

**MORE THAN JUST ENRICHMENT:  
IRAN'S STRATEGIC ASPIRATIONS AND  
THE FUTURE OF THE MIDDLE EAST**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON  
THE MIDDLE EAST AND SOUTH ASIA  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED TENTH CONGRESS  
SECOND SESSION

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JUNE 5, 2008  
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# **MORE THAN JUST ENRICHMENT: IRAN'S STRATEGIC ASPIRATIONS AND THE FUTURE OF THE MIDDLE EAST**

**THURSDAY, JUNE 5, 2008**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE MIDDLE EAST  
AND SOUTH ASIA,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:08 a.m., in room 2172, Rayburn House Office Building, Hon. Gary L. Ackerman (chairman of the subcommittee) presiding.

Mr. ACKERMAN. Good morning. The Subcommittee on the Middle East and South Asia will come to order.

In February 1946, at the dawn of the Cold War, George Kennan, an American diplomat whose name has become iconic in American diplomacy, wrote a cable to the Secretary of State about the challenge posed by the Soviet Union:

“Our first step must be to apprehend and recognize for what it is the nature of the movement with which we are dealing. We must study it with the same courage, detachment, objectivity, and the same determination, not to be emotionally provoked or unseated by it, with which a doctor studies an unruly and unreasonable individual.”

The Islamic Republic of Iran is not the Soviet Union. It is not even close. It is, by comparison, a medium-sized state whose national economy is \$25 billion smaller than that of Massachusetts, and its population enjoys a per capita GDP of \$12,300. That is \$200 less per person than in Mexico.

Until the advent of the Bush administration, with its sometimes arrogant, even pugnacious, rejection of history, diplomacy, strategy, and planning, Iran faced a strategic situation most of us can scarcely contemplate.

To the west, it faced Saddam Hussein, a bitter enemy whose war in the 1980s against Iran left several hundreds of thousands of Iranian soldiers and civilians dead. To the east, Iran shared a border with hostile, Taliban-controlled Afghanistan.

America's place in the Middle East was more entrenched than ever before, even though the cost to the United States of maintaining the containment of both Iran and Iraq was quite modest.

Internally, the mullahs controlling Iran were hustling to deal with a restive and increasingly youthful population unhappy with Islamic rule, poor economic performance, and high unemployment.

The government of the Ayatollahs was deeply unpopular, stagnant, thoroughly corrupt, and reform candidates seemed to be ascendant. With a population of about 65 million people, only half of whom are Persian, Iran has always struggled to deal with constant minority tensions.

Israel's withdrawal from southern Lebanon held out hope of defanging Iran's proxy, Hezbollah, and the resumption of conflict between the Israelis and Palestinians was all more shocking because the two sides had recently seemed so close to a settlement.

In short, the picture for Iran, in January 2001, was not especially promising. Today, it could hardly be better.

The United States has not only removed Saddam Hussein and the Taliban; it has mired and exhausted itself in an unnecessary conflict in Iraq that is daily sapping our military capability and narrowing the options available to the next President of the United States.

Iran's own relationships in Iraq and Afghanistan are flourishing, and, for very little cost, its influence in both countries has never been greater. Every day, for several years now, Iranian weapons and military training have been used to kill American soldiers. Predictably, President Bush has labeled these activities, like Iran's continued enrichment of uranium, as "unacceptable," a word so de-based by this administration that I suppose it is translated in Farsi as "unassailable."

As I said in mid-April, the President has been aware of the threat of Iranian nuclear proliferation from Day One of the administration. He has known, and done next to nothing, and now we face the real possibility that, within the next 2 years, Iran will have the means to make an atomic bomb. But even without waiting for the successful culmination of its nuclear-proliferation efforts, Iran's strategic reach has grown far beyond its immediate neighbors, to touch the entire Middle East.

In Lebanon and among the Palestinians, Iran is very successfully instigating trouble and funding militancy. Whether facilitating the deaths of American soldiers; arming Hezbollah, in defiance of Security Council resolutions; financing and funneling arms to Hamas and Palestinian Islamic Jihad, or supporting Shia opposition groups throughout the Middle East, Iran pays no price, absorbs no cost, and bears no consequence.

Iran's tactics are shrewd, effective, and alarming, but they are nothing new. There is a word for these methods, though, we may have to dust off some Cold War cobwebs to put it back in use. The word is "subversion," and in the days of George Kennan, when America had political leaders who knew the difference between talking tough and getting results, who knew how to fight against subversion without bankrupting the nation or destroying our armed forces, quite simply, we made ourselves the ally of every nation and every people fighting to remain free. We built institutions to share the burden and give other nations a stake in the fight and a feeling of equality in the struggle.

We established and promoted norms of behavior through international treaties. We provided allies with economic support significant enough to make a difference and used effective communications to nurture the hopes of people struggling for their freedom.

Where the Soviets tried to apply pressure, we responded with countervailing pressure. Today, where Iran applies pressure, we respond with just counter wailing.

But most of all, America's leaders in the late 1940s understood, as Kennan said, that "[w]e must formulate and put forward to other nations a much more positive and constructive picture of the sort of world we would like to see than we have put forward in the past. It is not enough to urge people to develop political processes similar to our own."

We are in Iraq largely because we, as a nation, did not think. We cannot afford to make the same mistake twice. To face the challenge from Iran, we must start by learning and questioning, what are Iran's strategic aspirations? Who controls Iran's foreign policy? Are there schisms and weaknesses in Iran's political system that we can exploit?

How do Iran's leaders see their country's place in the world, and what does that imply about our ability to affect its foreign policy choices? What is behind the rhetoric, especially the threats to Israel and the repellent Holocaust denials? Who controls the balance between ideology and real politics in Iranian security policy?

The threat from Iran to our vital national security interests is real. It is real, but I am absolutely convinced that it is manageable. When compared to the United States, Iran is merely a pest. Our economy, our resources, our military, our alliances, our hard and soft power all vastly outstrip Iran not by just a little but by orders of magnitude.

But, most of all, what Iran is selling, the rule of clerics, the straitjacket of Islamic law, and an unblemished history of failed governance, violence, and corruption, is an option desired by no people I have ever encountered.

Kennan concluded his historic telegram with these words:

"Finally, we must have the courage and self-confidence to cling to our own methods and conceptions of human societies. The greatest danger that can befall us, in coping with this problem, is that we shall allow ourselves to become like those with whom we are coping."

I will turn now to our ranking member, my partner in this hearing, Congressman Mike Pence.

[The prepared statement of Mr. Ackerman follows:]

PREPARED STATEMENT OF THE HONORABLE GARY L. ACKERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA

In February 1946, at the dawn of the Cold War, George Kennan, an American diplomat whose name has become iconic in American diplomacy, wrote a cable to the Secretary of State about the challenge posed by the Soviet Union: "Our first step must be to apprehend, and recognize for what it is, the nature of the movement with which we are dealing. We must study it with the same courage, detachment, objectivity, and the same determination not to be emotionally provoked or unseated by it, with which a doctor studies an unruly and unreasonable individual."

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Internally, the mullahs controlling Iran were hustling to deal with a restive and increasingly youthful population unhappy with Islamic rule, poor economic performance and high unemployment. The government of the ayatollahs was deeply unpopular, stagnant, thoroughly corrupt, and reform candidates seemed to be ascendant. And with a population of about 65 million people, only half of whom are Persian, Tehran has always struggled to deal with constant minority tensions.

Israel's withdrawal from southern Lebanon held out hope of defanging Iran's proxy Hezbollah, and the resumption of conflict between Israelis and Palestinians was all the more shocking because the two sides had recently seemed so close to a settlement.

In short, the picture for Iran in January 2001 was not especially promising. Today, it could hardly be better. The United States has not only removed Saddam Hussein and the Taliban, it has mired and exhausted itself in an unnecessary conflict in Iraq that is daily sapping our military capability, and narrowing the options available to the next President of the United States. Iran's own relationships in Iraq and Afghanistan are flourishing and, for very little cost, its influence in both countries has never been greater.

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But even without waiting for the successful culmination of its nuclear proliferation efforts, Iran's strategic reach has grown far beyond its immediate neighbors to touch the entire Middle East. In Lebanon, and among the Palestinians, Iran is very successfully instigating trouble and funding militancy. Whether facilitating the deaths of American soldiers, arming Hezbollah in defiance of Security Council resolutions, financing and funneling arms to Hamas and Palestinian Islamic Jihad, or supporting Shia opposition groups throughout the Middle East, Iran pays no price, absorbs no cost, and bears no consequence.

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Mr. PENCE. Thank you, Mr. Chairman. Thank you for calling this hearing, and I want to publicly welcome this distinguished panel that shared with me privately this morning that they take this show on the road on a regular basis. We are very grateful for your leadership, your insights, and look forward to your testimony today.

Mr. Chairman, none of us should pretend that the problems of United States policy toward Iran are even new or easily addressed. As New York Times columnist David Brooks wrote on May 30th:

“The 1979 Iranian Revolution is one of the signature events of modern history, akin to the 1917 Russian Revolution, and the U.S. has never figured out how to deal with it.”

Mr. Chairman, I am, in that vein, particularly glad that this subcommittee and this panel are tackling precisely those issues today: How to deal with Iran.

I want to say, respectfully, if only Iran were a minor irritant, a small regional headache, if only it were just simply a pest in comparison to the United States in the region. In reality, Iran is, arguably, the most malevolent and dangerous country in the world to United States national interests. Our Department of State has named it the “leading state sponsor of terror” for 10 straight years, but its nefarious activities, of course, began much earlier than that.

This fall, we will mark the sad 25th anniversary of the infamous Iranian-backed, Hezbollah bombing of the Marine Corps barracks in Beirut that claimed the lives of 241 United States Marines.

My brother, Greg Pence, was stationed in that barracks and, simply by happenstance of a redeployment a few days earlier, managed to escape the rubble.

It is a very personal event in the life of our family, and it is a pivotal event in the life of our relations with modern Iran.

And the violence continues today. The outgoing NATO Afghanistan commander, General Dan McNeill, who we met with in Kabul just a few short months ago, has made it clear that allied forces have interrupted at least three substantial shipments of arms from Iran into Afghanistan. General David Petraeus has stated that Iran is the source of explosively formed penetrators in Iraq, leading to scores of American troops deaths there.

Whether it is Hezbollah in today’s Lebanon or Hamas in Gaza, where everyone looks for terrorists, the dark hand of Iran is not far behind.

Additionally, Iranian President Mahmoud Ahmadinejad said, just this week, that the “false regime” of Zionists would “disappear,” referring, of course, to Israel. Iran’s supreme leader, Ayatollah Ali

Khamenei, said, on June 3rd, "Israel is a forgery and an imposed country in the region." President Ahmadinejad has threatened Israel so many times that it is hardly viewed as newsworthy, yet the messianism and the self-view of the Iranian regime as a guardian of the unveiling of a future Imam are deadly serious and should not be dismissed by either the world media or the world community. Its threats toward Israel must be taken seriously and must be addressed.

As for the Iranian nuclear program, there are no fewer than four United Nations Security Council resolutions calling on Iran to cease and desist and make transparent its nuclear program, but this body must brace itself for the prospect that sanctions are not likely to get any tougher.

Dr. Takeyh's testimony of Iran's closeness to Russia makes it clear that further sanctions, even if coordinated, as he said, with the so-called "P-5-plus-1," Security Council members plus Germany, are unlikely or, in his words, "far-fetched or fanciful," the question today is, what then?

As former Secretary of State Henry Kissinger stated recently, "Iran must decide if it is a state or a cause." If it is a state, it can be dealt with some day by state-to-state negotiations, all beginning with its renunciation of terrorism. If it is a cause, then it will have to be dealt with as a cause.

In either case, I would offer, respectfully, that unconditional meetings with the leader of Iran at this time are not wise and not in the United States' interests, and it would be my hope that whoever leads this nation as President, beginning in 2009, would refrain from such direct negotiations without conditions.

Such negotiations were aggressively pursued during the course of the 1990s in the Clinton administration with very little effect, and much of the discussion today seems to suggest that direct dialogue with Iran is a new idea, and it is hardly that. It is an old idea that produced no results.

I will say, on the positive side, that I am glad, as of yesterday, that all of the leading Presidential candidates now support the tightening of sanctions on Iran in the precise fashion envisioned by the Ackerman-Pence Resolution, H. Con. Res. 362, which I had the privilege of introducing under your leadership, Mr. Chairman, on May 22nd, urging the President to sanction Iran's central bank and other international banks and energy companies investing in the country, and it is my hope that, under your leadership, in a bipartisan effort, this Congress will urge this and future administrations to lead the world in economically isolating Iran in real and substantial ways.

This is not an easy case. I do not pretend it to be one, and I do not pretend that it would be predisposed to any particular solution, but I do believe that this is the great foreign policy challenge of our time, and I am grateful to have the opportunity to sit at the feet of these experts, and I commend the chairman for bringing together this hearing.

Mr. ACKERMAN. Thank you. Mr. Scott?

Mr. SCOTT. Thank you, Mr. Chairman. I cannot think of a more timely issue to discuss affecting the stability of the world than this meeting this morning on Iran, and I tell you that because I just

returned. Last week at this time, I was in Europe, in Berlin and Turkey and Afghanistan. I am a member of the NATO Parliamentary Assembly, and we had our meetings there. I had an opportunity to discuss with the President of Germany, the Prime Minister of Germany, the chancellor of Germany; the Prime Minister and the President of Turkey, as well as President Karzai, a very important discussion at this time.

Let me just tell you, at the top of the list on every discussion was Iran. The discussions on Iran were of two dimensions. First of all, energy security, of which I think we need to spend just a little bit of time here today talking about, in addition to the nuclear threat that Iran proposes.

The fact of the matter that we were able to get the latest data at this meeting on the Energy Security Committee, on which I serve, that, as of right now, just think of it, between Iran and Russia, they control 48 percent of all of the natural gas reserves in this world. That is astounding.

And when you look at this emerging relationship, somewhat mysterious, growing relationship, between Russia and Iran and China, and you look at the needs of energy in these places, this adds even a greater sense of urgency and a different perspective of urgency as we look at the Iranian situation and the threat that Iran plays to the Middle East and the world at large, and there is a direct connection between these two.

Despite the continued assertions by their government that they are only seeking to build a civilian nuclear program, I think it is fair to say that Iran's actions do not match its words, or, at least, parts of its words.

The other half of the story is Iran's fiery rhetoric about wiping Israel off the face of the Earth, and, my friends, you can take that likely, if you like.

It was very interesting, in my trip, that we spent the first 4 days in Berlin, and we met in a place called the Reichstag, and my mind clearly went back about 65 years, and we had another situation that has some similarities to what we have here, when Nazi Germany was ginning up its program in Europe in a way that is not too dissimilar from what Iran is doing in the Middle East.

I think we should be mindful of history because if we do not learn from it, we are doomed instead.

So the other half of this story is Iran's fiery rhetoric, and it is pretty clear that if Iran's nuclear ambitions were, in fact, only civilian, then here is the question: Why would they shut out the IAEA inspectors and would put more openness about what they are doing?

So, as such, from my information, from all of the discussions with the leaders that we met with during this trip, I have got to conclude that Iran is, indeed, pursuing a nuclear weapon. Why do I say that? Why am I concerned about that? Why am I certain? Because if they are not, they certainly want people to think they are, ala Saddam Hussein with his weapons of mass destruction. And why? For the very same reason: There is a power vacuum in the Middle East, and Iran is running in rapid speed to be the big kid on the block so that their ability is enhanced in their ability to influence events in that region, and that is what we are up against.

It is no secret that the Iranians have long wanted to export their revolution to the rest of the region, and, in many respects, they are doing just that, and we have to be mindful of it. They now see a nuclear program as their greatest tool to accomplish that mission.

That is why, to me, it does not take a rocket scientist to figure all of this out. I think we must not only just have the ability, when we are dealing with Iran, to look straight ahead. We have got to have the ability to be able to look around corners so that we can see what is coming before it gets to us.

They also have another tool that I hope they never learn to exploit, and that is their vast natural gas reserves, and that is why I am coming back to this. That is the lever that they have against the world. Imagine it: Forty-two percent—some estimates are as high as 46 percent—of all of the known natural gas reserves connected between these two countries.

Let me tell you, I raised that point in the discussion, Mr. Chairman, if I might be kind to share this experience with you, during one of our sessions at NATO, and I said this point when Russia was in the session as well, and this what perked me to realize that this is something we need to pay attention to.

I said this at that meeting. I said, “You know, it is certainly significant that we, in Europe and North America, pay very close attention,” as we were discussing terrorist threats on the energy infrastructure and what would NATO nations do if one of us is attacked, or one of our infrastructures is attacked and our countries by terrorists. We have a Section 5, which is a declaration which allows any NATO country, if it is attacked, others come to it.

“What would we do in this case?” And then I said, “It is not only just the terrorist attack that interrupts our gas supply, but what about being held hostage as a result of a situation like in Russia?”

I mentioned the Lithuanian situation. As you know, they use it as a political tool, and it was at that point, Mr. Chairman, that the Russian delegation objected and said, “You are about to declare war.”

So my time is expiring. I just want to try to get a little awareness raised about this energy situation and how it, too, in the hands of Iran and, particularly, Russia and China, poses a threat that is combined with our nuclear threat that even makes our situation with Iran even more significant in terms of its urgency. Thank you, Mr. Chairman.

Mr. ACKERMAN. Mr. Wilson?

Mr. WILSON. Thank you, Chairman Ackerman, for holding this important hearing on Iran. I share the concerns by my colleagues here today. The Iranian regime poses many problems for the Middle East and the world, so it is imperative that we hold a serious and honest debate over how the United States must address Iran’s strategic aspirations.

I think it is obvious that the three most troubling aspects of the Iranian regime’s behavior are their promotion of continued violence in Iraq, their efforts to ignore the concerns of the international community over their possible nuclear proliferation, and their continued call for the destruction of Israel. Iranian President Mahmoud Ahmadinejad’s hostile statements toward the people of

Israel are completely unacceptable and unhelpful in a region already beset by conflict.

I have been to Iraq nine times. I have seen the incredible work of our brave troops and the Iraqi people, what they have done to quell the violence, battle extremist elements, and begin building and infrastructure and political reconciliation. The actions of Iran's Government to train, equip, and facilitate violence against American troops and Iraqi military and civilians are prime examples of the disdain this regime has for the advancement of freedom in the Middle East and around the world.

Their efforts to undermine Iraq's and Afghanistan's success speak volumes about their aspirations. Additionally, Iran's nuclear aspirations could eventually prove most troubling because of the Iranian Government's failure to cooperate with the members of the international community.

The United States, because of our immense military and diplomatic power, has been a strong partner in working with other nations to send a clear message to Iran that the development of nuclear weapons is unacceptable. It remains to be seen whether Iran will positively respond to international pressure.

However, I believe it is invaluable to our strategic well-being that we continue to apply economic pressure, through U.N. sanctions and diplomatic pressure through Iran's neighbors, until this regime comes clean.

Finally, I am proud to support the Ackerman-Pence Bill, H. Con. Res. 362, which addresses some of the issues we are dealing with today.

Again, I want to thank Chairman Ackerman and my fellow committee members for this opportunity, and I look forward to the testimony from our witnesses.

Mr. ACKERMAN. Mr. Bilirakis?

Mr. BILIRAKIS. Thank you, Mr. Chairman. Thanks for holding this hearing. I am going to waive my opening statement, in the interest of time. I am to looking forward to hearing the testimony and asking questions. Thank you.

Mr. ACKERMAN. Thank you.

The subcommittee, today, is very fortunate to have three highly qualified and very expert witnesses, and I strongly encourage both members and staff to give their written testimony more than a perfunctory reading.

Dr. Ray Takeyh is a senior fellow for Middle East studies at the Council on Foreign Relations and a contributing editor to the National Interest, a quarterly journal of international affairs and diplomacy.

Dr. Takeyh was previously professor of national security studies at the National War College and has worked as professor and director of studies at the Near East and South Asia Center, at the National Defense University, as an adjunct scholar at the Center for American Progress, and as a fellow at Yale University at the Washington Institute for Near East Policy, and at the University of California, Berkeley.

Dr. Judith Yaphe is a senior research fellow at the Institute for National Strategic Studies at the National Defense University. Be-

fore joining INSS in 1995, she was a senior political analyst in the Office of Near Eastern and South Asian Analysis at the CIA.

In recognition of her work on Iraq, Dr. Yaphe received the Intelligence Medal of Commendation. In addition to her duties at NDU, Dr. Yaphe is a research professor at the Institute for Middle East Studies and the Elliot School for International Affairs at George Washington University.

Dr. Jonathan Alterman is director and senior fellow of the Middle East program at the Center for Strategic and International Studies. Before coming to CSIS in 2002, Dr. Alterman served at the State Department on the policy-planning staff and as special assistant to the assistant secretary for near eastern affairs.

Dr. Alterman has also worked at the U.S. Institute of Peace, the Washington Institute for Near East Policy, and, for 2 years, for the great New York Senator, Daniel Patrick Moynihan.

Recently, Dr. Alterman has also been professorial lecturer at the George Washington University and Johns Hopkins School of Advanced International Studies.

I have asked each of the three witnesses today to speak on a different aspect of our topic, so we will proceed in a slightly different order than listed in the committee notice. We will start with Dr. Takeyh, whose testimony focuses on Iran's outlook and the sources of Iranian foreign policy.

Then we will hear from Dr. Yaphe, who will describe the interplay between Iran and the Gulf States; and, finally, Dr. Alterman will speak to the relationship between Iran and the Arab states outside the Gulf.

Each of the written statements of the witnesses will be entered in full into the record, and I would ask each of you to summarize your testimony in 5, but no more than 10, minutes apiece. We will begin.

**STATEMENT OF RAY TAKEYH, PH.D., SENIOR FELLOW FOR MIDDLE EASTERN STUDIES, COUNCIL ON FOREIGN RELATIONS**

Mr. TAKEYH. Thank you, Mr. Chairman. I will begin and spend my 5 minutes trying to grapple with some of the issues that we are talking about.

I think it is rather conventional, by this time, to sort of assess Iran's politics—

Mr. ACKERMAN. Could you pull the microphone just a tiny bit closer?

Mr. TAKEYH [continuing]. To assess Iran politics in terms of a contest for power between hard-line clerics and pragmatists, reactionaries, and reformers. I think the perennial jockeying for power between the former President, Hashemi Rafsanjani, and the supreme leader, Ali Khamenei, and the periodic ebbs and flows of the reform movement have fascinated a West seeking leverage in Iranian politics and pushing it in the right direction.

I would suggest, after, I guess, now 20 years in power, Iran's political landscape is transforming itself with a new generation of hard-liners in power. Each generation has their own perceptions and mandates. The elders of the revolution may still have the final

authority; however, they are increasingly reacting to initiatives launched by their more assertive disciples.

The leading figures of the new generation of conservatives are, of course, people such as Iran's President, Mahmoud Ahmadinejad; mayor of Tehran and former Revolutionary Guard Commander Mohammad Ghalibaf; the speaker of the Parliament, Ali Larijani; the deputy parliamentary speaker, Mohammad Reza Bahonar, and so forth.

The New Right is assuming power at a time when the Islamic Republic no longer views its international relations through the prism of strategic or economic vulnerability. Rising oil prices and America's entanglement in Iraq have led the young reactionaries to perceive unique opportunities for their country's ascendance.

Iran views itself today as an indispensable nation in the Middle East, with its own claims of hegemony and dominance. Given their ultra balance of power in the region since 9/11, Iran aspires to become the preeminent power in the Persian Gulf and the pivotal state in the Middle East. This status implies that none of the region's simmering civil wars, whether it is in Iraq, Lebanon, or the Palestinian territories, can be resolved without its participation or agreement.

