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NEXT STEPS IN THE IRAN CRISIS

THURSDAY, JANUARY 11, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 10 a.m., in Room 2172, Rayburn House Office Building, Hon. Tom Lantos (chairman of the committee) Presiding.

Chairman LANTOS. The committee will come to order. Good morning, everybody. And I want to welcome everybody to the first briefing of the House Committee on Foreign Affairs in the 110th Congress.

Let me say, in a word, what our plans are this year. We will have an extremely full and intensive hearing schedule. This afternoon the Secretary of State will appear before us just prior to her leaving for the Middle East. And in the next few weeks we will have hearings on NATO and Afghanistan, the global energy future of the United States, matching our foreign policy and military strength, Russia under Putin, realistic expectations concerning the United Nations under its new management, the continuing tragic saga of Darfur, rebuilding United States-European relationships. Following the historic achievement of the Indian nuclear deal, we have scheduled a hearing on United States-India relations. We will have a hearing on China-United States relations, an early hearing with former Secretary of Defense Perry on North Korea. We are planning a hearing on Syria and Lebanon, a hearing on our own hemisphere, and this is just the first 100 hours.

We will have occasional hearings on Mondays and Fridays in view of the 5-day schedule announced by Speaker Pelosi. And the committee will do its utmost to have the continued bipartisan and cordial and collegial atmosphere that our former Chairman Henry Hyde and I tried to establish.

This era of renewed checks and balances on executive power is off to a promising start. Our panel begins holding briefings and hearings on subjects of vital national interest this week, even as our membership is still being determined.

And if I may digress for a moment, I will formally welcome all of our new members individually once the leadership will have completed its selection for service on this committee. At the moment let me just welcome the new members en bloc and indicate how pleased we are to have them.

In recent years, most especially in the wake of September 11th, Americans have become more keenly conscious of the need to pay

attention to foreign policy. The fact that we are getting down to the business of oversight right away is all to the good.

I am delighted formally to greet my very good friend, the distinguished ranking member of the committee, Ileana Ros-Lehtinen of Florida, and I want to congratulate her on taking the reins on her side of the aisle. We look forward to continuing the committee's track record of fair-mindedness, collegiality and strong bipartisanship.

Today we hold two briefings of tremendous importance to our country's foreign policy. This afternoon, as I indicated, Secretary of State Rice will testify on administration policy toward Iraq, and we will anticipate a lively conversation then.

For now, we turn to the vital and, in many ways, related subject of Iran. Four years ago our Nation undertook a war based on information that turned out to be wrong. Regardless of the position that anyone took on authorizing the use of force, there were no weapons of mass destruction in Iraq, the main stated rationale for going to war. Members of Congress and our compatriots were rallied in an effort to prevent that perceived threat, and in the end it may have cost us dearly in both national security and in prestige.

We will not allow our country to be thrown again into conflict under similar circumstances. We refuse to allow another debacle in a region already fraught with many risks.

Our committee will meet regularly and we will seek relentlessly honest explanations from the administration, as well as the insights of the best experts and analysts available. In the spirit of obtaining the best insights possible, we have invited two leading foreign policy experts, both with vast experience at the highest level of service to the United States Government, to discuss United States policy toward Iran and the Iranian nuclear program. It surely is among the most weighty foreign policy problems we face, for virtually the whole world now recognizes that Iran is hell-bent on becoming a nuclear armed power. This is a problem not for any one country, but for the entire civilized world.

We must end the kabuki dance that Tehran has made of diplomacy, pretending to negotiate only to use the time gained to accelerate its pursuit of nuclear arms.

The answer to the Iran problem is not easy to discern, but one thing is clear: We are making precious little progress toward resolving it.

Nearly 3 years ago, the administration responded to a letter I wrote regarding Iran by saying, and I quote, "We believe that only sustained, firm, united international pressure on Iran can persuade Iran to abandon its nuclear-weapons-related efforts." Some efforts have been made in that regard over the past 3 years, but with results that are totally inadequate. The international community remains deeply disunited, and the pressure on Iran is far too weak to persuade its government to change course.

Iran is growing increasingly confident and arrogant about its ability to deflect international efforts to bring about a halt to its nuclear enrichment activities. Last July, the U.N. Security Council issued an ultimatum, suspend those activities within 1 month or face sanctions. Iran shirked off the threat and continued with enrichment.

Nothing that happened subsequently shook Tehran's faith in its own judgment. With Russia and China raising roadblock after roadblock, the Security Council did not act to impose sanctions within 1 month or even 2. Instead, it wrangled for 5 long months before producing a pathetic set of sanctions that will do almost nothing to deter Iran's reckless pursuit of nuclear arms.

Tehran has contemptuously referred to the resolutions that were passed unanimously by the United Nations Security Council as "trash paper."

This is not the first time Tehran has turned its back on world opinion about its quest for nuclear weapons. It passed up an extraordinary opportunity last summer when the permanent members of the U.N. Security Council, along with Germany, offered a very generous package of incentives to suspend its military nuclear program, including unprecedented economic incentives and the opportunity for long overdue serious dialogue.

A world with a nuclear armed Iran would be a very different world indeed. It would be a world in which Iran, without firing a shot, would be able to intimidate and bully its neighbors, including many who are today allies of the United States. Iran's acquisition of nuclear weapons would encourage and inspire religious violent Islamic fanatics around the globe, and it would touch off a new nuclear arms race throughout the Middle East. It would vastly increase United States obligations to Middle Eastern countries, and it would seriously complicate our strategic posture in the region and indeed the entire world. Most importantly, it would put the ultimate weapon of terror into the hands of the world's leading terrorist-supporting state.

No one knows what the Iranians would do with their new nuclear weapon and to whom they might sell it or give it. These are scenarios too serious to contemplate.

Given the nature of the problem, it is obvious that we must use every tool in our diplomatic arsenal to deal with it, including the most basic one, which is dialogue. I am, frankly, baffled by the debate over whether or not we should engage in dialogue with Iran. Dialogue does not mean defeat. I am passionately committed to dialogue with those with whom we disagree. It presents our best opportunity to persuade and our best opportunity to determine definitively if we have failed to persuade.

During the Cold War we spoke with the Soviet Union, even though they had thousands of nuclear missiles pointed at our population centers. So it is at best inconsistent to oppose dialogue with Iran when hope remains alive that Tehran might be convinced not to develop nuclear weapons.

John Kennedy's maxim that we should never negotiate out of fear, but we should never fear to negotiate is as true today regarding Iran as it was when he said it 46 years ago about the Soviet Union.

I have no reason to fear dialogue with Iran. In fact, I have sought my own opportunities for dialogue with the leaders in Tehran to little avail. For the last decade I have been requesting through a variety of channels, including the Secretary General of the United Nations, to obtain a visa to visit Iran and to meet with them.

The truth is that Iran has never made an offer of true dialogue with the United States, and it is not at all clear that its radical clerical and political leadership will ever allow real bilateral talks with what some in Iran have branded the Great Satan. Paradoxically, of course, this does not represent the view of the Iranian people. Overwhelming numbers of Iranians favor dialogue and good relations with the United States as a respected survey conclusively shows—a survey which, by the way, landed its author in jail.

We should pursue dialogue with Iran even as we deploy other diplomatic tools to achieve our goals of suspending and ultimately ending Iran's nuclear military program.

We need to take severe economic measures that would deprive Iranian leaders of the resources they need to fund the costly nuclear program.

We need to work with the Europeans and others to convince them to divest from Iran.

The administration needs to enforce the Iran Sanctions Act to make sure that companies which invest in Iran's energy sector pay a painful price in relations with the United States.

Though it passed Congress by a wide margin, this law remains ignored, but thanks to legislation passed last year that I had the privilege of cosponsoring with Ranking Member Ros-Lehtinen, the administration will either have to impose biting sanctions or attempt to give Congress persuasive and compelling reasons as to why it is continuing to ignore them.

The first test case will come when and if China's state oil company begins to implement the outrageous \$16 billion memorandum of understanding it recently signed to develop Iran's North Pars natural gas fields. I have called for a comprehensive closed briefing from the Department of State on this development. I can assure you that this committee will hold the administration's feet to the fire, demanding biting sanctions.

Iran has inherited an ancient and marvelous culture. The value of its contributions to the world of literature and the visual arts and many other areas is inestimable. Millions of its citizens respect cultures and religions other than their own. The Iranian people deserve leaders who are worthy of their noble traditions.

We need to find a diplomatic way to resolve our problems with Iran; not only the nuclear issue, but all others, including Iranian support for Hezbollah, Hamas and Iraqi terrorists. We need to address Iran's significant restrictions on the freedom of its own people. Our witnesses today have given considerable thought to these issues, and we hope their views will help guide us to some useful insights.

Now it is my pleasure to turn to my good friend, our ranking member, Ileana Ros-Lehtinen and for any comments she may choose to make on this subject in which she has been so actively engaged.

Ms. ROS-LEHTINEN. Thank you so much. Thank you, Chairman Lantos. Congratulations on your new position, and I look forward to a strong and fruitful relationship with you and the chairman and me as the ranking member. And we have gotten along in a very strong bipartisan way, and I know that that will continue

even though those difficulties and the challenges that we face are many.

I will also refrain from mentioning our new members until we have formally organized, as well as our ranking members, and introduce the staff when we formally get organized. But I want to thank you for holding this briefing and thank the witnesses who are appearing before us. Ambassador Pickering and Director Woolsey, we thank you for your service.

And indeed, Mr. Chairman, among the highest priorities for the United States is creating a long-term strategy toward Iran. The threats posed to the United States and the West by the regime in Tehran have been clear for decades, and we all agree that they are growing. The line in the sand was first drawn in 1979 when Iranian revolutionaries took over our Embassy and held American hostages for 444 days. From that moment onward, the Iranian regime continued to directly challenge the United States and the West through terrorist attacks against our citizens and our interests, carried out by its terrorist proxies. We must, therefore, not fool ourselves into thinking that the Iranian threat will somehow go away if we simply talk to them, for that may be a path to disaster.

Diplomacy does not mean surrender. Iran is the number one state sponsor of terrorism, enabling the murder of countless civilians and endangering international security by supplying weapons, funding, training, and sanctuary to terrorist groups such as Hezbollah and Hamas.

Iran continues to supply the Shiite Islamist groups in Iraq with money, with training and weapons, such as the improvised explosive devices (IEDs) that are used to target our United States and our coalition troops in Iraq.

Iran support for these extremist groups is a major factor in the sectarian strife and attacks that are taking place daily in Iraq. Iran's goals include regional domination, which is an alarming prospect, as this would result in Iran acquiring control of the world's oil supply, along with undermining and overthrowing our allies and destroying our ability to protect our interests in the region.

The reach in the threat from Iran is not limited to the Middle East, however. We were reminded last fall that it has long been active in our own hemisphere. At that time Argentine prosecutors indicted several senior Iranian officials as well Iran's surrogate terrorist organization, Hezbollah, for the bombing of the AMIA Jewish Community Center in Buenos Aires, Argentina, in July 1994.

Unfortunately, due to what some have referred to as benign neglect, Iran's influence in our backyard continues to grow. There is increasingly close cooperation between Iran and Venezuela. Iranian leaders have offered to help Hugo Chavez build a nuclear program, and Chavez in turn recently awarded the President of Iran one of Venezuela's highest honors.

But there is even more of an ambitious agenda at hand. Iran's self-proclaimed goal is the promotion and direction of an Islamic revolution worldwide, one directed at the West as a whole.

The United States has taken on almost the entire burden of confronting the growing Iranian threat, but we cannot do it alone if

we hope to be successful. It is essential that our allies and responsible nations understand that Iran's determination to acquire a capacity to build nuclear weapons is a threat to all. They must be willing to make sacrifices as the United States has already done to deny Iran the technology, the financial and the political resources to continue along this destructive path.

However, that level of commitment has been slow in coming. A generous incentives package was offered by the West to Iran, as the chairman pointed out, to suspend its uranium enrichment program, one the entire world knows is intended to produce a nuclear weapon. An August deadline was established by the United Nations Security Council for Iran to fulfill its obligations and comply with the request made by the IAEA and the United Nations Security Council. Months lapsed before the U.N. took any further action, and Iran has still not complied. Regrettably, the weak international response to this deadline has thereby convinced Iran and its leaders that its behaviors will go unpunished and may even be rewarded.

