official relations, without concession or preconditions:* Dealing with the Iranian threat requires more than sticks. The US must demonstrate that it will do everything possible to improve relations with Iran, that it is not hostile to Iran's moderates or its people, and that the burden of the failure to create formal relations lies solidly with Iran's hard-liners and extremists. This does not mean concessions, but neither does it mean demanding Iran change its behavior as the price of the formal relations that are the key to allowing meaningful security negotiations to begin.

  The US dialog with Iran over Afghanistan is a model of how the US should approach this issue; the sudden decision to break off a dialog with Iraq over Iraq before the US and British invasion of Iraq is a model of how not to deal with the problem. The US negotiated and traded with far more threatening opponents throughout the Cold War, and gained much of its eventual victory by doing so.
- *Use the European and Gulf efforts at dialog and improved cooperation constructively without compromising the US position.* The US has no chance of either persuading or compelling its allies and other nations to join it in isolating Iran

unless a clear case can be made for doing so in ways that actually change Iranian behavior. The reality is also that the European dialog with Iran, and the efforts of the Gulf states to normalize relations, have accomplish a great deal and offer the only practical means at this point to change Iran's behavior and directly influence its internal behavior. This does not mean the US should not pressure Europe, the Gulf states, and other nations to react to Iranian actions that threaten the region or support terrorism. Europe, for example, has sometimes only remembered the "dialog" part of "critical dialog."

- *Do everything possible to support internal change in Iran, but avoid adventures and efforts at regime change.* The US should use every diplomatic tool available to encourage political moderation in Iran. The should include every effort to help those Iranian's who call for real democracy, to improve human rights, and encourage cultural exchanges and every other way of both showing the Iranian people the US is on their side and will act on their behalf. The problems and weaknesses in the Iranian opposition outside Iran are so grave, however, that they make the Iraqi opposition seem a tower of strength by comparison. The MEK is beyond change and too contemptible to deal with,
- *Consider major revisions to a largely failed sanctions policy.* It is one of the ironies of the post Cold War era that the primary threat to the US no longer truly consists of foreign power, but is rather the mistakes made by its Executive and Legislative branches. The only nation that can defeat the US is itself. The present US sanctions policy is a good example of such self-defeating actions. It does not stop Iran from proliferating. If anything, it makes proliferation and asymmetric warfare Iran's only military options, and reinforces Iran's hardliners in arguing that the US is hostile and a threat. The US should consider lifting those Executive Orders that cut US business off from their Iranian counterparts, which block Iranian energy development without halting or limiting Iranian proliferation, and which impede an unofficial cultural and political dialog for no apparent reason. This does not mean tolerating any transfer of critical technologies or offering some kind of carte blanche in trade and investment that would given the Iranian government large amounts of hard currency it could use for weapons programs. This, however, is very different from the present hollow sanctions policy that serves no purpose other than posturing for domestic political constituencies.
- *Pursue an Arab-Israeli Peace and the "Road Map" in the face of all obstacles:* The US cannot enforce a peace on Israel and the Palestinians, and should not. Iran is, however, only one example of the need to convince the people of the region that the US is both serious in seeking an end to the Arab-Israeli conflict, and that it will put pressure on Israel to limit its settlements and restrict its military actions to those action truly needed to protect its people and halt attacks and terrorism. This in no way means relaxing US pressure for Palestinian action and reform, for a halt to Iranian support of extremist and terrorist organizations, and for Arab and Iranian support of the peace process. A strong, visible, and continuing US-led Arab-Israeli peace effort is vital, however, to any effort to deal with Iran—as well as to every other aspect of US security interests in the Middle East.

Finally, the US needs something it has badly lacked in recent years: patience. There are no instant solutions or good options for dramatic action. Poorly chosen rhetoric and political posturing aids those forces in Iran that threaten the US and its allies, it does not compel Iran or threaten it in productive ways. Most important, the US needs to finish the job in Iraq and in dealing with Afghanistan and Al Qaida before it even contemplates new confrontations that are not force upon it be events, and the US needs to rebuild its relations with its allies and adopt policies that can win international support. Deterrence and containment have their risks and limits, and they only succeed with time. Wandering off in search enemies, however, has never made strategic sense and is only likely to further alienate Iran, other regional allies, and the world.

The CHAIRMAN. Thank you, Dr. Cordesman. We appreciate, as always, your testimony and your suggestions.

Dr. Einhorn.

STATEMENT OF HON. ROBERT J. EINHORN, SENIOR ADVISER, INTERNATIONAL SECURITY PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Dr. EINHORN. Mr. Chairman, thanks for the opportunity to appear before the committee.

In your earlier remarks, you talked about the agreement that was reached last week between Iran and the three foreign ministers. I will not repeat the elements of that agreement. I think the Europeans deserve a lot of credit for skillful diplomacy, but this agreement last week would not have been possible without a U.S.-led campaign of diplomatic pressure that gave Iran a stark choice between cooperating or being brought before the U.N. Security Council.

Last week's agreement was potentially a very useful step, but its value is going to depend on how well it is implemented. A key question will be how broadly the suspension of enrichment and processing activities is defined. If, for example, it is defined as covering only enrichment operations, it will not be very meaningful. But if it also covers such enrichment-related activities as the construction of enrichment plants, the manufacture of centrifuge machines, the processing of enrichment feedstock, then the suspension could put a very significant break on Iran's fissile material production plans.

Importantly the declaration reached last week in Tehran does not excuse Iran from meeting the requirements of the resolution passed by the IAEA board last month. If Iran does not meet those requirements, it will face very strong pressures at the November board meeting for a finding of noncompliance and for sending the matter to the U.N. Security Council.

There may be some interest in finding Iran in noncompliance and sending the matter to New York even if Iran does show good faith in meeting the IAEA's demands and the requirements of last week's declaration. The rationale for doing that would be that Iran has committed past safeguards violations and that the IAEA statute requires that any such violations be sent to the Security Council.

But if Iran actively cooperates, it would be a mistake in my view to make a finding of noncompliance in November. Sending the matter to New York would undermine support for further cooperation in Tehran where the decision to suspend enrichment and sign the additional protocol has come under very strong criticism from hardliners. If Iran genuinely cooperates with the new agreement, its past violations can and should be reported to the Security Council but at a later date. There is precedent for that, and I could explain later.

Mr. Chairman, at best, last week's agreement in Tehran is only a temporary arrangement. Before long, it would have to be replaced by a more durable solution to the problem. Under such a solution, Iran should be required permanently to foreswear nuclear fuel cycle capabilities, especially enrichment and reprocessing. Existing facilities and facilities under construction would have to be dismantled. In exchange, Iran would receive a multilateral guarantee that as long as it complies with its various nonproliferation commitments, it would be able to purchase fuel cycle services, including

the supply of fresh reactor fuel, and the take-back and storage of spent fuel for any power reactors that it decided to build. The U.S., Europeans, and Russians might join together in offering such a guarantee. The combination of a ban on fuel cycle activities and the additional protocol would provide confidence that Iran was not engaged in clandestine fissile material production.