It is not that Iran is averse to negotiations or discussions, but, increasingly, it would prefer to establish the terms of negotiations. The notion that Iran may meet preconditions or American standards for dialogue is largely viewed by them as an anachronism.

Paradoxically, despite its harsh and unyielding rhetoric, Iran's international relations is sort of a mixture between its power politics pretensions and its ideological determinations. In some ways, Iran has entered its post-ideology phase, despite its self-defeating opposition to the Israeli-Palestinian peace process.

During the 1990s, Iran uneasily arrived at a consensus that the best manner of protecting its interests and projecting its powers was through a less-belligerent international policy. This perspective that initiated under the reformist interlude has survived the theocracy's latest transition, as even the newly empowered hawks have stayed within the parameters of Iran's prevailing policy.

Unlike the 1980s, the Islamic Republic's leadership and, particularly, their typically provocative President, Ahmadinejad, has refrained from denouncing the Gulf monarchies or the Egyptian and Jordanian regimes as illegitimate or going so far as plotting their overthrow. In keeping with the traditional track to self-power politics, Tehran is more concerned about these states' external relations than their internal composition.

Nor has the New Right embarked on exporting this revolutionary vision to the fertile grounds of Iraq. The opposition of senior Iraqi clerics and Shia politicians has convinced Iranian officialdom that its policy next door should be guided more by practical concerns as opposed to grand, ideological postulations.

As such, Tehran's promotion of its Shia allies is intended to prevent a rise of a state dominated by a Sunni elite whose ambitions in the past have led to tense relations with Iran and even the long war in the 1980s. Based upon its experience during that war, Tehran has no illusions that Iraq Shias are willing to subordinate their communal interests to its national aspirations but hopes that

the Shia government would provide it with a more accommodating neighbor.

Some of Iran's policies are not necessarily predicated on violence, but, strangely enough, its priorities and policies in Iraq are being assisted by the unfolding democratic process. Here, we get into an ironic position where the Iranian clerical hard-liners that have done so much and have been so adamant about suppressing democratic movement at home have emerged as forceful advocates of democratic pluralism next door. Indeed, democratic Iraq offers Iran certain political and strategic advantages.

It is constructing a state with strong promises and a weak central government, and weak central governments, historically, do not have strong standing armies. Therefore, Iraq is unlikely to contest Iran's hegemonic aspirations in the Gulf or serve as a barrier to those aspirations.

Such an arrangement will also empower the more congenial Shias, contain the unruly ambitions of the Kurds, and marginalize Iran's Sunni foes. Given Iran's interest in stability of a Shia-dominated government that allies with it, how does one account for credible reports indicating that Iran is transferring men and supplies and military equipment into Iraq?

I think, to be sure, the removal of Saddam; since that date, the Islamic Republic has been busy establishing its influence next door. That includes funding political parties and dispatching arms to Shia militias. In this particular sense, Ambassador Crocker was right when he noted that Iran's policy toward Iraq is derived from its experiences in Lebanon in the early 1980s.

At that time, Iran, of course, mobilized and armed the Shia community in Lebanon and eventually amalgamated the differentiate Shia paramilitary groups into the lethal Hezbollah. The purpose of that was not only that the Shias would be able to contest elections and gain political power according to their demographic realities, but they would be also heavily armed in case of the civil war breaking down even further.

I suspect that a similar policy is at play in Iraq, where Iran is, once again, sending munitions to its Shia allies in order to help them win a protracted civil war while, at the same time, emerging as the leading power players in the political dominant situation of Iraq.

In the end, the best means of dealing with the multiplicity of challenges that Iran offers is through some sort of a diplomatic process. Such a give-and-take diplomacy potentially could provide Iran with sufficient incentives to behave responsibly.

This requires for the United States to acknowledge that Iran has some interests that are legitimate and for Iran to impose restraints on its conduct, particularly its opposition to the Palestinian-Israeli peace process, and funding a variety of terrorist organizations that are not limited to Hezbollah but tend to be beyond that as well. The irresponsible rhetoric of the Iranians will always have to be tempered in any sort of an issue.

But this rhetoric that has emanated at times from both capitals reflects the fact that this is a relationship that has often defied subtle strategic calculation and has played itself out in a rather distinct and visceral emotional plane. Pragmatism has been too



often sacrificed at the altar of psychological indulgence, and common interests have often been obscured by convoluted historical grievances.

To move forward, both parties will have to transcend their inhibitions and look to the future as opposed to their contentious past.

My time is limited, so I will leave it at that and entertain any questions or comments you may have. Thank you.

[The prepared statement of Mr. Takeyh follows:]

PREPARED STATEMENT OF RAY TAKEYH, PH.D., SENIOR FELLOW FOR MIDDLE  
EASTERN STUDIES, COUNCIL ON FOREIGN RELATIONS

A state's international orientation is shaped by a variety of factors and historic interactions. Cultural traits, ideological aspirations, demographic pressures, and religious convictions are all critical in determining how a country views its environment and its place within its neighborhood. Iran is no exception, as its unique national narrative and Islamic pedigree define its approach to the Greater Middle East.

As with most revolutionary states, Iran has journeyed from being a militant actor challenging regional norms to being a more pragmatic state pursuing a policy based on national-interest calculations. However, Iran's journey has been halting, incomplete, and tentative. Through the 1980s, under the stern dictates of Ayatollah Ruhollah Khomeini, Iran thrashed about the Middle East, seeking to undermine established authority in the name of Islamic redemption. Khomeini's successors would wrestle with this legacy, as they sought to integrate the theocracy into the global society. From Ali Akbar Hashemi Rafsanjani to Muhammad Khatami to Mahmoud Ahmadinejad, Iran's presidents would seek the impossible, balancing Khomeini's vision with the mandates of the international community.

The best manner of understanding Iran's regional policy is to envision three circles: the Persian Gulf, the Arab east, and Eurasia. By far, the Persian Gulf would be the most significant, while the Arab east and Central Asian lands would assume lessened importance. The intriguing aspect of Tehran's policy is that while ideology may define its approach toward one of these circles, in the other, careful national-interest determinations would prove its guide. Thus, while in the 1980s the Saudis would decry Iran as a grave fundamentalist threat, Russian diplomats would just as convincingly testify to Tehran's pragmatism and moderation. Such a bewildering array of policies and priorities has often confounded the international community, making Iran's foreign policy difficult to comprehend. Through a more detailed assessment of the evolution of Iran's regional policy, one can better appreciate why the clerical state has made the decisions that it has and where it is likely to go from here.

THE SOURCES OF IRANIAN CONDUCT

More than any other nation, Iran has always perceived itself as the natural hegemon of its neighborhood. Iranians across generations are infused with a unique sense of their history, the splendor of their civilization, and the power of their celebrated empires. The Achaemenid Empire of the sixth century B.C. was, after all, the first global power, reigning imperiously over lands that stretched from Greece to India. Subsequent Persian dynasties of Sassanians and Safavids displayed similar imperial reach, as they intricately managed vast domains. A sense of superiority over one's neighbors, the benighted Arabs and the unsophisticated Turks, would define the core of the Persian cosmology. To be sure, that empire has shrunk over the centuries, and the embrace of Persian culture has faded with the arrival of the more alluring Western mores, but a sense of self-perception and an exaggerated view of Iran have remained largely intact. By dint of its history, and the power of its civilization, Iranians believe that their nation should establish its regional preeminence.

Yet Iran's nationalistic hubris is married to a sense of insecurity derived from persistent invasion by hostile forces. The humiliating conquests by the Mongol hordes and Arabs have left Iran profoundly suspicious of its neighbors' intentions and motives. Few nations have managed to sustain their cultural distinction and even absorb their conquerors as effectively as the Persians. In due course, Persian scholars, scribes and bureaucrats would dominate the courts of Arab empires and define their cultural landscape. Nonetheless, such unrelenting incursions with their prolonged periods of occupation have had a traumatic impact, leading Iranians to simultaneously feel superior to and suspicious of their neighbors.

By far, the one set of imperial conquerors that proved the most formidable challenge to Iran were the Western powers. These states could neither be absorbed as the Arabs were, nor did they necessarily defer to Persians for the management of their realm. In a sense, Iran became another victim of the "Great Game," played by the British and the Russians for the domination of Central Asia, and later the intense Cold War rivalry between America and the Soviet Union. While it is true that Iran was never formally colonized as was India, nor did it undergo a traumatic national liberation struggle as did Algeria, it was still dominated and its sovereignty was still usurped by imperial intrigue. Behind every Shah lay a foreign hand that could empower or humble the Peacock Throne with ease. The Shahs and the parliaments debated and deliberated, but all Iranian politicians had to be mindful of the preferences of the imperial game masters. At times, a degree of autonomy would be secured by manipulating great-power rivalries, but this was a precarious exercise, as accommodation usually proved a better path toward self-preservation. Perhaps the Islamic Republic's stridency and suspicions of the international community can better be understood in the context of Iran's historic subjection and manipulation by outside powers.

However, to ascribe Iran's foreign policy strictly to its sense of nationalism and historical grievances is to ignore the doctrinal foundations of the theocratic regime. Khomeini bequeathed to his successors an ideology which the most salient division was between the oppressors and the oppressed. Such a view stemmed from the Shiite political traditions, as a minority sect struggling under Sunni Arab rulers who were often repressive and harsh. Thus, the notion of tyranny and suffering has a powerful symbolic aspect as well as practical importance. Iran was not merely a nation seeking independence and autonomy within the existing international system. The Islamic revolution was a struggle between good and evil, a battle waged for moral redemption and genuine emancipation from the cultural and political tentacles of the profane and iniquitous West. Khomeini's ideology and Iran's nationalist aspirations proved reinforcing, creating a revolutionary, populist approach to the regional realities.<sup>1</sup>

The Islamic Republic's inflammatory rhetoric and regional aspirations conceal the reality of Iran's strategic loneliness. Iran is, after all, a Persian state surrounded by non-Persian powers, depriving it of the ethnic and communal ties so prevalent in the Arab world. If durable alliances are predicated on a common vision and shared values, then Iran is destined to remain somewhat insulated from the rest of its region. Nor, until the emergence of the Shiite bloc in Iraq, has religion necessarily mitigated Iran's isolation. Historically, the persecuted Shiites have been held at arm's length by the Sunni Arabs, who harbor their own suspicions of their co-religionists. In a standard Persian self-justification, Iran has tried to turn its isolation into an advantage, as notions of self-sufficiency and self-reliance have had an emotive appeal to a beleaguered populace. Nonetheless, as Iran's rulers look over the horizon, they seldom see a placid landscape or ready-made allies.

Iran is a country of contradictions and paradoxes. It is both grandiose in its self-perception yet intensely insecure. It seeks to lead the region while remaining largely suspicious and disdainful of its neighbors. Its rhetoric is infused with revolutionary dogma, yet its actual conduct is practical, if not realistic. A perennial struggle between aspirations and capabilities, hegemony, and pragmatism has characterized Iran's uneasy approach to the Greater Middle East.

#### FIRST CIRCLE: THE PERSIAN GULF

Despite the mullahs' often-declared pan-Islamic pretensions, the Persian Gulf has always been Iran's foremost strategic priority. The critical waterway constitutes Iran's most direct link to the international petroleum market, the life-blood of its economy. Although the eight-year war with Iraq dominated Iran's concerns during the early revolutionary period, it is important to note that Tehran's concerns and aspirations in the Gulf transcend Iraq. The Islamic Republic, as with all its monarchical predecessors, perceived that Iran by the virtue of its size and historical achievements has the right to emerge as the local hegemon. The changing dimensions of Iran's foreign policy are most evident in this area, as revolutionary radicalism has gradually yielded to pragmatic power politics.

Soon after achieving power, Khomeini called on the Gulf states to emulate Iran's revolutionary model and sever relations with the "Great Satan," the United States. The profligate princely class, the hard-pressed Shiite populations, and these states' dependence on America were all affronts to Iran's revolutionaries. The theocratic

<sup>1</sup> Hamid Algar, *Islam and Revolution: Writings and Declarations of Imam Khomeini* (Berkeley: Mizan Press, 1981); Ali Akbar Velayati, *Iran va Mas'eleh-ye Felestin* (Tehran, 1997), 3–10.

state unambiguously declared the monarchial order a source of oppression and tyranny. "Monarchy is one of the most shameful and disgraceful reactionary manifestations," Khomeini declared.<sup>2</sup> An authentic Islamic society could not prevail under the banner of monarchy, as the proper ruling elite were the righteous men of God. Thus, beyond their foreign policy alignments, the character of the Gulf regimes proved a source of objection to Iran's new rulers.<sup>3</sup>

As Iran settled on its course of enmity and radicalism, the Kingdom of Saudi Arabia emerged as the subject of particularly venomous attacks. In a sense, the two states had much in common, as they both predicated their legitimacy on a transnational mission of exporting religion and safeguarding Islam. The natural competition between their contending interpretations of Islam was sufficient to ensure a tense relationship. To this pressure was added Saudi Arabia's close ties to the United States, further fueling Khomeini's already intense antagonism toward the House of Saud. "In this age, which is the age of oppression of the Muslim world at the hands of the U.S. and Russia and their puppets such as Al-Sauds, those traitors to the great divine sanctuary must be forcefully cursed," he said.<sup>4</sup> The Iranian revolutionaries saw the Saudis as not just sustaining America's imperial encroachment of the Middle East, but also employing a reactionary interpretation of Islam to sanction their hold on power.<sup>5</sup>

Tehran's mischievous efforts were not without success; in the early 1980s, demonstrations rocked Kuwait, Saudi Arabia, and Bahrain. In the end, however, Iran's revolutionary message proved attractive only to a narrow segment of the minority Shiite population. Even the sporadic Shiite demonstrations were not designed to emulate Iran's revolution, but were rather an expression of the Shiites' economic and political disenfranchisement. The protesters used the specter of Iranian subversion to press their claims and extract needed concessions from the ruling elite. The prevailing regimes, for their part, seemed to appreciate this reality, and after putting down the demonstrations by force, they opted for economic rewards as a means of restoring quiescence. This strategy essentially ended Iran's attempt to exploit Shiite grievances to launch a new order. Tehran would subsequently rely on violence and terrorism, practices that were bound to alienate the local populace.

A campaign of bombings, targeting embassies, industrial plants, and even oil installations, was soon attributed to Iranian-sponsored opposition groups. The states that were particularly targeted by Iran's new tactics were those with substantial Shiite populations, namely Kuwait, Bahrain, and Saudi Arabia. In many cases, the instrument of Iranian terrorism was the al-Dawa party, which has since become part of the ruling coalition in the post-Saddam Iraq. All this is not to point out the irony of the United States empowering an Iranian-terrorist client, but to suggest that Iran's revolutionary élan faded rapidly, forcing it to rely on terrorist tactics that would succeed in neither overthrowing the incumbent regimes nor enhancing its standing in the international community.<sup>6</sup>

By the time of Khomeini's death in 1989, Iran's revolutionary foreign policy had not achieved any of its objectives. Tehran's attempt to export its revolution had not merely failed, but it had led the Gulf states to solidify against Iran. Leading regional actors such as Saudi Arabia severed diplomatic ties with the Islamic Republic, while the sheikdoms put aside their historic enmities and came together in the Gulf Cooperation Council, an organization largely devoted to containing Iranian influence. Along these lines, the Arab princes and monarchs further solidified their security ties to the United States and generously subsidized Saddam Hussein's military in his war with Iran. The revolution without borders seemed uneasily confined within Iran's borders.

<sup>2</sup> Cited in Ruhollah Ramazani, *Revolutionary Iran: Challenge and Response in the Middle East* (Baltimore: Johns Hopkins Press, 1986), 29.

<sup>3</sup> Christine Marschall, *Iran's Persian Gulf Policy* (London: Curzon, 2003), 62–100; Nader Entessar, "Superpowers and Persian Gulf Security: The Iranian Perspective," *Third World Quarterly* (October 1988); Roy Mottahedeh, "Shiite Political Thought and Destiny of the Iranian Revolution," in Jamal Al-Suwaidi (ed.) *Iran and the Gulf: A Search for Stability* (Abu Dhabi, UAE: The Emirates Center for Strategic Studies and Research, 1996) 70–81.

<sup>4</sup> David Menashri, "Khomeini's Vision: Nationalism or World Order?" and Farhad Kazemi and Jo-Anne Hart, "The Shi'ite Praxis: Democratic Politics and Foreign Policy in Iran," in David Menashri (ed.), *The Iranian Revolution and the Muslim World* (Boulder, 1990); Graham Fuller, *The Center of the Universe: Geopolitics of Iran* (Boulder: Westview Press, 1991), 8–34; Marvin Zonis and Daniel Brumberg, *Khomeini: The Islamic Republic of Iran and the Arab World* (Cambridge: Center for Middle Eastern Studies, Harvard University, 1987), 31–37.

<sup>5</sup> Marschall, "Iran's Persian Gulf Policy," 146–179; John Calabrese, *Revolutionary Horizons: Regional Foreign Policy in Post-Khomeini Iran* (New York, St. Martin's Press, 1994), 45–73.

<sup>6</sup> Ali-Akbar Velayati, "The Persian Gulf: Problems of Security," *The Iranian Journal of International Affairs* (Spring 1991); Muhammad Javad Larjani, "Iran's Foreign Policy: Principles and Objectives," *Iranian Journal of International Affairs* (Winter 1996).

The 1990s will stand as one of the most important periods of transition for the Islamic Republic. The end of the prolonged war with Iraq and Khomeini's death suddenly shifted focus away from external perils to Iran's domestic quandaries. The specter of invading Iraqi armies had ensured a remarkable degree of political conformity and allowed the regime to mobilize the masses behind its exhortations of national resistance. Khomeini's undisputed authority and his hold on the imagination of the public allowed the state to deflect attention from its domestic deficiencies and feel safe from popular recrimination. The basis of regime's legitimacy and authority would now have to change, as the Islamic Republic had to offer a reason for its rule beyond the catastrophic invasion of its territory and the moral claims of its clerical founder.

Along these lines, Iran's new pragmatic rulers, led by Ali Akbar Hashemi Rafsanjani, began discussing a regional security arrangement whereby the stability of the Gulf would be ensured by the local regimes as opposed to external powers. After Saddam's eviction from Kuwait in 1991, and the deflation of his power, the mullahs perceived a unique opportunity to establish their hegemony in the region. Instead of instigating Shiite uprisings and exhorting the masses to emulate Iran's revolutionary model, Tehran now called for greater economic and security cooperation. However, the success of this ambition was predicated on the withdrawal of American forces. This was to be hegemony on the cheap, with Iran's preeminence recognized, the U.S. presence lessened, and a permanent wedge drawn between Iraq and the Arab Gulf states. The only problem with this proposal was that it remained fundamentally unacceptable to the sheikdoms to which Saddam's invasion of Kuwait had conveyed the danger of relying on imperious local regimes for their security.<sup>7</sup>

In essence, Iran's new stratagem conflicted with the Gulf states' survival tactics. The sheikdoms, with their perennial concern about the designs of their more powerful and populous neighbors, viewed Tehran's penchant toward collective security with apprehension. Although relations between Iran and the Gulf states did improve in terms of establishment of formal diplomatic ties and volume of trade, the local princes were not about to sever ties with the United States in order to appease Iran. In line with their long-standing historic practice, they sought the protection of external empires against neighboring states that have often coveted their wealth and resources. In the aftermath of the Gulf war, the level of defense cooperation between the United States and the Gulf regimes significantly increased, with America enforcing the containment of Iraq and the no-fly zones from the military bases in Saudi Arabia and Kuwait. Whereas in the 1980s Iran's revolutionary radicalism had polarized the Gulf, in the 1990s its insistence that these states share its opposition to the American presence proved a source of division and tension.

Once more, the failure of Iranian ambitions triggered reliance on terrorism and intimidation. If the Gulf leaders refused to sever ties with America, then perhaps violence directed against U.S. troops would lead Washington to voluntarily withdraw from the region. For the clerical regime, as well as much of the Middle East, the American departure from Lebanon after the 1983 bombing of the Marine barracks was an indication that the United States was unwilling to accept casualties and a spectacular act of violence could trigger America's exit. The presence of U.S. troops in Saudi Arabia proved tantalizing to the mullahs, as Riyadh had remained largely aloof from Iran's blandishments. The 1996 bombing of the Khobar Towers, housing American military personnel has been attributed to Tehran by Washington.<sup>8</sup> Given Iran's policy of pressing for eviction of U.S. forces through acts of violence, this claim has a degree of credibility. As with the Islamic Republic's previous acts of terrorism, once more, its strategy of selective violence failed to achieve its ambitions.

In the end, Rafsanjani and his pragmatic allies did not fundamentally harmonize Iran's ties with its neighbors. To be sure, the Islamic Republic did dispense with much of its revolutionary radicalism and began to project the image of a judicious state basing its policies on careful calculations of national-interest. However, Tehran's tense relationship with the United States and its insistence that the Gulf states share its antagonism undermined its own gestures of goodwill. Once Iran fell back on its predictable response of terrorism, it essentially ended the possibility of emerging as a critical player in its immediate neighborhood.

<sup>7</sup>Ali-Akbar Velayati, "The Persian Gulf: Problems of Security," *The Iranian Journal of International Affairs* (Spring 1991); Muhammad Javad Larijani, "Iran's Foreign Policy: Principles and Objectives," *Iranian Journal of International Affairs* (Winter 1996).

<sup>8</sup>This point has been particularly emphasized by Louis Freeh, see: Louis Freeh, *My FBI: Bringing Down the Mafia, Investigating Bill Clinton, and Fighting the War on Terror* (New York: St. Martin's Press, 2005).

The most momentous change in Iran's regional policy came with the election of the reformist president Muhammad Khatami in 1997. Khatami's international perspective grew out of the debates and deliberations prevalent in Iran's intellectual circles. Many dissident thinkers and clerics were uneasy about the static nature of Iran's foreign policy and its evident inability to respond to the changing global and regional realities. The reformist perspective was not limited to making the theocracy more accountable to its citizenry, but also sought to end the Islamic Republic's pariah status and integrate Iran into global society. As with his political reforms, Khatami was drawing on the works of intellectuals outside a power structure that had grown stagnant and complacent.

In terms of his approach to the Gulf, Khatami appreciated that previous attempts at reconciliation with the sheikdoms had failed due to Iran's dogmatic insistence that they share its hostility to America. In essence, Khatami compartmentalized Iran's relations. To be sure, Tehran continued to object to the U.S. military presence in the Gulf and persisted in calling for an indigenous network to displace the American armada. However, the refusal of the Gulf states to embrace Iran's proposals did not trigger a counter-reaction and unleashing of terror. Khatami was willing to normalize relations with the Gulf states despite their attachment to the United States. For all practical purposes, Iran was prepared to live in a Gulf whose balance of power was determined by the United States.

In a remarkable gesture, Supreme Leader Ayatollah Khamenei, successor to Khomeini, endorsed Khatami's initiative. In a speech to the gathering of Arab dignitaries at the Organization of Islamic Conference's 1997 meeting in Tehran, Khamenei plainly declared, "Iran poses no threat to any Islamic country."<sup>9</sup> Tehran's "Vision Statement," which was approved by Khamenei, recognized the sovereignty of local states and the inviolability of borders, and it pledged non-interference in the internal affairs of the incumbent regimes. The mystery lingers of why Khamenei so fundamentally departed from his established antagonism toward the Gulf princely elite. Certainly, the popular appeal of Khatami in his honeymoon period must have impressed the Supreme Leader to adjust his positions. Despite the fact that Khamenei's powers are not contested by elections or plebiscites, he has always been somewhat sensitive to public opinion and shifts in the popular mood. Moreover, despite his stern ideological predilections, Khamenei has historically exhibited sporadic bouts of pragmatism and must have sensed that Iran's lingering isolation in its immediate neighborhood was ill-serving its interests. Gazing across the region, the Leader may have perceived that Khatami's elections offered Iran certain opportunities for mending fences and reconciliation with important states, such as Saudi Arabia. At any rate, Khamenei provided the essential backing that Khatami's diplomacy of reconsideration required.