If Iran's pursuit of nuclear weapons is successful it would radically transform the balance of power in the Middle East. A nuclear Iran could spur a crash program by the Sunni majority nations, such as Egypt and Saudi Arabia, to develop or acquire nuclear weapons in order to defend themselves. Last week, in fact, President Mubarak of Egypt stated that if Iran obtains nuclear weapons, his country will be forced to begin developing its own nuclear weapons.

Some have argued the solution to the Iranian sponsorship of global terrorism and its development of nuclear, chemical and biological weapons is to engage in direct talks with the Iranian regime. I strongly disagree, Mr. Chairman. I support the position taken by Mr. Woolsey and Senator Kyl in a recent letter to President Bush addressing the specific recommendations of the Iraq Study Group. In this letter they posit that the negotiations with Iran would legitimize the extremist regime, would embolden our enemies, and would allow the Iranian radicals to buy more time to develop weapons of mass destruction.

I hope there is no need to remind anyone that the U.S. policy for several administrations has been to not negotiate with terrorists. Instead we must convince responsible nations to increase pressure on the Iranian regime and deprive it of the resources it needs to continue its destructive policies.

If our allies stop or at least reduce their investments in Iran and their support for loans and other assistance to this pariah state, we could severely hamper the Iranian regime, given the Iranian economy's heavy dependence on oil and gas.

As part of this effort, my distinguished colleague Chairman Lantos and I offered the Iranian Freedom Support Act, which you have spoken of, Mr. Chairman, which, among other provisions, calls for sanctions on companies and individuals investing in the energy sector in Iran. The bill was signed into law in September, and it is already being used for a great effect. Already a number of foreign banks have refused to engage in investment and financing of the Iranian energy sector. For example, a Japanese company recently backed out of a \$2 billion contract to develop Iranian oil fields.

In addition, we are currently reviewing an agreement between China and Iran under which a Chinese company would invest billions to develop the Iranian oil fields and gas fields. If the Chinese company is found to be in violation of the bill that Chairman Lantos and I offered, my colleagues and the Congress will seek to ensure, as the chairman has said, that the Chinese entity is penalized to the fullest extent of the law.

And equally disturbing is this week's signing of a multi-billion-dollar deal between Iran and Malaysia to develop Iran's southern gas fields, as well as the recent reports of new investment by France's Total, and ongoing developments in the construction of a gas pipeline from Iran to South Asia nations with a possible extension to China.

In order to maintain the pressure on Iran, I plan to introduce two bills in this Congress. The first would target Iran's energy sector by encouraging public and private pension and thrift saving plans to divest from any United States and foreign company that has invested \$20 million or more in that sector. The second bill would seek to make Iran pay for what they did to our former hostages in Iran, and would ensure that these brave Americans would be able to pursue the resolution of their judgments in United States courts by seeking to remove the restrictions that were placed by the Algiers Accord of 1981.

I look forward to working with my colleagues on both sides of the aisle to secure passage of these bills in the near future and develop additional measures to tighten the stranglehold on the terrorist regime in Tehran. We might have hoped that with the passage of time, Iran's leaders would gradually moderate their policies and seek to reconcile themselves with the international community, but they have not. Their rhetoric alone demonstrates that they may be in the process of becoming even more radical. The regime has called for Israel to be wiped off the map, continues to refer to the United States as the Great Satan, and hosted an appalling conference aimed at denying the Holocaust.

Ultimately a country must be measured in terms of not only its actions, but in terms of its goals as well, and these strike at the very heart of our security. A challenge cannot be wished away or negotiated away. It cannot be bought off nor ignored. There are no magic words to be uttered at the U.N. Security Council that will deliver us. We have few allies. These are unpleasant facts, but we have no real choice but to accept them and meet them, for the alternative is to surrender the shaping of our future to a mortal enemy.

I look forward to receiving the remarks, the insight and the recommendations of our panelists for the next steps of United States policy, a policy that will not just delay and continue the threat, but compel Iran to permanently and verifiably stop its support for terrorism and its pursuit of deadly unconventional weapons. I would like to again thank the chairman for this opportunity.

Chairman LANTOS. I want to thank the distinguished ranking member for her comprehensive and substantive statement.

I will now yield 3 minutes each to the incoming Chair and ranking member of the Middle East and South Asia Subcommittee, Mr. Ackerman and Mr. Pence, and the incoming Chair and ranking

member of the Terrorism, Nonproliferation and Trade Subcommittee, Mr. Sherman and Mr. Royce. We will then entertain 1-minute comments from other members who so desire. All members may submit their statements for the record.

Mr. Ackerman.

Mr. ACKERMAN. Thank you.

Mr. Chairman, before I begin my statement, on behalf of all of us, I am sure, I want to express our congratulations to you on becoming Chairman of the committee.

Whether you believe in fate, or preordination, or destiny, or prayer, or luck and hard work, those of us who know a little bit about your story cannot help but marvel at somebody on a journey, having been on a train to Hitler's death camp, was able to get off and wind up after a long journey as the chairman of the committee that has oversight on foreign policy in the greatest country in the world.

And we are also so happy to have your bride, who was with you then, and always, here to witness your first day as Chairman. Congratulations.

And also on behalf of all of us on this side especially, we want to congratulate Ileana Ros-Lehtinen with whom we have had the pleasure of working for so many years on a very nonpartisan basis to accomplish so many things. It is very, very pleasing to see you in your position, especially as the ranking member, congratulations.

Mr. Chairman, thank you for scheduling today's hearing on what is among the most pressing problems confronting us in the Middle East.

I am sure many of us remember the movie Groundhog Day. Bill Murray gets up in the morning and relives the same day over and over and over again. Well, that is what the Bush administration's policy toward Iran reminds me of. We get up every day and relive the same Iranian nightmare over and over.

In this movie the nightmare goes like this. The guy who plays Ahmadinejad issues a statement in which he denounces the West, calls for Israel's destruction, and then redoubles Iran's effort to enrich uranium. The guys who play the European Union wring their collective hands, expressing their sincere regret over Iran's Holocaust denial and ask for further negotiation. The guys who play Russia and China stand mute. And the United States condemns the Iranian leadership, expresses great love and support for Israel, and presses for further sanctions, and then nothing happens. But we wake up the next morning and go through the whole thing again and again and yet again.

The problem is that while we go through the motions, Iran enriches uranium. While the EU calls for more negotiations, Iran enriches uranium. While Russia and China stand like statues, Iran enriches uranium. And as the United States demands sanctions, Iran enriches uranium.

The only one who is making progress in this movie is Iran and it is progress toward a nuclear capability that we cannot afford.

In Iran we have exactly what we thought we had in Iraq, a state with enormous wealth from oil, significant WMD capabilities with the means to deliver them, and an addiction to terrorist organizations as an instrument of state policy. But what has amazed me

most over the last 6 years is the stunning lack of urgency with which the Bush administration has approached this problem.

I will be the first to admit that our policy options toward Iran are unappetizing at best. We have little diplomatic leverage since we generally don't talk with them, and an invasion is likely beyond our means. Even targeted air strikes would have only marginal effects to the nuclear program since we don't know where it all is, and we wouldn't know how much damage we had done. Besides, such attacks would dissolve what is left of our national reputation and prompt Iranian retaliation against us in Iraq. So we are left with the option of multilateral democracy, which I believe is the right course, but that is a game for which the Bush administration has shown little talent or appetite.

If a nuclear armed Iran is very destabilizing, as the President has said, then he needs to make that much, much clearer than he has to both Russia and China. In short, Iran needs to become urgent to the President before it will become urgent for anybody else.

Only concerted, sustained multilateral pressure has any chance of convincing Iran to change course, and only the President can make that happen. The key here, Mr. Chairman, is concerted, sustained and effective sanctions, something which the administration has recently started to deliver with financial transactions, but which the most recent U.N. Security Council resolution has thus far failed to deliver.

And so as the deadlines approach and then pass for Iran to comply, we will all wake up at the beginning of another Groundhog Day.

Thank you, Mr. Chairman, and look forward to hearing from today's very distinguished movie critics about how to stop reliving the same Iranian nightmare.

Chairman LANTOS. Thank you very much, Mr. Ackerman.

Mr. Royce.

Mr. ROYCE. Thank you, Mr. Chairman. And I look forward to working with you and with our ranking member on these critical issues, including Iran, in the 110th Congress. I think that this committee has forged a bipartisan consensus in approach in pressuring Iran, and I think this is a very important mission that we are undertaking here, because as pointed out, the extremist government in Iran has accelerated its attempts to seek nuclear weapons, accelerated its support for Hezbollah, and is destabilizing Iraq, and as reported by the Treasury Department this week, Iran's oldest and fifth largest bank has been facilitating the acquisition of missile components from North Korea.

I think it is important as we approach Iran to understand that Iranian society is not monolithic. We saw in the recent elections the reality of the frustration of the Iranian people. Unemployment is over 20 percent, the inflation is over 20 percent, and, frankly, 50 prominent economists inside Iran have written an appeal, open letter to the President, asking him to cease his command and control reorganization of the economy that is bankrupting, that is destroying, in their view, the economy of the country.

It is because of this that we will have to be creative in our approach to this problem, and there are a number of different ave-

nues we can use to keep this reactionary regime in check, and one avenue is the financial lever.

I think that as the West realizes the magnitude of the economic shambles that Ahmadinejad is creating in the country and begins to—as we watch the financial institutions pulling out as they suspect the economy is going to implode, it is going to be harder and harder for Iran to move hard currency around the globe. And the result of this is going to be to force this regime into more expensive alternative financial markets.

This week the German bank, Commerce Bank, second largest in the country, announced that it will cease clearing large volumes of Iran's dollar transactions. This is nothing new. Banks all over Europe and Japan are pulling out of Iran.

We should be looking at all options in the West for squeezing Iran economically. We know it is having an effect. Last month Iran's oil minister admitted that this financial pressure has stunted its oil industry. It now has to import 42 percent of its refined gasoline.

Now, as economically the West reacts rationally to this, we see China taking a different course. CNOOC in China has signed a memorandum of understanding that, if it comes to fruition, would bring Iran 16 billion worth of Chinese investment, which is very disturbing. This is not an action responsible countries take. And this concerns our relationship with China and should concern every member of this committee.

So I look forward to hearing the recommendations of Mr. Woolsey and Ambassador Pickering. And I look forward to working with the chairman and ranking member to further forge a bipartisan coalition and approach to how we are going to handle this major challenge. Thank you again, Mr. Chairman.

Chairman LANTOS. Thank you Mr. Royce.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. I look forward to working with you in the years to come as Chair of this committee.

Mr. Ackerman commented on your inspirational past. I think we have a great and exciting future as this committee, I think, in the future will play its proper role in helping to form U.S. foreign policy.

I also look forward to serving with the ranking member, who I think will help this committee achieve its proper importance and role, and I think she could serve in the role of ranking member year after year after year in that capacity.

Mr. Ackerman commented on Groundhog Day. I would point out that in the movie, Bill Murray learns something every Groundhog Day, gets better and better, and eventually achieves his objective. I only wish that that was true of how we are handling Iran.

Preventing Iran from obtaining nuclear weapons should be the primary objective of American foreign policy. A nuclear Iran—its program has already sparked region wide efforts at proliferation. If the Iranian Government were close to being overthrown—and I hope that day comes—it could smuggle a nuclear weapon into the United States and explode one either in a hope that that would make it more popular to its own audience, or the idea that if they

are going to go out, they want to go out with a bang. A failed Iraq poses less danger to America than a nuclear Iran.

While talking to Iran may very well help our image around the world, I don't think it alone will change Iranian policy. We can change Iranian policy on its nuclear program only with extreme Security Council sanctions. The mere adoption of such sanctions would have a political impact on Iran. It would also have a dramatic economic impact, building on the points that Mr. Royce mentioned. A ban on selling refined petroleum products to Iran would dislocate its economy.

Now for the hard part. How do we go from a situation in which the Security Council has adopted the most pathetic sanctions over the most extreme Russian and Chinese opposition to the kind of extreme sanctions that would dislocate Tehran or at least bring them to the negotiating table? Only a dramatic change in Russian policy along with the acquiescence of China will allow extreme Security Council sanctions.