While some would prefer that Iran not even be allowed to possess nuclear power reactors, a ban on power reactors in my view is neither achievable nor necessary. The risks associated with large safeguarded nuclear power reactors are manageable. This is a controversial point and we can explore this later.

The multilateral fuel services guarantee would address the Iranian concern that they would be vulnerable to fuel supply cutoffs, but it would not address their main reason for pursuing nuclear weapons, and that is their national security. The ouster of Saddam Hussein has eliminated one major threat to Iran, but now Iran's principal security preoccupation is the United States and the fear that the Bush administration may be intending to undermine the regime. As long as this perception exists, it will be very hard to get Iran to give up its nuclear weapons capability altogether.

Ending the longstanding estrangement between the U.S. and Iran may, therefore, be a necessary condition for getting Iran to move beyond the interim arrangements that are now taking shape and to accept a permanent solution to the nuclear problem. For this and other reasons, the U.S. and Iran should begin a step-by-step engagement process in which the two countries can raise a range of issues of concern to them and explore whether a modus vivendi between them is really possible. Such an engagement process would provide the most promising context for ending Iran's nuclear weapons program.

Mr. Chairman, we do not know whether last week's agreement was an indication that Iran may now be prepared to abandon its nuclear ambitions or whether it was simply a tactical maneuver aimed at dividing us from the Europeans and dodging U.N. sanctions, or perhaps a deeply divided Iran is simply keeping its options open. It would be naive for us to act on the assumption that Iran has already decided to throw in the towel on its nuclear weapons program, but it would also be a mistake to assume that an Iranian nuclear weapons capability is inevitable.

In the period ahead, we must do everything possible, working with the Europeans, the Russians, and the IAEA, to bring Iranian leaders to the conclusion that continuing their efforts to acquire nuclear weapons is too risky, too subject to detection, too damaging to Iran's reputation and broader national interests. Continued pressure will be essential, but pressure is not going to be enough. A crucial incentive for Iran is likely to be the prospect of a new and more promising relationship with the United States. Indeed, U.S. willingness to explore such a relationship with Iran may be the key to resolving the nuclear issue.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Einhorn follows:]

PREPARED STATEMENT OF HON. ROBERT J. EINHORN, SENIOR ADVISER, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

THE IRAN NUCLEAR ISSUE

Mr. Chairman, Members of the Committee, thank you for giving me the opportunity to speak with you this morning about the challenge of heading off an Iranian nuclear weapons capability.

This hearing comes at a critical time in Iran's decades-old quest to acquire nuclear weapons. Just last Tuesday, on October 21st, Iran and the foreign ministers of France, Germany, and the U.K. issued a declaration in which Iran accepted some of the key demands of the international community with respect to its nuclear program. That declaration was, in the words of President Bush, a "very positive development." But it was only a first step and hardly an indication that Iran has abandoned its hopes of having nuclear weapons. Achieving a durable and verifiable termination of Tehran's nuclear weapons program will require sustained, unified efforts by the United States, the Europeans, the Russians, and many other interested parties in the months and years to come.

Iran has pursued its nuclear weapons objective in the guise of an ambitious civilian nuclear power program that, despite abundant Iranian oil and natural gas reserves, Iran claims is necessary to augment and diversify its sources of energy. Its nuclear plans call not just for the construction of a significant number of power reactors (including the Russian-supplied reactor at Bushehr), but also for the acquisition of a full range of facilities capable of processing uranium and producing fuel for those reactors. But it is precisely those sensitive, dual-use "fuel-cycle" facilities—mainly enrichment and reprocessing plants—that would enable Iran to obtain the fissile material needed to build nuclear weapons. In the last few years, Iran has made substantial progress on those fuel-cycle capabilities, especially in building a large uranium enrichment plant at Natanz. Some experts believe Iran is now only one to two years from having the capability to enrich uranium to weapons-grade.

Iran's plans exposed

Iran had hoped to have its cake and eat it too—the reputation of a law-abiding member of the international community and an active, clandestine nuclear weapons program. But a little over a year ago its plans began to unravel. An Iranian opposition group publicly disclosed information about two fuel-cycle facilities that Iran had previously tried to keep secret, including the Natanz enrichment plant. When the International Atomic Energy Agency (IAEA) investigated these and other leads, it discovered that "Iran had failed to meet its obligations under its Safeguards Agreement with respect to the reporting of nuclear material imported into Iran and the subsequent processing and use of the material." In the course of several site visits, it found a considerable amount of incriminating evidence, including particles of highly-enriched uranium (HEU) in environmental samples taken at Natanz and elsewhere. The Iranians claimed that their enrichment equipment had been contaminated with HEU before Iran imported it from foreign brokers. But this explanation only generated more suspicion because it contradicted an earlier claim by Iran that its enrichment program did not rely on imports—one of several glaring inconsistencies in Tehran's responses to IAEA inquiries. Throughout the IAEA's investigation, Iran alternated between stonewalling and belated, grudging cooperation.

By the time of the IAEA Board meeting last month, Iran found itself largely isolated. The Europeans, who had previously showed much less concern than the U.S. about Iran's nuclear intentions, had become alarmed and ready to take strong measures, including making a pending European Union trade and cooperation agreement with Iran contingent on resolving the nuclear issue. Even the Russians, who had gone ahead with the Bushehr reactor project in the face of a decade of U.S. protests, had grown wary about proceeding to complete and fuel the reactor while serious questions remained about Tehran's nuclear plans. Prompted by a vigorous U.S. diplomatic campaign, the September Board adopted a strong resolution calling on Iran to cooperate fully with the IAEA in resolving outstanding issues, to adhere unconditionally to the Additional Protocol (requiring Iran to provide more extensive information and to accept more intrusive inspections), and to suspend all further uranium enrichment-related activities and any reprocessing activities. Moreover, it set the end of October as a deadline for Iran to meet these requirements.

The September IAEA resolution produced a strong public reaction in Tehran, with leaders across the political spectrum denouncing foreign attempts to pressure Iran. But the confrontation with the IAEA's members also exposed sharp differences within Iran on the nuclear issue, with moderate voices supporting cooperation with the

international community and conservatives advocating resistance, even withdrawal from the NPT.

The European initiative

It was in these circumstances, and with less than two weeks remaining before the deadline, that the French, U.K., and German foreign ministers visited Iran and produced the October 21st declaration. In that declaration, Iran pledges "through full transparency" to meet all of the IAEA's demands and "correct any possible failures and deficiencies." It agrees to sign and ratify the Additional Protocol and, significantly, to act in accordance with the Protocol pending its ratification. And most positively (and unexpectedly), Iran commits "voluntarily to suspend all uranium enrichment and processing activities as defined by the IAEA." For their part, the European ministers express the view that, once international concerns about the nuclear issue are fully resolved, "Iran could expect easier access to modern technology and supplies in a range of areas."