Khatami's "Good Neighbor" diplomacy finally managed to rehabilitate Iran's ties with the local regimes. An entire range of trade, diplomatic and security agreements were signed between the Islamic Republic and the Gulf sheikdoms. In this way, Khatami managed finally to transcend Khomeini's legacy and to displace his ideological antagonisms with policies rooted in pragmatism and self-interest. This is the impressive legacy that Iran's unnecessarily maligned president has bequeathed to the callow reactionaries that have succeeded him.<sup>10</sup>

Today, as a hard-line government consolidates its power and proclaims a desire to return to the roots of the revolution, there are dire warnings on the horizon. Both Washington policymakers and their European counterparts seem to suggest that the regime will once more resort to violence and terror to subvert its neighbors and export its Islamic revolution. Such alarmism overlooks Iran's realities. As we have seen, under Khatami's auspices, Iran's Gulf policy has undergone a fundamental shift, with national-interest objectives as its defining factor. Irrespective of the balance of power between conservatives and reformers, Iran's regional policy is driven by fixed principles that are shared by all of its political elites.

This perspective will survive Iran's latest leadership transition. Although Ahmadinejad and his allies are determined to reverse the social and cultural freedoms that Iranians have come to enjoy during the reformist tenure, with regard to Persian Gulf issues the new president has stayed within the parameters of Iran's prevailing international policy. In his August 2005 address to the parliament outlining his agenda, President Ahmadinejad echoed the existing consensus, noting the importance of constructive relations with "the Islamic world, the Persian Gulf re-

<sup>9</sup> *Christian Science Monitor*, February 25, 2000.

<sup>10</sup> R.K. Ramazani, "The Emerging Iranian-US Rapprochement," *Middle East Policy* (June 1998); Mohsen Milani, "Iran's Gulf Policy: From Idealism to Confrontation to Pragmatism and Moderation," in Jamal a-Suwaidi (ed.) *Iran and the Gulf: The Search for Stability* (Abu Dhabi, UEA: The Emirates Center for Strategic Studies and Research, 1996).

gion, the Caspian Sea region and Central Asia.”<sup>11</sup> Moreover, the most important voice on foreign policy matters, the Supreme Leader, has reiterated the same themes.<sup>12</sup> Unlike the 1980s, Ahmadinejad’s Iran has not embarked on attempts to subvert the sheikdoms and has not revived its links to the Gulf terrorist organizations unleashing violence as a means of fostering political change.

Today, the political alignments of the Gulf are in constant change. The U.S. invasion of Iraq has facilitated the rise of Iran’s most intimate Shiite allies to power. As the Bush Administration contemplated its attack on Iraq in the aftermath of the September 11th tragedies, it is unlikely that it appreciated how its plans would enhance Iran’s stature and security. The Islamic Republic now stands as one of the principal beneficiaries of America’s regime change policy. However, in assessing the ironies and paradoxes of the Middle East, one need not descend into a zero-sum game whereby any measure that benefits Iran is necessarily viewed as endangering America’s interests. The fact is that much of the tension and instability that has afflicted the critical Persian Gulf region in the past three decades has stemmed from animosity between Iran and Iraq. The contested borders, proxy wars, and finally a devastating eight-year conflict between the two powers not only destabilized the Middle East, but also threatened global economy with its reliance on the region’s petroleum resources. The new Iraq that is emerging from the shadow of American invasion is likely to coexist peacefully with its Persian neighbor. And that development is good not just for Iran and Iraq, but also for the United States.

#### SECOND CIRCLE: THE ARAB EAST

One of the more enduring ideological aspects of the Islamic Republic’s international relations has been its policy toward the Arab east. The defining pillar of Iran’s approach to this region has been its intense opposition to the state of Israel and the diplomatic efforts to normalize relations between the Jewish state and its neighbors. Iran’s strident ideological policy has been buttressed by strategic incentives, as its support for militant groups such as Hezbollah gives it a power to influence the direction of politics in the Levant and inject its voice in deliberations that would otherwise be beyond its control. Along this path, Iran has made common cause with the radical Syrian regime that shares its antipathy to Israel, while alienating the key Egyptian state that has often sought to resolve the divisive Arab-Israeli conflict. So long as Iran’s policy toward the Arab east remains immured in its conflict with Israel, Tehran is unlikely to edge toward the type of pragmatism that it has demonstrated in the Gulf.

On the surface, the high-profile visits, and the wide variety of compacts and accords, may give the impression that Iran and Syria are intimate allies sharing the same vision and embracing similar priorities. However, the ties between the two states are at best an alliance of convenience based on shared fears and apprehensions. For the past two decades, Iran’s persistent animosity toward Israel has coincided with Syria’s quest to exert pressure on the Israelis as a means of recovering lands lost during the 1967 war. However, while Iran’s policy is driven by Islamist determinations, Syria is propelled forward by cold, strategic calculations. Tehran may view Hezbollah as a vanguard Islamist force struggling against the “Zionist entity,” while for Damascus, the Lebanese militant party is just another means of coercing Israel. As such, potential conflict between the two states looms large. Syria may yet accept an agreement that exchanges recognition of Israel for the recovery of the Golan Heights, while Iran’s more ideologically driven hostilities are not predicated on territorial concessions.<sup>13</sup>

Beyond the issue of Israel, Iraq also constitutes a potential source of division between Syria and Iran. During Saddam Hussein’s reign, the two powers shared yet another antagonist. The Syrian Baath Party long condemned the so-called revisionism of its Iraqi counterpart and viewed itself as the legitimate representative of the Arab socialist cause. The very secular objections of the Syrian regime were shared by the Iranian mullahs, whose own war with Saddam made them equally hostile to the Iraqi dictator. However, once more, there are indications that Iran’s lone Arab alliance may not survive the changing politics of the Middle East. Unlike the Iranian theocracy, Syria does not wish to see a further empowerment of religious forces, particularly Shiite actors, in Iraq. As a secular state that has waged a merciless war against its own Islamists, Syria finds the ascendance of religious parties in Iraq particularly disconcerting. As with most of the Sunni dynasties and

<sup>11</sup> Islamic Republic News Agency (IRNA), August 23, 2005.

<sup>12</sup> *Sharq*, July 26, 2005.

<sup>13</sup> Shireen Hunter, “Iran and Syria: From Hostility to Limited Alliance,” in Hooshang Amirahmadi and Nadar Entessar (eds.) *Iran and the Arab World* (New York, 1990).

republics of the region, Syria had hoped that Saddam's demise would somehow bring to power yet another Baathist amendable to the predilections of the secular Arab bloc. The intriguing aspect of Iraq's current tribulations is the extent to which Iran and Syria are on the opposite sides, with Damascus fueling the largely Sunni insurgency, while Tehran lends its support to the ruling Shiite parties. One state is hoping to destabilize Iraq through continued violence, while the other views the conventional political process as the best means of securing its national objectives.

In yet another paradox of the Middle East, what is increasingly binding Damascus and Tehran together is the Bush Administration. The inability or unwillingness of Washington to substantively engage in the Arab-Israeli peace process and craft an agreement acceptable to Syria has made Iran an indispensable partner for Damascus. The relentless pressure brought on both parties by the Bush White House has compelled them to rely on each other as they face yet another common enemy. Nonetheless, developments in the region during the next several years may yet disentangle ties between these two unlikely allies. In the end, as a state that neighbors Israel, Syria will one day have to accept a territorial compromise with the Jewish state and end its prolonged and self-defeating conflict. However, an Iran that is beyond the reach of Israeli armor can afford its militancy and persist with its ideologically determined policies. In the meantime, as a secular state, Syria may find Iran's new Shiite allies in Iraq as objectionable as do the Saudis and Jordanians, who are loudly decrying the emergence of the "Shiite Crescent." As the Middle East increasingly polarizes along sectarian lines, Syria will have to choose between its contentious alliance with Iran and its alignment of interest with the larger Arab bloc.

Whatever the vagaries of the Iranian-Syrian alliance, Egypt remains the epicenter of Arab politics. Egypt's population now exceeds that of the rest of the Arab east, and its geographic size dwarfs peripheral states such as Lebanon and Jordan. Moreover, Egypt's encounter with modernization is the longest, its industrial and educational structures the most extensive, and its cultural and intellectual output the most prolific. Cairo's influence has ebbed and flowed over the years, but it is hard to imagine Arab cohesion without its active leadership. Iran's tense relations with Egypt have drastically limited its influence in the Arab east. No alliance with Syria or patronage of Hezbollah can compensate for Tehran's estrangement from the most pivotal state in the region.<sup>14</sup>

Although many in the United States are accustomed to perceiving Iran as unrelentingly hostile to America, during the early part of the revolution, Iran's animosities were distributed more widely. For Khomeini and his followers, no leader symbolized the pusillanimity of the Arab political class more than the Egyptian president, Anwar al-Sadat. The Camp David Accords ending Egypt's hostility toward Israel were bitterly denounced by Iranian clerics as a gesture of un-Islamic behavior, even apostasy. For Khomeini, the accords proved that Sadat was the purveyor of "false Islam" and an agent of Zionism. Sadat's warm embrace of the exiled Shah (who spent the last days of his life in Egypt) further enraged the reigning Iranian clerics. Tehran's crass celebration of Sadat's assassin by naming a prominent street after him and even issuing a stamp commemorating the occasion in turn infuriated an Egyptian ruling elite that was already anxious about the potential of Iran's revolutionary Islam. These early policies established a certain legacy for Iran's relations with Egypt that would prove difficult to surmount. In the intervening decades, other events would intrude, buttressing the legacy of mistrust and animosity.<sup>15</sup>

The Iran-Iraq war further added fuel to the Iranian-Egyptian antagonism. For Cairo, which was ostracized by the Arab bloc because of its reconciliation with Israel, the war offered a unique opportunity to reassert its Arabism and to mend ties with its erstwhile allies. Soon after the war began, Egypt started furnishing arms to Iraq despite the fact that the two powers had spent decades bitterly vying for the leadership of the Arab Middle East. Beyond exploiting an opportunity to return to the Arab fold, Cairo's policy was designed to contain Iran's revolution within its borders. An Iran that was preoccupied with the daunting challenges of a prolonged war was bound to be a less mischievous state. For the Islamic Republic, such policies were tantamount to Egypt effectively joining the war, congealing the clerical class's animus toward Cairo.

<sup>14</sup> Shahrouh Akhavi, "The Impact of Iranian Revolution on Egypt," in John Esposito (ed.) *The Iranian Revolution: Its Global Impact* (Miami: The University Press of Florida, 1990); Nadar Entessar, "The Lion and the Sphinx: Iranian-Egyptian Relations in Perspective," in Hooshang Amirahmadi and Nadar Entessar (eds.) *Iran and the Arab World* (New York: St. Martin's Press 1993).

<sup>15</sup> R.K. Ramazani, *Revolutionary Iran: Challenges and Responses in the Middle East* (Baltimore: Johns Hopkins University Press, 1986), 162–172.

The aftermath of the war did not necessarily lead to a thaw in relations. The 1990s witnessed yet another radical divergence of perspectives between Tehran and Cairo. For the United States and Egypt, the defeat of Saddam's armies constituted an ideal time to resolve the Arab-Israeli conflict, while Iran perceived the time ripe for the advancement of its Islamic model. Militant Islam seemed an ideology on the ascendance with Islamic Jihad challenging the Egyptian regime, Hezbollah assuming a greater prominence in Lebanese politics, and the Islamic Salvation Front triumphing in democratic elections in Algeria. The Palestinian resistance that had historically been led by secular leftist parties was increasingly being spearheaded by violent Islamist organizations such as Hamas. For the Iranian mullahs, it seemed that the region was finally embracing Khomeini's message. While the Egyptian state was seeking to stabilize its domestic situation and persuade the Arab states to follow its path of reconciliation with Israel, Iran was actively promoting the fortunes of the emboldened Islamists.

In a sense, Egyptian President Hosni Mubarak's blaming of Iran for the surge of fundamentalism in Egypt and the wider Middle East was self-serving and convenient. Egypt has long struggled with Islamic radicalism and the roots of the Islamist rage lay deep in the Egyptian society. After all, the most significant fundamentalist party in the Middle East, the Muslim Brotherhood, was born in Egypt in the 1930s, and since then has found a ready audience across the region.<sup>16</sup> The fascination with Wahhabi Islam ought not to obscure the fact that the intellectual and tactical architects of al-Qaeda are mostly Egyptians, led by the notorious second-in-command, Ayman al-Zawahiri.<sup>17</sup> Nonetheless, even the modest support that Iran did offer Egypt's religious extremists was sufficient to antagonize an Egyptian state that in the early 1990s was battling a very serious Islamic insurrection.

During the Khatami era there were attempts to relax the tensions with Egypt. However, it appeared that such normalization was not at top priority for either state. Khatami's internal struggles and his attempts to reach out to the United States were sufficiently contentious to preclude yet another provocative diplomatic foray. In the meantime, the Mubarak regime was struggling with its own domestic challenges and with a foundering peace process, and so it was also disinclined to move forward aggressively.

Today, the relations between the two states may not be as inflammatory as during the early periods of the revolution, but they do seem frozen in time, as neither side seems inclined to press ahead. The hard-line Ahmadinejad regime is unlikely to normalize ties, as many conservatives in Iran have yet to forgive Egypt for the Camp David Accords. The reactionary newspaper *Jumhuri-ye Eslami* captured the sentiment of many on the right in noting, "Any form of political relations with Hosni Mubarak is tantamount to getting digested into the system prepared and designed by America and Zionism in the region."<sup>18</sup> Given such sentiment within his support base, it is unlikely that Ahmadinejad can move forward toward more proper relations, despite his demonstrated inclination to do so.

In the Persian Gulf, the Islamic Republic finally appreciated after years of revolutionary radicalism that it could not have suitable relations with the Gulf sheikdoms unless it first came to terms with Saudi Arabia. Such lessons have yet to be fully absorbed by the Iranian elite when it comes to the Arab east. The reality is that Iran cannot be part of the larger Middle Eastern landscape until it rationalizes its relations with Egypt. Tactical alliances with a beleaguered Syrian regime and patronage of terrorist organizations such as Hezbollah will not ease Iran's path to the heart of the Arab world. Tehran can be mischievous and use terrorism and violence as a means of attracting attention to its claims and obstructing peace initiatives between Israel and the Arab bloc. However, for Iran to assert its influence in the region, it has to have a more constructive agenda than prefabricated Islamist slogans and hostility to the Jewish state. Hovering over all this is the gradual fracturing of the Middle East along confessional lines, with the Shiite Iran being increasingly pitted against the alarmed Sunni powers. The Islamic Republic may emerge as a critical player in its immediate neighborhood, but as a non-Arab, Shiite state it is unlikely to ever become a significant actor in the Arab east.

<sup>16</sup> Richard Mitchell, *The Society of the Muslim Brothers* (Oxford: Oxford University Press, 1993), 1–12.

<sup>17</sup> Fawaz Gerges, *The Far Enemy: Why Jihad Went Global* (Cambridge: Cambridge University Press, 2005), 119–15; Gilles Kepel, *The War for Muslim Minds: Islam and the West* (Cambridge: Belknap Press of Harvard University Press, 2004), 70–81.

<sup>18</sup> *Jumhuri-ye Eslami*, November 21, 2005.



## THIRD CIRCLE: EURASIA

In contrast to its policy toward the Persian Gulf and the Arab east, Iran's approach toward its northern and eastern neighbors has been one of sustained realism. The proximity to a strong Russian state and the prospect of commercial contracts and important arms deals have always injected a measure of pragmatism in Iran's policy. In a curious manner, despite its declared mission of exporting the revolution, the Islamic Republic has seemed perennially indifferent to the plight of the struggling Muslims in Central Asia. A beleaguered Iranian state requiring arms and trade and an aggrieved former superpower seeking profits and relevance have forged an opportunistic relationship that eschews ideology for sake of tangible interests. Nor is such pragmatism unique to Russia, as when the theocracy has looked to Afghanistan, its priority has always been stability, not Islamic salvation. In essence, the fears of being isolated in the international arena and having Afghan troubles seep over its borders have compelled Iran's theocratic oligarchs to transcend their ideological exhortations and focus on achieving their practical objectives in the vast Eurasian land mass.

On the eve of the Islamic Revolution, Iran's prevailing foreign policy slogan was "neither East nor West." Khomeini was as contemptuous of Soviet Communism as he was of Western liberalism, and he often denounced the Soviet Union in harsh and unyielding terms. Iran vocally condemned the Soviet invasion of Afghanistan and materially assisted the mujahedin's resistance to the occupation. On the domestic front, the mullahs relentlessly persecuted the Communist Tudeh Party and other leftist forces attracted to the Soviet model. For its part, Moscow proved a generous supplier of arms to Saddam Hussein, as he waged his war of aggression against Iran, and often supported Iraq against Iran in various international forums.

Yet even as tensions were simmering, both sides seemed to veer away from active confrontation, as trade between the two powers continued to increase, and the Soviet Union was never without an extensive diplomatic representation in Tehran. In a manner radically different from its approach to the United States, the theocratic regime seemed to appreciate that its geographic proximity to the Soviet Union and its estrangement from the West required a more realistic relationship with Moscow. The two sides would often differ, as they did on critical issues of Afghanistan and Iraq, yet somehow Khomeini managed to suppress his ideological animosities and pursue ties with the Soviet state that seemed beneficial to Iran's overall interests.<sup>19</sup>

The collapse of the Soviet Union in 1991 and the rise of the Russian Federation ushered in a new regional policy in Moscow. The Soviet state had been inordinately invested in the fortunes of radical Arab regimes and shared their concerns regarding developments in the Arab-Israeli arena. For the new masters of Kremlin, the direction of the newly independent Central Asian republics and the nature of Islamic awakenings in that region were far more relevant than the plight of the Soviet Union's Arab clients. The stability of the Russian frontier was now partly contingent on Tehran resisting the impulse to inflame Islamic sentiments in Central Asia. Moreover, with its imperial reach dramatically contracted and the country in dire need of hard currency, Russia began to auction off its military hardware to the highest bidder. Iran proved a tempting market for Russian arms merchants, as it possessed both cash and a seemingly insatiable appetite for military equipment.<sup>20</sup>

The Islamic Republic had to make its own set of adjustments to the collapse of the Soviet Union and the emergence of Central Asia. During the Soviet era, Iran had propagated its Islamic message over the airways in a variety of local languages without evident anticipation that it would have any impact. Such limited propaganda effort satiated its ideological imperatives without unduly straining its relations with its powerful neighbor. But the collapse of the Soviet empire and the independence of the Central Asian republics presented Iran with the need for circumspection. The Islamic Republic had to balance its strategic ties with Russia with its declared mission of exporting its revolutionary template to new, fertile grounds. In a unique display of judiciousness, Iran largely tempered its ideology, essentially

<sup>19</sup>Shireen Hunter, *Iran and the World: Continuity in a Revolutionary Decade* (Bloomington: Indiana University Press, 1990), 79–98; Graham Fuller, *The Center of the Universe: The Geopolitics of Iran* (Boulder, 1991), 168–188

<sup>20</sup>Robert Freedman, "Russian Policy Toward the Middle East: The Yeltsin Legacy and the Putin Challenge," *Middle East Journal* (Winter 2001); Hooman Peimani, *Regional Security and the Future of Central Asia: The Competition of Iran, Turkey and Russia* (Westport, Conn: Praeger, 1998), 41–129.

denoting the importance of trade and stability over propagation of its Islamic message.<sup>21</sup>

The full scope of Iran's pragmatism became evident during the Chechnya conflict. At a time when the Russian soldiers were indiscriminately massacring Muslim rebels and aggressively suppressing an Islamic insurgency, Iran's response was a mere statement declaring the issue to be an internal Russian affair. At times, when Russia's behavior was particularly egregious, Iran's statements would be harsher. However, Tehran never undertook practical measures such as dispatching aid to the rebels or organizing the Islamic bloc against Moscow's policy. Given that Iran had calculated that its national interests lay in not excessively antagonizing the Russian Federation, it largely ignored the plight of the Chechens despite the Islamic appeal of their cause.<sup>22</sup>

The Chechnya issue reveals that during the past decade, a tacit yet important bargain has evolved between Russia and Iran. The Islamic Republic has emerged as Russia's most important partner in the Middle East and as a valuable market for its cash-starved defense industries. Although in recent years the nuclear cooperation between the two states has garnered much attention, the more significant fact is that Russia has also been willing to sell Iran a vast quantity of conventional arms, including sophisticated aircraft and submarines. Iran, on the other hand, has kept a low profile in Central Asia and has refrained from destabilizing a region critical to Russia's security. This important relationship has led Moscow to provide Iran indispensable diplomatic support, particularly at a time when its nuclear portfolio is being addressed in a variety of international organizations. The United States, hopeful of garnering Russian support for its policy of sanctioning and ostracizing Iran, would be wise to consider the overall nature of relations between Moscow and Tehran. Given that reality, the notion that Russia would assist in applying significant economic pressure on Iran for its nuclear infractions is far-fetched and fanciful.

A similar penchant toward national-interest calculations has defined Iran's policy toward Afghanistan, its neighbor to the east. Despite Iran's close linguistic and cultural ties to Afghanistan, the relations between the two countries have not always been simple. The fiercely independent Afghan tribes have historically resisted Persian encroachment and have jealously guarded their rights. Tehran's most natural allies are found in the province of Herat, whose proximity to Iran and large Shiite population has welcomed the establishment of close relations. However, for Tehran the issue in Afghanistan has not been ideological conformity but stability. Since assuming power, the theocracy has looked warily upon its neighbor with its war against the Red Army, the rise of Taliban fundamentalism, and finally the American invasion. Afghanistan's tribal identity, ethnic diversity, and largely Sunni population have made it an uneasy place for implanting the Islamic Republic's revolutionary message. And, to its credit, Iran has not been active in seeking to export its governing template to its troubled neighbor.

During much of the 1980s, Iran's policy toward Afghanistan was opposition to the Communist regime and assisting forces battling the Soviet occupation. In yet another uneasy paradox, this decade saw a rough coincidence of objectives between Iran and the United States as both parties had an interest in holding back Soviet power in Southwest Asia. Although Khomeini attempted to justify this policy on Islamic grounds, the instability of the war and the extension of Soviet influence southward offered sufficient strategic justification for Iran's conduct. At a time when Iran was housing nearly two million Afghan refugees, the clerical state understood that it could not afford a failed state next door.<sup>23</sup>

In a similar manner, Iran had to endure the prolonged years of the Taliban rule. The radical Sunni regime that waged a merciless war against Afghanistan's intricate tribal system and routinely massacred Shiites provided a formidable challenge for the Islamic Republic. In the summer of 1998, the killing of ten Iranian diplomats by Taliban forces in Mazar-i-Sharif nearly led the two states to go to war against each other. Beyond active confrontation, Iran was extraordinarily alarmed by the puritanical Taliban regime's reliance on the drug trade and on Sunni terrorist organizations such as al-Qaeda to sustain its power. Today, a large portion of Afghan

<sup>21</sup> Hanna Yousif Freij, "State Interests vs. the Umma: Iranian Policy in Central Asia," *Middle East Journal* (Winter 1996); Shireen Hunter, "Iran's Pragmatic Regional Policy," *Journal of International Affairs* (Spring 2003).