Now, we can try to get Russian to change its policy by what we have been doing, Groundhog Day-style. We can beg. We can lecture. That hasn't worked. But bargaining probably would, because Russia cares enormously about issues in its own region, Chechnya, Abkhazia, the route of Caspian oil pipelines, the pipeline situation through Belarus and the Ukraine, and the treatment of Russian-speaking peoples in Moldova, Latvia and Estonia.

The national security of the United States depends on our ability to gain Russian support on the Iran issue in return for reasonable accommodations on issues in Russia's region. The State Department bureaucracy is strongly prejudiced against linking Russian policy on Iran with our policy on issues in Russia's region. First, the State Department is a bureaucracy. They have a bureau dealing with Moldova. They have a bureau dealing with Abkhazia. And those bureaucrats will scream loudly if their pet issue is sacrificed for a greater national security concern.

Second, there are those in the administration with such a high estimate of our national power that they can believe we can achieve all objectives simultaneously and do not need to prioritize.

And finally, many American foreign policy experts grew up in the Soviet era strategizing how to encircle and weaken Russia. Unfortunately, Mr. Chairman, old habits die hard.

Chairman LANTOS. Gentleman's time has expired.

Mr. SHERMAN. I thank you.

Chairman LANTOS. Mr. Pence.

Mr. PENCE. I thank the chairman for the opportunity to make an opening statement, and I wish to congratulate the chairman on this first hearing. I am honored to be a part of the committee, and while still smarting from the outcome of Election Day 2006, I know that the dignity and the principle and the leadership that you bring to this committee will serve our Nation.

To the ranking member, I am very grateful for the opportunity to serve on the committee again, and I am especially humbled to have the opportunity to follow in your footsteps as the ranking member of the Middle East Subcommittee. I hope to bring to that role and to my second term on this committee the kind of practical

commonsense, Midwestern conservatism that my mentor in the Senate, Senator Lugar, has brought to these issues for many years.

I know these witnesses are longtime associates of Senator Lugar as well as the leadership of this committee, and other than the interest of the people in eastern Indiana and the values that they represent, standing with our cherished ally Israel, and expanding our tent pegs in this troubled region of the world, I have no higher priority. And I am very humbled to be a part of this committee and this hearing and yield back.

Chairman LANTOS. Thank you, Mr. Pence.

I will give an opportunity now, as I indicated, to every member of the committee to make a 1-minute opening comment if he or she chooses.

Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman, and congratulations both to you and Ileana, and I look forward to the next 2 years.

Just what I am hoping at the point where we eventually hear the witnesses is we have two very different views at the table from two very eminent people. Ambassador Pickering throws out the notion of the grand bargain, and his testimony and his earlier writings on this subject have laid out this sort of multifaceted and well-thought-out proposal.

I am curious about Jim Woolsey's reaction to that proposal. And I am curious about Ambassador Pickering's reaction to Jim Woolsey's suggestion that efforts not so different made perhaps during the Cold War to destabilize through assertive radio, through support for dissidents, reformers and democratic forces within Iran is a more effective way to achieve a goal, I think, on a bipartisan basis we all share.

I am also curious for each response to the Iraq Study Group's proposal. Can you discuss opening up a dialogue with Iran just on Iraq? Or are you ultimately forced as an administration to determine whether you are ready for the grand bargain before there is any likelihood that such a dialogue is going to produce anything?

Chairman LANTOS. Gentleman's time has expired.

Mr. BERMAN. I would be curious about those issues.

Thank you, Mr. Chairman.

Chairman LANTOS. Thank you.

Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you.

Congratulations to you, Mr. Chairman, and Ileana Ros-Lehtinen. I know this will be a true bipartisan committee with great leadership from the both of you, so I congratulate you.

Mr. Chairman, the threat of Iranian nuclear weapons is among the most urgent dangers and vexing issues the United States and the world faces today. This briefing today will shed some insight on what prudent steps have and might be taken to mitigate this emerging threat.

I believe that Iran's obsession with the acquisition of nuclear weapons, however, is a symptom—not a cause, but a symptom—of a regime that systematically violates fundamental human rights. The U.S. State Department and numerous human rights organizations have chronicled with chilling detail the pervasive abuse of fundamental human rights. Pope John Paul II once said, if you

want peace, work for justice. And I would be interested in knowing what our distinguished panel would suggest how human rights might be more effectively promoted in Iran.

Both of our witnesses know so well that the demise of the Soviet Union as a Warsaw Pact nation was facilitated in large part by the promotion of human rights. Thus far the newly constituted Human Rights Council hasn't raised, nor has it investigated, Iran's egregious human rights record, and I think that is appalling.

And finally, I would like to underscore the importance of dialogue. I met with President Khatami when he was in town in September. I raised the issue of the Holocaust denial, which is outrageous. I raised a number of human rights issues, especially political prisoners, and it was a give and take. We can't expect great things to happen from dialogue, but I think it is an important component to any means to the important end, and that is an Iran that is a democracy and that does not pose a threat to its neighbors or the world.

Yield back the balance of my time.

Chairman LANTOS. Thank you very much.

Mr. Payne.

Mr. PAYNE. Thank you, Mr. Chairman.

Let me congratulate you on this great achievement, and to the ranking member on her great record.

Mr. Pickering, it is good to have you here. Your background is exemplary, and I look forward to hearing from you—if that happens today—and Mr. Woolsey.

Let me just say that I agree with the chairman that we ought to have negotiations with people. It is difficult to try to get things accomplished without having a conversation. But I also hope as we move—and I commend the chairman for such an aggressive schedule—as we look at our position in the world, we are losing every day. We have to change courses because we are the strongest, the greatest, and the best country in this world.

But when we look at the axis of evil that we are talking about, Iran, Iraq and North Korea, we are in a worse position with all of them. Look at the Newly Independent States. They are going the wrong way. If we take a look at what is happening in other areas, we are not progressing the way that I would hope that we would.

So I look forward to working with the chairman. I would like to understand policies where we have attacked three so-called al-Qaeda operatives in Somalia. They have been there for 10 years. It was decided 2 weeks ago, I guess, that we should go after them. And we have 450,000 people dead in Sudan where we simply asked, why do we have a no-fly zone just to prevent these murderers in Sudan from continually killing innocent people? And so I am still trying to get some semblance of our foreign policy—

Chairman LANTOS. Gentleman's time has expired.

Mr. PAYNE [continuing]. Which seems kind of chaotic.

Thank you.

Chairman LANTOS. Mr. Rohrabacher.

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

It is symbolic that our Congress has as leaders of our committee that oversee American foreign policy two individuals who personify the relationship that our country has with the cause of human free-

dom. Mr. Lantos and Ms. Ros-Lehtinen are individuals who both trace their roots back to an America that provides refuge for people who are victims of communism and, yes, victims of Nazism before that, victims of tyranny.

The United States plays a special role in this world, and if we don't play that role correctly and we don't have that strength and courage to stand up to those principles of justice and liberty for all which our Founding Fathers set down for us over two centuries ago, then we are doing a great disservice to humankind. And I personally want to thank both of you and congratulate both of you, and I look forward to working with you in confronting the challenge that freedom faces today, the challenge of radical Islam, especially as exemplified by Iran.

We will do what we have to do because we are Americans and America has a role to play in this world. If we fail, humankind will go into darkness, and individuals like yourselves, families around the world who look to America for hope, will have no hope at all.

So thank you, Mr. Lantos and Ms. Ros-Lehtinen. I am looking forward to working with both of you and meeting these tremendous challenges our generation faces.

Chairman LANTOS. Thank you, Mr. Rohrabacher.

Mr. Wexler.

Mr. WEXLER. Thank you, Mr. Chairman. I want to echo the accolades that we have all heard with respect to the chairman and ranking member, both of whom I hold in the highest regard.

Mr. Chairman, I think the President made the correct decision in the winter of 2005 when he went to Brussels and endorsed the effort of the EU 3 in terms of their negotiating with Iran. I think the President made yet another correct decision when he endorsed the Russian proposal which would have enrichment occur in Russia rather than Iran. I think the President made another correct decision when he endorsed the European effort to offer incentives.

We all know that all three of those efforts have essentially failed, but they led to the first round of multinational discussions at the U.N., which led to the first round of sanctions; granted, a minimal level of sanctions.

The question before this committee and before the country, I would respectfully suggest, is whether or not direct negotiations with Iran at this point in time would enhance or detract from America's national security interests, and whether or not it would enhance or detract from our ability to dissuade, persuade, force, whatever word you would like to use, the Iranians from developing their nuclear program. And respectfully, for those who categorically reject a degree of dialogue with Iran, history is replete with examples where America has engaged with our enemies, engaged with those we have disagreed with, and we, as a result of engagement, have enhanced our security interests.

Thank you, Mr. Chairman.

Chairman LANTOS. Thank you.

Mr. Chabot.

Mr. CHABOT. Thank you, Mr. Chairman. I will be brief in my remarks.

I would first say that since Iran is one of the most serious challenges that this Nation and this Congress face in the upcoming

years, I think it is appropriate that we are having this as our first hearing.

And I would note that I welcome and look forward to the chairmanship of Mr. Lantos, and also I look forward to the ranking member. Both of them have very gripping personal stories, and we look forward—we have had some very distinguished people, both chairing and ranking, from both Henry Hyde, Ben Gilman, Lee Hamilton, and now Mr. Lantos and Ileana Ros-Lehtinen, and I think we have tremendous leadership. And I would just conclude by stating for the record that there is no one I would rather see chairing this committee other than Mr. Lantos—other, of course, than any other Republican. So thank you.

Chairman LANTOS. Mr. Engel.

Mr. ENGEL. Thank you, Mr. Chairman, and I, too, want to congratulate you. I can think of no one on the entire Congress who would be qualified to chair this committee than you and am personally delighted having worked with you so many years and Ileana Ros-Lehtinen as well. And she and I introduced the Syrian Accountability Act, and she and I worked very hard to get it passed, and I know of her great work, and she will be a great ranking member of this committee.

I believe that other than perhaps North Korea, Iran imposes the greatest threat to world peace. And I think that it is certainly something that we really need to focus on. The sad thing is that the Iranians know that we are bogged down in Iraq, and they have acted accordingly, and we need to respond.

I am delighted with both witnesses here. Ambassador Pickering has a long and distinguished record, and I followed his statements for years and years, and I look forward to his testimony.

And I also want to say to Mr. Woolsey, I have worked with him on the Set America Free Coalition to make the U.S. energy independent, and I admire his good work as well.

So I am going to stop because these poor gentlemen have to listen to all of us before we listen to them.

Chairman LANTOS. Thank you very much. Mr. Paul.

Mr. PAUL. Thank you, Mr. Chairman. So far the comments I have heard are rather frightening. I am afraid we are going in the wrong direction. I sense that there is a bit of gross overreaction to the concerns that we have about Iran. I think everything I have heard today about Iran could be applied to Iraq. What about a nuclear—I am sorry—to Pakistan. We have a nuclear Pakistan. Pakistan is run by a military dictator. He is vulnerable to overthrow. He took over by ousting an elected leader, and some claim and it is reasonable to assume that they are sympathetic to the Taliban. And, who knows, Osama bin Laden may even be in Pakistan.

So I think this is gross overreaction considering the fact that we created most of the problems anyway. It was in 1953, it wasn't in 1979 when this problem started. It was in 1953 when the United States went in and put in their own dictator, the Shah, a ruthless dictator. So we have to look at the entire history to realize how we contribute to some of our problems, and this is some blowback that we are getting the unintended consequences. And it is the overall policy, I think, that puts us in such great danger, and all of the

arguments used by the same people to generate this excitement about going into Iraq and doing this to Iran.

We have to consider some negotiations and talking because even—

Chairman LANTOS. The gentleman's time has expired.

Mr. PAUL [continuing]. What day will we be bombing Iran, tragically?

Chairman LANTOS. Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chairman. I want to join the chorus in congratulating you and Ranking Member Ros-Lehtinen. I think this committee is uniquely now situated with your leadership to really establish foreign policy for the House of Representatives.

I think it is appropriate on multiple levels that we are here today to discuss the United States relationship with Iran on the heels of President Bush's speech about the cause he was pursuing in Iraq and the reported raid on the Iranian Consulate by United States troops in Iraq last night.