The three European countries deserve a great deal of credit for their timely and skillful diplomacy. But their initiative would not have been possible without the strong pressures placed on Iran by the United States, other members of the IAEA Board, and the IAEA itself. Those pressures confronted Tehran with a stark choice—it could cooperate and meet IAEA requirements or it could defy the IAEA resolution, be found in non-compliance with its NPT obligations, see the nuclear issue sent to the United Nations Security Council, and eventually become the target of Security Council sanctions. Unlike North Korea, Iran minds being branded an international outlaw. It recognizes that its plans for a better future depend on reintegration into the world community—and that becoming an international pariah would not be consistent with those plans. The prospect of being hauled before the U.N. Security Council, therefore, was presumably an important factor motivating Iran to accept last week's declaration.

A first step, but not a solution

While the declaration has been acknowledged almost universally as a valuable step, it clearly does not resolve the Iranian nuclear issue. In the first place, the meaning of some of its crucial elements—especially the suspension of "all uranium enrichment and processing activities as defined by the IAEA"—is not yet clear. If the IAEA were to define the suspension as covering only enrichment experiments and operations (permitting, for example, continued construction of the Natanz plant), its value would be minimal. Instead, the IAEA should look to the September Board resolution's appeal that Iran suspend all "enrichment-related activities" and "any reprocessing activities," which presumably would cover not just the actual enrichment of uranium but also further construction at Natanz or any other enrichment facilities, manufacture of additional centrifuges and related equipment, processing of uranium to make feedstock for enrichment, and a range of other fuel-cycle activities.

The duration of the suspension is also unclear. Hassan Rohani, secretary of the Iranian Supreme National Security Council, said that "it could last for one day or one year; it depends on us." In light of strong opposition to the suspension by some in Iran (presumably because they recognize that once a moratorium begins, it may be politically difficult to end), it is understandable why Rohani chose to reassure Iranian audiences in this way. However, to have any value, the suspension must be more durable, along the lines anticipated by the September Board—at a minimum, it should last until the Protocol has been fully implemented and concerns about Iran's program have been resolved.

However the elements of the October 21st declaration are defined, the value of the declaration will depend on how conscientiously it is implemented. The text makes plain (and the European authors have emphasized) that the declaration is no substitute for Iran meeting the demands of the September Board resolution, including the requirement to turn over to the IAEA all information needed to resolve outstanding questions about its nuclear program. Apparently, Iran turned over substantial documentation to the Agency late last week, but that information will take some time to evaluate and will become the subject of a report by the Director General to the Board before its November meeting.

A finding of non-compliance at the November Board?

The Iranians may assume that last week's agreement means that there will be no finding of non-compliance at the November Board and no referral to the U.N. Security Council. But the European authors have asserted clearly that the declaration does not excuse Iran from meeting the requirements laid down by the September Board. So the decision the Board takes at its November meeting will depend on Iran's behavior between now and then.

If Tehran doesn't show the necessary cooperation and transparency or drags its feet on the suspension or Protocol, it could well face strong pressures for a tough finding and for sending the matter to New York. However, if it clearly demonstrates good faith in meeting the demands of the September resolution and the terms of the declaration, the Board would probably decide to hold off on making a definitive finding or referring the issue to the Security Council. It would neither be found in non-compliance nor given a clean bill of health. It would, in effect, be put on probation and would be called upon to take a variety of concrete steps to resolve the issue fully. The IAEA would remain actively engaged, including in monitoring the suspension and in implementing the Protocol, which Iran has agreed to abide by provisionally pending its ratification. At the following Board meeting, progress would be evaluated and further decisions taken.

It might be argued that, regardless of Iran's behavior going forward, its past violations warrant a November finding of non-compliance and referral to the Council. According to this view, reporting of violations is a statutory responsibility of the IAEA, and failure to fulfill that responsibility would reduce Tehran's incentives to end its nuclear program (because it would conclude that the threat of punishment was hollow). But a stronger case can be made that, if Iran begins fully and actively to cooperate, the better course would be to hold off, for the time being, on a compliance finding.

- There is little time between now and the November Board to assess and further investigate the claims contained in the documentation Iran has recently submitted. There is also not enough time to evaluate properly Iran's readiness to follow through on its commitments regarding suspension and the Additional Protocol.
- Given the emotionally charged atmosphere surrounding the nuclear issue today in Tehran—where foreign pressures to stop the nuclear weapons program are portrayed as attempts to humiliate Iran, undermine its sovereignty, and deny it its lawful right to acquire advanced technologies—there is a risk that a finding of non-compliance and referral to the Security Council, especially following concrete steps by Iran to meet IAEA demands, could fatally undercut the case in Tehran for cooperation with the IAEA. Supporters of Iran's weapons program would argue that a decision to bring the matter to the Security Council, especially after Iran had made significant concessions on suspension and the Protocol, proved that the U.S. would not stop at the nuclear issue, but would continue until it had undermined the Iranian regime.
- If the November Board decides to defer making a report to the Security Council, it still can—indeed, under Article XII.C of the IAEA Statute, must—report to the Council at a later date on Iran's past safeguards violations and any additional non-compliance. But the content of the eventual report would depend on Iran's behavior in the period ahead. If Iran truly "comes clean," suspends enrichment and other processing activities, adheres faithfully to the Protocol, and otherwise scrupulously abides by its nonproliferation obligations, the report can follow "the Romanian model," under which the IAEA Board in 1992 reported to the U.N. Security Council and General Assembly on certain past Romanian safeguards violations and noted that corrective steps had been taken by Romania. Given the absence of continuing concerns about Romania's activities, no action was taken by the Council. If Iran decides to cooperate and comply, such a precedent would be available.
- But if Iran does not cooperate and comply—if it is discovered in the future to be pursuing activities inconsistent with its nonproliferation obligations—it can at any time be found in non-compliance and brought before the Security Council, whether or not the IAEA Board decides to hold off on making a compliance finding at its meeting next month. To the extent that Iran is motivated by a concern about the nuclear issue going to the Security Council, this would remain a continuing disincentive.

Has Iran abandoned it nuclear ambitions?

A key question is whether agreement between Iran and the Europeans last week signifies that Iran has made a fundamental decision not to have nuclear weapons—or whether it has simply made a tactical move, hoping to divide the U.S. from the Europeans and dodge U.N. sanctions while continuing, albeit more carefully and surreptitiously, to pursue the goal of becoming a nuclear weapons power. Or perhaps there is a third possibility: that an Iran deeply divided on nuclear and other issues is keeping its options open and will proceed in the future on the basis of an evolving calculation of benefits and risks, with its domestic struggle playing a major role in the outcome.

We cannot at this stage know which of these explanations is most accurate. It would be naive, given the tremendous commitment Tehran has made to its nuclear program over the years, to act on the assumption that last week's declaration marked the end of Iran's pursuit of nuclear weapons. But it would also be a mistake to assume that an Iranian nuclear weapons capability is inevitable and that there is nothing we can do to influence Tehran's choices. Instead, we should do everything we can to bring Iran's leaders, over time, to the conclusion that continuing their efforts to acquire nuclear weapons will be too risky, too subject to detection, and too damaging to Iran's reputation and broader interests—in short, a losing proposition.