<sup>22</sup> A. William Samii, "Iran and Chechnya: Realpolitik at Work," *Middle East Policy* (March 2001); Svante Cornell, "Iran and the Caucasus," *Middle East Policy* (January, 1998).

<sup>23</sup> Adam Tarock, "The Politics of the Pipeline: The Iran and Afghanistan Conflict," *Third World Quarterly* (Volume 20, 1999); Valerie Piacentini, "The Afghan Puzzle," *Iranian Journal of International Affairs* (Summer 1996). Olivier Roy, "The New Political Elite of Afghanistan," in Myron Weiner and Ali Bnuazizi (eds.) *The Politics of Social Transformation in Afghanistan, Iran and Pakistan* (Syracuse: Syracuse University Press, 1994), 72-101.

drugs end up in Iran, creating its addiction crisis; it is estimated that the Islamic Republic may have as many as two million drug addicts. Given these realities, Iran soon emerged as the most durable foe of the Taliban. Indeed, despite the presence of American forces in Afghanistan since 2001, the theocratic regime finds the existing configuration of power whereby Sunni militancy is largely tempered and a benign government reigns in Kabul an acceptable outcome.<sup>24</sup>

While Iran's relations with Afghanistan have improved over the years, its ties to Pakistan have at times been problematic. The Pakistani policy of using Afghanistan as a conduit for assertion of influence over Central Asia has greatly troubled Iran.<sup>25</sup> At a time when the Bush Administration loudly proclaims Pakistan a valuable ally in its "war against terrorism," it conveniently neglects the fact that it was Islamabad that sustained the Taliban and tolerated its al-Qaeda ally. The cynical Pakistani policy of unleashing the Taliban upon the hapless Afghan nation as a means of securing a bridge to Central Asia confronted Iran with a pronounced strategic threat. Since the demise of the Taliban, the relations between the two powers have markedly improved, as the issue of Afghanistan no longer divides them. However, Iran does remain concerned about internal stability of the Pakistani state, with its ample nuclear depositories. From Tehran's perspective, the prospect of a radical Sunni regime coming to power in Pakistan with its finger on the nuclear button is nearly an existential threat. As such, once more stability is the guide of Iran's policy toward yet another unpredictable neighbor.

It may come as a shock to the casual observer accustomed to American officials' incendiary denunciations of Iran as a revisionist ideological power to learn that in various important regions, the Islamic Republic's policy has historically been conditioned by pragmatism. Today, Iran's approach to the Persian Gulf sheikdoms and its Eurasian neighbors is predicated on national-interest designs largely devoid of an Islamic content. The same cannot be asserted in the case of the Arab east, as the theocratic state's dogmatic opposition to the state of Israel has deprived its policy of the nuance and flexibility that has characterized its approach to many of its neighboring states. It is likely that this central contradiction in Iran's regional policy will persist, as Tehran may continue with its perplexing mixture of radicalism and moderation, pragmatism and defiance.

In the end, in formulating its regional vision, the Islamic Republic has sought to marry the two disparate strands of Iran's identity: Persian nationalism and Shiite Islam. As a great civilization with a keen sense of history, Iran has always perceived itself as the rightful leader of the Middle East. For centuries, Persian empires had dominated the political and cultural landscape of the region, inspiring a national narrative that views Iran's hegemony as both beneficial and benign. At the same time, as a persecuted religious minority, Shiites in Iran has always been suspicious and wary of their neighbors. The reality of rising Arab states, domineering Western empires, and Iran's religious exceptionalism has not ended Tehran's perception of itself as the "center of the universe," a society that should be emulated by the benighted Arab masses. Successive Persian monarchs and reigning mullahs would subscribe to this national self-perception, giving Tehran an inflated view of its historic importance.

A final important factor that has intruded itself uneasily in Iran's international orientation is pragmatism. Iran may perceive itself as uniquely aggrieved by the great powers' machinations and it may nurse aspirations to emerge as the regional leader. However, the limitations of its resources and the reality of its actual power have sporadically led to reappraisal and retrenchment. The intriguing aspect of Iran's policy is that it can be both dogmatic and flexible at the same time. The Islamic Republic may take an ideologically uncompromising position toward Israel, yet pragmatically deal with its historic Russian nemesis. The tensions between Iran's ideals and interests, between its aspirations and limits, will continue to produce a foreign policy that is often inconsistent and contradictory.

<sup>24</sup> Barnett Rubin, "The Fragmentation of Afghanistan," *Foreign Affairs* (Winter 1989/1990); also "Post-Cold War State Disintegration: The Failure of International Conflict Resolution in Afghanistan," *Journal of International Affairs* (Winter 1993).

<sup>25</sup> Hunter, *Iran and the World*, 130–138; Fuller, *The Center of the Universe*, 230–231.

**STATEMENT OF JUDITH YAPHE, PH.D., DISTINGUISHED RESEARCH FELLOW, INSTITUTE FOR NATIONAL STRATEGIC STUDIES, NATIONAL DEFENSE UNIVERSITY**

Ms. YAPHE. I want to thank you very much for this opportunity to meet with you, Mr. Chairman, and I would like to address Mr. Pence, in particular.

I share your personal feelings about events that have happened in this area because I, too, lost somebody in attacks in Lebanon—actually, several people. In my previous life, I worked, as it was noted, at the CIA, and the head of my office in 1983 was killed in the Embassy bombing, the first Embassy bombing.

There are a lot of us that have been marked deeply by events in the region, and it gives a special edge to following what is going on.

Having said that, I would like to address the view from the other side, the view from Iraq and the Gulf States, and also to talk about basically how does one manage living in this area, with a large, powerful, and occasionally menacing presence? Then I want to talk a little bit about some of the areas of cooperation.

Let me start by saying that I think Iran is seen as being a dangerous and aggressive neighbor, but it is aggression or aggressive outreach short of war.

In my experience, having observed Iran's behavior in the Gulf region, as well as in issues regarding Lebanon and terrorism foreign policy, security policy, there are two principles that are in motion. Iran uses these to build its networks of surrogates, intimidate opponents and critics, and make its foreign security policies.

The first one is plausible deniability, the second is deliberate ambiguity. Plausible deniability; if you have children—"I did not do it; someone else did it," but you know that we might have been responsible.

Now, from an Iraq perspective, and I think Iraq here is risk and opportunity for Iran—some of what I am going to say may seem counterintuitive. It is not necessarily the conventional wisdom, but I have followed Iraq for a long time, so I feel that the historical record is there.

Ray is right. What Iran wants in Iraq is an Iran-friendly government, a unitary Iraq. Its vision is of an Iraq strong enough to maintain Iraq's unity and territorial integrity but too weak to challenge Iran or the neighbors. Iran would prefer an Islamic state under Sharia law that looks very much like its own, but if forced to choose between a precarious, Islamic state and a stable, unitary state, I think they almost certainly would choose the latter. To support what Dr. Takeyh has said, self-interest is the dominant theme, and I think everyone knows it.

With the opportunity that they have been given since the collapse of Saddam's regime, however, comes risk, and Iran is pouring a lot of money and manpower and investment, in terms of business investment, reconstruction, rebuilding, communities, trade, commerce, as well as money, advisers, training and support to the new Iraqi Government; especially worrisome are the connections to the military, intelligence and security, the police, for example.

There is influence there. Iran has contributed to the campaigns of almost every Shia candidate in Iraq, and, of course, there are re-

ports about their outreach to Sunni extremist groups as well. President Ahmadinejad was there for his first trip earlier this year, and he offered Iraq many things. You want development assistance, you want joint projects: Oil, pipeline, refinery construction. Great, we can do that.

Traders are crossing the border all of the time, along with diplomats. Pilgrims can finally go on pilgrimage to the holy cities for the Shia in Iraq, and along with them come diplomats and intelligence operatives and the IRGC (Iranian Revolutionary Guard Corps) and a lot of other people and interests; the point, again, being Iran wants to back a winner, and if you back almost everybody, you are guaranteed, I think, to get someone and acquire the influence that goes with that.

Now, having said that, Iran's influence in Iraq now is probably at its highest point, in my own view. I do not see it growing. Iran always tends to overreach, and it tends to make demands that place at risk the very interests that it has been pursuing.

I think that, again, anecdotally, from many Iraqis and others that I have talked to, the indicators are that the Shia, as well as Iraqi Sunnis and Kurds, are growing increasingly uneasy with the extent of authority and influence that Iran and the IRGC wield in Iraq, and they raise very important questions, many of which have been raised here already. What are they doing? What do they want from the Iraqi Government? What will that have to do with our sovereignty and our authority?

Again, whether Iran is engaged in some or all of the activities it is accused of, the appearance of their involvement and the Iraqis' unease is, as I think has been noted already, is important; it is reminiscent of the Islamic Republic's assistance and involvement with Hezbollah in Lebanon in the 1980s.

Now, Iraq's Government must balance American complaints that Iran is supporting anti-U.S. acts of terrorism in Iraq with Iranian demands that the United States leave Iraq and the Gulf. Support from both Washington and Tehran is critical to the survival of any government in Baghdad, and, thus far, the Maliki government, I think, has tried to walk this line, has tried to use its good offices to advance discussions.

I would point out that, for all of the press one hears about, the Iraqi groups, the Sadr loyalists, the different factions that are in government or are not, you have to really look closely to see who might be a loyalist of Iran or who is more loyal than others. My own view is we focus a lot of attention on Muqtada al-Sadr. He is not an Iranian loyalist. That role is reserved for the party that is now called the Islamic Supreme Council in Iran and is a major part of the government.

But the point is that there are close ties. Iraq cannot afford to ignore Iran; Iran cannot afford to ignore Iraq. It is a 900-mile, unguarded border, and a lot of potential for development on both sides.

For the GCC, I think that they see a need to avoid risk and seek opportunity. The GCC governments have never been aggressive in their defense, and they know they have never been the equal, and cannot be, of the awesome power that Iraq and Iran both have wielded on occasion. Iran's approach to them, as has been noted,

has been basically at two levels. It has tried to subvert them and tried, especially since Khomeini died, to become closer and be friendly, and they have succeeded, to a great extent.

Gulf security policies traditionally, however, are based on risk avoidance, collective reaction, and reliance on nonregional powers to ensure their security and survival. The strategy is to avoid provoking any dominant or powerful government, be it in Baghdad or Tehran, pay for protection, use arms sales as an extension of foreign policy, and, above all, maintain a balance of power in the Gulf.

Iraq's invasion and occupation of Kuwait in 1990 should have exposed the weaknesses of this form of strategic thinking, but the Gulf governments prefer to maintain the kind of balance of power that they were most comfortable with and, in many respects, would like to see returned to the days before the second of August 1990, when Iraq tilted the balance by invading Kuwait.

Now, several developments have changed the strategic thinking, in my opinion, of the Gulf States. I will not go into all of them—they are in my testimony—but let me just point out a few strategic influences.

Iraq: The changes there cause grave concerns. The Gulf States are worried that Iraq may fail, and it has not yet, in my humble opinion. They are also worried if Iraq succeeds. Either way, there is danger—the risk of spillover, whether it is spillover of violence and terrorism, sectarian unrest, which they are very worried about, or if Iraq's form of experimental government is a success, and that moves Gulf elements to demand the same kind of development there.

The point is, where will Iraq be for the Gulf States, either strategically or tactically? Iraq was the balancer of power for the Gulf Arab states against Iran. Iraq will no longer be there, is no longer there. Iraq will no longer be the eastern flank of the Arab world and the protector of the Sunni world against the Persian "Shia Crescent." Rather, it could very likely become part of the strategic depth for hegemonic-minded Iran.

I am not talking about the inevitable clash of civilizations, meaning Sunni versus Shia. I am not talking about the end war, which will be Arab versus Persian, but I am saying that there are factors which complicate this, and those become almost too simplistic terms.

The other major change, of course, is the risk of a nuclearized or nuclear-armed Iran. That threat did not exist in Gulf minds as high as it has become in the past several years as more knowledge becomes available about what they are up to. Now, there are worries. They worry about Iran with a nuclear weapon. They worry about Iran as well with full cycle control of uranium enrichment, and what is that for?

They worry that Iran is planning for 20 more nuclear power plants along its side of the Persian Gulf and the fact that Iran does not really seem concerned about consequence management in case there is an accident, the consequences of which would all flow to the southern side of the Gulf. Iran could survive but this would be devastating for their small, fragile neighbors.

They worry that the United States will launch war against Iran or negotiate security issues with Iran without consulting them. One

has to keep in mind, the GCC states are consumers and not producers of security. They publicly urge us to get out of Iraq but only after establishing a secure and stable government. They are not interested in Iran's offers of, "Leave the Americans, make them go away, and we will extend protection to you."

Ahmadinejad, very interestingly, made the first visit by an Iranian leader to speak to the Gulf Cooperation Council Summit last December. Did he ask to come, as GCC leaders say? Did they invite him, as the Iranians say? It does not matter. Hospitality and fear of provocation means you invite him, you welcome him, and you listen. And he apparently offered some kind of 12-point program which included more broader security cooperation with the Gulf States, which we have not heard anything about since.

Now, what will the Gulf States do? What do they want from us? They will seek stronger commitments. They are already getting a promise of more arms, but they are opening the door to Europe as well. The French, the Germans, and others are there, the French with a small contingent—500, not big—but the significance is they are becoming reengaged in defense and security issues with the region.

The Gulf States have also announced, as a unit, that they are interested in acquiring nuclear energy facilities similar to Iran's, which it is their right to develop, of course. Why would an area that produces close to 70 percent of the world's energy think it needs nuclear energy, whether it is to sell, whether it is with an eye ahead to the future? I would not venture a guess, but they talk about it. They also have invited the IAEA to brief them, and they insist that anything that they might do would be under IAEA and NPT safeguards. But, again, there is policy at many levels. They will keep the door open and maintain connections with Iran.

So what can we do about this? Certainly, our political debate has been very interesting, and there are options offered. Probably the primary option: Should we engage, or should we keep isolating Iran? The comments about the original containment strategy are very telling and important, and we have certainly been trying to contain Iran since the 1979 revolution and the takeover of our Embassy.

Has it worked? That is an important discussion elsewhere. It has not prevented them from doing what they want to do and where they want to go.

It just seems to me, again, one of my unconventional guesses, and I will defer to Ray, if he has a different opinion—I am not convinced what the Iranians want. It has long been believed that what the Iranians want from the United States is recognition and legitimacy, and that that would give them a sense that we would no longer be interested in regime change, and these would be a legitimate state power to be dealt with equally.

I am not so sure that that is true anymore in this sense. I am not sure Ahmadinejad nor Supreme Leader Khamenei are intimidated by our refusal to recognize them. It has become something bigger than that, and I think they very much do want to have us recognize and accept Iran's claims to be—let us not say "hegemon"—that word sounds kind of ugly, but it is a good word.

But what they want recognized is their legitimate right to be the preeminent power in the region, and, as Ray pointed out, that region is the Gulf, that region flows into Central Asia, and that region is the greater Middle East, including Syria and Lebanon, the peace process; in other words, like the role that Hafez al-Assad and Syria once played. Anything that is going to happen in this region pertaining to security, that touches on our interests, we must be consulted. We need to be a partner and be a part of the process.

So can we recognize that or not? It certainly gives us something to think about.

There are a lot of other things I have in my testimony. I hope you do not ask me how we do this, but I think we have to find a way of shifting responsibility. Right now, we are seen as the responsible—why there are no contacts, why Iran has benefitted from everything we have done, including the war in Afghanistan, removing the Taliban, removing Saddam Hussein, and not opening up greater security by including Iran.

My argument would be this: We need to shift the burden of responsibility, the onus of obstructionism, from us to them, or, at least, make them share in it in a way they have not had to. As the chairman pointed out, they have not had to pay a price for their obstructionism on many issues.

There are other suggestions given. Can you declare this a nuclear-free zone? Is that the way we deal with this nuclear problem? But I have to point out here, neither Israel nor Iran seem the least bit interested. It is an idea whose time has not yet come, unfortunately. Some think you can turn this GCC, which is a weak and basically economic union for the rich and the not-quite-so-rich Gulf emirates—but the GCC is not a suitable instrument for a region-wide organization in which Iraq, Iran, and even Yemen can participate. It has got to be something other than that and more than that.

One other point I would like to make is—I know I have gone over the time, but I want to come back to one of the points raised—we have a competitor. We are not in total control. We have lost some leverage, in that more and more oil and gas is being sold to South Asia: China, Japan, and India. Can we engage them in security and use their influence with the Iranians to try to ensure security and perhaps lower our profile? I think it is something which can be pursued because we have such common interests.

I am sorry I have gone too long. I always do. I will simply conclude by saying this: The desire to balance the U.S. military footprint and the vulnerability of forward-deployed forces needs to be balanced against the diplomatic and the deterrent value of a visible U.S. military presence in the Gulf. Our friends may argue that we must lower the presence and leave Iraq. Fine, but they also know that our presence allows them the freedom to conduct the kind of diplomacy and to seek the road that they want to follow.

Without us being there, they will be vulnerable to intimidation, to outright threats, and they worry that we will be less likely. Iraq is a litmus test. What we do there will signal to them what we might do when they come under risk.

So, final, political—

Mr. ACKERMAN. This is the final, final.



Ms. YAPHE. The final, final, I promise you: Political realities. I do not think political change in Iran will come easily or smoothly, but whether it does or not, it will not alter the defense strategy or the perceptions of the region of the threat, as well as the opportunities that might exist in that relationship, and Iraq will be back. [The prepared statement of Ms. Yaphe follows:]

PREPARED STATEMENT OF JUDITH YAPHE,<sup>1</sup> PH.D., DISTINGUISHED RESEARCH FELLOW, INSTITUTE FOR NATIONAL STRATEGIC STUDIES, NATIONAL DEFENSE UNIVERSITY

IRAN'S STRATEGIC AMBITIONS: IMPLICATIONS FOR REGIONAL SECURITY AND U.S. INTERESTS

Mr. Chairman and members of the committee, I am most grateful for this opportunity to appear before you today. The subject of my testimony is Iran's behavior towards its Arab neighbors in the Gulf region, the neighbors' perceptions of Iran's behavior, and the options these fragile states have in trying to manage a large, powerful, and occasionally menacing presence. The states include Iraq and the 6 states of the Gulf Cooperation Council. I will conclude with some observations on the degree of cooperation the United States can expect from Gulf Arab states in responding to Iran, and the ways in which the United States can maximize that cooperation. In preparing for this hearing, I was reminded of an observation made by an Iran watcher in 2003:

*When the U.S. views Iran, what does it see? Americans everywhere—Iran is surrounded by pro-American governments in Kabul and Baghdad and U.S. forces in the Persian Gulf and Central Asia.*

*When the Iranian government looks beyond its borders, what does it see? Americans surrounded by Muslims everywhere.*

*Some Observations on Iran's Behavior Towards its Neighbors*

Three fundamental concepts shape Iran's self-view of its role in the world: Iran as a unified society identity and power, Islam as the source of faith and ethical code, and Persia as source of historical and cultural pride. Iran's basic foreign and security policy goals under ayatollah or shah are the same are in some respects practically identical—securing Iran's territorial and political integrity, recognition of the regime's legitimacy, and acknowledgment of the country's security concerns and historic regional leadership role. Iran's leaders see their country as encircled by real and potential enemies—Iraq, which used chemical weapons and missiles against Tehran in their 8-year war; the Gulf Arab states, which host the U.S. military presence and are seen as repressing their Shia communities; Pakistan, which is occasionally involved in hostile skirmishes with Iran on their common border and has encouraged anti-Iranian activity in Afghanistan; and Central Asia, once pro-Soviet, now a source of economic opportunity, sectarian risk, and host to U.S. military forces. Above all, the U.S., a virtual neighbor since the occupation of Iraq in April 2003, and Israel are viewed as enemies: both threaten Iran's nuclear achievements and deplore Iran's efforts to derail any peace process between Israel and the Palestinians or Israel and Syria. Washington in particular is seen as keen to keep the Persian Gulf as its militarized zone, maintain pro-U.S. regimes in Baghdad and Kabul, and marginalize Iran.

Iran's leaders—whether moderate Persian nationalist or conservative Islamist—view the world with a mix of confidence and trepidation. Regardless of where they stand on the political spectrum, they likely share a common view of the threats to the security of the Iranian homeland and the measures necessary to protect Iranian interests. This consensus includes agreement that at some point they will fight again and alone—just as they did from 1980 to 1988—and that Iran must be able to defend itself by itself.

Several factors shape Iran's strategic and military thinking:

- *The need to reassert Iran's traditional role of regional hegemon in the Gulf and beyond.* Iran's clerical leaders believe it is Iran's natural right and his-

<sup>1</sup>Dr. Judith S. Yaphe is Distinguished Research Fellow in the Institute for National Strategic Studies at the National Defense University, Ft. McNair, DC. This testimony was prepared for a hearing of the House Subcommittee on the Middle East and South Asia held on 5 June 2008. The opinions and analysis are hers and do not reflect the views of the NDU, the Department of Defense, or any other government agency.

toric destiny to dominate the region as well as to lead the world's Muslims. Moreover, they believe Iran has a direct interest in all matters regional and Islamic, including in the Gulf and the Levant.

- *The need for an enhanced capability to defend Iran against any threat of military aggression.* Tehran wants independence and self-sufficiency in strategic and tactical terms. It believes it must build its own military industries, reconstitute a modern military force, and have minimal reliance on foreign suppliers. At the same time, Tehran is seeking to acquire nuclear technology and the capability to produce nuclear weapons probably as a cost-effective way to compensate for military weakness and relative strategic isolation.<sup>2</sup>

Iran's ambitions to be the pre-eminent power in its neighborhood are long-standing. The quest for regional hegemony began under the Shahs and has been continued by the clerics of the Islamic Republic. Iranian foreign policy has always been designed to protect a nation and empire that was long coveted by more powerful neighbors—Ottoman Turkey and Tsarist Russia—and divided into spheres of influence by the Great Powers of the 20th century—the Soviet Union, Great Britain and the United States. Viewed through this historical prism, these ambitions have little to do with exporting its Islamic revolution or expanding its borders, although occasional reminders to the Gulf Arabs of the Shi'a and Persian—origin communities within their borders serve as a reminder of the vulnerability of those Sunni Arab-led states.

Iran assumes it is by right the pre-eminent power in the Persian Gulf and the Greater Middle East region. It has the largest population, largest land mass, largest military, and oldest culture and civilization. It believes it is the economic engine of the region and the most innovative in application of science and technology. Iran's "region" is more than the Gulf or Central Asia. Its region extends from Afghanistan through the Gulf, Iraq, Turkey, and the Greater Middle East (anything affecting Syria, Lebanon, Palestinians, and Israel). As the pre-eminent power, it expects to be consulted on all issues affecting the region, in much the same sense that Syrian President Hafiz al-Assad interpreted his and Syria's role. Iran believes that the roads to a U.S. exit strategy from Iraq, to a peace settlement in the Arab-Israeli context, and to stability in the Gulf run through Tehran. Without Iran, according to this view, the country's leaders believe, there can be no peace, no resolution of conflict, and no 'justice.'

Iran wants to expand its influence and authority in the region, but it is not interested in territorial expansion. Rather, it seeks to build its clout through a policy of aggressive outreach short of war—by building and backing support networks throughout the region; providing political support and economic assistance to key actors, bolstering trade and commercial ties with neighboring countries, and signing security and defense agreements. In implementing its policies, Iran operates on two intertwined principles to build its networks of surrogates, intimidate opponents and critics, and make foreign policy: the first is *plausible deniability*; and the second is *deliberate ambiguity*.