Unfortunately what I heard from the President yesterday was an unwillingness to change strategy in Iraq. Escalation is the polar opposite of what the majority of informed Americans want to see happen in the Iraq war. The mistakes are obvious for the American people, and that is precisely why they no longer consent to this failed stay-the-course strategy. His briefing and the series of hearings to come are critical to our moving forward and informing the committee and the American people as to what can work to our best interest in our Nation's foreign policy.

It is my hope that we can determine what it will take to get beyond our policy failures and develop proactive strategies for engagement in the Middle East. I have contended for some time that the challenges we face with Iran should be at the top of our most pressing national security issues. In fact, I stated that I thought we should be focused on Iran as opposed to Iraq some 3½ to 4 years ago. Now, with the deteriorating situation in Iraq, it is even more imperative that we turn our attention in a meaningful way to the question of Iran's nuclear program and Iran's role in the Middle East region and in Iraq.

I welcome the opportunity to hear from our witnesses today, particularly on enforcement of the U.N. Security Council Resolution 1737, imposing mandatory sanctions on Iran, and the recommendations of the Iraq Study Group that suggests we must include Iran and regional and international diplomacy efforts to stabilize it.

Chairman LANTOS. The gentleman's time has expired. Mrs. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman. I will reserve my time to hear the witnesses.

Chairman LANTOS. Mr. Sires.

Mr. SIRES. Mr. Chairman, I just want to say that, there we go. My apologies, Mr. Chairman. I just want to say it is an honor to serve on this committee. I look forward to working with you and the ranking member and I just really want to hear what they have to say.

Chairman LANTOS. We are delighted to have you with us. Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman. Thank you, Ambassador, thank you, Mr. Woolsey, for being here today. I look forward to your briefing us on this extraordinarily important situation of Iran. I too want to commend the chairman on his assuming the chairmanship. He is my next door neighbor here in Washington. So I want you all to know he works tirelessly. He is in and out all the time.

Finally, our ranking member, Ileana Ros-Lehtinen, I want to thank her. She has been my mentor from the moment I got here. And so for 5 years she has been a dear friend and a stalwart for good government in our country.

As we approach what we are doing, we have got a chairman and a ranking member who I think shares the optimism that I have, and that is that we are living in a world with a lot of challenges, but we should recognize there is a greater spread of democracy and freedom today than in the history of the world. So I would rather we approach this as a positive way to the future rather than dwell and be perpetually in a feeling of funk.

Thank you again for being here today. Thank you, Mr. Chairman and ranking member.

Chairman LANTOS. Thank you. Mr. Boozman.

Mr. BOOZMAN. Thank you, Mr. Chairman.

Mr. Woolsey, I appreciate you in your testimony talking about the importance of the equivalent of Voice of America, again, and how important that is. In traveling to that region, envisioning with various countries, my impression is, in fact, they very bluntly said they don't feel it is credible. It seems like that you know we have a number of problems to deal with, but that it is a doable problem and I hope Mr. Chairman, that is something that the committee can very aggressively hold accountable, that we really do have a good program that is well thought of in the region. Thank you.

Chairman LANTOS. Ambassador Watson.

Ms. WATSON. Thank you, Chairman Lantos, and I too join the chorus of commending and congratulating you and my good friend Ileana Ros-Lehtinen for your leadership, the new Foreign Affairs Committee.

In my opinion, the crisis in Iraq has reentered other critical world issues. It has given Iran time to do a resurgence. And I just was given a bulletin just a few minutes ago that talks about a raid by United States troops on the Iranian Consulate in Iraq, and that is Iranian land, and we captured five personnel from the Embassy.

So I would like to hear from both the Ambassador and the Director, and I thank them for coming and waiting through all of our comments, but I will be looking forward to hearing your comment on the raid that took place while the President was making his statement on a forward approach to Iraq. Thank you, Mr. Chairman.

Chairman LANTOS. Thank you. Mr. Barrett.

Mr. BARRETT. Congratulations again, Mr. Chairman. I will reserve my time for the witnesses.

Chairman LANTOS. Mr. Inglis.

Mr. INGLIS. Thank you. Congratulations, Mr. Chairman, and to Madam Ranking Member. I am very happy to be on the committee and am looking forward to hearing from the witnesses.

Chairman LANTOS. Thank you very much. And I want to extend my apology to the witnesses, but this is the first hearing of the committee, and I thought it was important every member have an opportunity to say what was on their mind.

To address the range of difficult issues facing our policy toward Iran, we are extremely fortunate to have a panel that encompasses the best wisdom and foreign policy experience that Washington has to offer.

Ambassador Tom Pickering is one of our most brilliant diplomats. His diplomatic career spans more than four decades and includes, among many others, positions as Undersecretary of State for Political Affairs and as Ambassador to the United Nations, to the Soviet Union, to Russia, to India, to Israel, to Jordan, to Nigeria, and to El Salvador. And I saw him in all of those places. He had numerous other positions at the Department of State, including executive secretary and special assistant to Secretaries Rogers and Kissinger. He retired with the personal rank of Career Ambassador, the highest in the U.S. Foreign Service. Following his departure from our Department of State, he became the Senior Vice President for International Relations at Boeing, a position from which he retired last year. And, Ambassador Pickering, we are honored to have you.

Ambassador PICKERING. Thank you, Mr. Chairman. And if it is not a breach of protocol, let me, if I may, congratulate you on your assumption to the chairmanship.

Chairman LANTOS. Go ahead. I appreciate it.

**STATEMENT OF THE HONORABLE THOMAS R. PICKERING,
FORMER UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS**

Ambassador PICKERING. And to congratulate the ranking minority leader, Ms. Ros-Lehtinen, on her important and responsible role.

Let me begin by saying I am very pleased to join with Jim Woolsey here on this panel. I am honored to have been asked to provide testimony this morning on what we can do to deal with Iran and the challenges which that country presents for our policy, both in the region and beyond.

As requested, I will focus mainly on the political aspects of the issue and on a possible diplomatic solution, or solutions, as well as the attitudes of other states toward possible solutions. The key issue which you have all pointed out separating the United States and many other states from Iran is Iran's nuclear program. The International Atomic Energy Agency Board of Governors has found Iran in violation of its obligations under the Nonproliferation Treaty. A number of other states have joined the United States in its serious concerns about Iran's nuclear program over the fact that it may well be a project for developing nuclear weapons capability.

I don't intend to rehearse all of that information here this morning, but as a result of having reviewed it, I begin with the presumption that we should have a well-founded concern that Iran's interest in nuclear development is for the purpose of acquiring weapons, despite their public professions to the contrary.

Iran's internal politics which bear on this resemble a puzzle inside a mystery wrapped in an enigma, a phrase which Winston Churchill famously used to describe the Soviet Union. Few, even among Iranians, I think, have clear, consistent insights; but how does this question of the opaqueness of Iran's internal politics play out regarding the potential for a negotiation with the United States, a question which you and others have asked. An Iranian friend of mine once summarized the issue in the best way I have yet heard. When the United States has been ready to talk, Iran has not been and the opposite is also true.

Right now it seems that the United States is not ready for talks. His conclusion is that Iran is. My approach is to try to find the right way to test that conclusion.

There are, in addition to the nuclear question, a number of other issues to contend with from America's perspective: Iran's support for terrorists in the region; Iran's opposition to Middle East peace; Iranian activities inside Iraq; Iran-Syrian cooperation on many of these issues; Iran's mistreatment of its religious and other minorities, the human rights concern.

Others in the region share these concerns with us about Iran's power projection intentions with respect to the region. Iran, too, has raised concerns about American policies and activities, including U.S. public professions of support for regime change and a stated interest of some in the United States to use force against Iran; the failure to reach a full and complete settlement in the proceedings at the Hague on outstanding reciprocal financial claims and United States military activity against Iran, including a shootdown of an Iranian civil aircraft and attacks against Iranian oil platforms; in retaliation I might add, for Iranian mining and other activities in the Gulf in past years.

As for most of these issues, there are a number of options, setting aside merely standing by while Iran develops a military nuclear capability, something I believe we can all join in being against. I see two serious standout opportunities that offer prospects for change. One is the use of force. Such an action, or a blockade, might be carried out by either the United States or Israel. Were we to do so, there would be important advantages and important reactions.

First, many doubt that our intelligence is currently accurate enough to know with a high degree of certainty about all the potential nuclear targets. As a result, military action short of a full-scale invasion, which has its own problems and which seems for the moment to be beyond contemplation, could not be counted upon to be effective in halting a nuclear military program and particularly one being pursued clandestinely by Iran. Setbacks might be achieved; would they be worth the price? Many have pointed out the deleterious consequences related to Iranian potential responses to such an attack which I think help to answer that question. That seems to make the risks markedly greater than the potential value of an attack than it might have in stopping or slowing down Iranian military nuclear programs.

These risks include a public decision by Iran to undertake development of nuclear weapons in response to the attack; increased Iranian use of Iraqi Shia militias, insurgents and others to attack and

complicate our interests in Iraq; wholesale negative Islamic and Muslim reaction around the world against the United States and its citizens, and our interests in what might appear to them to be at least an unprovoked attack on Iran for carrying out activities which are now, in my view unfortunately, permitted by the Non-proliferation Treaty; retaliatory attacks by the use of Iran's Hezbollah surrogates against Israel from South Lebanon and elsewhere as we have recently seen this summer; Iran stopping its own oil exports and seeking to interrupt Gulf oil exports by sea by blockading the Straits of Hormuz with missile, maritime and air attacks; increased support for terrorist attacks against the United States around the world; a serious negative reaction in the Iranian public, which, on the basis of a short visit, but also on many other reports, I found to be one of the most pro-American publics I have seen around the world.

The other serious alternative to this is diplomacy. There is no certainty, of course, that diplomacy can make a major difference, but it is not yet clear to me at least that all possibilities in the area of diplomacy have been tried. The purpose of diplomacy is to amass the maximum amount of leverage at the same time it opens the largest number of mutually acceptable doors for Iran to walk through for a solution.

As a former diplomat, despite the unlikely possibilities of the use of force alone in resolving the problem, I would be loath to give it up before it could be used to play a role as a quid pro quo in developing through negotiations an acceptable solution to the nuclear question. Indeed, in my view it would be hard to see, given the high level of mistrust between the United States and Iran, how the issue of the use of force could be credibly removed from the table by the United States in any event short of a full diplomatic agreement. The Iranians I don't believe would accept any such offer or proffer in advance of any particular full agreement as being a trustworthy proposition by the United States.

So let me turn to what are the diplomatic possibilities. There are, for purposes of simplicity in presenting them to you, four possible bundles of diplomatic carrots and four bundles of sticks that could be employed to increase Iranian interest in successful negotiations. The central strategic purpose of such an effort is to face Iran with the starkest of choices. As outlined earlier this year in another hearing on Capitol Hill by my old friend and colleague, Ambassador Frank Wisner, Iran should be made to face the choice between full and complete international isolation on one hand and a nuclear program without enrichment and reprocessing but which, through international cooperation, fully and continuously meets all of Iran's express needs for civil nuclear power without weapons development on the other.

Many potential tactical combinations exist on how to hold these kinds of talks, and I won't get into those in detail.

Several new departures in American foreign policy would be required: Important compromises, including a United States willingness at the end of the day to give up the use of force and regime change against Iraq in return for a fully acceptable Iranian civil nuclear program. That is, to use carrots and sticks in a diplomatic process.

Secondly, a willingness on the part of the United States to engage the international community, and particularly the other Five Permanent Members of the U.N. Security Council, early and often in this process to assure that the maximum amount of pressure and reward are introduced into the diplomatic scenario, and, in a sense, that an Iran without nuclear weapons has a future, indeed in my view, potentially an important role to play in the region and indeed in the world beyond.

So what are these carrots and sticks? The first bundle of carrots, if I could call it that, relates to the most important issue, the Iranian nuclear program. An approach here in my view should be based on a willingness on the part of the world community to give broad support to a full civil nuclear program in Iran except for enrichment and reprocessing. This is, in effect, an approach that provides Iran with all that it needs, without everything it currently says it wants or must have.

It would be important here to have an answer for Iran's express concerns that if it doesn't independently possess enrichment, it will not be able to ensure full continuous use of civil nuclear power. The answer is through new international efforts to assure that not only Iran but all other states which need low enriched uranium fuel for civil nuclear reactors will have continuous, uninterrupted access to such fuel under international, and, as a last resort, United Nations IAEA auspices, as long as they maintain their nonproliferation obligations. Such an approach would be built on internationalizing the Russian insistence that Russia should provide the fuel and take away the spent fuel for the reactor which it is building in Iran at Bushehr. The new international regime would eventually be used by all states to acquire nuclear fuel for producing civil nuclear power. It would thus close the loophole in the Nonproliferation Treaty which allows for the acquisition of enrichment and reprocessing technology as part of the civil nuclear fuel cycle, technologies which we all know have serious potential in allowing states to develop nuclear weapons.