Bringing Iran to that realization may take considerable time. It will certainly require the international community to speak with one voice in sending the message to Tehran that it has much to lose by continuing down the path toward nuclear weapons and much to gain by reversing course. It will be essential for the Europeans not to declare victory on the basis of the October 21st declaration and return to business as usual. Their recent firmness was indispensable to achieving last week's result and must be maintained. It will be crucial for the U.S. and the Europeans to develop a common approach toward the November IAEA Board meeting and beyond. The Russians too will be critical. Rather than taking last week's agreement as a green light to accelerate the completion of Bushehr and the delivery of fuel for the reactor, they should maintain the deliberate approach they have adopted in recent months and await an indication of whether Iran is proceeding responsibly and expeditiously to meet the requirements of both the declaration and the IAEA Board. The IAEA must continue its investigations with the same thoroughness and professionalism it has exhibited over the last year, while adding to its responsibilities the tasks of defining and monitoring the suspension of enrichment and processing activities and working with Iran to implement the Additional Protocol.

A more durable solution to the nuclear issue

Together, the September IAEA Board resolution and the October 21st Iranian-European declaration prescribe a useful intermediate step toward resolving the Iran nuclear issue. But some of the elements of this temporary solution will raise questions over time and cannot provide confidence in the long run. For example, the U.S. and others will not be comfortable with simply suspending Iranian fuel cycle activities and will worry that Iran could re-activate its nuclear weapons program by unfreezing those activities at some future date. For its part, Iran will not be content for long with the vague promise in the October 21st declaration that, if international concerns about the nuclear issue are fully resolved, "Iran could expect easier access to modern technology and supplies in a range of areas." It will want greater assurance that its plans for a nuclear power program are sustainable.

Before long, therefore, it will be important to replace the interim arrangement with a more permanent and stable solution. Such a solution might include the following key elements:

- In addition to faithfully implementing the Additional Protocol and complying with its other nonproliferation commitments, Iran would permanently forswear nuclear fuel cycle capabilities, including enrichment, reprocessing, uranium conversion, and fuel fabrication. It would agree to dismantle existing fuel-cycle facilities as well as any under construction.
- The U.S., Europeans, Russians, and perhaps others would provide a binding multilateral guarantee that, as long as Iran met its nuclear nonproliferation commitments, it would be able on a commercial basis to receive fuel-cycle services (including fresh reactor fuel supply and spent fuel take-back and storage) for any nuclear power reactors that it builds.

This approach would meet essential U.S. requirements. The combination of the Additional Protocol and the prohibition of any fuel cycle capabilities should provide sufficient confidence that Iran was not pursuing a clandestine fissile material production program, especially since any detected foreign procurement efforts associated with fuel cycle capabilities would be a tip-off of noncompliance. Moreover, while the U.S. would prefer that Iran not build any nuclear power reactors, the risks associated with such reactors—especially in the absence of fuel-cycle capabilities in Iran—are manageable. In this connection, there is broad agreement that the likelihood of undetected, clandestine diversion of plutonium from the spent fuel discharged by such large, safeguarded power reactors would be minimal. Opinion is somewhat more divided about the risk that Iran might in the future withdraw from the NPT, kick out IAEA inspectors, and reprocess the plutonium from the power reactor's spent fuel for weapons. While this scenario is theoretically possible, it assumes: (a) that Iran will have available a fairly large, illegal reprocessing plant that has escaped detection by the Additional Protocol, (b) that Iran would be willing to

sacrifice its power reactors as generators of electricity (because once Iran left the NPT and used its reactors to produce plutonium for weapons, it would no longer receive foreign fuel), and (c) that Iran would be prepared to accept the international opprobrium and the resulting penalties that this brazen approach to achieving a nuclear weapons capability would entail. Most experts believe the chances of Iran pursuing this scenario are very limited.

The solution outlined above would enable the Iranian government to claim that it had not given up its right to benefit from the peaceful uses of nuclear energy, an issue that has taken on great symbolic and political importance in the domestic debate. At the same time, Iranian leaders could say that they had reached the conclusion (as many other advanced nuclear energy countries had done) that the most cost-effective way to enjoy the benefits of nuclear power is to rely on foreign-supplied fuel-cycle services and that the main reason Iran had been interested in producing its own fuel (i.e., concern about the reliability of foreign supply) had been taken care of by the multilateral assurance on fuel-cycle services.

Creating a more promising context for resolving the nuclear issue

While the solution described here may give the Iranians confidence that their nuclear power program would not be vulnerable to capricious supply cutoffs, it may not be sufficient to address the real reasons they have been pursuing their own fissile material/nuclear weapons production capability—primarily, concerns about their national security. Until recently, the main security motivation for Iran's nuclear and other weapons of mass destruction programs was Saddam Hussein's Iraq, the arch rival with which Iran fought a long, bloody war in the 1980s, which was known to have pursued ambitious WMD programs of its own, and which had used chemical weapons against Iranians on a large scale. However, Saddam Hussein is no longer in power and, at least for the foreseeable future, Iraqi WMD programs are no longer a threat. Now Iran's principal security preoccupation is the United States and the fear that the Bush Administration may be intending to coerce and undermine the present Iranian regime. As long as this perception exists, it will probably be difficult to get the Iranians to move beyond the interim arrangements that are now taking form and to accept a more durable and reliable solution to the nuclear problem.

Ending the longstanding estrangement between the U.S. and Iran and beginning to rebuild bilateral ties could therefore help create conditions in which such a lasting solution could be found. But movement toward an improved relationship will be difficult, especially given the many grievances that have accumulated on both sides, the continuing high levels of mutual suspicions and mistrust, and the domestic political risks in each country associated with dealing with the other.

In these circumstances, consideration might be given to a relatively informal, step-by-step engagement process between the United States and Iran in which the two countries would raise issues of concern to them and explore whether a modus vivendi between them would be possible. In addition to the nuclear issue and other WMD-related concerns, the U.S. would presumably wish to raise such matters as the disposition of al-Qaeda operatives under detention in Iran, the question of Iranian activities and objectives in Iraq, and the support by Iran for Middle East terrorist organizations. Iran would have its own agenda, including alleged U.S. support for Iranian opposition groups, Iran's legitimate interests in a post-Saddam Iraq, the relaxation of U.S.-led economic restrictions against Iran, and concerns about Bush Administration intentions toward the Iranian regime.

The objective of this engagement would not be a "grand bargain," a written agreement covering a wide range of issues. Rather, it might be a series of coordinated, parallel steps that would be discussed and tacitly agreed by the two sides. An entire "road map" need not be developed and agreed at one time. Instead, individual steps could be agreed, carried out, and monitored before moving to additional steps. Proceeding incrementally in this way would be designed to give each side an opportunity to evaluate whether the other was both willing and able to deliver on its commitments.