*The model is Lebanon, but it began in Iraq.*

The struggle of many Shia communities in Iraq, Lebanon, and the Gulf to achieve equal political status and end economic discrimination began in the 1970s, when Shi'a clerics in Najaf's seminaries began to preach a doctrine of political activism by clerics. Known as *velayat-e faqih*, the doctrine was advanced primarily by Iranian cleric Ayatollah Khomeini, then in exile in Najaf, and prominent Iraqi cleric Ayatollah Muhammad Baqr al-Sadr, a founder of the clandestine Dawa Party. This Shi'a "awakening" received additional boosts from the Iranian revolution and the creation in 1979 of an Islamic republic based on clerical rule and the Israeli invasion of Lebanon, which brought the IDF to the outskirts of Beirut and contributed to the birth of Hizballah as a military and charitable organization. By 1982, Iran's revolutionary government was supporting humanitarian efforts, including building clinics, schools, hospitals, and mosques, reconstructing villages destroyed by the Israelis, and paying benefits to families of martyrs killed fighting Israel or in the Lebanese civil war. Iran also began to provide military training and equipment to the darker side of Hizballah—to the terrorist networks controlled by Imad Mughniyah and others against U.S. and other Western targets. Elements of the newly created Revolutionary Guard Corps (IRGC) trained in Lebanon and with Hizballah units.

<sup>2</sup>For further discussion of Iranian ambitions and regional reactions, see Judith S. Yaphe and Charles D. Lutes, *Reassessing the Implications of a Nuclear-Armed Iran*, McNair Paper 69 (NDU Press, 2005).

Key questions for the analytical community in the 1980s resonate today—how much control does Iran exert over surrogates like Hizballah and Hamas? Are Hizballah's leaders, such as Hassan Nasrallah, totally subservient to the wishes of Iran's Supreme Leader and the doctrine of *velayat-e faqih*? Would Hamas do more than pray for Iran if the latter was threatened with imminent attack? Or do they act independently of Iran, as Lebanese and Palestinian nationalists willing to work within the systems of government so long as they can shape them? In my view, the answer remains the same today as it was in the 1980s—great personal loyalty and devotion to the ideals of the Islamic Revolution and to its clerical leaders but a tendency to pursue self-interest, with or without Iran's approval. Iran may not be consulted on all operations, or if it is, may not approve, but it would not openly oppose Hizballah or Hamas actions or risk a breach with its most successful surrogates.

Despite a prohibition by the late Ayatollah Khomeini against relations with the Saudis, today's Iranian government values its expanding ties to Saudi Arabia and the other Gulf Arab regimes. Even the UAE maintains links to Iran, despite their seemingly intractable dispute over ownership of three small islands in the Gulf, the Tunbs and Abu Musa. Iran's outreach extends to Shi'a communities in Iraq (approximately 55–60 percent of the population), Saudi Arabia (10–15 percent of the population concentrated primarily in the oil-rich Eastern Province), Kuwait (approximately 20 percent), and Bahrain (about 75 percent of the population). Iran's approach to neighboring Arab states and their Shia communities has changed over the years. Initially, it consisted of efforts to organize anti-regime movements through the local mosques and prayer houses led by local Shi'a clerics or Iran-based activists. Since Khomeini died in 1989, Iranian efforts have focused on diplomatic efforts to restore relations with its Gulf neighbors, primarily Saudi Arabia.

#### *Iraq as Risk and Opportunity*

Iraq and Iran have endured long years of war interspersed by uneasy periods of truce, the most recent conflict being the 8-year period from 1980–1988 which saw nearly a million casualties on both sides and untold damage to property and economic infrastructure. Ayatollah Khomeini assumed Iraq's Shi'a would join the Shi'a Islamic Republic to defeat the secular, Sunni Arab-dominated regime in Baghdad; Saddam assumed the Arabs of Iran's Khuzistan Province would join Arab Iraq to defeat the mullahs. Both were wrong. Iraq's Shi'a Arabs fought to defend the state of Iraq from defeat by Persians and were rewarded by Saddam for their loyalty; Iran's Arabs remained loyal to the republic.

The collapse of Saddam Husayn's regime in April 2003 gave Iran an unanticipated opportunity. Its primary regional enemy was gone. Iraqi Shi'a militants who had spent 2 decades in Iranian exile could now return and demand a role in the post-Saddam government. Iran had created the major exile group—the Supreme Council for the Islamic Revolution in Iraq (SCIRI)—as an umbrella organization for Iraqi exiles; it was led by members of a prominent pro-Iranian clerical family, Ayatollah Muhammad Baqr al-Hakim and his brother Abd al-Aziz al-Hakim.<sup>3</sup> Iranian pilgrims could now visit the Shi'a shrines cities of Najaf and Karbala while traders, businessmen, diplomats, investors, diplomats, security personnel, and intelligence operatives could easily cross the unguarded 900-mile border. Iran called for free and open elections and democratic institutions in the new Iraq, correctly assuming that the majority Shi'a population would win any election and, for the first time in history, govern Iraq. Iran was—and is—eager for an Iran-friendly government in Iraq. Iran's vision of a perfect Iraqi state is one strong enough to maintain Iraq's unity and territorial integrity but too weak to challenge Iran or the other neighbors. Iran would prefer an Islamic state under shariah law similar to its own theocratic façade, but if forced to choose between a precarious Islamic state and a stable unitary state, would almost certainly choose the latter.

With opportunity, however, comes risk. Iran is pouring money into Iraq in the form of business investment and community reconstruction. It is refurbishing the mosques and shrines of Najaf and Karbala, building community infrastructure, and providing various forms of support (money, advisers, training, and intelligence) to many of the political factions and government ministries, especially the Interior Ministry, according to accounts told by Iraqis and reported in the press. In early 2008 President Ahmadinejad, on the first visit made by an Iranian leader to Iraq, offered Iraq development assistance, including joint projects for oil, pipeline and re-

<sup>3</sup>Muhammad Baqr al-Hakim was the spiritual leader of the movement; he was assassinated in August 2004 outside the Imam Ali Mosque in Najaf. Abd al-Aziz was in charge of SCIRI's militia, the Badr Brigade, and fought with Iranian forces against Iraq in their 8-year war. He currently heads the organization. Apparently at the suggestion of the Iranians, SCIRI changed its name to the Supreme Islamic Council in Iraq (SICI or ISCI) last year.

finery construction, and a billion dollar loan. Iraq turned down the loan offer but signed economic and trade agreements, and issued tenders for construction of a pipeline to Iran. Iran has funded virtually every Shi'a candidate standing for election to the National Assembly, and some Iraqis claim the IRGC has links to Sunni Islamist factions in the center and north of Iraq. It expects, in return, a compliant government in Baghdad willing to accede to its vision of the New Iraq. By contrast, the oil-rich Gulf states—once the source of more than \$80 billions in loans to help Iraq defeat Iran—now opposes debt relief or additional assistance to Iraq.

Iran's influence in Iraq is probably at its highest point now. According to interviews with Iraqis, a growing number of Shi'a as well as Sunnis and Kurds, are uneasy with the extent of authority and influence Iran and the IRGC wield in Iraq. They raise several important questions: How extensive is Iranian influence in Iraqi ministries, (especially Defense, Interior, and Intelligence)? Have Iranians been involved in targeting Iraqi intellectuals, academicians or military officers for assassination? Are the Iranians through the IRGC communicating with or assisting al-Qaida operatives in Iraq? Are the Iranian religious scholars in the seminaries of Qom trying to displace those of Najaf from the intellectual and spiritual leadership of Shi'a Islam? Whether Iran is engaged in all, some, or none of these activities, the appearance of their involvement and the Iraqis' unease is reminiscent of the Islamic Republic's assistance to Hizballah in Lebanon in the 1980s.

Iraq's government must balance American complaints that Iran is supporting anti-U.S. acts of terrorism in Iraq with Iranian demands that the U.S. leave Iraq and the Gulf. Support from both Washington and Tehran is critical to the survival of any government in Baghdad. Thus far, the Maliki government has managed to bring Americans and Iranians together for several meetings in Baghdad, and Tehran appears to have reined in Muqtada al-Sadr by insisting he abide by his cease-fire and drawdown his militia. Muqtada is not an Iranian loyalist. That role is reserved for SCIRI, which has proven itself to be a much more witting tool and ally of Iran. Prime Minister Maliki is certain to discuss security issues when he visits Tehran later this week as well as the security pact under negotiation with the United States.<sup>4</sup>

#### *The GCC: Avoiding Risk, Seeking Opportunity*

Since the early 1960s, Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman have preferred, or, more aptly, allowed outsiders to define their security policies and needs. New to acting like states rather than tribes, but not yet wealthy from oil, and accustomed to letting tradition determine the governance and institutions of civil society, the smaller Arab states of the Persian Gulf initially followed their colonial protector, Great Britain, to shelter themselves from the Arab and Persian nationalist storms that periodically swept through the neighborhood. The exception was Saudi Arabia, which enjoyed better relations with the United States than with the United Kingdom. When the British decided they could no longer afford to protect the Gulf Arabs and withdrew in 1971, the smaller and fragile Gulf states turned to the United States to assume the British mantle.<sup>5</sup> Concerned about possible Soviet encroachments in the Gulf, President Richard Nixon created the Twin Pillars policy, which designated Iran and Saudi Arabia as proxies for U.S. military presence in the region.<sup>6</sup> This was followed by the Carter Doctrine on U.S. military engagement in the Gulf and the expansion of American force presence and operations during the Iran-Iraq war.

Through the 1970s and 1980s the Arab states of the Gulf faced the hegemonic ambitions of Iran, first under the secular and intensely nationalistic regime of the Shah and then under the revolutionary Islamic Republic of Iran, also nationalistic and determined to export its revolution across the Gulf. In between Iranian challenges came Iraqi feints at territorial acquisition as well as attempts to gain influence in decision-making on Gulf and wider Arab political, economic, and strategic affairs. In 1981, as the Iraq-Iran war continued and Iran broadened its efforts to export its Islamic revolution across the Gulf, the six states formed the Gulf Coopera-

<sup>4</sup>The visit, which will be Maliki's second, is scheduled to begin June 7, 2008. Andrew E. Kramer, "Iraqi Premier is Expected to Discuss Allegations and Aid in Iran Visit," *The New York Times*, June 3, 2008, p. A12.

<sup>5</sup>For a short history of the U.S. military engagement of the U.S. in the Persian Gulf, see *The United States and the Persian Gulf: Reshaping Security Strategy for the Post-Containment Era*, Richard Sokolsky ed., (NDU Press, 2003).

<sup>6</sup>The U.S. first entered the Gulf with a small naval presence—the U.S. 5th Fleet—in 1948 in Bahrain and a USAF presence in Dhahran, Saudi Arabia from the 1940s through the early 60s.

tion Council (GCC).<sup>7</sup> It was not intended to be a political or security organization similar to the European Union or NATO; instead, its members focused on common economic interests, such as forming a common customs union and trade zone and cooperating in local police and security matters.

*The Gulf Arabs' Security Vision*

Gulf Arab security policies have traditionally been based on risk avoidance, collective reaction, and reliance on non-regional powers to insure their security and survival. The strategy was to avoid provoking either of the dominant and powerful governments in Baghdad and Tehran, pay for protection, use arms sales as an extension of foreign policy, and above all, maintain a balance of power in the Gulf. Iraq's invasion and occupation of Kuwait in 1990 should have exposed the weakness in this form of strategic thinking, but the Gulf governments preferred to maintain the kind of balance of power they once felt comfortable under—a balance maintained by cordial relations with regional powers and backed up by a more distant U.S. presence.

Several developments in the past few years have produced a significant shift in the strategic thinking of the Gulf states:

- *The spread of religious-based terrorist attacks following the al-Qaida attacks on the U.S. on 9/11.* Al-Qaida and other extremist elements accuse the Al Sa'ud and other ruling families of being un-Islamic and puppets of the U.S. and have conducted a series of terrorist operations on Saudi and American targets in Saudi Arabia. Youth from many Arab states have been recruited for operations in Iraq, and press reports indicate Gulf nationals have been caught in Iraq and on their return to the Peninsula states.
- *The rise of political and sectarian movements demanding political reform.* All of the Gulf states are witnessing the growing political influence of ultra-conservative religious, ethnic, and tribal factions. These factions demand a greater role in decision making, constitutional limitations on ruling family power, adherence to a strict version of Islamic law, and an end to corruption in government. In Kuwait, for example, elections for the national assembly last month saw Islamists and tribal conservatives win nearly half of the seats. These conservative elements are now challenging the ruling Al Sabah family for the right to appoint cabinet ministers and for limitations on the power of the Amir.
- *The collapse of Saddam Husayn's regime and installation of a non-Sunni government in Baghdad.* The Gulf states see risk if Iraq fails and if it succeeds. A failed Iraq means more cross-border terrorists entering or returning to the Gulf intent on overthrowing the traditional ruling elites. It also raises the risk of sectarian or ethnic unrest in countries where significant minority populations have long been discriminated against by Sunni, Wahhabi prejudices and Arab nationalist sentiment. If Iraq succeeds in stabilizing under a democratic-leaning, elective form of governance, especially one with a weak central government and strong semi-independent provincial authorities, then the Gulf states worry about the export of "advanced" political ideas which they say their countries do not need or are not prepared to adopt. Either strategically or tactically, Iraq will no longer be the eastern flank of the Arab world and protector of the Sunni world against the Persian Shi'a crescent; rather, it will provide strategic depth for a hegemonic-minded Iran.
- *Risk of a nuclearized Iran.* The Gulf Arab states have only recently begun to express their unease with a nuclear-empowered Iran. Loathe to provoke Iran by denying its right to nuclear energy capability, the Gulf Arabs now speak openly of their concerns about Iran developing nuclear weapons, insisting on full-cycle control of uranium enrichment, and planning for as many as 20 more nuclear power plants strung out along the northern shore of the Gulf. They deny Iran would use a nuclear weapon against them, but their fears of weaponization appear at this point to be second to fear of environmental damage from a Chernobyl-style accident or natural disaster (earthquake at a nuclear plant built on or near a fault) and Iran's lack of responsibility or preparation for consequence management in the event of a nuclear accident.
- *Worry that the U.S. will launch war against Iran or negotiate security issues with Iran without consulting Gulf friends and allies.* Should the U.S. launch military operations against Iran, it would be the 4th Gulf war in one genera-

<sup>7</sup>In 2001, the GCC extended a special status to Yemen but are reluctant to extend full membership to Yemen, Iraq, or Iran.

tion. Gulf rulers would like the U.S. to consult them before making any initiatives—hostile or friendly—towards Iran. Privately, many admit that they would feel compelled to support the U.S. but are uncertain about the willingness of the U.S. to honor its commitments to their stability and security (read their survival).

The GCC states are consumers and not producers of security. They publicly urge the U.S. to get out of Iraq but only after establishing a secure and stable government there. For them, Iraq is the litmus test. If the U.S. does not stay the course in Iraq, then how strong will their commitments be to the Gulf governments? Their response to these new risks has been to:

- *Seek stronger commitments* to their security from the U.S. and European governments and new friends and customers in Asia (China, India, and Japan) who may be willing to extend security guarantees in exchange for assured access to oil, investment, and arms sales. The extent of their discussions with Europe and Asian governments is unclear, but France, Spain, and Germany have been talking with individual members of the GCC about security issues (France will deploy a 500-man contingent to the UAE). My discussions with Asian and Gulf leaders suggest that actual security cooperation may not have been raised, and that although China, India, and Japan are increasingly dependent on Gulf oil and gas, none are interested in contributing to Gulf security or protecting sea lanes and access to oil and gas.
- *Announce their interest in acquiring nuclear energy facilities similar to Iran's civilian nuclear energy program.* Together, the GCC states control nearly half the world's known oil reserves, but mostly in response to Iran's nuclear programs, several Gulf states have expressed interest in nuclear energy for domestic energy consumption. The IAEA sent a team of experts to Riyadh last year to discuss building nuclear energy plants. Saudi Arabia, Bahrain, and the UAE seem especially interested, but all declare that any nuclear energy facilities built would be placed under IAEA and NPT safeguards.<sup>8</sup>
- *Keep the diplomatic door open and maintain correct relations with Iran.* In keeping with tradition, the GCC allowed Iranian President Ahmadinejad to speak to its annual summit in December 2007. Saudi Arabia then welcomed him to make his first hajj, the annual pilgrimage to Mecca and Medina required of all Muslims. This was the first appearance by an Iranian at a GCC meeting and the first hajj visit by a sitting Iranian president.<sup>9</sup>

#### *Elements of a U.S. Strategy*

When oil sold for \$20.00 a barrel and Asia was not a major consumer of the world's energy resources, the U.S. had greater leverage on the Gulf states. And, when the U.S. first entered Iraq in 2003, its influence was at its highest point. Neither lasted long. What, then, are U.S. options?

- *Engagement of Iran's government or isolation?* American administrations since the 1979 Islamic Revolution and hostage crisis have believed that the Iranian regime's most important goal was recognition of its legitimacy and that talking to Iranian leaders would be tantamount to recognition and a reward for bad behavior. The tactic may have been effective in the 1980s, when Iran was at war with Iraq and considered a rogue state intent on exporting its extreme version of Islamic revolution to Iraq, Lebanon, and the Gulf. But, in my opinion, denial of recognition is no longer a trump card for the U.S. I defer to Dr. Takeyh, who is much more the expert on President Ahmadinejad than I am, but it seems to me that neither Mr. Ahmadinejad nor Supreme Leader Khamenei is intimidated by our refusal to recognize the Islamic Republic. More important to Ahmadinejad and most Iranians is recognition and acceptance of Iran's claims to be the dominant power in the Gulf region and a participant to be consulted in matters dealing with the Greater Middle East, including Israeli-Palestinian and Lebanese issues.

<sup>8</sup>Other nations that have said they plan to construct civilian nuclear reactors or have sought technical assistance and advice from the IAEA, the Vienna-based United Nations nuclear watchdog agency, in the last year include Egypt, Jordan, Syria, Turkey and Yemen, as well as several North African nations. Bob Drogin and Borzou Daragahi, "Arabs make plans for nuclear power," *LATimes*, May 26, 2007

<sup>9</sup>Iranian sources claim the GCC invited Ahmadinejad to speak, but Gulf officials say the Iranian invited himself to Doha for the summit. He reportedly spoke about a 12-point plan for regional security, but no further information has been made available.

- *Offer talks to shift the onus of obstructionism to Iran?* Offering to hold talks with Iran does not imply recognition of or approval for Tehran's bad behavior. It would, however, signal Iran's neighbors and the Greater Middle East region that the U.S. is willing to probe Iran diplomatically and seek some common ground. Washington and Tehran have some interests in common: both have a huge stake in Iraq's survival as a unified state that functions within acceptable parameters and quells sectarian unrest; for Iran and many in the Gulf region, this means political and economic equality for non-Sunni, non-Arab populations and not a Sunni-Shi'a/Arab-Kurd clash of civilizations, that some scholars and political leaders in the region predict.
- *Stop vilifying Iran as a "rogue" state?* Frequent U.S. condemnation of Iran and responses to Ahmadinejad's vituperative statements, only serves to enhance his stature among Iranians and the Arab street. Conversely, recognizing Iran's security perceptions and giving it a voice in a regional forum would allow Iran the political, economic, and strategic interaction it seeks, but would also set the agenda and terms of engagement on the basis of Iran's behavior before it tries to make demands based on its nuclear status.
- *End the sanctions that preclude economic investment in Iran?* Acquiescence to a pipeline project to carry Central Asian gas and oil, for example, would be an important signal of U.S. awareness of Iran's economic needs. It could also defuse potential Iranian dependence on Chinese investment in the energy sector of its economy.
- *Seek progress on common interests before tackling the larger and more complicated issues?* Iraq and our friends in the Gulf will continue to move cautiously in developing ties to Iran. Those ties, for now and the foreseeable future, will probably remain limited to cooperation on trade, commerce, police matters, and sharing of intelligence on drugs and narcotics trafficking. They are not likely to conclude any significant security pact whose terms would include a demand for the withdrawal of U.S. military forces from the region. Gulf governments may prefer to avoid antagonizing their larger and dangerous neighbors, but they also realize that U.S. commitments to their security and presence, however invisible they may pretend it is, allow them the freedom to negotiate with former enemy Iran and, at some point in the future, Iraq.
- *Push hard on political reform American-style or insist on timetables for change?* Even without U.S. pressure, the GCC states and Iraq will face daunting challenges over the next decade, including rising demands for an end to authoritarian rule (meaning monarchies, ruling families, single parties, or tribes), and greater restrictions on or opportunities for women. There may be problems of overdevelopment and a risk to the fragile Gulf ecosystem from increased tanker traffic, lack of potable water, or a nuclear accident or oil fire. The region also faces a challenge to keep small rich populations happy and expatriate labor unorganized and isolated (more than 85 percent of the population of Qatar and the UAE is foreign labor, for example). The U.S. will need to choose its issues carefully, especially since a strong public stance on domestic political reform often triggers local cynicism that the U.S. doesn't live by its ideals and that its security is heavily reliant upon dysfunctional governments or unpopular regimes.
- *Promote cooperative relations between Iraq and its Gulf neighbors?* For the next 10–15 years Iraqis will need to concentrate on reinventing themselves, their identity, their political institutions and economic infrastructure. For that, they will need cooperation from their neighbors in stabilizing trade and development plans and maintaining secure borders. In the long-term Iraq could return to claim its rightful place as leader of the Gulf, and it resume efforts to acquire WMD. If it does, then Kuwait had better look to its borders and the GCC to its alliances.
- *Pursue effective deterrence and collective defense options at the same time?* While continued arms sales to the Gulf are no panacea for countering a nuclear-armed Iran, two other frequently mentioned alternatives have their own drawbacks. The first is a regional nuclear-free zone, but neither Israel nor Iran seem the least bit interested. The second is to turn the GCC into a regional defense and security organization which would include Iraq, Yemen, and, eventually, Iran. Unfortunately, the GCC would be hard-pressed to become the Persian Gulf or Middle East's equivalent of OSCE or the EU. Pan-regional solutions will not work—they are too broad in scope, and too vague in purpose.

- Alternatively, the U.S. in conjunction with our European partners and Asian states dependent on the region's energy resources could cooperate in supporting the establishment of a sub-regional security organization as a venue for threat reduction talks and confidence building measures. cooperative political, economic and security union and encouraging Iran, Iraq, and the Gulf states to join it.
- Similarly, the U.S. should engage Europe, non-Gulf Arabs (Egypt) and Asian powers with influence in the region to address security issues that are not specifically military. Most states in this region share transnational problems—terrorism, religious and nationalist extremism, organized crime, arms smuggling, illegal immigration, environmental pollution, drug and human trafficking, disease, poverty, lack of water resources, and desertification.
- *Offer the GCC expanded security guarantees and a smaller military presence?* In the face of a nuclear-capable Iran, or a rearmed Iraq, the Gulf Arabs are likely to seek expanded U.S. guarantees of enhanced protection and promises to defend them if a confrontation is imminent. This could include advanced missile defense systems or coming under the American nuclear umbrella. They are not likely, however, to support an American policy of pre-emptive strikes to lessen their Iran problem or to welcome the presence of a substantial U.S. military force on “bases” or with access to base facilities. They will not join Iran in a security arrangement that would preclude a U.S. presence in the Gulf, reflecting in part their understanding that the U.S. military presence allows them to improve relations with Tehran now and Baghdad some day. At the same time, the Gulf regimes are wary of closer ties to the U.S., fearing popular protest to the costs of the U.S. presence and dependence on the U.S. for protection their governments should be able to provide.