The Five Permanent Members of the Security Council should play a key role in the creation of this regime. They might also become the principal producers and vendors of fuel for civil purposes. To assure competitive pricing, a minimum of at least two, and hopefully more, ought to be part of this program. A permanent facility for the storage of spent fuel from all sources should be set up on the territory of one of these states and arrangements made to facilitate the transportation and long-term storage of spent fuel with the cooperation of the IAEA. Russia in the past has indicated an interest in undertaking such an activity, and this might be an added inducement for more cooperation.

As an added assurance of permanence of supply, the IAEA might well also become the vendor of last resort. The enriching states should assure that the IAEA has access to a significant supply of fuel, perhaps stored in a neutral state, where the only criteria exercised by the IAEA for continued supply would be full compliance by the recipient with its nonproliferation obligations.

Accompanying such a regime should be instituted under the IAEA a new improved inspection system. This system ought to be based on that recommended for Iraq in the United Nations Secu-

rity Council Resolution 1441. An inspection system which provides for wide and immediate access is needed to assure all programs in a nonnuclear country receiving nuclear fuel are peaceful and that no non-peaceful programs are present.

As an extraordinary measure further to assure Iraq and others of the certainty of the operation of such a regime, it might be useful to place up to 5 years' worth of civil reactor fuel under IAEA control inside Iran on a continuous basis. Were there to be any failure to provide new fuel to Iran when needed for civil purposes, except for reason of a finding by the IAEA of a violation by Iran of its nonproliferation obligations, this might open the door to Iran proceeding with enrichment on its own. This is a calculated but, in my view, important risk for us to take.

I would also suggest that over a period of time, say 10 years, with Iranian full compliance with its NPT obligations and any subsequent arrangements including inspection, Iran too might become a participant in the international fuel regime, with the possibility of enrichment, but under full international supervision, taking place on its territory. In return, I hope that the U.S. would be willing in respect of such an arrangement to set aside the use of force and regime change as part of U.S. policy. But I would set aside these two aspects of U.S. policy only if and when a fully acceptable nuclear agreement had been reached.

The second major carrot concerns United States-Iranian bilateral relations. The purpose here would be to put on the table at the outset a willingness on the part of the United States to open direct talks with Iran on all outstanding issues as long as Iran was willing to do the same on the same basis. There would be no preconditions for either side, or, more specifically, no other preconditions than that everything would be on the table.

However, it would be the first item of business in such talks to deal with ongoing enrichment activities by Iran. The suggestion has been made by some that the United States and other sanctions on Iran as well as all Iranian enrichment activity, could be frozen for a period of time as the first item on the agenda of the talks and to facilitate further discussions toward agreement in the talks. The central purpose of the United States-Iran bilateral activities would be to resolve the outstanding issues of bilateral concerns between the two states and to work toward the resumption of full diplomatic relations, including the eventual opening of Embassies and exchange of ambassadors, probably carried out over time and in steps and stages.

The third aspect would involve regional security and efforts to improve stability and security in that region. The first issue, in my view, which ought to be addressed by the regional states, including Iran's neighbors and probably the permanent five members of the Security Council, should be the issue of nuclear guarantees. Here, a major step might well be an offer of guarantees for all nonnuclear states in the region against nuclear threats or blackmail from any source offered by the five nuclear powers recognized under the NPT. This would supplement the guarantees already available to such states under Protocols to the Nonproliferation Treaty against aggression. It would also be the kind of step that would be worthwhile taking even in the event of a failure to curb Iranian nuclear

military ambitions by reassuring the regional states of future protection against Iranian pressures and actions against them backed up by Iran's possession of nuclear weapons.

The second step might involve the formation of a regional security coalition or organization whose purposes would include the settlement of outstanding disputes, especially border differences, as well as the adoption of security measures or steps in the areas of arms control or disarmament.

The fourth bundle of carrots could well be determined the "anti-sanctions" basket. This might include, as the talks make real progress and only if they do, the removal of sanctions or other limitations being imposed on Iran currently, as an encouragement to further progress. One such step could involve the eventual opening up the region to the possibility of oil swaps in the Caspian Basin. Oil from the Caspian Basin might be delivered to Iran for its domestic use in northern Iran against the delivery of a similar amount of oil for international trade at Iranian Gulf ports. And other steps could include, as incentives for further negotiating process, the loosening of restrictions imposed by the United States on the investment in the development of oil and gas in Iran. But as I say, only if, as, and when progress in the negotiations would be made.

Now, what about the other important part of this diplomacy: The critical question of pressures and sticks? If talks can make progress without them, there might be no need of these. But as we have seen, that seems highly unlikely. To be realistic, there would have to be advance agreement on a four-stage series of sanctions, in my view, among the Five Permanent Members of the U.N. Security Council. This would be in consideration of the willingness of the United States and others to go ahead with the full program of carrots that I have described.

Putting the carrots on the tables without the sticks means undertaking negotiations where there are no consequences for Iran for intransigence and where intransigence could be well used to stall for time, as a number of you have pointed out, for Iran to achieve a military nuclear capability. These sanctions might well be spaced some 6 to 9 months apart in the Security Council and involve an escalating series of steps. This timing fits with current publicly expressed expectations by a number of key governments that Iran is not likely to achieve a military nuclear capability before 2009. While the full content of each step would have to be worked out in the Security Council, prior agreement among the P5 to include four categories of sanctions is critical.

The simple outline of these sanctions would be the following.

The first stage would be something along the lines of U.N. Council Resolution 1737 which has already been passed. Weak, and, in my view not nearly as effective as we will eventually have to have, it begins the process with some smart sanctions and some efforts to bring home to Iran that there is more to come. This might be complemented as well by bilateral steps, including a number that had been mentioned dealing with Iran's continued capability to deal with financial transactions internationally.

The second step would be the adoption by the world community of international sanctions roughly equivalent to what the U.S. now has in place bilaterally.

Step three would be a cutoff of all trade with Iran, except for oil and gas, and with a provision for access for Iran to a continued supply of food and medicine for its people.

Step four would include a cutoff of oil and gas trade. The time phasing would allow both a reasonable period for Iran to contemplate its failure to make progress on far-reaching proposals on the one hand and permit the international community the time necessary to take these steps to adjust to the loss of Iran's oil and gas exports in particular on the other. Such adjustments would have to involve undertaking a full series of measures by the world community with serious international cooperation and determination—from the improvement of efficiency standards to the development and production of additional oil and gas resources around the world, to the need to substitute, as well as the need to draw on stocks and reserves to meet immediate requirements.

I have discussed a number of the problems with this proposal. Some of them include the question of would the Russians and the Chinese seriously join in. I don't know, but it is possible. They say they share concerns about Iran's nuclear program, and they remain—at least they say they are committed advocates of the use of diplomacy. We would not be bound to continue with the broad, far-reaching, and generous diplomatic offer I have described if they were not bound to continue with the full program of sanctions. Also we should remain open to any other ideas they have to propose diplomatically. So far they have had none to offer.

But the decision not to go ahead would then become theirs to take, and they would be responsible for and would have to bear a significant share of the burden of Iran's movement to nuclear weapons, something they seem to want to avoid at present. They would have to contemplate seriously the fact that their unwillingness to work with us might then compel the use of force, including blockade, however, uncertain the effect of that might be.

For China such a step could result in significant worldwide scarcity in petroleum and much higher prices, something it is urgently seeking to avoid through its oil investment in Iran and elsewhere around the world.

For Russia, a nuclear Iran under heavy external pressure could well become an additional center of Islamic fundamentalism, one with which Russia, with its millions of Muslim citizens and the ongoing conflict against Islamic fundamentalists in Chechnya, would have to contend in its own domestic policies and activities for the long-term future.

Finally, Mr. Chairman, I think a few conclusions about what principles in general might guide the diplomatic dialogue are in order.

Iran would be interested in an understanding with the United States which it regards as its principal threat. Engagement will have to be put in place first from the top down. Even though it is conducted through emissaries, all issues will have to be on the table, and that will need eventually to include regime change in return for an acceptable nuclear program. Iran's domestic order is

not our top priority. If we can agree to engage, then we can find the right diplomatic forum or fora to carry out that engagement, and successful diplomacy is based on the concept of reciprocity and we will need to apply that in dealing with Iran.

Diplomacy itself is never a magic answer. It involves tough work and a serious and deep commitment, but as we have found out from some of our more recent experiences when we have forgotten diplomacy and turned to force for a single magic bullet solution, this approach might be close to Winston Churchill's famous description of democracy, the least worst of all other alternatives.

Thank you and I look forward to your questions.

[The prepared statement of Mr. Pickering follows:]

PREPARED STATEMENT OF THE HONORABLE THOMAS R. PICKERING, FORMER UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS

Mr. Chairman:

I am honored to have been asked to provide testimony this morning on what we can do to deal with Iran and the challenges which that country presents for US policy, both in the region and beyond.

As requested, I will focus mainly on the political aspects of the issue and on possible diplomatic solutions as well as on the attitudes of other states toward possible solutions.

The key issue separating the United States and many other states from Iran is Iran's nuclear program.¹

The International Atomic Energy Agency Board of Governors has found Iran in violation of its obligations under the Non-Proliferation Treaty. A number of states have joined the United States in its serious concerns about Iran's nuclear program and over the fact that it may well be a project for developing a nuclear weapons capability. It has also been discussed at some length in published articles.² I do not intend to rehearse all of that information here this morning, but as a result of having reviewed it, I begin with a presumption that we should have a well-founded concern that Iranian interest in nuclear development is for the purpose of acquiring weapons despite their public professions to the contrary. It has perhaps been best summed up in the conclusions of the International Atomic Energy Agency's (IAEA) Board of Governors in its Resolution on Iran of 24 September 2005, when it determined that:

“. . . the history of concealment of Iran's nuclear activities . . . the nature of these activities, issues brought to light in the course of the Agency's verification of declarations . . . and the resulting absence of confidence that Iran's nuclear programme is exclusively for peaceful purposes have given rise to questions that are within the competence of the Security Council . . .”³

Iran is a large and significant country with at least a 2500 year history of Persian nationalism. Recent history, with the overthrow of the Shah and the 8-year war with Iraq in the 1980s, has reinforced that sense of nationalism. While there are significant minorities present in Iran, its long and salient history in the region, the binding character of its national language—Farsi, and its general adherence to Shi'ia practices in its observance of Islam have provided a special force pulling the country and its people together. The overthrow of Prime Minister Mossadegh in the 1950s, as well as its deep differences with the United States in other areas, have all shaped the almost 30-year long estrangement from the US.

There have been a few exceptions, notably in the US-Iranian cooperation in meetings of the UN Secretary General-sponsored 6+2 Group on Afghanistan in the late 1990s and in the Bonn meetings in 2002 which followed the overthrow of the Taliban to put together the new Afghan Government.

Iran's internal politics resemble a puzzle inside a mystery wrapped in an enigma—a phrase which Winston Churchill famously used to describe the Soviet Union. Few, even among Iranians, have clear, consistent insights. What does seem clear is

¹At the outset, I should make clear that the views expressed in this testimony are my own and not those of any organization with which I am or may have been associated

²One of the best discussions is in Mark Fitzpatrick, 'Assessing Iran's Nuclear Programme', SURVIVAL, vol. 40, no. 3, Autumn 2006. Fitzpatrick is a former US Foreign Service officer who served as Acting Deputy Assistant Secretary of State for Nonproliferation and Export Controls.