The goal of this step-by-step process would be the eventual normalization of U.S.-Iranian relations. Neither side would be forced to take normalization steps before it was ready. But the agreed premise of the process would be that, if the key concerns of the two sides were satisfactorily dealt with, the end point would be normalization.

At any point during this step-by-step process when the two sides were ready, they could seek to convert an interim arrangement on the nuclear issue (e.g., including the temporary suspension of uranium enrichment and processing activities) to a permanent solution along the lines outlined above. Because such a solution would be a multilateral arrangement, they would bring in other parties, including the IAEA.

Conclusion

The October 21st declaration—the product of a skillful European initiative and a U.S.-led multilateral diplomatic campaign—is potentially a very important milestone in the effort to dissuade Iran from obtaining a nuclear weapons capability. Building on that declaration and bringing Iran to the conclusion that its interests are best served by giving up the nuclear weapons option will require persistent, unified efforts by the international community, especially the U.S., the Europeans, the Russians, and the IAEA. But while disincentives will play a critical role—demonstrating that continuing on the path toward nuclear weapons would be a risky and ultimately losing proposition—Iran will also have to see positive reasons for abandoning a course that it has pursued with so much determination over so many years. A large part of that positive incentive will be the opportunity to be re-integrated, economically and politically, with the broader world community. But a crucial ingredient is likely to be the prospect of a new and more promising relationship with the United States. U.S. willingness to explore such relationship with Iran could well be the key to arriving at a durable and reliable solution to the nuclear issue.

The CHAIRMAN. Well, thank you very much, Dr. Einhorn. Let me suggest that we have questioning and maybe 5 minutes each for each Senator. I will defer to other Senators if they appear or reappear.

Let me just start the questioning by saying that I agree with you, Dr. Cordesman, that the super inspector idea that I suggested may or may not be possible. The basic question you have asked with regard to our intelligence in terms of nonproliferation questions is a very serious one here in the Iranian case. We are having public discussion about intelligence in Iraq and even in North Korea or elsewhere. Ultimately this may be a question that can never be resolved.

On the other hand, I am curious as to whether there are any parallels between the North Korean and the Iranian situation. I do not want to stretch that possibility. The North Koreans apparently have declared that not only are they working on nuclear weapons, but that they may actually have already produced one or two. The world questions whether they do or do not have these. Once again, a very grave intelligence problem has come on an issue that is that difficult. In Iran no one is making a claim that they have produced anything to date. The claims on our part are that they have an intent to do that, and we have been tracing from the Shah onward some type of national enterprise in that regard.

Should our objective as a nation now be to work with as many other nations as we can? In the case of North Korea, five others have been identified. Perhaps a good many could be identified with regard to Iran so that we might have what might be an nonaggression pact or a nonaggression piece of paper in which we simply assure North Korea and assure Iran we do not intend to overthrow their regimes, and we do not intend to attack them if in fact they stop their nuclear programs. At least that is apparently the intent in North Korea. They may or may not be prepared to do that. To take Dr. Cordesman's point with regard to Iran, it may be equally valid in North Korea. How will we know in some cases? What are the inspector regimes that finally ferret out whether somebody is keeping their word? So maybe that policy works, maybe it doesn't. But for the moment, we seem to be headed on that course in North Korea.

I am just curious with regard to Iran. Perhaps you would employ softer language here rather than having a six-member group sort

of hovering around Iran. The suggestion is really dialog of various sorts, informal, but constant on many levels. A thought that somehow or other that relationship might work, if not to a friendship, at least to a much greater mutual respect and maybe mutual involvement.

Does anyone want to have a comment about overall policy? Well, first of all, Mr. Luers, then Dr. Cordesman.

Mr. LUERS. Two things on that, Mr. Chairman. First, in our discussions with the Iranians on that subject, we hear from some of them that a connection of a sort of nonaggression agreement a la Korea with Iran would not be appropriate because the Iranians maintain officially they have no intention of getting nuclear weapons. Therefore, if we linked in any public or direct way such a nonaggression pact, it would suggest that the Iranian nuclear capacity is only for the purpose of national security.

The second point I would make is that as a result of the recent agreement that was reached with the West Europeans on nuclear issues, there will not only be the IAEA process which will be undertaken right away, but there will be meetings between the three Western European Governments and Iran on an overall look at this nuclear question. My understanding is the Iranians would agree to have the United States participate in those meetings.

In that context, there could be a discussion of a nuclear-free zone in the Middle East, which has been discussed quite a bit I am sure. Mr. Cordesman knows much more about that than I do. Such discussions would provide the context in which non-aggression or regional security might come up. But the Iranians at this stage refuse, unlike the Koreans, to say they have any intention of having nuclear weapons.

The CHAIRMAN. Dr. Cordesman.

Dr. CORDESMAN. I think that, Senator, you raise one of the most critical issues in nonproliferation, that compellance by itself will never succeed. You have to remove or ease the motive to proliferate.

Bob Einhorn raised the critical issue, that if you can control the fuel cycle, you greatly limit the ability of a country to proliferate. Even today folded centrifuge systems are going to be relatively large and visible. While laser isotope separation presents a different problem, it is far from clear that countries can actually develop that technology in the near term.

I think that you can have success if you can couple changes in their motive to proliferate with controls on the most overt acts—the fuel cycle, the testing of a nuclear weapon, and the deployment of vehicles designed to carry weapons of mass destruction, like long-range missiles, particularly systems which make no military sense unless they have weapons of mass destruction, than you can address the most visible signs.

But we need to be honest, and perhaps this is an area where the committee might wish to seek a classified response. With today's technology, it is becoming easier and easier to develop relatively sophisticated nuclear weapons designs without overt testing. Basic research for laser isotope separation is in my opinion undetectable, and moving it forward to the possibility of industrial scale development would probably also be undetectable. Advances in centrifuge

design could be dispersed and concealed and brought to the point of a breakout capability in ways I do not believe we can detect. As long as these realities exist, you cannot really talk about preventing proliferation. What you can talk about is altering the path in intensity of proliferation, and that is a different thing.

The CHAIRMAN. I thank you. I am going to defer.

Senator BIDEN. Take whatever time you want.

The CHAIRMAN. Let me just carry on.

The dilemma here in terms of our foreign policy is what the President has often talked about, that is the intersection of weapons of mass destruction with terrorism. On the one hand, we have discussed with regard to Iran today that there has been state-sponsored terrorism. Now, the suggestion is perhaps if the conduct of Israel and the Palestinians and the Road Map and what have you had worked out, this might now be less intensive and less developed. On the other hand, maybe not. It appears that the terrorism is a part of the current regimes, not the same sort of thing that existed during the Shah's days. The SAVAK and the Secret Service were there, but they were not overt terrorism. So this poses quite a dilemma.