#### *Conclusion*

The U.S. military is likely to be present in the Gulf for some time. The desire to reduce the U.S. military footprint and the vulnerability of forward deployed forces needs to be balanced against the diplomatic and deterrent value of a visible U.S. military presence in the Gulf. If friends and enemies no longer see U.S. forces and operations, they may conclude that the Gulf governments are once again vulnerable to intimidation or outright threat and that the U.S. is less likely to defend its interests and honor its security commitments in the region. In approaching decisions on the U.S. future forward presence posture for the Gulf, several political realities need to be taken into account:

- Iraq and Iran are not perceived by the GCC states as major and imminent threats to regional security and most believe the United States needs to shape strategies to engage Iraq and Iran positively.
- Palestine is still important. The fact or perception of Israeli intransigence as well as divisions within the Palestinian Authority and U.S. reluctance to take the lead in finding a solution all shape GCC public attitudes and damage U.S. influence in the region to a significant degree.
- Political change in Iran may come smoothly or violently, but it will not alter a defense strategy based upon the goal of acquiring a nuclear capability and is unlikely to lead to major reversals in Tehran's foreign and security policies.

Mr. ACKERMAN. Dr. Alterman?

#### **STATEMENT OF JON B. ALTERMAN, PH.D., DIRECTOR AND SENIOR FELLOW, MIDDLE EAST PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES**

Mr. ALTERMAN. Mr. Chairman, members of the committee, I am honored by the opportunity to speak with you again today.

A funny thing has happened in the Middle East. Virtually all of the government opposition to the United States has gone away. After almost a half-century of Cold War battles to protect oil fields, deny Soviet access to warm-water ports, and commit hundreds of billions of dollars in United States aid, the number of Middle Eastern states hostile to the United States can be counted on one hand, with several fingers left over.



The only countries with truly adversarial relations with the United States are Syria and Iran, with Iran being the more consequential of the two. This remaining opposition is not trivial, relying on skillful diplomacy, artful proxies, and strategic discipline, Iran has used its regional efforts to consolidate its rule at home and confound United States-led efforts to isolate it.

The Iranians' return on their regional investments is breath-taking compared to the United States return on a far-greater investment over the last 5 years. For the most part, Iran's regional allies are movements rather than states, and, in a region in which states dominate the politics within their borders, that would seem to be a losing strategy, yet Iran has been able to skillfully play the hand it has been dealt.

You have asked me to concentrate on the Levant, and the consistent thread running through Iran's efforts in this area is opposition to Israel. By advertising its hostility to Israel and supporting those who attack Israel, the Iranian Government seeks to demonstrate to the disaffected throughout the region that it is more courageous and more true to their sentiments than their own governments.

Iran is trying to obfuscate the fact that it is a foreign government with its own aspirations toward regional dominance by portraying itself as an influential regional force agitating against the status quo and a fearless rejectionist that dares to speak truth to power when the other regional states cower under United States protection.

Iran's most important state ally in the Levant is Syria, an improbable pairing, I would argue. They overlap not in what they believe in but, instead, in what they oppose: In a nutshell, us and our allies. But they are also drawn together because they each seek to influence many of the same nonstate actors in the Levant, from the Shia plurality in Lebanon to Hamas and Palestinian Islamic Jihad in the Palestinian Authority.

In my judgment, the two countries are bedfellows but not soul mates. Syria is the principal bridge through which Iran projects power into the Levant and a vital land link to Hezbollah. Most of Hezbollah's weapons are reportedly trans-shipped through Syria, and Syria provides a pro-Iranian base in the Arab heartland that Iran seeks to further in its own campaign of regional influence. But they publicly differed over who would investigate the assassination in Damascus of Hezbollah killer Imad Mughniyah in February.

In Iraq, Syria and Iran, by acts of omission and commission, have each supported armed groups whose greatest enemies are the other state's clients. Syria is indirectly negotiating with Israel, and all of the protests in the last few weeks of how close the two countries are seem to me to underline the fact that there is a rift going on in this relationship.

The Iranian bid in Lebanon seems to me to be one for influence rather than control over the country. A weak Lebanon with a virtually independent Shia region does Iran much more good than having an actual client state. Hezbollah gives Iran a stick with which it can poke Israel, Gulf Arab countries close to Lebanon, and the United States. At the same time, as a sub-national actor, it is harder to defeat Hezbollah in a conventional military conflict in

which it would be badly outmatched by both Israel and the United States, and the 2006 war with Israel made this point perfectly.

For its part, the current Government of Lebanon is incapable of ending Iranian influence in the country and finds itself seeking to manage it instead. Iran has emerged as a foreign patron of a sectarian group, much as France has traditionally supported the Maronites, and Saudi Arabia has been close to the Sunni community. Seen this way, Iran is not so much breaking the rules of Lebanese politics as reinventing them.

Iran's support for Hamas is a different kind of relationship, as it principally gives Iran ideological credibility in the Middle East at relatively low cost. While people in a classified setting can give you better numbers, Iran's investment in Hamas is likely in the low tens of millions of dollars per year, and an Israeli intelligence official just told me yesterday that the military support is in the low tens of millions, and I mean very low tens of millions, of dollars per year, a mere fraction of what Iran spends on Hezbollah and also a fraction of the international support that the world gives to Mahmoud Abbas.

Like the Government of Lebanon, the Palestinian Authority has often been ineffectual in its efforts to limit Iranian influence. Western patronage comes in through the front door, but it often comes with restrictions and safeguards that hamstring the recipient bureaucrats. Iranian support for Hamas and the Palestinian Islamic Jihad comes through the back door in wads of cash and boxes of weapons and ammunition that are delivered to motivated and committed partisans.

Most of the states in the region are deeply troubled by Iran's actions. King Abdullah of Jordan captured this disquiet most clearly in 2004, when he talked about a "Shia Crescent" emerging in the Middle East, but the concern is, by no means, limited to Jordan.

The Government of Egypt sees Iran as a key rival for regional influence and a proliferation threat for the entire Middle East, and the Governments of both Lebanon and the Palestinian Authority see Iran pushing their populations toward extremism and division. Indeed, while one can make a case for some Iranian good works for the Shia in Lebanon, it is really hard to point to anything outside of that arena where the Iranians are playing a constructive role.

Even so, these governments seem to be drifting away from the United States embrace partly as a consequence of Iran's actions. U.S. standing in the Middle East grew at a time when governments felt their greatest threats came from beyond their borders. Military support that helped protect them was welcomed.

Now, the United States is able to offer far fewer protections from the things that governments most fear: Internal threats, against which a close U.S. relationship is much more of a mixed blessing.

The core of countering Iranian malfeasance needs to be better execution of policy by the United States. Rather than advertise our desire to remake the region in our image, pursue maximalist goals, or loudly trumpet our sympathy toward Islam, we need to pursue our interests with quiet effectiveness. It is hard to imagine how this might be done without more direct and active United States engagement in Arab-Israeli peacemaking and greater success in Iraq.

We need to restore our position as a country that is not only predictable but also reliable. When we say we will do things, we must deliver. We have lost that reputation, and it colors everything else we do in the Middle East and beyond.

There is a school of thought that suggests that much of our problem in the Middle East is one of messaging. If we can talk about ourselves in the right way and inspire the right people, the thinking goes, we can regain our previous position of influence. I disagree.

Our problem in the Middle East is what we have done, what we have said we will do and not done, and what we have not committed to do. In so doing, we have ceded ground to our enemies and played right into their hands.

None of this is to underestimate the fact that the United States is playing a difficult game in the Levant. We are seeking to build more effective governments and more robust societies, in part, out of an expectation that they will emerge with some affection for the United States. I agree, that should remain the objective of U.S. policy.

Iran is playing a somewhat simpler game, seeking to undermine a status quo that few find desirable. Iran is not positioned to win, and I do not think Iran can win, yet Iran is certainly positioned to gain, especially as it seeks to slip from the cordon that the United States is seeking to place around the Islamic republic.

Iran is beset by internal problems, and it is hardly a model that many in the Middle East would seek to emulate. Still, its proxies will not soon go away, nor will our allies swiftly resolve their own internal challenges. We will be facing this challenge for some time to come, but with skill and patience and leadership, we can turn this tide. Thank you.

[The prepared statement of Mr. Alterman follows:]

PREPARED STATEMENT OF JON B. ALTERMAN, PH.D., DIRECTOR AND SENIOR FELLOW,  
MIDDLE EAST PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

“IRAN’S STRATEGIC ASPIRATIONS AND THE FUTURE OF THE MIDDLE EAST”

Mr. Chairman: I want to thank you for the opportunity to testify once again before the Middle East and South Asia Subcommittee of the House Committee on Foreign Affairs.

A funny thing has happened in the Middle East: virtually all of the government opposition to the United States has gone away. After almost a half-century of Cold War battles to protect oil fields, deny Soviet access to warm-water ports, and commit hundreds of billions of dollars in aid, the number of Middle Eastern states hostile to United States can be counted on one hand, with several fingers left over. South Yemen merged into North Yemen in 1990, Saddam fell in 2003, Libya came in from the cold in 2004, and on they went. The only countries with truly adversarial relations with the United States are Syria and Iran, with Iran being the more consequential of the two.

This remaining opposition is not trivial. Indeed, the Iranians’ return on their regional investments is breathtaking compared to the U.S. return on a far greater investment over the last five years. Relying on skillful diplomacy, artful proxies and strategic discipline, Iran has used its regional efforts to consolidate its rule at home and confound U.S.-led efforts to isolate it. At the same time, the states that are closest to the United States are hedging their relationships with us.

For the most part, Iran’s regional allies are movements rather than states, and in a region in which states dominate the politics within their own borders, that would seem to be a losing strategy. Yet, Iran has been able skillfully to play the hand it is dealt. While it would be hard for Iran’s allies to topple U.S. allies in the Middle East, Iran can take comfort not only in these allies’ growing power, but more

importantly, in the ways in which they insulate Iran from U.S. and international pressure.

You have asked me to concentrate on responses to Iran's numerous foreign policy efforts in the Levant. It is worth pointing out at the outset that the consistent thread running through Iran's efforts in this area is opposition to Israel. One could well argue that Iran has no business caring about Israel. Iran is a largely Shiite Persian nation rather than a Sunni Arab one. Jerusalem has been far more central to Sunni thinking than Shia, and before the Iranian revolution, hostility to Israel had been largely an Arab issue rather than a Persian or pan-Muslim one. In my judgment, the government of Iran uses its hostility to Israel strategically, as a way to open doors for a Shiite, Farsi-speaking power in the Sunni Arab heartland. By advertising its hostility to Israel—and supporting those who attack Israel—the Iranian government seeks to demonstrate to the disaffected throughout the region that it is more courageous and more true to their sentiments than their own governments. Iran is trying to obfuscate the fact that it is a foreign government with its own aspirations to regional dominance by portraying itself as a influential regional force agitating against the status quo, and a fearless rejectionist that dares to speak truth to power when other regional states cower under U.S. protection.

Opposition to the status quo is the core of Iranian strategy in the Levant. Israel is just one manifestation of that status quo, the other manifestations of which are regional weakness in the face of extra-regional powers, authoritarian governance, and economic malaise. Ironically, strong U.S. ties to regional governments—a U.S. policy success that has been nurtured over more than a half century—makes the United States complicit in the failure of these states and creates the dissatisfaction on which Iranian propaganda feeds.

Iran has played the game of Arab dissatisfaction far more skillfully than the United States. The U.S.-led effort to promote democracy in the region, which seemed robust just a few years ago, is in shambles. Arab publics never trusted U.S. intentions, governments carefully stoked nationalist sensitivities, conservative voices quickly drowned out liberal ones, and the United States found that a global emphasis on fighting terrorism quickly forced them into the arms of the local intelligence services who were most responsible for implementing anti-democratic measures. Cleverly, Iran has tried not so much to build a new order as to discredit the existing one, and it has met with some success.

I would like to talk about Iran's strategies in the Levant, starting with Iran's most important state ally, Syria. Iran and Syria are, by some measures, improbable allies. Syria is a revolutionary secular regime, and Iran is a revolutionary Islamic one. Syria sees itself as the heart of the Arab world, a world that suffered through centuries of conflict with imperial Persia. Both regimes are highly ideological, yet their ideologies have little overlap.

Where they do overlap is in their opposition to the United States and to U.S. power and influence in the region. These two countries are drawn together in part because the United States opposes them using a variety of measures: bilateral sanctions, international pressure, and the occasional repositioning of troops to remind each of the reach of U.S. power. But they are also drawn together because they each seek to influence many of the same non-state actors in the Levant, from the Shia plurality in Lebanon to Hamas and Palestinian Islamic Jihad in the Palestinian Authority. In general, it seems that Iran is the more senior partner but also the more distant one; seen another way, Iran seems somewhat more strategic in its search for regional allies, while Syria seems more urgently and narrowly focused on protecting its interests in Lebanon.

Still, in my judgment Syria and Iran are bedfellows but not soul-mates. Syria is the principal bridge through which Iran projects power into the Levant and a vital land link to Hezbollah. Most of Hezbollah's weapons are reportedly transshipped through Syria, and Syria provides a pro-Iranian base in the Arab heartland that Iran seeks to further its own campaign of regional influence. For its own part, Iran is Syria's only regional ally and an escape valve for pressure applied by the United States and the Gulf states. With the demise of the Soviet Union, Syria lost its patron. A dalliance with Saddam Hussein ended with his fall, leaving Syria literally with nowhere to turn but Tehran.

Yet, when unknown assailants assassinated the Hezbollah killer Imad Mughniyah in Damascus in February, Iran swiftly announced that Iranian, Syrian and Hezbollah representatives would jointly investigate his death. The announcement was a recognition of his Iranian ties. Yet, within days, Syria announced that no such joint investigation would occur. Whether Syria's rejection was due to a nationalist impulse, a reflection of having something to hide, or some other reason, we don't know and may never know.

In Iraq, Syria and Iran—by acts of omission and commission—have each supported armed groups whose greatest enemies are the other state's clients. Another sign of differing regional strategies are recent revelations that Syria is indirectly negotiating with Israel. Protestations of closeness in the last week seem to me to confirm the fact that there are serious rifts in this relationship.

While Syria is Iran's principal state ally, Hezbollah appears to be its most intimate ally. Linked to Lebanon's Shia plurality, Hezbollah was an Iranian creation that fights for Shia rights at the same time that it fights against Israel. Hezbollah set the mold for modern religious opposition parties, since copied by Hamas and others. It combines robust services with political agitation and armed struggle, all relying on local fundraising and substantial subsidy by foreign patrons. Iranian-Hezbollah ties seem as effortless as Iranian-Syrian ties seem forced. Iran does not feel an existential threat lurking in Lebanon, as Syria does, and it appears free to give Hezbollah considerably more leeway on tactical issues. In some ways, if fact, Iran seems to be using its own influence in Lebanon as a way to build Syrian dependence on Iran itself.

Overall, the Iranian bid in Lebanon seems to be one for influence rather than control over the country. A weak Lebanon with a virtually independent Shia region does Iran more good than an actual client state. Hezbollah gives Iran a stick with which it can poke Israel, Gulf Arab countries close to Lebanon, and the United States. At the same time, as a sub-national actor, it is harder to defeat in a conventional military conflict in which it would be badly outmatched by Israel and the United States. The 2006 war with Israel made this point perfectly, as Hezbollah hid behind Lebanese sovereignty to attack Israel. The Lebanese army cannot defeat Israel, but Hezbollah fighters on Lebanese soil can certainly damage Israel.

For its part, the current government of Lebanon is not capable of ending Iranian influence in the country and finds itself seeking to manage it instead. Iran has emerged as a foreign patron of a sectarian group, much as France has had a traditionally strong relationship with the Maronites and Saudi Arabia has been close to the Sunni community. Seen this way, Iran is not so much breaking the rules of Lebanese politics as reinventing them, especially since Hezbollah has been able to use the conflict with Israel as an excuse to remain armed. Just two weeks ago, we saw the effects of this on Lebanese internal politics.

Iran's support for Hamas is a different kind of relationship, as Hamas represents no sectarian group or other natural base that is logically sympathetic to Iran. Instead, Iran's support for Hamas—which appears to be a combination of cash and weapons—gives Iran ideological credibility in the Middle East at relatively low cost. While people in a classified setting can give you better numbers, Iran's investment in Hamas is likely in the tens of millions of dollars per year, a mere fraction of its spending on Hezbollah, and also a fraction of international support for the government of Mahmoud Abbas.

Iran also supports Palestinian Islamic Jihad, a smaller and weaker group than Hamas with no ambitions for political engagement or social service provision. In the current climate, PIJ seems to have left center stage as Fatah and Hamas struggle for power. Should Iran seek to disrupt peace moves in the future, however, Iran would likely use PIJ as an additional pawn with which it can further its own interests.

Like the government of Lebanon, the Palestinian Authority is hamstrung in its efforts to limit Iranian influence. Western patronage comes through the front door, but it often comes with restrictions and safeguards that hamstring the recipient bureaucrats. Iranian support for Hamas and PIJ comes through the back door in wads of cash and boxes of weapons and ammunition that are delivered to motivated and committed partisans. While Arab governments are generally alarmed at the prospect of Hamas coming to power in the Palestinian Authority—the prospect of a religiously inspired revolutionary movement seizing power makes every single regime in the region quake—they are generally sympathetic to the idea that less of a disparity in forces between Israel and the Palestinians would help draw Israel to the negotiating table. Their opposition to Iran's support for Palestinian militant groups, therefore, is often muted.

Still, most of the states in the region are deeply troubled by Iran's actions. King Abdullah of Jordan captured this disquiet most clearly in 2004 when he talked of a "Shia Crescent" emerging in the Middle East, a clear mark of concern about Iranian influence, but the concern is by no means limited to Jordan. The government of Egypt sees Iran as a key rival for regional influence and a proliferation threat for the entire Middle East, and the governments of both Lebanon and the Palestinian Authority see Iran pushing their populations toward extremism and division. Indeed, while one can make a case for some Iranian good works for the Shia in Leb-

anon, it's hard to point to anything outside that arena where the Iranians are playing a constructive role in the region.

Even so, these governments seem to be drifting away from the U.S. embrace, partly as a consequence of Iran's actions. U.S. standing in the Middle East grew at a time when governments felt their greatest threats came from beyond their borders. U.S. military support helped protect them and was welcomed. Now, the United States is able to offer far fewer protections from the things that governments most fear—internal threats against which a close U.S. relationship is more of a mixed blessing. Governments welcome the tools of U.S. counterterrorism—the communications intercepts, the paramilitary training, and the equipment—but they doubt the wisdom of the U.S. prescription of more open politics, respect for human rights, and the like. Instead, many have the sense that the United States is dangerously naïve; they see U.S. insistence pushing forward with Palestinian parliamentary elections in 2006 despite the disarray of Fatah and the gathering strength of Hamas as a prime example of that naïveté.

Iran not only profits from this split, but helps drive it. Iran does not threaten any of the Levantine Arab governments in a conventional military sense, but the growing feelings of anomie and disaffection that Iran helps fan drive a wedge between regional governments and the United States. The United States no longer leads the Free World, because there is no more Iron Curtain; the age in which the United States could act as if it enjoyed a monopoly on virtue is over. Governments and their citizens have a wider array of relationships to choose from—China, Europe, and even Iran are all carving out their own niches—and those relationships are increasingly complex. In addition, the apparent intimacy of the Information Age projects the United States into people's lives as never before and sharpens the focus on blemishes and positive attributes alike.

What we are trying to do in the Levant is infinitely more difficult than what Iran is trying to do, but that does not account for all of our difficulties. Our inability to execute policy effectively, and some quixotic efforts to impose our own notion of moral clarity on the region, have taken their toll.

The core of countering Iranian malfeasance needs to be better execution of policy by the United States. Rather than advertise our desire to remake the region in our image, pursue maximalist goals or loudly trumpet our sympathy toward Islam, we need to pursue our interests with quiet effectiveness. It is hard to imagine how this might be done without more direct U.S. government engagement in Arab-Israeli peacemaking and greater success in Iraq. I am somewhat more encouraged by the trendlines in the latter than the former, and even minimal progress on both fronts is both tenuous and easily reversible, but we need to be much more successful than we've been. To do that, we have to set more modest goals and be more effective achieving them. Put another way, we need to restore our position as a country that is not only predictable, but also reliable. When we say we will do things, we must deliver. We have lost that reputation, and it colors everything else we do in the Middle East and beyond.

Some might call this prescription European-style defeatism, but I view it as healthy American pragmatism. We have badly misjudged our influence over local events in the Middle East, and our influence has diminished as a consequence. We should neither abandon our ideals nor our friends, but we need to recognize that we serve neither when we over-promise and under-deliver. Some of our allies may be alarmed by a more modest American approach to the region and fear that rather than a recalibration it represents the beginning of an abandonment. Our response to their fears principally should be one of deeds rather than words.

There is a school of thought that suggests that much of our problem in the Middle East is one of messaging. If we can talk about ourselves in the right way and inspire the right people, this thinking goes, we can regain our previous position of influence. While it is vitally important that we better understand regional audiences, we cannot delude ourselves. Our problem in the Middle East is what we have done, what we have said we will do and not done, and what we have not committed to do. We have ceded ground to Iran—by seeking to defend unsustainable positions and letting spoilers derail peaceful progress—and thus played right into the hands of those who seek to cripple our policies.

None of this is to underestimate the fact that the United States is playing a difficult game in the Levant. We are seeking to build more effective governments and more robust societies, in part out of an expectation that they will emerge with some affection for the United States. I agree that that should remain an objective of U.S. policy.

Iran is playing a somewhat simpler game, seeking to undermine a status quo that few find desirable. Iran is not positioned to win, and I do not believe that it can win. Yet, Iran is certainly positioned to gain, especially as it seeks to slip from the

cordons that the United States is seeking to place around the Islamic Republic. Iran is beset by internal problems, and it is hardly a model that many in the Middle East would seek to emulate. Still, its proxies will not soon go away, nor will our allies swiftly resolve their own internal challenges. We will be facing this challenge for some time to come, but with skill and patience, we can turn the tide.

Mr. ACKERMAN. Thank you all for your testimony.

The first question I would like to ask is, should we be talking to Iran, and what should we ask in return, and what do we get for it if we do, and what do we gain if we do not? Volunteers.

Mr. TAKEYH. I can start.

Mr. ACKERMAN. Go ahead.

Mr. TAKEYH. First of all, it has been the United States' policy since 1979 through this particular administration that the United States was open to unconditional discussions with Iran on issues of mutual concern. That was the policy of the Reagan administration, that was the policy of the first Bush administration, and that was the policy of the Clinton administration. It was a bipartisan idea that we are willing to have discussions with Iran on issues of mutual concern.

It was the Iranians that had a precondition; namely, do we have to change our behavior in some amorphous way before we qualify to be their interlocutors?

So what has happened since the arrival of the current Bush administration is a reversal of postures, where Iranians have suggested that they are willing to talk, and we have suggested that we have certain preconditions.

There is plenty that we can talk about, their policies toward Iraq, instability here, and—

Mr. ACKERMAN. But under all of those administrations and policies, whether we wanted to talk, and they did not, or now they want to talk, and we do not, nobody has been talking.

Mr. TAKEYH. That is right. That is right because the Iranians did not talk to us. Now they are willing to talk, and we are not.

I think you can get into very comprehensive negotiations where, hopefully, you can meet some sort of an agreement. I suspect there are places where there is going to be a greater degree of commonality. There will be places where the two countries' strategic interests overlap; that is, in Iraq.

We possibly can come to some sort of a term on the nuclear issue, although the idea of zero enrichment is untenable, and perhaps when there is some sort of a dynamic to the negotiation, you can arrive at some sort of an understanding on the future of Lebanon and so forth. But it is going to be very difficult, and where you end up is likely to be a position of more ambiguity as opposed to conclusive clarity.

Mr. ACKERMAN. What do we lose by talking to them?

Mr. TAKEYH. Well, as I said, I do not think we lose anything, but I will leave it to—

Ms. YAPHE. I do not think we have that much to lose. It is hard to see how things could get worse, in many ways, than they are now, but we do have commonalities, and any time you want to get into saying, "What can we gain from this?" both sides are going to have to come away with gaining something, or you will only have had a one-off experience.