³IAEA Board of Governors—Resolution adopted on 24 September 2005 as quoted in Fitzpatrick, p.14.

that critical decisions are still reserved for the Supreme Leader, Ayatollah Khamenei, who consults before making at least the most important of them with both clerical and non-clerical leaders and advisors. President Ahmedinejad, whose official position is more circumscribed than his title implies and whose election and now widely infamous public remarks have begun to build a broader constituency in the wider Muslim world, represents a conservative and perhaps more correctly 'radically reactionary' point of view. He has seemingly lost some ground in recent elections. Reformers under Khatemi and beyond have also been on a roller coaster course of influence inside Iran. We would do well to pay close attention to daily swings in fortunes as reflected in speeches and statements, but take much of it with a grain of salt. And for all that, few if any in the West, and perhaps too, only a few in the region have gotten to understand clearly and consistently the ever unfolding politics of Iran. There are serious differences of opinion inside Iran, and there certainly exist in Iran more convoluted and complex groups dedicated to one or a number of points of view, sometimes with influence, sometimes not. If it is Iranian policy to keep us all guessing and more about Iran's internal politics, they have succeeded beyond their wildest expectations.

How does this question of the opaqueness of Iran's internal politics play out regarding the potential for a negotiation with the US? An Iranian friend once summarized the issue in the best way I have yet heard. "When the US has been ready to talk, Iran has not been. And the opposite has also been true." Right now, he says, "it seems that the US is not ready for talks, but Iran is". My approach below is to try to find the right way to test that conclusion.

There are, in addition to the nuclear question, a number of other issues to be contended with from the perspective of the US—Iran's support for terrorist groups in the region; Iran's opposition to the Middle East peace process over the years; Iranian activities in Iraq; Iranian-Syrian cooperation on some of these activities; and Iranian mistreatment of its religious and other minorities. Others in the region share concerns with us about Iran's power projection intentions with regard to the Middle East and beyond.

Iran too has raised concerns about US policies and activities, including US public professions of support for regime change in Iran and the stated interest of some in the US to use force against Iran; the failure to reach a full and complete settlement in the proceedings at The Hague on outstanding, reciprocal financial claims; and US military activity against Iran, including the US shoot-down of an Iranian civil aircraft, and attacks against Iranian oil platforms in retaliation for Iranian mining and other activities in the Gulf in past years.

The principal concern remains what can be done to resolve these issues—both those just noted and pre-eminently the nuclear question?

As with most issues there are a number of options. Setting aside merely standing by while Iran develops a military nuclear capability, only two seriously stand out as offering any prospects for change.

One is the use of force.

Such an action, or a blockade, might be carried out by Israel, the US or both, although at present each has denied such intent. Were Israel to carry out an attack with only its own forces—air, ground or sea—involved, the US would surely also be held responsible by most around the world. Were the US to act alone, Israel would also suffer from a possible direct Iranian riposte and the expected large Muslim backlash in the region and beyond.

Many doubt that our intelligence is currently accurate enough to know with a high degree of certainty about all the potential nuclear targets. As a result, military action, short of a full scale invasion, which has its own problems and which seems for the moment to be beyond contemplation, could not be counted upon to be effective in halting a military nuclear program—and particularly one being pursued clandestinely by Iran. Set backs might be achieved, but would they be worth the price?

Many have pointed out a series of deleterious consequences related to Iranian potential responses to such an attack. They seem to make the risks markedly greater than any potential value such an attack might have in stopping or slowing down an Iranian military nuclear program. These include: a public decision by Iran to undertake the development of nuclear weapons in response to the attack; increased Iranian use of Iraqi Shi'ia—militias, insurgents and others—to attack and complicate US interests in Iraq; wholesale negative Muslim reaction around the world against the US and its citizens and interests to what might appear to be an unprovoked attack on Iran for carrying on activities now permitted by the Non-Proliferation Treaty (NPT); retaliatory attacks via Iran's Hezbollah surrogates against Israel from South Lebanon and elsewhere; Iran's stopping its own oil exports and seeking to interrupt Gulf oil exports by sea by blockading the Straits of Hormuz

with anti-ship missile, maritime and air attacks; and increased support for terrorist attacks against the US around the world—to name some.

The other serious alternative is diplomacy.

There is no certainty of course that diplomacy can make a major difference, but it is not yet clear that all possibilities in the area of diplomacy have been tried. The purpose of diplomacy is to amass the maximum amount of leverage at the same time it opens the largest number of mutually acceptable doors for Iran to walk through to a solution.

As a former diplomat, despite the unlikely possibility of the use of force alone in resolving the problem, I would be loath to give it up before it could be used to play a role as a quid pro quo in developing through negotiations an acceptable solution to the nuclear question. There is little leverage left to be used in resolving this issue and it would be important not gratuitously to abandon what leverage does now exist, including the potential use of military force.

Indeed, it would be hard to see, given the high level of mistrust between the US and Iran, how this issue could be credibly removed unilaterally from the table by the US in any event, short of a full diplomatic agreement on all aspects of the outstanding issues. It is unlikely in my view that Iran would believe and accept any such proffer, in advance of a full agreement, as being trustworthy.

What are the diplomatic possibilities?

There are, for purposes of simplicity in presenting them, four possible bundles of diplomatic carrots and four bunches of sticks that could be deployed to increase Iranian interest in a successful negotiation. My purpose today is to outline the possibilities.

The central strategic purpose of the effort is to face Iran with starkest of choices—one outlined earlier this year in another hearing at the Capitol by my old friend and colleague, Ambassador Frank Wisner. Iran should be made to face the choice between full and complete international isolation on one hand and a nuclear program, without enrichment and reprocessing, but which through international cooperation fully and continuously meets all of Iran's expressed needs for civil nuclear power, on the other.

Indeed, diplomacy should also include activities that both go beyond the nuclear issue and look toward the resolution of other outstanding problems between the US and Iran in the bilateral arena, improved regional security in the Gulf, and the removal of existing sanctions. These should be seen as methods to reassure Iran about its security and to bring Iran into the international community on a basis where its important role in the region and beyond can be realized on a cooperative, secure and peaceful basis. Such efforts beyond the nuclear can also provide additional leverage and bargaining room with Iran including on the nuclear issues. Finally, being able to put on the table all the possible elements for a broad solution should encourage those among the Permanent Five Members of the Security Council who are reluctant to support broad sanctions against Iran that they can confidently support such sanctions when deployed strategically to assist in working out this kind of 'grand bargain'.

Many potential tactical combinations on ways to hold talks are possible. Some, on the nuclear issue for instance, might well be multilateral, involving the US, the three EU states already involved—France, Germany and the United Kingdom—with the possible addition of Russia and China. US-Iranian bilateral discussions will be necessary as discussed below. Regional discussions involving Iran's neighbors, with perhaps the participation of others, will also be necessary.

Several new departures in US policy will be required—important compromises—including a willingness to give up the use of force and regime change against Iran in return for a fully acceptable Iranian civil nuclear program i.e.—to use carrots and sticks in a diplomatic process; a willingness on the part of the United States to engage the international community and particularly the Five Permanent Members of the UN Security Council early and often in this process to assure that the maximum amount of pressure and reward are introduced into the diplomatic scenario; and a sense that an Iran without nuclear weapons has a future, important role to play in the region and indeed in the world beyond.

What are the carrots and the sticks?

The first bundle of carrots relates to the most important issue—the Iranian nuclear program. An approach here should be based on a willingness on the part of the world community to give broad support to a full civil nuclear program in Iran except for enrichment and reprocessing. This is in effect an approach that provides Iran with all that it needs, but not everything it currently says it wants.

It will be important here to have an answer for Iran's concern that if it does not independently possess enrichment it will not be able to assure full, continuous use of civil nuclear power. The answer is through a new international effort to assure

that not only Iran, but all other states which need low-enriched uranium for civil nuclear reactors, will have continuous, uninterrupted access to such fuel under international, and as a last resort United Nations (IAEA), auspices as long as they maintain their non-proliferation obligations.

Such an approach should be built on internationalizing the Russian insistence that Russia should provide the fuel and take away the spent fuel for the reactor it is building for Iran at Bushehr. The new international regime would eventually be used by all states to acquire fuel for producing civil nuclear power. It would thus close the loophole in the Non-Proliferation Treaty which allows for the acquisition of enrichment and reprocessing technology as part of the civil nuclear fuel cycle.

The Five Permanent Members of the UN Security Council ought to play a key role in the creation of the regime. They also might well become the principal producers and vendors of fuel. To assure competitive pricing, at a minimum at least two of them, and hopefully more, should be part of the program.

A permanent facility for the storage of spent fuel from all sources should be set up on the territory of one of these states and arrangements made to facilitate its transportation and long term storage with the cooperation of the IAEA. Russia in the past has indicated an interest in undertaking such an activity.

As an added assurance of permanence of supply, the IAEA might well also become the vendor of last resort. The enriching states should assure that the IAEA has access to a significant supply of fuel, perhaps stored in a neutral state, and where the only criterion exercised by the IAEA for continued supply would be full compliance by the recipient with its non-proliferation obligations.

Accompanying such a regime there should be instituted under the IAEA a new and improved inspection system. This system should be based on that recommended for Iraq in United Nations Security Council (UNSC) Resolution 1441. An inspection system which provides for wide and immediate access is needed to assure that all programs in a non-nuclear country receiving civil nuclear fuel are peaceful and that no non-peaceful programs are present.

As an extraordinary measure further to assure Iran and others of the certainty of the operation of such a regime, it might be useful to place up to five-years worth of civil reactor fuel under IAEA control in Iran on a continuous basis. Were there to be any failure to provide new fuel to Iran when needed for civil purposes, except for reason of a finding by the IAEA of a violation by Iran of its non-proliferation obligations, this would open the door to Iran proceeding with enrichment on its own.

I would also suggest that over a period of time—say 10 years—with Iranian full compliance with its NPT obligations and with any subsequent agreements including especially those for inspection and verification, Iran too might become a participant in the International Fuel Regime with the possibility of enrichment under full international supervision taking place on its territory.

At the end of the day, if we are faced with the stark choice of permitting some level of enrichment to take place inside Iran under full international supervision and the concurrent continuation of full cooperation by Iran with broad inspection by the IAEA on one hand, and the loss of inspection access because of our opposition to any enrichment activity on the other, I would prefer the former approach.

In return, I would hope the US would be willing, in respect of such an agreement, to set aside the use of force and regime change as part of US policy toward Iran. But I would set aside these two aspects of US policy only if and when an acceptable nuclear agreement had been reached with Iran.

The second major carrot concerns US-Iranian bilateral relations. The purpose here would be to put on the table, at the outset of discussions, a willingness on the part of the US to open direct talks with Iran on all outstanding issues as long as Iran was willing to do the same, on the same basis. There would be no preconditions for either side. However, it would be the first item of business to deal with on-going enrichment activities in Iran. One suggestion has been that some US and other sanctions on Iran as well as all Iranian enrichment activity would be frozen for a fixed period of time as the first item on the agenda of talks with Iran to facilitate the discussions.

The central purpose of this US-Iran bilateral basket of activities would be to resolve the many outstanding issues of bilateral concern between the two states and to work toward the resumption of full diplomatic relations, including the opening of Embassies and the exchange of Ambassadors, probably over time and in steps and stages.

The tactical question of which issues to resolve when and on what basis would have to be left for the talks themselves. However, the proposition I make here is based on the view that progress in this area could assist in making progress in other areas. As a result the discussions and timing of the introduction of various

proposals should be viewed carefully from the US side in ways that will encourage progress elsewhere, especially in the nuclear arena.

The third basket would involve regional security and efforts to improve stability and security in the region.

The first issue to be addressed by the regional states, including Iran's neighbors, and the Permanent Five Members of the UN Security Council, should be nuclear guarantees.

Here a major step might well be an offer of guarantees for all the non-nuclear states in the region against nuclear threats or blackmail from any source by the five nuclear powers so recognized under the NPT. This would supplement the guarantees already available to such states under Protocols to the Non-Proliferation Treaty against nuclear attack. It would also be the kind of step that would be worthwhile taking even in the event of a failure to curb Iranian military nuclear ambitions—reassuring the regional states of future protection against Iranian pressures or actions against them backed up by Iran's possession of nuclear weapons.

A second step might involve the formation of a regional security coalition or organization whose purposes would include the settlement of outstanding disputes, especially border differences, as well as the adoption of security measures or steps in the area of arms control and disarmament. These latter could include limitations of forces, better direct communication or 'hot lines', the mutual observance of military maneuvers and similar measures along the lines developed in East West agreements during the Cold War.