As you point out, Dr. Cordesman, if some program moving almost to the point of breakout is undetectable ultimately—and the terrorism is still there, we are on the horns of a dilemma perpetually. The answer to that—I think you or someone suggested—is that we better keep a lot of military forces in the area because they might have to come into action. Now, that then leaves the Iranians to feel that in fact we are after them and we want to overturn their regime.

How can we finally sort out some sort of a situation here in which there is even a minimum of mutual trust? Of course, as Dr. Hadian has said, after all, the self-respect of Iranians is that, by golly, if they want to have nuclear weapons, nuclear power, all the rest of it, that is their given right. Well, at least the power part of it is understandable, even if Iran has all sorts of other resources. And who are we to determine you should not be doing that sort of thing?

I am just trying to come to grips in my own mind's eye with how we divine some degree of American security out of all of this without at the same time having everybody out of sorts perpetually, with no possibility of moving on except in these informal contacts in which we sort of keep in touch sort of looking for better days.

Dr. CORDESMAN. Senator, could I just make two quick points? First, my own dialog or discussions with Iranians do not indicate that the presence we have in the gulf, assuming we are out of Iraq, is by itself something that they cannot live with. I think it is something they would like to get rid of, but they can accept it and they expect it to continue. The problem lies in U.S. rhetoric which talks about regime change and preemption, which is not backed by dialog, compromise, or efforts to move forward. That we can change.

But the second thing that bothers me is that because a nation supports groups we do not like, it somehow is going to be a high risk in terms of the transfer of weapons of mass destruction.

I think the problem is different and more serious in many ways. Terrorist groups already know how to make crude chemical weapons. Fourth generation technology will ease the burden with time.

The proliferation of biotechnology, the components for biological weapons, additional knowledge of genetic engineering is not an urgent or immediate threat, but the anthrax problems we saw in the U.S. show that the advanced technology for building anthrax already exists and no terrorist movement is not going to be able to build crude biological weapons.

It does not need Iran or anyone else. Radiological weapons are probably not very effective, but all you need to do is buy the agent. So the idea that weapons of mass destruction can be kept out of terrorist hands or that it takes a state sponsor to provide these weapons to terrorists is one for which I can see no technological base.

The CHAIRMAN. Dr. Hadian.

Dr. HADIAN. I wish to make a couple of points. First of all, in regard to North Korea and Iran, there are a number of important differences. First of all, as I said, in Iran there are differences of opinion. There are different groups. There is a public opinion which makes it much harder in fact what should be done.

Also, from the outside the decisionmaking process, because of many institutions, many informal networks, many individuals are involved, may seem very chaotic, but in fact usually important decisions are very much consensually made and you can trust those decisions which have been basically made consensually.

But in regard to terrorism and Iran's link with terrorism, I very much agree with Dr. Cordesman also that we have to distinguish between different kinds of terrorism. Just putting Hamas, Hezbollah, Palestinian Islamic Jihad, and al-Qaeda as one category, calling them terrorism and prescribing some policies to containing them I believe is not going to work. Iran's relationship with each one of these organizations is very different. In fact, I can say Iran can play a very important, constructive role in dealing with or in fighting with terrorism.

I would make that terrorism, at least for the sake of our discussion, in two main categories: ideologically oriented terrorism and politically oriented terrorism. Ideologically oriented terrorism, which is much harder fight with, is the al-Qaeda type. They are performing a duty or a task. They are not very much concerned about the consequences of their acts, unlike the politically oriented terrorism, which is like an extension of politics. There is a cost/benefit analysis of the center of that activity. In other words, you can deal much easier with the politically oriented terrorism than dealing with ideologically oriented terrorism.

To me, Iran can be really helpful in dealing with this second kind over the ideological one. In fact, dealing with it or fighting with terrorism, you need an alternative ideology to fight with that. For fighting with Islamic radicalism, you need a reformist Islam to fight with it. You have to deconstruct the main tenets of that ideology. And Iran is very much well equipped because of the experience of radicalism. We are well equipped to fight with that kind of terrorism. In fact, that is an area which is in the common interest of both Iran and the U.S. to explore, and Iran really can support

the U.S. in its fight with ideologically oriented terrorism. But, of course, with the political as well, but I would describe it a little bit later.

The CHAIRMAN. Let me just pass over Mr. Luers for a moment because I want Senator Biden and Senator Nelson to come into this, and then we may get back to Mr. Luers.

Senator Biden.

Senator BIDEN. Well, gentlemen, first of all, thanks for the testimony. There is a thread of agreement that runs through what all of you have said, which is basically that, to use an old term that no longer has much meaning, we have to engage more here.

Let me be the devil's advocate for a minute here. First of all, to the best of my knowledge, none of you have met with any Iranians, nor have I. I have, but none of us has met with any Iranians that make any decisions, that have the power to make any decisions. Is that correct? Have any of you met with anyone, in any of the meetings you have had, who you think has the ability to affect events in Tehran? I am curious. I just want to know whether you have.

Dr. HADIAN. Oh, yes. I mean, for sure. I can say that a number of my colleagues have for sure have been involved with a number of the people who can make a decision.

Dr. CORDESMAN. I think, Senator, if I may say, one of the problems here is that a number of times people are encouraged to have informal dialog with Iranian officials, but they are also encouraged not to discuss it in any way. So we have a——

Senator BIDEN. No, I understand that. But look, I have been doing this for 31 years like you.

Dr. CORDESMAN. I think some senior Iranian officials have talked to Americans outside the United States.

Senator BIDEN. Yes. I have talked with senior Iranian officials outside the United States as well, but the bottom line is those senior Iranian officials are people who can only wield influence in the margins if events begin to move in a direction that they can impact on. I do not want to pursue it. I am not saying this to be critical. I just want to make sure there is a sense of the type of person to whom we are speaking.

The second point I want to make is that, being the devil's advocate again, I view this in terms of priorities with the Iranians. Obviously, a long-term and important priority is our hope, expectation, desire, and resolve not to have Iran as a possessor of nuclear weapons, particularly with a long-range delivery capacity. But no one that I have spoken to indicates that that is a realistic possibility within the very near term, meaning in the next year or several years. I have not found anyone who has told me that. It does not mean that it is not an incredibly important concern.

My concern, in the meantime, is if our relationship with Iran continues to deteriorate, there are an awful lot of things that can happen in the near term which are of incredible consequence to us, starting with Iraq, moving to Afghanistan, impacting upon our relationship indirectly our European allies, with whom we have a very tenuous relationship now at best.

So I am wondering whether we shouldn't be encouraging the Europeans to continue their dialog and agreements with the Iranians relative to the IAEA and inspections, but move more rapidly on try-

ing to figure out whether or not there is a common ground we can find with the Iranians, the U.S.-Iranian dialog, on very specific, immediate, and serious concerns?

We have all been doing this a long time, some of you with greater expertise than me and others on this committee. But the idea that we can eliminate the capacity of Iran to acquire nuclear weapons sometime in the future is extremely doubtful.