But I think, of the issues, Iraq clearly is a big one because we share the same concerns. Neither one of us wants to see it fail. We do not want to see the insurgencies restart or get worse. We do not want to see Iraq divided because that will be a threat to Iranian security, as well as to our ability to get out of Iraq.

So I think that we have something to share there. I think the Iranians are not totally confident about their control or their having won the hearts and minds of Iraqis, and I think that there could be things to talk about, in terms of how we can reduce the level of tension so that the Iraqis sort that out themselves.

Again, I was part of the experts' committee to the Baker Commission that produced the Iraq study groups—

Mr. ACKERMAN. I only have 1 minute left on my time, and I want Dr. Alterman to get in.

Ms. YAPHE. Okay. It gives us more credibility. You talk to people because you do not get along. You do not talk to say, "We have changed our minds. We like you, and that is fine." And there are a lot of economic issues as well: Sanctions on what the Iranians could or could not acquire and what we might be able to benefit from. I will let it go.

Mr. ALTERMAN. Mr. Chairman, first, I think it is important to note that the Bush administration started off talking to the Iranians. We talked to the Iranians about Afghanistan; we talked to them about any number of things, so it is a relatively new policy that we have not talked to them.

It seems to me that the core issue that people are missing is, if you are talking to fix the problem between the United States and Iran, to fix the Iranian regime, I think that is much too high a bar. I think it is unlikely to work.

Can we manage the Iranians better if we have some contacts, if we have a way to escalate up? I think it gives us another management tool to deal with very disturbing Iranian behavior. You can be in a room with somebody, and it does not mean you are making concessions to that person. I think we need to take that under advisement.

Mr. ACKERMAN. My time has expired. Mr. Wilson?

Mr. WILSON. Thank you, Mr. Chairman. Dr. Alterman, I want to thank you for your statement that you just made, that we are working to help promote effective governments and robust societies. I am very grateful that, in my service in Congress, I have had the ability to visit the Persian Gulf States: Qatar, Bahrain, Kuwait. I have met people in government, business. It is so encouraging to me. I just wish the American people could see the positive societies developing there.

I would like to point out to Congressman Ackerman that I have many constituents who have moved to Hilton Head Island from New York. We have room for more. But when I visit the Persian Gulf States, I feel like I am looking—

Mr. ACKERMAN. I hope they have had a good influence.

Mr. ALTERMAN. They have had a good influence, and it has been mutual. But when I visit the Persian Gulf States, I feel like I am visiting Hilton Head Island on steroids. It is robust. I do not know how you could not see dynamic societies.



I was impressed on my visit in Turkey, a democracy since 1923. It is very frustrating to me that so many of the American people feel like people of the Muslim faith cannot adapt either to democracy or modern society. That is not true at all.

You mentioned Jordan and quoting the king, another dynamic, robust society.

I have had numerous visits to Pakistan, again, a country under siege, but, indeed, a potential for a significantly growing economy, and, hopefully, with political reforms, a place that we can count on.

I have not visited Egypt, but I have met many representatives to the American Chamber of Commerce from the Egyptian military. One of my sons served in Egypt with the National Guard. He told me of the promise of Egypt. We know the able and robust society that could, and should, exist in Saudi Arabia.

In other words, wherever—Oman, U.A.E., Dubai—we welcome investments in our state from the Middle East.

So, as I tell you this, our policies, I hope, and this is before you come to, I believe, success, and I give a lot of credit to General Petraeus, in Iraq. I visited there nine times. I have had two sons serve there. I am very hopeful for the people of Iraq and keeping it as a single nation.

I have visited Afghanistan six times. Each time I go, I am impressed, and I have seen the evolution and development from rubble in the streets to, again, an effective government where there truly has never been one, and, hopefully, a robust society.

As I tell you all of this, indeed, Dr. Yaphe, you mentioned something else, we have got other regions that should be interested in promoting stability because it is going to affect them, that would be China, India, Southeast Asia. Are they making any efforts, Dr. Yaphe, to help promote effective, robust societies? No.

Ms. YAPHE. To my knowledge, no. They seem very happy to have us ensure safe passage of oil and gas or whatever through the Gulf, but they have not, to my knowledge, expressed an interest in helping to do that.

Now, they would have leverage with Iran, especially China, I would think, but also India. So there might be a useful role for them to play, but I wanted to point out one thing to both you and Mr. Ackerman as well, in terms of what do we stand to lose? These are not isolated issues, what we do in Iraq can affect what we do with Iran.

If we had greater contact, and that led to greater stability, then there might be less threat to the governments in the region that we want to see survive, and I am thinking of Jordan, in particular, but Syria also. They face enormous stress from Iraq and the millions of Iraqi refugees that cannot go home, will not go home, because of the instability. If you create the hope and the place that they can return to, you will take pressure off states that cannot afford to maintain the refugees financially or politically.

Mr. WILSON. And, indeed, there has been a movement of persons back to Baghdad. We need to, obviously, keep encouraging that. Again, I thank all of you for being here today, and, again, I am very hopeful for the security of Israel, for the development of the Middle East. From what I have seen, and I have visited Israel, too, again, what a dynamic society, which is reaching out to its neigh-

bors for its own self-interest and preservation. Thank you very much.

Mr. ACKERMAN. Mr. Scott?

Mr. SCOTT. Thank you, Mr. Chairman.

I think that the gist of what I want to get an answer from each of you on is, What will it take to make Iran stop what they are doing and blink? That is what we are getting to at the end of the day.

They are financing and arming militant terrorists that are killing Americans and allied soldiers in Iraq and Afghanistan. Without question, they are aggressively acquiring the means to purchase an enriched uranium. They are supporting terrorists and undermining the government in Lebanon. They are undermining the Israeli-Palestinian peace agreement.

And as I pointed out before, on top of all of that, they have an extraordinary, evolving partnership with Russia, in which they have nearly 50 percent of the natural gas between those two. They could put a stranglehold on us.

And, compounding that, we go to their nuclear situation, and we are in a Catch-22 as a result of the NEI report that said they stopped making nuclear warheads in 2003, yet recent intelligence and new intelligence from IAEA says that there are some very, very significant military connections to Iran's nuclear program that are coming to light now.

They have had undisclosed uranium-related work going on. They have had high-explosive testings of triggers for nuclear bombs going on. They have had a plan for an underground nuclear test shaft. They have got efforts underway to redesign the nose cone of Iran's far-flying Shahab Rocket VIII to accommodate a nuclear warhead.

The question is, What does it take to take them to blink? Now, we have got two options here. Do we take the military option off the table? Do we keep it on? And, quite honestly, I have been looking at this with more depth. Would a military strike be effective since these things are underground, dispersed, no matter where they are?

A military occupation might take some effort logistically, but we cannot do that. The military is stretched too thin, nor is it wise to do, so that is off the table.

So all we are left with are these economic sanctions, but they are not working completely because of this partnership that takes us all the way back to Russia, and Russia is not eager to do anything to help us because they need that leverage for their position, and they get billions and billions of dollars in trade from Iran.

So where does that leave us? What do we do to make them stop and blink with this rather depressing scenario? I mean, we are going like this. I think we have got to, some kind of way, yes, do what we can. We are going to have to talk with them somehow, somehow, with as much leverage as we can when we talk to them.

But as long as they have got Russia as their protector, we may need to find a way to ease that relationship there. Maybe we put reduction of the missile defense system in Russia that they are so upset about on the table. Maybe we give them a carrot to make up for the billions of dollars they are getting from them.

Nobody is talking about Russia. I think that might be something that we are overlooking as we get to making them blink and stop. I think Russia may be the key. What do you think?

Ms. YAPHE. I think China is more of a key than Russia. We have tried with Russia. We tried to get them to stop selling to Iran and stop training Iranian scientists in their labs, and the Russians' response to us, back in the nineties and later, "We do not have the kind of export controls you have. We have no ability to prevent things crossing the border illegally."

Many senior Russian officials, including one minister—the name escapes me for the moment—had an interest in the lab that was doing the training for the Iranian scientists.

Now, the point is, Russia does not have to send money to—

Mr. ACKERMAN. The 5 minutes are up. I remind the committee that we are operating on the 5-minute clock. You may use your 5 minutes in any way you see fit.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it.

I am particularly interested in this for the entire panel. I am particularly interested in the effect of sanctions in Iran. There has been a suggestion that the sanctions are affecting the Iranian economy enough to affect political discourse. I believe this is a good thing, particularly if it foments democratic fervor.

Would you agree with me that there is a direct relationship between the state of freedom and democracy within Iran and the efforts of the current regime to acquire nuclear weapons and the long-term success of the global War on Terror?

Would you also agree with me that it is essential that the issue of human rights violations in Iran should remain a top United States foreign policy priority?

I would suggest that it is very difficult to quantify the cost of sanctions to determine how much they are impacting a country's inflation, unemployment, and so forth. One thing we know about the sanctions regime, as applied to Iran, is that it probably has been effective in terms of imposing and economic cost on the country while less successful in terms of getting it to alter some of its objectionable policies, whether it is on the nuclear issue, on the peace process, or on terrorism, and so forth.

I think, as was mentioned, the best way of moving forward with the sanctions regime would be effective multilateralization, bringing in China, Russia, and India. I suspect that would be very difficult to do in a global economy that is so energy dependent and at a time when these emerging industries in the East—China and India—are so dependent on the energy resources and petroleum resources of the Middle East.

So I think it would be very difficult to get a consent to that sort of a sanctions regime. Therefore, they are going to be limited and less effective in their intended consequences.

Mr. ALTERMAN. Sir, if I may, first, in 2012, the developed world—that is, the OECD countries—is going to be using less oil than the developing world. We are going to see a whole change in consumption, and the countries that are going to feel a stake in this are Russia, China, and some of these other countries which may not share all of the goals that we have for the way the world works.

As we think about how the world works, we are going to have to deal with the fact that our ability to shape international relations is going to diminish, especially in the energy area, over time.

If I may just link your question to Mr. Scott's question, it seems to me, on the issue of what will make them blink, if you want to make them blink, you can make them blink more easily than they can surrender. I think we can make them blink with sanctions. We can get them to continue to blink, but surrender, I think, is probably beyond the possibility.

What we need to do, it seems to me, is, while we maintain pressure, to also give them a rope with which they can climb out of the hole they have dug for themselves. Without that rope, I think we are going to continue to see them fighting from the position they are in in the hole.

Mr. SCOTT. Thank you.

Ms. YAPHE. A quick observation. I think the answers, at least from my point, are yes and no. I do not think that you can link democracy, however we define it and they define it, to the development of these weapons systems, if that was the connection you were making.

But I do agree with you on the human rights. Democracy and human rights are important parts of our agenda, and the fact that we have not honored them does not help us. But the point is, sanctions delay, but they do not deny. A country that is determined to acquire the capability to create and control weapons of mass destruction, like Iran, seems to be able to do it. Again, delay but not deny.

The second point: The Iranian Government's own economic policies have done probably more damage to the Iranian economy than United States-imposed sanctions.

The last one: Threats that we make, accusations about how democratic or not Iran is, are threats to Iranian security—I am not saying take the military option off the table, but the kind of threats, the kind of choices we seem to make, I think, have an unintended consequence of strengthening popular support for the Iranian Government where, if left to themselves, the support might not be there, certainly not in the same way it is, if Iran feels threatened from the outside.

What is the best way to save a revolution, like in 1979? External threat or attack. You rally support. Whether you like the government or not, it is your government, and you have to save your country.

Mr. BILIRAKIS. Mr. Chairman, I will save my last question for the second round, if we get one. Thank you.

Mr. ACKERMAN. Mr. Costa?

Mr. COSTA. Thank you very much, Mr. Chairman.

If the three of you could respond quickly, how would you describe what our strategy is and that with our allies in dealing with Iran, in a short, succinct description, or the lack of the strategy?

Mr. TAKEYH. As I understand it, the strategy has two components to it. Number one, getting Security Council resolutions, which, in of themselves, are not particularly strong, but they—

Mr. COSTA. They have not been effective. And the second?

Mr. TAKEYH. But they tend to give the impression of international unity.

Mr. COSTA. Right, right.

Mr. TAKEYH. And then sanctions outside the Security Council, particularly banking sanctions and so forth, done in conjunction with the Europeans.

Mr. COSTA. But we have not done the real sanctions that ultimately would make a difference, i.e., restricting their refinery capability for fuel and really bringing the administration to its knees.

Mr. TAKEYH. The cumulative effect of the current sanctions, I would say, are limited.

Mr. COSTA. Yes. Doctor?

Ms. YAPHE. I think we have had some inroads in terms of their ability to rearm. Remember, they had almost a totally American—

Mr. COSTA. But in terms of the strategy, would you describe our strategy as cohesive or not, our strategy with our allies?

Ms. YAPHE. It is somewhere in the middle. I hate to do that.

Mr. COSTA. It sounds like it is not a very good strategy.

Ms. YAPHE. I do not think it is cohesive. Some people say that we have—what is the word I want?—we have privatized our policy on Iran.

Mr. COSTA. We have outsourced our strategy.

Ms. YAPHE. Thank you. We have outsourced our strategy to let the Europeans take the lead on the nuclear issue, for example. I am not convinced that that is true, but I do believe that unless the United States is openly behind these policies, they are not going to work because the Iranians—

Mr. COSTA. Dr. Alterman, how would you describe our strategy and that of our allies?

Mr. ALTERMAN. Sir, I think we are trying to use every means we can to apply maximum pressure directly against the Iranians, and the Iranians, using proxies and otherwise, are able to subvert that pressure.

Mr. COSTA. I mean, based on all three of your descriptions, one could observe that the strategy has not been very effective.

Mr. ALTERMAN. Yes, sir.

Mr. COSTA. I mean, you would all conclude that. Right?

Mr. ALTERMAN. Right.

Mr. COSTA. I suspect you all read Friedman's column over the weekend, and I will quote. He argues, "When you have leverage, talk, and when you do not have leverage, get some and then talk." The fact of the matter is that Iran and their friends have developed a strategy that seems to be more effective, at least at this time, with Hezbollah and Hamas and others, of developing leverage in terms of their sphere of influence, and it seems that their strategy, at this point, countering our strategy and our allies', has been far more effective at undermining our efforts, both in Lebanon with the Israeli-Palestinian peace process, and in Iraq. Would you argue otherwise?

Mr. ALTERMAN. I would just highlight as well that they have done this at remarkably less cost than we are putting into the region.

Mr. COSTA. I mean, as Friedman mentions, they have some interesting principles that, obviously, are easy to work with: Always seek control without responsibility. So we support the Lebanese Government, and they have to provide electricity, but they do not have to provide protection. These groups are involved in the government, yet they have their own militias, whether it be in Lebanon or whether it be in the Palestine area, or whether it be in Iraq.

It seems to me that—I learned a long time ago—that one definition of “insanity” is continuing to do things the way you have always done them and expect different results. Would you not conclude that that is what we are doing? You are nodding your heads.

Mr. TAKEYH. We have pursued the same policy ostensibly for 30 years. It has not been successful in terms of core objections that we have to the Islamic republic.

Mr. COSTA. So, quickly, what should the next administration be thinking about doing?

Ms. YAPHE. Well, I think it has got to have greater engagement. One of the reasons, and I do not see quite the same gains that you do in terms of the Europeans being so much more successful—

Mr. COSTA. I do not think any of the strategies are successful, but we are with our allies together. It is basically—

Ms. YAPHE. And I think that is a good thing. What we have to keep in mind is, in all of the cases, whether it is Lebanon or Iraq and Iran, the United States is looked to to play a role. They may hate us, or they may like us. It does not matter. We are the one that is seen as having the most capability—

Mr. COSTA. But if you do not have a coherent strategy that is working, then you have got to change.

Ms. YAPHE. I agree with you that the strategy has not worked, but I think that it has not worked because we have not been engaged.

Mr. COSTA. Thank you. My time has expired.

Mr. ACKERMAN. Mr. Fortenberry? Thank you.

Mr. FORTENBERRY. Thank you, Mr. Chairman, and thank you all for coming today.

At the outset, I would like to say that I favor providing a context for diplomatic dialogue, and, as you say, Dr. Alterman, and then, from there, looking for opportunities to escalate that up. I appreciate the comments about the various threads we could potentially pull that might lead to opportunities, or enhance the probability of opportunities for dialogue, in the hopes that we could achieve the objectives of this hearing and the other stated objectives.

What I worry about, though, is, are we all operating off the presupposition that there is an opportunity for rationality here? When you have the President of the country making statements that are beyond volatile—they are apocalyptic—is there an ideological drive here that is begging that type of outcome?

Now, what counters that, of course, is the question as to how much power he really truly has. Are there other elements in society that are seeing that as an opportunity that leads to increasing Iranian influence throughout the region, which they perceive to be in their best interests, or is he also making such statements simply

to position themselves to have better leverage in order to secure themselves and their own power as their own country?

Now, again, that would be based upon the presuppositions that we are dealing with some sort of rational intention here, but that is a real cause for concern, and I think, are we naive in this regard, in that we are, again, looking for the opportunities for dialogue and hope that they can lead to some outcomes that maybe one day would create a whole new springtime of relationship with Iran and America and some sort of common ground? Respond to that, please.

Mr. ALTERMAN. Congressman, I think there are rational explanations for what the Iranian Government does. We do not need to resort to irrationality to explain it. I think we have to be very careful to separate rationality and hostility, and, quite frankly, I can live with a hostile Iran because we are a much stronger power.

It is very hard to live with an irrational Iran, and, therefore, one of the things we have to put tremendous effort into understanding is, is this an irrational power or merely a hostile one? Much of the evidence I have seen is on the side of hostility rather than irrationality.

Ms. YAPHE. I think we make a mistake every time we run up against a hostile world leader, whether Saddam Hussein or Ahmadinejad, that because he does not see things our way, he is irrational. He is illogical because if we were him, we would do it differently. I think that is probably a mistake.

There are rational reasons. I do not think Ahmadinejad is a totally irrational actor. Saddam was not either. But the point is, a lot of Ahmadinejad's comments, especially regarding Israel, are made for external consumption.

The question I would have is, what is he saying when he is at home? Does he use those same arguments with the Iranians, and what about his claims to divine connection or calculation? Should we confuse his positions and his assumptions with those of all of Iran? I do not know the answer, but I think that is a good question.

Mr. FORTENBERRY. That is a good question, and I think that is an important point, but I think one of the problems here, though, is the narrowing of time in which the opportunity—I do not want to say “opportunity”—the gravity of the situation as the technology develops to carry out such aims, if they are his true intention, that window is closing very, very rapidly, and this is of grave concern.

Now, I want to set the stage for these comments by earlier saying I think it is prudential—it is in the best interests of the United States, Iran, the Middle East—to look for opportunities to dialogue and to diminish this tension rapidly, and, hopefully, there will be the possibility of some alternative outcomes.

This time is very, very short, and you see the rest of the Middle Eastern countries starting to react to that reality.

Mr. TAKEYH. I would briefly say that the rhetoric President Ahmadinejad has employed is with complete precedent. There is nothing new or unusual in the rhetoric that he employed that every other state actor has not employed. So if that rhetoric indicates irrationality, then this has been an irrational state—

Mr. FORTENBERRY. But it is entangled with the potential for nuclear weapons development.

Mr. TAKEYH. The idea of marriage of rhetoric and capability, although Iran did have a weapons-of-mass-destruction capability before crossing any sort of a nuclear threshold.

Mr. ACKERMAN. I was flipping through the TV Guide with that little button thing the other night, and, suddenly, on one of these higher numbered channels appeared two guys naked except for these fancy underwear things they were wearing. It was something called "Extreme Fighting," and they were in a cage trying to kick and punch and kill each other.

Mr. ALTERMAN. I am wondering where this is going, Congressman.

Mr. ACKERMAN. It was not C-Span watching Congress. Somehow the idea was to get the other guy in some kind of a chokehold and choke him until he was unconscious and win, or get him to tap you or something three times that the referee could see and stop the fight, and you won.

We seem to have a wrestling match going on, with Iran trying to put a stranglehold around Israel, either through their proxies, Hezbollah on one side or Hamas on the other, or the verbiage used by Ahmadinejad as recently as yesterday in Italy when he said some disgusting things, and the United States, on the other hand, in the ring trying to put an economic stranglehold around Iran by all kinds of economic things that we are trying to do, using investments in the oil sector, the energy sector, economic investments, and trying to get our allies to participate in that.

Who gets tapped first? Are they winning in this race, or are we winning in convincing people to do what we are trying to do?

Mr. ALTERMAN. Mr. Chairman, I did not see what you saw, and I am kind of glad I did not, but it harkens back to other programs, that you have people fighting with different weapons. Iran cannot win a conventional battle with the United States. Iran is a much weaker economy. They will fight asymmetrically. I think one of the problems with our policy is because we continued to fight in a way where we are waiting for that tap on the shoulder, and that tap on the shoulder may not come.

Can we change the way they behave? Can we change the way they fight, asymmetrically? I think we can certainly influence it, we can affect it, and we can change it. Can we get them to say, "You are right; we are wrong; we should have a Western-style, liberal democracy with the clerics back home"?

I do not think that is coming because that would be suicide for the regime. It is just not losing the fight; it is going out on a stretcher and never coming back, and I do not think they are going to do that.

Ms. YAPHE. You know, Congressman, wrestling is one of the Iranians' favorite sports, especially at the Olympics. I think it is a good analogy. That is what the Iran-Iraq War was, 8 years of that kind of attempt at extreme wrestling, and it did not work. Neither side got anything from that. So maybe there was a lesson there. I do not know.

Mr. TAKEYH. I would say that Iran, as a country, has certain interests, what it defines as its interests: Opposition to the peace process, assertion of influence in the Persian Gulf area, becoming a leading power in the newly emerging Iraq. Those are not going



to be relinquished easily, even with a diplomatic engagement with the United States.

What we should be looking for in diplomatic engagement is not for one side to win and surrender. It is a framework for better management of the tensions and conflicts between the two countries. If the purpose of engagement is to get Iran to stop wanting to have influence in the Arab East, to stop developing a nuclear infrastructure of some capability, to stop being a power in the Gulf, then I actually would not recommend diplomatic negotiations because what you are trying to do is get through diplomacy what we could not get through coercion.

This is a country that has a certain interest, and perhaps those difficulties and disagreements can be mitigated through diplomacy, but they are not going to totally evaporate. We do not have that sort of a relationship with any other country. We have disagreements with France, with Russia, with Germany, with Japan, and we do not look for a diplomatic and commercial interaction with those two countries as for them to alter the totality of their foreign policy priorities.

Mr. ACKERMAN. Is the chokehold that they are trying to place around Israel working?

Ms. YAPHE. It does not seem to be.

Mr. ALTERMAN. I do not think they are trying to choke Israel. I think they are trying to continue to poke Israel, and by poking Israel and having everybody diverted to the Levant, it gives them more breathing room in the Gulf and makes this a more complicated problem to contain their ambitions that it would otherwise be.

Mr. ACKERMAN. Are their assertions credible in the Middle East or as laughable as they seem to us, seriously laughable?

Mr. ALTERMAN. Are their assertions credible?

Mr. ACKERMAN. Yes.

Mr. ALTERMAN. Which kinds?

Mr. ACKERMAN. Do they garner traction by their vile threats?

Mr. ALTERMAN. I think they garner traction on the street, which makes even undemocratic governments wonder exactly how far they can go without losing control of the street.

Ms. YAPHE. They look heroic, just like Saddam did. They stand up to the United States, they are not afraid, and they stand for justice for the Palestinians and the Muslims. You cannot lose on those issues.