The fourth bundle of carrots or basket of steps could well be termed an "anti-sanctions" basket. This might include, as the talks make real progress, the removal of sanctions and other limitations now imposed on Iran as an encouragement to further progress. One such step could involve the opening up of the region to the possibility of Caspian Sea oil swaps. Oil from the Caspian Basin might be delivered to Iran for its domestic use in northern Iran against the delivery of a similar amount of oil for international trade at Iranian Gulf ports. Other steps could include, as incentives to further negotiating progress, the loosening of restrictions imposed by the United States on investment in the development of oil and gas in Iran.

What about pressures and sticks?

If talks can make progress without them, there might be no need of these. Until there is full agreement on the nuclear question, as noted above, the use of force/regime change issues would not be put to rest.

However, to be realistic, there would need to be advanced agreement on a four-stage series of sanctions among the Five Permanent Members (P-5) of the UN Security Council in consideration of the willingness of the US and others to go ahead with the full program of carrots. Putting the carrots on the table without the sticks means undertaking negotiations where there are no consequences for Iran of intransigence and where intransigence could well be used to stall for time to achieve a military nuclear capability. These sanctions might be spaced some 6-9 months apart in the Security Council and involve an escalating series of steps. (This timing fits with the current publicly expressed expectations by key governments that Iran is not likely to achieve a weapons capability before 2009).

While the full content of each such step would need to be worked out in detail by the Council, the prior agreement among the P-5 might include four general categories of sanctions. Again, these sanctions would not be imposed unless it was clear that real progress was not being made in the negotiations toward agreement on the carrots.

The ideal way to do this would of course be to set out such a program in advance in a Resolution of the UN Security Council with dates certain for the imposition of each stage of the sanctions fully incorporated. Separate, subsequent Resolutions by the Council might delay or defer imposition if real progress was being made. This seems unlikely of achievement in the present Council. What is certain, however, is that an agreement among the P-5 on the outlines of a positive program for Iranian civil nuclear power as well as on a program of sanctions, would seem to be the minimum necessary to start down this road.

The first stage would be something along the lines of what has already been passed—some smart sanctions and some efforts to bring home to Iran that there was more to come.

The simple outline of succeeding steps would be:

- Step two, international sanctions roughly equivalent to what the US has currently in place bilaterally;
- Step three, a cut-off of all trade with Iran except for oil and petroleum and with provisions for access to a continued supply of food and medicine for the people of Iran;

- Step four would include a cut-off of oil and gas trade. The time phasing should allow both a reasonable period for Iran to contemplate its failure to make progress on far-reaching proposals on the one hand and permit the international community the time necessary to take steps to adjust to the loss of Iran's oil and gas exports in particular on the other. Such adjustments would have to involve the undertaking of a full series of measures by the world community—from the improvement in efficiency standards to the development and production of additional oil and gas resources around the world to the need to draw on stocks and reserves to meet immediate requirements.

All of this may leave a number of questions outstanding.

Let me address some of those questions.

First, how can we be certain this approach will work?

- We cannot. But the alternative, the use of force, is so deficient in promise, that it would seem best to try diplomacy first and while there is still time.

What are the downsides of this proposal?

There are some. They include:

- The fact that there is now a new requirement—to think differently, and somewhat more out of the box about these issues than heretofore.
- A need to be willing to put all of the pieces noted on the table for negotiation;
- A willingness to consider critical but useful compromises on some issues.
- A willingness on the part of the Permanent Five Members (P-5) of the UN Security Council to consider from the beginning to support a full package—carrots and sticks complete.
- The fact that there may well be in these ideas a very large number of complicated, inter-related issues to be resolved over a period of time in complex negotiating formats—that there are “too many moving parts” is the expression sometimes used in diplomacy. But many of these issues can also be aggregated and used positively to achieve agreement in different ways and that may be an advantage rather than a drawback, since it provides more flexibility for acceptable trade-offs in negotiations.

The Russians and the Chinese won't join.

- This is possible—although they too say they share the concerns about Iran's nuclear program and advocate the use of diplomacy. We would not be bound to continue with such a broad, far reaching and generous diplomatic offer to Iran if they were not bound to continue, as needed, with a full program of sanctions. Also, we should remain open to any other ideas they may wish to propose to help resolve the issue diplomatically. So far they have had none to offer.
- But the decision not to go ahead would then become theirs to take and they would be responsible for and would have to bear a significant share of the burden of Iran's movement to nuclear weapons. They would thus have to contemplate seriously the fact that their unwillingness to work with us might then compel the use of force, including a blockade, however uncertain the effect of that might be.
- For China that step could well result in significant world-wide oil scarcity and much higher prices, something it is urgently seeking to avoid through oil investment in Iran and elsewhere around the world.
- For Russia a nuclear Iran, under very heavy external pressure, could well become an additional center of Islamic fundamentalism, one with which Russia, with its millions of Muslim citizens and the on-going conflict against Islamic fundamentalists in Chechnya, would have to contend in its own domestic policy and activities for the long term future.

Some may say we have already tried to do this, but because Iran has refused, we have failed.

- It is true that some elements of this approach have been tried, but apparently not all—and not in combination with an agreement among the P-5 on both carrots and sticks. It is also true that we have not opened the door to US-Iranian bilateral talks without pre-conditions, nor have we moved to incorporate a full range of carrots and sticks in all four baskets into a general strategic approach.

While the chances are far from assured, we of course will never know the answer if we don't try. This is one of those major issues on which US leadership will be

critical. We still maintain a major lead in military and economic power around the world. Others still continue to look to us to exercise that leadership. Diplomatic efforts along these lines are a reasonable and rational answer to that hope on their part. In some areas we have clearly recently experienced a diminished capability to lead. That makes it even more important, that on an issue this significant, we look carefully at what that leadership requires and resolve to do what we can to succeed. While alone efforts here will not restore that diminished capability on their own, success here can help. Secretary Rice has helped to open the door wider to diplomacy in recent years and with Iran and it is hoped these suggestions will complement that effort. Finally, we should be cautious about doing further harm, something taken into account in crafting these ideas.

We should understand that we cannot do this alone. Our diplomacy, as I have noted, must help bring along others. These include principally Iran in the long run, and in the near and medium term, the Five Permanent Members as well as the other members of the United Nations Security Council and the key regional states including Iran's neighbors. This is not an easy or short term task, but on the basis of our past experience and given our high interest in resolving the problem, also it is not an impossibility.

A few final conclusions about principles might guide a diplomatic dialogue?

Iran will be interested in an understanding with the US which it regards as its principal threat. Engagement will have to be put in place from the top down even though it is conducted through emissaries. All issues will have to be on the table, and that will need to include regime change and an acceptable nuclear program. Iran's domestic order is not our top priority. If we can agree to engage, we can find the right forum. Successful diplomacy is based on the concept of reciprocity and we will need to apply that in dealing with Iran.

Diplomacy is not a magic answer. It involves tough work and a serious and deep commitment. But as we have found out from some of our more recent experiences when we have forgotten diplomacy and turned to force for a magic-bullet solution, this approach might be close to Winston Churchill's famous description of democracy—'the least worst of all other alternatives.'

I look forward to your questions.

Chairman LANTOS. Ambassador Pickering, I know I speak for every member of this panel in expressing a deep appreciation. I look forward to reading again your statement tonight. There is an enormous amount of very significant material that you have given us, and we are most grateful to you.

Ambassador PICKERING. Thank you, Mr. Chairman.

Chairman LANTOS. I am delighted to call on our second very distinguished public servant. Director Woolsey had a remarkable career in the service of the United States. He is former director of the Central Intelligence Agency; he is a former Under Secretary of the Navy, general counsel to the U.S. Senate Committee on Armed Services, among many other positions. In fact, Mr. Woolsey held Presidential appointments in two Republican and two Democratic administrations. For the past 5 years he has been a vice president at Booz Allen Hamilton where he works with the firm's global resilience clients. We are deeply grateful for your joining us, Director Woolsey, and the floor is yours.

**STATEMENT OF THE HONORABLE R. JAMES WOOLSEY, JR.,
FORMER DIRECTOR, CENTRAL INTELLIGENCE AGENCY**

Mr. WOOLSEY. Thank you, Mr. Chairman. If it is acceptable, I will enter my statement into the record and speak informally from it in talking points.

Chairman LANTOS. Without objection.

Mr. WOOLSEY. And let me echo my friend Tom Pickering, and echoing of Congressman Ackerman's and others' eloquent statements about you and the ranking member. Congratulations.

In a sense, Mr. Chairman, the Iran crisis that is included in the title of these hearings now enters at least its 28th year, and one may even say in a sense it does go back to 1953. There has periodically been enthusiasm about the possibility of moderates running things within the Iranian system. And for a much longer time than I think that was justified, that attitude prevailed in much of American public opinion and government opinion about President Khatami. In fact, about a year after he was elected—and he was elected only after dozens of real Iranian reformers were excluded by the ruling Mullahs from the electoral system—there was a terrible crackdown in the spring of 1998 on dissidents, newspaper editors, students and the like. Many were imprisoned and killed. And as far as I am concerned, Mr. Khatami was never an effective moderate or reformer.

Today, the sort of false mantle of moderate has passed from Mr. Khatami to Mr. Rafsanjani. I think if one made some loose analogies to the Cold War, one might say that whereas Mr. Khatami might be compared to Prime Minister Kosygin in the Soviet Union, a man who was reasonably pleasant but still very much a part of the system, Mr. Rafsanjani, who is the alleged moderate or pragmatist in the system today, is in fact I think more comparable to Mr. Andropov, the former head of the KGB. Mr. Rafsanjani has threatened the destruction of Israel, he has noted that—he is responsible for many deaths of many decent people in Iran, and he is famously corrupt. In short, I don't believe there is any reasonable chance for moderation in any form to seize control of the Government of Iran. And, even more seriously, the current ruling circles that are quite close to Ayatollah Mesbah Yazdi in the Holy City of Qom, including President Ahmadinejad himself, are of an even more difficult, shall we say, persuasion.

Recently the Islamic Republic of Iran broadcasting Web site has begun to assert that the world is in its "last days," and Mr. Rafsanjani has echoed some of these statements. They are focused on the idea that Iran's leadership believes that it is important to be willing to "martyr"—its words—the entire Iranian nation if by doing so one could find a way to accelerate an inevitable apocalyptic collision between Islam and the West.

We are, in short, as far as I am concerned not dealing with an ordinary authoritarian or dictatorial state for whom normal diplomatic carrots and sticks have relevance. First of all, for a stick to be used effectively as a stick, it must be stout, not a blade of grass. And secondly, for it to be effective, that government, with which one is dealing, needs to be concerned about the stick.

With the ruling circles of Iran today, in my judgment, even deterrence is questionable, much less arms control agreements. The Iranian regime does not restrict itself to hideous speech. As President Bush noted last night, the regime is assisting terrorists to infiltrate into Iraq and is providing material support for attacks on the United States, including the particularly sophisticated improvised explosive devices. They aren't improvised that much anymore. They are manufactured in Iran, with very deadly shaped charges that have been responsible for the deaths of many Americans and many Iraqis.

I think the chance, quite frankly, of halting the Iranian regime's nuclear weapons program is about as close to zero as matters come in international relations. Over the years, directly and through controlled assets such as Hezbollah, Iran has killed or murdered hundreds of Americans in Beirut, the Khobar Towers, and large numbers of Israelis, French, and Argentineans as well. Torture has frequently been part of the picture.

Now, the Persians invented chess, and if I were to characterize Iran's international behavior today in those terms, I might call their nuclear weapons development program their queen, their most lethal and valuable piece, and note that they are utilizing other pieces, subordinate pieces, to protect her. You might characterize Hamas, Hezbollah, and Moqtada al-Sadr's forces in Iraq as pawns. Syria possibly rises to the level of being a rook since it is a nation state and has a mutual defense treaty with Iran. But Iran moves when it feels it needs to move in order to protect its nuclear weapons program by deploying and utilizing these other subordinate entities.

Furthermore, it is an equal opportunity terrorist-sponsoring state. The Iranian regime, going back to the training of the extremely Shiite Revolutionary Guards before Khomeini's takeover in Tehran by Yasser Arafat's secular Fattah, has proven itself quite willing over the years to work with terrorist organizations, including al-Qaeda, that have all sorts of different ideological DNA. There has been from time to time expressed the view by some in the intelligence community, many in the press and otherwise, that a regime that is so ideologically Shiite and extremist as the Iranian regime would never really work with secular organizations or states, or Sunni ones. But it was conventional wisdom 70 years ago that since they came from different ideological backgrounds, although both were totalitarian, that Communists and Nazis would never cooperate, and that was largely true for a time until the signing of the Hitler-Stalin pact in 1979. Yes, the Iranian regime does not just appreciate it, but it more or less lives the old Middle Eastern saying, "Me against my brother; me and my brother against our cousin; me, my brother, and our cousin against the stranger."