And when the tipping point comes, if they decide to move from capacity to the reality of acquiring and producing a nuclear weapon we will be left with a very, very stark decision to make. But it seems to me that our ability to impact that outcome, moving from capacity to reality, depends upon our relationships with the rest of the world at the time. If we have further fractured our relationships with our NATO allies and with the European Community and with the Security Council and with Russia and with China, et cetera, as we seem wont to do, we will have much less leverage in impacting upon that decision, if it is reached, of moving from capacity to possession of nuclear weapons. So I put a high premium in the coming weeks and months in trying to get on the same page with regard to Iran as the Europeans are, as the Russians are, as the Security Council may be.

If you look at the Iranian interests relative to their neighbors, relative to their long-term future and security, they are not at all inconsistent with U.S. interests. Obviously, to have a non-threatening and stable regime in Iraq and in Afghanistan is as much in our interest as it is in Iran's interest. Obviously, having a stable and not teetering and/or radicalized Pakistan is as much in the interest of Iran as it is in the interest of the United States of America, and so on.

So what do we do near term to get beyond the point where we are literally unable or unwilling to discuss very specific things where there is a common interest? Should we be sitting down? Should we have, as I raised about a year ago in a hearing when some of you were here, be talking and should we have talked to in advance and should we be talking now very specifically with the Iranians about our plans in Iraq? Specifically, not generically. Should we be prepared to give assurances relative to our presence in Iraq?

Similarly with regard to our plans and commitments in Afghanistan, should that discussion be taking place? Or does that pollute the possibility of getting other things going?

Is there any one thing that would make any of you suggest that we should not be talking one on one with the Iranian Government; i.e., if they fail to be more accountable on the al-Qaeda or if they continue to support Hezbollah or Islamic Jihad? Are these issues a reason in and of themselves that we should not be talking to them about other things? Or does it need to be this grand sort of negotiation to take place before we discuss anything?

Dr. EINHORN. Senator, I think we should sit down and talk to them. I do not think that we should focus on one particular area of misbehavior that we are concerned with today and use it as the reason why we should not sit down. If we have a kind of dialog, it should not be designed to come up with some mega-deal in the near term. That is going to be too complex——

Senator BIDEN. I agree.

Dr. EINHORN [continuing]. Too politically difficult for either side to do. Imagine entering into negotiations whose objective over the next 6 months was to resolve all of these issues as a package. It just would not happen. But we should begin bilaterally to sit down with the Iranians quite informally and to deal, to talk about the range of common interests. And we have identified a number of them.

Senator BIDEN. Bob, I know that this is not your, quote, "brief," but you have been there. Would this administration be able to politically, in terms of international as well as domestic opinion, initiate a high-level contact with the Iranians to discuss specifically the circumstances on the ground and the future of Iraq? Politically would that be able to be done?

Dr. EINHORN. I am sure politically that would be sustainable. Earlier in the administration, there were discussions. They were in a multilateral context in Bonn over the future of Afghanistan. Cooperation between the U.S. and the Iranian delegations was very good during that period. Now we have a clear common interest in talking about the future of Iraq and our respective interests in Iraq. I cannot imagine that this would not be politically sustainable for this administration.

Mr. LUERS. Let me make a different point. When we have suggested that to the government on that issue——

Senator BIDEN. I am sorry. When you?

Mr. LUERS. When we have suggested to the U.S. Government that we undertake discussions directly with the Iranians on Iraq, the answer from U.S. officials was, "no, because we believe in democracy."

Senator BIDEN. That is heartening.

Mr. LUERS. The point being that by discussing directly with the Iranians, the U.S. Government risks providing legitimacy to a government that is illegitimate.

Senator BIDEN. I guess we are going to stop talking with China then. Right?

Mr. LUERS. Senator you asked the question, "do I think it is possible." I think the only discussion that is possible during this administration is in some multilateral setting in which we are part of a group in which the United States and Iranian representatives go off to the water cooler and talk in this international environment about problems we have in common. That has worked. As Bob said, that has worked in the past, but as far as I know, the discussions have only worked in a multilateral environment. That is what Secretary Armitage said, and it seems to me that is the limit to what this government right now will be able to do.

Senator BIDEN. Able or willing?

Mr. LUERS. Willing. I agree, as you know, with virtually everything you have said on how important it is, to talk with them. You too, Senator, in your outline, said we are going to have a military presence in that part of the world for a long time. I agree with Mr. Cordesman on that. There is no question about it. It is going to look almost like our involvement with NATO in Western Europe. We are going to be the only big force in the region for a very long time. The fact that we do not know anything about Iran, except

through technical means and occasional conversations, is unacceptable.

Mr. Cordesman and a few others of his generation are the last remaining Iranian specialists we have. They were there during the Shah. We need a whole new generation of people who have lived in Iran, who have worked there, who understand the country, and can reflect the reality. And we are not dealing with realities today. We are dealing with reflections.

The CHAIRMAN. I am going to recognize Senator Nelson at this point.

I have to offer parenthetically, as Senator Biden has mentioned his history with Iran, mine is more limited. But I went with Secretary Blumenthal on the last mission to see the Shah, and we did see the Shah. It was a very unpleasant meeting. We saw SAVAK. We saw lots of people in those days and stayed in the embassy which was taken over fairly shortly thereafter. But that is then. This is now. But the need for engagement was true even then, and that was why that extraordinary mission was undertaken.

Senator NELSON. Mr. Chairman, I will be brief. Since I am the cleanup hitter, let me just offer some——

Senator BIDEN. Florida cleanup hitters have done very well, unfortunately, lately.

Senator NELSON. Yes, sir, we have.

I will just offer some observations here.

I have listened very closely to what you have said, and I appreciate what you have imparted to us. I listened very carefully to what the Secretary said. As you heard my comments, I think he is one of the best in business.

But he also very carefully did not answer a number of my questions, and I did not press him purposely because I think there is a divergence of opinion from his office and the White House. It sounds to me—my observations are from what I have heard here today are that the U.S. Government has engaged in exactly the wrong policy with regard to Iran. We call them the axis of evil. We imply that we are going to invade them. We do not engage them. And we do not have any plan for assisting the Europeans, with our own economic assistance program. Now, that is what I have concluded from this.

Does anybody want to—yes, Dr. Cordesman.

Dr. CORDESMAN. Senator, I do not have an idealized picture of Iran. It is a nation where our relations do require pressure and the presence of a big stick. I think that we have to be in a position to keep that up. But I would have to agree with you. I think we have provided recently the wrong kinds of pressure, that we have tended to demonize Iran rather than to try to influence it or to create a dialog. We have made it into a political symbol which has weakened its moderates and strengthened its hard-liners rather than influenced and changed its behavior. A lot of that is a matter of posture and rhetoric rather than things which we could not have avoided.