Mr. ACKERMAN. Mr. Wilson?

Mr. WILSON. I appreciate a point that was made that Iran is not a model as a theocratic state for the future, that its attractiveness is just simply not overwhelming.

Back again on my interest in India, China, and Southeast Asia, and then I do share the concerns of Congressman Scott, but the other country that was mentioned, Russia; why does not Russia understand that a nuclear Iran would be such a threat to them, and, in particular, with the situation in Chechnya, with the potential of terrorist attacks that have occurred in Moscow, why doesn't the Russian Government understand that a potential of nuclear capability could more easily be used against them than us, at least initially?

Ms. YAPHE. They do not see it that way. They do not feel they are at risk. On the other hand, they are making money, which is good for the Russian economy, by selling nuclear power plants and the training going with them.

The other thing is the Iranians may support revolution and Islamic causes, but they have not gotten involved in Chechnya. They do not want to anger or annoy the Russians or disrupt what is a profitable arrangement between them. The Iranians do not trust the Russians at all. They think that if the Russians were to get a better offer to desist in their support, they would do so, but they have not now. Part of the price of that is that Iran does not engage in Chechnya or support Islamic militants who could be seen by Russia as threatening their security.

Mr. ALTERMAN. Congressman, I just co-wrote a book that is coming out in a couple of weeks on China, the United States, and the Middle East, and I would be happy to send your staff a copy. It seems to me that part of what is going on is that both China and Russia are happy to freeloader on American security. They figure, if things get really hairy, the U.S. will take care of it, and, in the meantime, they can cheat, and they are also worried about getting dragged along by the U.S. into an unadvised, or an ill-advised, military confrontation.

When I speak to Chinese diplomats in Washington—I have spoken to Chinese officials and scholars in Beijing as well—there is a real fear that if they come on board with the United States, that we are going to find ourselves at the end of the road, with sanctions, with no alternative except for a military action, which they see as being disastrous to their energy security.

They feel that they are best off balancing, that the more the Iranians are leaning toward war, the more supportive they are with us on sanctions; and the more we lean toward war, the more supportive they are of the Iranians getting around sanctions. Somehow we have to persuade them that this is not going to be an excuse to go to war, that this is an effort to maintain energy security in everybody's interest.

The other thing, just very briefly, is I think, especially in China, perhaps partly in Russia, there is a real aversion to looking too deeply into the way social and political change works. There is a real sense that we should not be involved, they should not be involved, and, to the extent we talk about human rights and anything else, they are certainly not on board with a policy that begins to incorporate those issues.

Mr. WILSON. It is frustrating. You mentioned China, and they, too, should see, and I know that China and Russia are working with us overall in the global War on Terrorism, but the threat to China is so clear to me, with the Uigurs.

Iran may not be directly involved, obviously, in Chechnya, but the Chechnyans are certainly involved in almost every terrorist group. When you gather a crowd together, there is bound to be a Chechnyan or a Uigur in the group, and I just do not see how you can delineate these terrorist organizations that put aside their differences with a keen desire to disrupt modern civilization.

Ms. YAPHE. I think you are right there. Without being an expert on China or Russia, I will say, with complete confidence, that the

Chinese are much more worried about Iranian efforts to send in their version of Islam, their clerics, to have an influence among the Uigurs, than the Russians worry about Iran and Chechnya.

Mr. WILSON. We should have a common interest, and so I want to be working with Russia and China. Thank you very much.

Mr. SCOTT. I gave a rather disruptive preamble in my last round and did not have a chance to get a response, so I will certainly leave enough time for you to respond to that. If you remember, the gist of it was, what will it take to make Iran stop and blink? I think that since that discussion, some of it has revealed itself, thanks to Mr. Costa and Mr. Friedman, in that excellent article because I think that we are at the point where we have got some sort of direction here, and that is the word "leverage." Leverage is so key, you cannot go to a table and negotiate; you do not have any choice to do that with.

But I still think that they rest through Russia and China, maybe to a degree, India, the emerging economies, and underlying that is probably a chip that we can play with energy. But, at any rate, please, if you could, each of you, respond. We have 4 minutes, and I am through.

Mr. TAKEYH. I would say, on the issue of Russia, the relationship between Iran and Russia is, at times, caricatured as a straight commercial transaction. It is also a relationship of some degree of strategic depth.

As was mentioned, the Iranians have actually behaved with responsibility and caution, not just in terms of supporting Chechnya but in terms of awakening Islamic sentiments in Central Asia.

When the Russians look abroad, their principal challenge, in terms of a nuclear power, that they see is not Iran but Pakistan, a country that has been very mischievous in Central Asia, a country that has developed nuclear weapons capability, a country that has proliferated weapons technology.

The Russians often say, "If we can live with Pakistan, with all of its problems that the United States does not seem to be concerned with, then we can live with a country that we have had this deep, commercial and strategic partnership with since the demise of the Soviet Union."

I should say one thing. Iran's relationship with the Russian Federation is far better than it was with the Soviet Union.

Mr. SCOTT. But remember, the gist of my question is, How can we get leverage to deal with Iran by going through Russia and China on these economic sanction issues? Is there leverage there? How is it, that we can use?

Ms. YAPHE. We have to make a decision as to what price we are willing to pay for Iran to blink, for China to be more helpful, for the Russians to be more helpful. What do they see in their interests that we might have leverage over?

Now, that is a whole hearing in and of itself, I realize, but it seems to me, when it comes down to what the U.S. has control over, a lot of it is economic. A lot of it will have to do with what are you willing to sell them? What are you willing to allow them to buy? What kind of investment? Will you get rid of sanctions? Not sanctions so much, but we have had an impact on other governments, a willingness to invest in developing Iranian infrastructure.

If we were to encourage that, pipelines or especially projects that will create jobs there and have a longer-term, trickle-down effect, maybe that would be one of the things that would get them to comply. But you are never going to walk them back to the way they were the day before when you want them without nuclearization programs. If nothing else, the idea will be there. Maybe the virtual reality: You will not walk them back, but you may be able to get them to devalue those things in exchange for something that they want very much.

Mr. SCOTT. But you are saying that that is a direction we can go, through Russia and China, to develop leverage to deal with Iran. You agree that there is something there.

Ms. YAPHE. I think I would try it with Iran. I guess I have been stung by the eighties stuff. I do not like go-betweens. I think, here, the Iranians are right. You have got to deal directly, and they want to deal directly.

Mr. SCOTT. But you cannot deal directly with them if you do not have any leverage.

Mr. ALTERMAN. Congressman, it may be of some relief to you that the Chinese lose sleep over Iran all of the time. In fact, they are terrified of the Middle East. They are terrified of their energy reliance on the Middle East. They think people in the Middle East are nuts, and they will not put investments in the Middle East. If you look at where they are investing, they will invest in Africa, Latin America. They are not putting a lot of money into the Middle East. They think it is a really unstable region, but that is where the oil is.

The more they are convinced that we are a force for stability in the Middle East, the more they will be at our side. The more they think that we are dealing them toward war, the less they will be at our side. The problem is how you do that when you want to maintain a potential coercive option in order to move the Iranians. That is where the diplomacy and the skill come in.

Mr. SCOTT. Thank you very much. I see my time is about to expire.

Mr. ACKERMAN. Thank you, Mr. Bilirakis?

Mr. BILIRAKIS. Thank you, Mr. Chairman. One question for Dr. Yaphe.

I am particularly interested in your testimony where you state, Iran is not seeking "territorial expansion." You noted that Iran "seeks to build its clout through a policy of aggressive outreach, short of war." But isn't Iran courting war by these very aggressive actions? Doesn't it believe that, at some point, the United States might have to respond to what the chairman of the Joint Chiefs of Staff, Adam Ramolen, described as "an increasing lethal assistance to Shiite militias in Iraq"?

Ms. YAPHE. Good point. I do not think it is territory that they are after so much as it is the kind of control you can have where you do not have to send in an army to say, "Take over the Iraqi oil fields," or to expand or reassert claims to Bahrain or other areas where territory might be a question. I think they have ways of expanding that influence and getting exactly what they want without doing that. I am not competent to judge if they have the military wherewithal to do that as well.

So that is why I say, it is not about territory, but it is about influence. What do they want in Iraq? I think a lot of it has to do not with being able to control physically by presence or make Iraq another province of Iran. Why do that when, through economics, through trade, and through your influence with the groups and factions and your investment in local community infrastructure, like the Shia, just the way Hezbollah succeeded in Lebanon and helped Iran?

You can get all of that, and, at the same time, you get a lot of influence over Iraqi oil, and Iraqi oil in the South is the best. It is easy to get out. It is sweet or light, whatever, and Iranian oil is not. Iranian oil is nowhere near as marketable.

The Iranians are talking about building a refinery, for good reason. First of all, they lack refinery capacity and have to import 80 percent of the gasoline. But that would also tie the Iraqi market even closer, and, as it is now, business, truck traffic, trade, all of this construction—the Iranians have a real edge, and we do not.

Mr. ACKERMAN. Mr. Costa?

Mr. COSTA. Thank you very much, Mr. Chairman.

I am sorry I missed your opening statements, but when we talk about the subject of the hearing, and that is Iran's strategic aspirations and the future of the Middle East, and we look at the leverage that we have spoken about this morning and how they have assimilated that and how they have used it, I am always a firm believer that you really need to know, when we are dealing with nation-states, what their internal goals are.

I am really wondering because, sadly, I think we have kind of a blank sheet here as to truly understanding the power structure in Iran and what their real goals are. We have conflicting information that says that half the population is under 30, that part of the population is more secular, into modernity, into a whole host of things that would be common bonds to most of the Western world, yet it is being controlled by an oligarchy of Ayatollahs that basically have little accountability.

What are their real goals, and how does that structure of government respond? You made the comment, Doctor, that if, in fact, they do not have in common with us a liberal democracy style, it would carry the power structure out on a stretcher, I think, was the term that you used. What is truly the goal of this regime, the current ruling regime, and how do you juxtapose the conflict with this population, half of which is under 30 and half that is disconnected and unhappy with their quality of life, so we are told?

Mr. ALTERMAN. Well, Ray is really the true expert on the internal, but it just seems to me that this is a regime which is both nationalist and defensive, and we see what they do as offensive, but I think they see what they do as defensive, as a much weaker power surrounded by U.S. allies, doing whatever they can, fighting asymmetrically, to save the nation increasingly—

Mr. COSTA. To save their power.

Mr. ALTERMAN. To save their power, but I think there is some popular support, and Ray can speak with much more depth on this, I think, to the extent that they talk as nationalists, they are supported. To the extent they talk about Islamists, a lot of the population does not buy onto it. They have managed to put the nuclear

issue into the nationalist framework, and there is a lot of support in Iran, as I understand, for a nuclear program—

Mr. COSTA. Sure. Why shouldn't they have a nuclear program? Israel has one. Why shouldn't they? That is understandable.

Mr. TAKEYH. I would say that the goal of the regime, in terms of domestic control, has been, since the reform movement, to essentially separate state from society. So, essentially, you give some degree of leeway and freedom for the society while the state manages to preserve its power and its privileges and so forth.

It is hard to say how much support the Iranian regime has. It is probably 10 to 15 percent, but that 10 to 15 percent, properly mobilized, can essentially sustain the government in power. While the large public is essentially apathetic, passive, and indifferent, the Iranian youth have been very effective at circumventing the state but not necessarily subverting it.

It is important to look at the youth statistics not as a panacea or some sort of an indication of future revolutionary change in Iran. In 1946, 60 to 70 percent of the Iranian population was under 30. In 1997, 60 to 70 percent was under 30. Iran is like a lot of developing countries. It is a youthful country. It is a young country. But, nevertheless, successive regimes, whether monarchical or Islamic, have managed to sustain their power.

I think, so long as it has some degree of viable economy, and this economy is growing at 4 percent or so for the year, it manages to cultivate and mobilize its constituencies, then I think it can sustain its power for some time.

The Iranian Government is no less popular than the Egyptian one, or, for that matter, the Jordanian one, and one of the things that Middle Eastern governments have proven is resilience, in terms of maintaining and sustaining power, even though when that power is inefficient.

Ms. YAPHE. Two very quick points. You are right. We do not understand Iran, but we have not had a presence there in nearly 30 years. If you are not there, if you do not have the ability to get people in there at any level, official or unofficial, you are not going to have a good grasp or understanding.

The second point I would make: It is not just Ayatollahs' control or clerical control. A lot of the control, a lot of the positions in government have been shifting to people with military security background, not only Ayatollahs, but supportive of the Islamic republic system. But a lot of control has shifted. It is not so much the presence of clerics as it is a growing presence—

Mr. COSTA. Convenient bedfellows between the clerics and the military.

Ms. YAPHE. I am sorry?

Mr. COSTA. Convenient bedfellows between the clerics and the military.

Ms. YAPHE. Clerics between?

Mr. COSTA. Convenient bedfellows.

Ms. YAPHE. Well, that may be true, but the point is that a lot of the power positions are shifting into the hands of these military security, former IRGC, whatever, people like Ahmadinejad, his profile.

Mr. ALTERMAN. It is not the conventional military, Congressman. It is Revolutionary Guard.

Mr. COSTA. Thank you. My time has expired.

Mr. ACKERMAN. Mr. Fortenberry?

Mr. FORTENBERRY. Let us paint two scenarios here, both of which perhaps represent the ends of a spectrum, of a continuum of outcomes, in the next 5 years.

The first one: Iran develops nuclear weapons, gives them to other actors. A nuclear weapon is set off in Tel Aviv, in Paris, and in Washington, DC, 5 years.

The second scenario: There is a collective response of some kind that you alluded to earlier, Doctor, by responsible Arab nations to counterbalance what is perceived as Iranian hegemonic intentions. The conflict in Iraq continues on a very good trajectory and stabilizes, empowering us to more rapidly draw down our forces. This diplomatic track that many would like to see opens up. We find some common grounds. The sanctions are eased. Iran either stalls its nuclear programmatic intentions or ceases them. Let us assign probabilities to those outcomes.

Mr. TAKEYH. They are rather stark. I would say that projecting 5 years into the future in Iranian politics is one exercise that should be taken with some degree of trepidation.

In 5 years, Iran has a nuclear capability that is advanced and significant. Whether it has crossed the weapons threshold, I cannot say. Whether it has transferred such capability, probably unlikely.

In terms of collective response, I think the Arab states are likely to be as haphazard in balancing between Iran and the United States as they are. I do not think a robust line of containment can be created with that sort of an alliance.

Iran remains a mischievous, problematic actor that engages in some activities that we like, some activities that we do not like, and probably that posture and that condition persists even after United States-Iranian negotiations, which, I suspect, will happen within the next administration, whoever that is.

Ms. YAPHE. The scenarios, yes, are stark. I have problems with both. I do not think Iran is going to give away any kind of a nuclear weapon. Having said that, will they upgrade what they do give to surrogates? Probably. And would the surrogates feel that they have come under a new protective weapon or umbrella, even if they do not have control over it? That will embolden them to act more dangerously.

I share Ray's assumption that collective response by the Arabs just does not seem to be in the cards. It would be so uncharacteristic. I fall back on my testimony, which says, yeah, collective response but with outside help.

Mr. ALTERMAN. Congressman, one of the surprising things that happens when you look at the Middle East for a long time is you realize how many unsustainable situations are really sustainable.

My guess is that where we are going to be in 5 years is much more like where we are now than either of the scenarios that you laid out. I think we are likely, as Ray suggested, to be muddling through with allies, muddling through with the Russians and the Chinese, trying to have some sort of effect on their malfeasance in the Levant and—

Mr. FORTENBERRY. Can I interrupt you for one moment, please?

Mr. ALTERMAN. Sure.

Mr. FORTENBERRY. Obviously, it is perhaps a vast oversimplification, but it tries to concretize some outcomes that have a certain probability to them. Now, is it somewhere in between? Are the cross-currents so dynamic and moving that the unpredictability of it makes an assignment of probabilities impossible?

I recognize all of that, but I think we have to look at potential outcomes here rather than simply creating kind of vague notions, even though I understand why you are doing that, because it is very difficult to concretize.

Mr. ALTERMAN. In my judgment, both of the outcomes you described are significantly less than 5-percent probability.

Mr. ACKERMAN. Mr. Inglis?

Mr. INGLIS. Thank you, Mr. Chairman.

I cannot remember exactly who was on a panel with former Director Woolsey, and I do not want to attribute it to him because I cannot remember whether he said it or other people on that panel said it to us a while back. Their view was that the Iranian regime is irrational and that you listen to them on what they say on the radio, and they say things like it may be necessary for all of Iran to martyred.

So the impression that I was left with after that hearing was quite different than apparently what you have been saying, which is maybe there is a rational side to this regime.

So how do you resolve the difference, what we heard from that panel, and, like I said, I do not want to attribute it to Jim Woolsey because I do not know whether he said it or whether somebody else on that panel said it, but I remember the panel basically saying, Listen to what they say on the radio, and it is frightening, say to their own people.

Do you have a response to that?

Ms. YAPHE. I want the boys to answer that, in part, because, for full disclosure, I once worked for Director Woolsey, and I have always had great disagreements with views that he has propounded, and I think, in this sense, I would disagree with him as well.

Mr. TAKEYH. I actually do listen to Iranian radio, and it is the most responsible venue of public discourse in Iran, in terms of news broadcasts. It tends to be somewhat neutral.

I think Jon said it before. I do not think Iran is an irrational actor. I think, as he was saying, it is a hostile country, but not necessarily irrational, prone toward self-destruction. It is capable of maintaining power, and one of the reasons why it has been successful, in terms of its domestic control and even in terms of its international relations, is because it has always mixed revolutionary ideology with pragmatic considerations and national interest considerations and arrived at some sort of a policy that has muddled through.

I think, if you look at the history of Iran, the Islamic republic, whenever it has been confronted with the price or cost of its ideological excesses, it has retreated from the precipice.

Mr. ALTERMAN. Sir, the way I see it is this, that we have a rather clear balance of powers—there is the legislature and the judici-



ary and the executive—and that is how we keep things from really going off the rails.

Iran's balance of power is to always tie everybody's hands, and what Iranians do is they bloviate, and they bloviate an awful lot. But if you look at what the Iranians are actually doing on the ground, I think you can tease out extraordinarily rational motivations for their actions. They may be self-defeating, but I think they are rational, they are coherent, and they constrain each other from going too far down one line or another. We saw it with the appointment of Mr. Larijani as the speaker of the Parliament. Some people saw that as a way to contain President Ahmadinejad.

In many ways, everybody in Iran, or most people in Iran, in the government have somebody else who is trying to undermine them, and it is through this tension that we have a lot of statements thrown out, but if you actually look at what they are doing, it seems to me, as Ray was suggesting, that I see this as hostile but not necessarily irrational.

Mr. INGLIS. Is it true or false that Ahmadinejad gets on the radio and says, "It may be necessary for all of Iran to be martyred"? And if he says it, then you have got to take some things that people say seriously. I know that we have a hyperbole, but, you know, with people with capacity behind them, you sort of pay attention to them when they say, "We are going to do something crazy."

Mr. TAKEYH. I am not quite sure if I have heard him say that. I recently heard him say that the way you resolve your economic problems is through martyrdom. I am not quite sure what that meant.

I think if you listen to President Ahmadinejad's speeches to domestic audiences, they tend to be far less formalistic than he does abroad. There tends to be less emphasis on spiritual matters. I think when he is discussing with international audiences, he is trying to demonstrate his erudition, his capacity to formulate sort of religious, theological thoughts. Domestic speeches tend to be much more focused on bread-and-butter issues, economic issues. They tend to be very religious—

Mr. INGLIS. Martyrdom is a bread-and-butter issue?

Mr. TAKEYH. Well, it is a mixture of things. When he talks about economic issues, the speech is very clear. He talks about political issues, and he talks about religious issues. To believe in the hidden Imam as a Catholic is to believe in the resurrection of Christ. It is part of the normal Catholic theology. That is what they tell you every Sunday.

So some of that has to do with the Shia jurisprudence and Shia thought as well.

Mr. INGLIS. Thank you, Mr. Chairman.

Mr. ACKERMAN. I was just thinking about a time, in 1982, that I was living in a homeless shelter. I was a state senator and disguised myself to do an investigation because they had just opened this thing in New York. I smeared myself with mustard and poured a glass of beer over my shoulder, down my back, and tried to give the impression that I was living on the streets for more time than I really had.

The first night in the shelter was absolutely terrifying. There were people there that looked absolutely, desperately dangerous

and terribly menacing, and the only thing I could think of it to appear to be a little bit more crazy than some of them were, and I was ready to murder and kill and saying all kinds of things to keep people away from me, and it kind of worked.

Looking as irrationally as I tried to look was probably the most rational thing that I had ever done. I was able to get through the night with most of these people just bothering other people, which gave me some personal comfort but not a lot of confidence in the system.

I was thinking about that as I am listening to whether or not the regime there is rational or not, and their behavior might be very deliberate because it is certainly having the desired effect on those of us who cannot comprehend it, for some reason, and just attribute it to irrationality.

Let me say, we have a vote that is on. I want to thank the members, all who have participated with excellent and probing questions, and our very distinguished panel that has lent so much to our understanding of this. I have not had this happen before, but members have been asking me if we could continue other hearings. I think we are going to be exploring that, to look at doing this exact same hearing again, hopefully, with different questions and more probing questions.

Let me thank the panel for their participation and for being here and for helping us with our understanding. The committee stands adjourned.

[Whereupon, at 12:23 p.m., the subcommittee was adjourned.]

## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

WRITTEN RESPONSES FROM JUDITH YAPHE, PH.D., DISTINGUISHED RESEARCH FELLOW, INSTITUTE FOR NATIONAL STRATEGIC STUDIES, NATIONAL DEFENSE UNIVERSITY, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE MICHAEL T. MCCAUL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

*Question:*

*This Subcommittee has explored how Iran's nuclear ambitions are sometimes masked by their language claiming that they are enriching uranium for domestic energy production. We know well that uranium enrichment is a dual use technology, which if abused, can help Iran produce nuclear weapons. Do you agree that we should be equally concerned about Iran's activities with other dual use technologies—such as biomolecular research—that could be misused to develop bioterror weapons? Would that kind of activity be consistent with what we know of Iran?*

*Response:*

Of course, we need to be concerned about Iran's potential to develop bioterror weapons but this is not in their past practices, to my knowledge, and was condemned by the late Ayatollah Khomeini and other clerics. Check with Dr. Takeyh.

*Question:*

*Post-911, the US has enacted numerous laws and regulations designed to minimize the proliferation of dual use biotechnology expertise, to reduce the risk of the development of bioweapons. Our European allies have not been as aggressive in passing and/or enforcing those laws. Do you agree that there needs to be stronger international cooperation in enforcing measures to keep bioterror expertise out of the hands of countries like Iran that pose a threat to the United States.*

*Response:*

Laws to minimize any kind of proliferation, like laws imposing sanctions, are best served when they have multilateral, international, UN support. Unilateral sanctions have poor results and are difficult to enforce. Without international cooperation to enforce anti-bioterrorism measures, it will be difficult to prevent this kind of proliferation.

*Question:*

*If there were evidence that Iran was currently conducting scientific research with known bioterror agents, what would that do to the stability of the region? Should companies that are conducting research in countries like Iran on dual use biotechnologies be thoughtful and aware that the expertise they are sharing could be misused and abused for the purpose of developing bioweapons that could destabilize the region.*

*Response*

Clear evidence that Iran was conducting scientific research with known bioterror agents would probably not have the major impact on Iran's neighborhood. Iraq and the Gulf Arabs would probably be appalled but say there is nothing they can do and anyway, Iran would never use this kind of weapon, at least not on them. The Israelis, however, would be deeply disturbed and would feel vindicated in their threats to "do something" about Iran.