I do have to say, incidentally, if I may go back, that it is my impression that we had not multilateral but de facto unilateral dialog with Iran on the issue of Afghanistan, that U.S. officials met with Iran on the issue of Iraq, and were instructed to halt those negotia-

tions before the war, and that we have been able to talk about narcotics, and that we have not been unable to discuss some of the issues that Bob raised on a bilateral basis, but that we have reinforced just the problems you mentioned at the cost of constructive dialog and with almost universally negative results.

Senator NELSON. Thank you, Mr. Chairman.

The CHAIRMAN. Are there other comments? Yes.

Dr. HADIAN. There is also one important point which I would like to mention, and that is in regard to the myth of regime change because I believe probably that is the operating assumption of a number of people in the administration that somehow the Iranian regime is on the verge of collapse or we are in a pre-revolutionary state.

To me, as a 25-year observer of the Iranian revolution, the reality cannot be farther away from this myth. In fact, conservatives are in full control. They have a lot of resources at their disposal. They have an ideology which binds them together and makes them committed to their cause. They have leadership. They control all the coercive resources, and they have a lot of political economic resources. In fact, if you look at what happened a few months ago in the summer in the student demonstration, considering the population of Tehran, which is about 10 million, only probably 7,000 to 8,000 people participated, not a large number, considering the level of discontent which exists in Tehran and among the universities. In fact, the regime did not use massive force to contain them. That was relatively easy with the police. No tanks were there. No Revolutionary Guard were in the streets. So they could contain it easily. Thus, conservatives are in full control.

Second, the real organizing impetus, both intellectually and politically, for reform and change is generated from within the ruling elite itself and not from outside of the regime, notwithstanding the presence of others in the struggle for reform.

Third, in fact, the elite, both conservatives and reformers, and the public at large are quite intense if not paranoid about the sense of independence and dignity of the country. So it is very important to take into consideration this sense of independence. In fact, it has begun more than 100 years ago. It will be very crucial that once we are, as Secretary Armitage said, presenting the fact or promoting and provoking this sort of action, many of these TVs and radio stations in Los Angeles are not just displaying information or disseminating information. These are basically provocation for a sort of action. And I doubt any country would allow another country from the other places call the people come and take hostile action against another government. So it is very crucial once we consider how to deal with these TVs and ex-patriots, Iranian, in Los Angeles.

Also, the fourth one, there is a real frustration in Iran and outside Iran about the pace of reform in Iran. The reality is that there have been significant and irreversible changes in Iran. Frustration over unmet and justifiably high expectations should not overshadow the fact. In fact, yes, it is true we wanted much more. We expected much more, and we want much more. There is no doubt about it. But how to get there is very important issue. These facts should not overshadow what we have already achieved in the re-

form movement. It is a painful, long-term process, but that would serve, I believe, Iranian interests best and possibly the others as well.

Senator BIDEN. Can I make one concluding point? I am sorry to trespass on your time so much.

Iran is almost 70 million people. And 70 percent or more are under the age of 30. None of you have, but there are those who talk about a military option. It seems to me there is no doubt that we could militarily, quote, defeat Iran. But what in God's name do we do next in Iran? What is there that would lead anyone to believe that there would be a coalescence of this great democratic middle that would rise up in the military defeat? The President is not suggesting a military defeat, but there are some, if you read the op-ed pages and the like. Is there's any reason to believe that if—it was not us, anyone—somehow there was an overthrow from the outside of the Iranian Government, that there would be a quickly emerging democracy in Iran?

Dr. CORDESMAN. No, Senator. I do not know if all of us would agree with that, but I think the problems we have in Iraq would be an order of magnitude greater were we to attempt a military adventure in Iran. Not only that, if we were to actually do that in yet another country, in the face of no support from within the region or from our allies, the reputation and status of the United States as a world power would be in jeopardy for reasons that go far beyond the military problems in Iran.

Mr. LUERS. Let me make one clarification on the subject of how we have negotiated in the past with Iran. It is still my understanding that even though we had off-line bilateral discussions, it was always in the context of a U.N.-organized, multilateral meeting. As far as I know, to your question, Senator Biden, would this government be willing to state they want direct discussions now with Iran to begin the process of engaging that country, I do not think they would be willing to do that. That is what you asked.

Senator BIDEN. No, I do not think they would be willing. I was asking the question of whether or not it would be wise.

Mr. LUERS. I think it would be wise, and I think it would be wise to do it. I also agree with Mr. Cordesman and others that this is not easy, that you cannot be romantic about Iran. They are going to be a threat in that region for a long time probably no matter what happens internally. But we know nothing about the Iranians and have no contact with them, we have to depend on the types of information that we have, which I think, as Mr. Cordesman also said, is terribly flawed. I think all of us would support a recommendation from you, Senator, Mr. Chairman, that the administration begin the process, however they have to do it, of engaging directly on some of these really critical issues with the Iranian Government.

The CHAIRMAN. Well, we appreciate that counsel and we appreciate the testimony from each one of you. You have been generous with your time and your thoughts have stimulated our thinking.

Having said that, why, the hearing is adjourned.

Senator BIDEN. Thank you, gentlemen.

[Whereupon, at 1:21 p.m., the committee adjourned, to reconvene subject to the call of the Chair.]

RESPONSE TO AN ADDITIONAL QUESTION FOR THE RECORD

RESPONSE OF HON. RICHARD L. ARMITAGE, DEPUTY SECRETARY OF STATE, TO AN ADDITIONAL QUESTION FOR THE RECORD SUBMITTED BY SENATOR JON S. CORZINE

Question. What strategies is the U.S. using to curb Iran's Jerusalem Force and other Iranian factions and units that support terrorism? Does the list of al-Qaeda names that Iran recently gave the U.N. Security Council include the al-Qaeda operatives whom the hard-line factions are suspected of harboring?

Answer. To curb Iranian support for Hizballah, Hamas, Palestinian Islamic Jihad, and other terrorist groups, we employ a number of strategies, including implementing a variety of economic sanctions, pressing other countries and regional blocs to recognize these groups as terrorist entities and to work with us to block the flow of money to them. The EU recently added Hamas to its terrorism list, but has not yet included Hizballah. We continually press the EU, and other states with which Iran seeks enhanced commercial ties, to leverage their influence by conditioning any discussion of expanded trade on cessation of Iranian support for terrorism. We also press countries to deny overflight clearance for suspected resupply flights to these groups. The FBI has issued a warrant for Imad Mugniyeh and other Hizballah terrorists, wanted in connection with crimes committed against American citizens. We are engaged in ongoing diplomatic efforts with Syria to shut down completely the offices of Palestinian terrorist organizations in Damascus, and with both Syria and Lebanon to rein in Hizballah.

Iran claims to have a number of high-level al-Qaeda operatives in detention but has to date refused to turn them over to the U.S. or to their countries of origin. It now says it may try them in Iran for suspected crimes committed on its territory. We and other countries have made clear to Iran that this is not acceptable. Other countries need access to whatever intelligence these people may have. We do not believe the list that Iran submitted to the U.N. Security Council contains the names of those high-level al-Qaeda officials. In fact, Iran has said publicly it would not release those names for reasons of national security.