Now, given the nature of the regime, what should we do? First of all, I agree that this is a difficult matter. There are no easy answers. There are no silver bullets and so on. But since I am convinced that the Iranian regime is fundamentally encourageable, and since I am not yet ready to propose an all-out use of military force to change the regime and halt its nuclear program, in my judgment the only option really left for us is to try to bring about, finally, nonviolently, a regime change.

I admit that the hour is late, since from my point of view we have wasted much time in being uncertain about how to deal with Iran and toying with the notion of negotiations which never go anywhere. I am convinced that the least bad option for us is to state that we clearly support a change of regime in Iran because of the remediable theocratic totalitarian nature of the current regime as it has been demonstrated for nearly three decades, together with its interference with the peace and security of its neighbors, currently especially Iraq and Lebanon.

I also believe that restiveness among Iranian minorities, Arab, Kurdish, Azeri and Baloch, which together comprise over 40 percent of Iran, and the sullen opposition of many young people indicates that there is some chance of success in stimulating regime change. In a poll taken at the behest of the Iranian Government some 3 years ago, over 70 percent of those polled said that they wanted improved relations with the United States. The Iranian Government, of course, imprisoned the pollsters.

To implement such a policy, I suggest that we begin by rejecting the recommendation of the Iraq Study Group, that we should try to “engage the Iranian regime constructively,” i.e., propose formal negotiations with them. As Representative Ros-Lehtinen mentioned, Senator John Kyle and I wrote just over a month ago, in an open letter to the President, that opening negotiations with Iran would legitimate that regime, embolden it and its affiliated terrorist groups, help the regime buy time for its nuclear weapons program and create the illusion of useful effort, and thus discourage more effective steps.

I hasten to say that there are many ways countries may speak with one another without opening formal negotiations. For example, a man who presumably, if confirmed by the Senate, will hold Tom’s old job of U.N. Ambassador, I believe speaks Farsi as well as Arabic. Senior intelligence officers can have lunch together in Geneva. There are many ways in which countries can communicate with one another without formally opening negotiations.

I had the opportunity to discuss this matter with my cochairman in the Committee on the Present Danger, former Secretary of State George Shultz the other day, and he said: It seems to me you ask for negotiations when you have got some leverage. What leverage do we have today against Iran?

I would submit that our leverage is very, very slim indeed. The view I have expressed is not limited. I think to those of what might be called a more conservative stripe with respect to foreign policy issues, very, I think, middle-of-the-road and able analyst of these matters, Kenneth Pollack of the Brookings Institution, wrote recently in his book, *The Persian Puzzle*, that Iran is simply not ready for a meaningful relationship with the United States. I quite agree with Ken. Iran defines—the Iranian regime defines itself in terms of its willingness to lead the destruction of Israel and the United States. This is not a policy. This is its essence.

Now, I do believe we should engage with Iranians, but with the Iranian people, not the Iranian Government. Along the lines of some recommendations that the Committee on the Present Danger made a year and a half ago, I believe we should target sanctions, and much tougher ones than we are now utilizing or are being—certainly much tougher than the tepid ones being utilized under United Nations auspices, and target them on travel and on financial interests of the Iranian leadership itself, not the Iranian people. My problem with sanctions in terms of oil and gas trade is, like the sanctions we imposed on Iraq, those tend to bear heavily on the Iranian people. I would like to keep the focus on the dictators, not on the people.

I think that one possibility is we bring charges against President Ahmadinejad in an international tribunal for violation of the Geno-

cide Convention, which I believe he clearly did when he called publicly for Israel's destruction. The precedent would be the charges brought against Charles Taylor while he was President of Liberia for crimes against humanity before a special international tribunal in Sierra Leone. Now, certainly Iran's protectors in the United Nations, saliently Russia and China, would doubtless block the establishment of any such tribunal, but clarity and principle have a force of their own. Natan Sharansky and other Soviet dissidents who were then in the gulag have told us of the electrifying effect of President Reagan's declaration that the USSR was an evil empire; in short, that ultimately we were committed in one form or another to regime change in the Soviet Union. And through, in part, that moral clarity, we brought it about.

We shall also engage, I think, in ways similar to those techniques that we used in the 1980s to engage with the Polish people in solidarity, by communicating with them with new communications technology, and the same with Iranian student groups, labor unions, other potential sources of resistance. This type of effort has had some positive effect in the Balkans, in Georgia, and particularly in the Orange Revolution in Ukraine.

I think we should abandon the current approaches of Radio Farda and the Farsi service of the Voice of America and return to the approach that served us very well in the Cold War. Mihai Pacepa, the most senior Soviet-bloc intelligence officer to defect during the Cold War when he was acting director of Romanian Intelligence, recently wrote that two missiles brought down the Soviet Union: Radio Free Europe and Radio Liberty.

We have today in our current broadcasting something that is a far cry from Radio Free Europe and Radio Liberty's marvelous programming of news, cultural programs, investigative reporting in the Eastern Block and satire. As an example of what might be done with satire, I have attached to this testimony an article published some months ago by me and my family about one admittedly quite unorthodox possibility.

Finally, Iran's economy is driven by oil exports, and we have indeed begun to have some effect on its oil production by our efforts, although they could well be intensified to dry up its oil and gas development. Deputy Oil Minister Mohammad-Hadi Nejad-Hosseinian recently said in an interview that if the government does not control the consumption—the Iranian Government—of oil products in Iran, and, at the same time, if the projects for increasing the capacity of oil and protection of the oil wells will not happen, within 10 years there will not be any oil for export. At some point during perhaps a crisis with Iran if such should come back, we could, I believe, effectively move toward a step that Tom mentioned, which, although drastic, is potentially very effective, rather quickly; namely, cutting off Iran's imports of refined petroleum products. Because it hasn't built any refineries in many years, it has to import 40 percent or a little more of gasoline and diesel fuel.

If the committee will recall, a few years ago there was a strike in Britain of tank car drivers, and within a little over a week, the British economy was practically brought to its knees because the filling stations couldn't pump any more diesel or any gasoline. Something similar had happened in France a period of time before.

That sort of undertaking, I think, in a crisis would be far preferable to trying to cut off oil or gas exports from the country as a whole.

And finally, we need to move decisively toward technology that can reduce substantially the role of oil in our own economy and that of the world's other oil importing states. We need to deprive oil exporters, Iran, Saudi Arabia, Russia, Venezuela and others of much of their leverage in international affairs. That leverage has vastly increased as a result of the price of oil. As Tom Friedman puts it, the price of oil and the path of freedom run in opposite directions.

I have attached an op-ed piece of mine published in the *Wall Street Journal* a week or so ago, Mr. Chairman. It notes the possibility that plug-in hybrid vehicles soon will make it possible for consumers to get around 500-miles-per-gallon of gasoline, since most all of the propulsion of the vehicle would come from quite inexpensive electricity and renewable fuels. A friend of mine suggested that this was an extraordinary number when he saw the article, and perhaps quite unbelievable. And then last Sunday when General Motors joined Toyota in the plug-in hybrid race to market and unveil its new Chevrolet Volt, one of its executives used a figure of 525-miles-per-gallon of gasoline for the Volt; 525-miles-per-gallon should give Minister Nejad-Hosseini and his colleagues a bracing degree of concern.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF THE HONORABLE R. JAMES WOOLSEY, JR., FORMER
DIRECTOR, CENTRAL INTELLIGENCE AGENCY

Mr. Chairman, Representative Ros-Lehtinen, Members of the Committee, I was honored to be asked to testify before you today on this important issue. By way of identification I am currently a Vice President of the consulting firm, Booz Allen Hamilton; I principally work in the field of energy. Earlier, during a twenty-two year career of practicing law in Washington, I served in the federal government on five occasions, holding Presidential appointments in two Republican and two Democratic administrations, most recently as Director of Central Intelligence for two years during the first Clinton administration. Today I am expressing solely my personal views.

The Iranian Regime

In a sense, Mr. Chairman, the Iran Crisis now enters its 28th year. The totalitarian and corrupt regime in Tehran does not differ in any fundamental way from that which took power in the aftermath of the collapse of the Shah's regime in 1979.

It is true that beginning in the late nineties during the first year of the Khatami presidency there was a period of a year or so when the optimistic could believe that the forces of moderation might make substantial progress in Iran. But the crack-down in the spring of 1998 on students and journalists, including the imprisonment and killing of many, should have signaled clearly that these hopes had been dashed. Khatami was always a creature of the regime. He had passed the test of regime approval to be permitted to run for President, a test honorably failed by dozens of more truly reform-minded and brave Iranian political figures. He made no substantial changes in the nature of the regime during his time in office.

Now the camouflaged mantle of "moderate" has passed from Khatami to Rafsanjani, who during his time in office was responsible for the execution and imprisonment of a great many regime opponents, and the murder abroad of a large number as well. If President Khatami might be compared to Prime Minister Kosygin in the Soviet Union—a man who was labeled "moderate" largely because he didn't use excessive rhetoric and smiled more than his colleagues—then Mr. Rafsanjani's current characterization as a moderate or pragmatist might be compared to the image of Mr. Andropov that the KGB successfully sold to much of the world's press: the evidence for Mr. Andropov's moderation was that he listened to jazz and drank Scotch. Mr. Rafsanjani, for example, like President Ahmadinejad, has

threatened the destruction of Israel; has noted he is responsible for many deaths of decent people; he is also famously corrupt.

The regime's threats to destroy Israel and, on a longer time-scale, the United States are part and parcel of its essence. Recent official statements to this effect represent not a shift in policy—Iran's regime has defined itself by its fundamental hostility to the West, and especially Israel and the US, for nearly three decades ("Great Satan" etc.)—but rather a greater degree of public and explicit candor.

This fundamental hostility is now seasoned by a more pointed expression of the views of the circle of fanatic believers around Ayatollah Mesbah-Yazdi in Qum, including Ahmadinejad himself. This group expressly promotes the idea that large-scale killing should be welcomed because it will summon the return of the 12th Imam, the Mahdi, which in turn will lead to the end of the world. Recently the Islamic Republic of Iran Broadcasting web site has begun to assert that the world is in its "last days" and that, as the world ends, Jesus will appear with the Mahdi, as a Shi'ite and as his lieutenant. This rhetoric is not limited to a small circle. Rafsanjani, e.g., has utilized it as well. To us, of course, it sounds bizarre—but we ignore such ideology at our peril. As Enders Wimbush points out in the current *Weekly Standard* "Iran's leadership has spoken of its willingness—in their words—to "martyr" the entire Iranian nation, and it has even expressed the desirability of doing so as a way to accelerate an inevitable, apocalyptic collision between Islam and the West. . . ." Those in decision-making roles in the Iranian regime who believe such things are certainly not going to be very inclined to negotiate in good faith with us about Iraq, their nuclear program, or indeed anything at all. Even deterrence is questionable, much less arms control agreements.

The Iranian regime does not restrict itself to hideous speech. As President Bush noted last night, the regime is assisting terrorists to infiltrate into Iraq and is providing material support to attacks on the US. It is clear, for example, that the increasingly effective Improvised Explosive Devices (IEDs) are not so improvised any more—many now include sophisticated shaped charges that penetrate armor. And they are of Iranian manufacture. Over the years, directly and through its controlled assets such as Hezbollah, Iran has killed and murdered hundreds of Americans—in Beirut, at Khobar Towers—and large numbers of Israelis, French, and Argentinians as well. Torture has often also been part of the picture.

The Persians invented chess and if I were to characterize Iran's international behavior today in those terms I would say that they are actively utilizing a number of pieces. One might call their nuclear weapons development program their queen—their most lethal and valuable piece. No one should, by the way, discount their intention to obtain nuclear weapons. The traces of highly-enriched (not just fuel-grade) uranium, their deception, their heavy water plant and other indicators brand their program as one designed to develop nuclear weapons even in the absence of considering their rhetoric about destroying Israel and ending the world. The Sunni states of the region have become extremely alarmed at the Iranian regime's nuclear weapons program and six of them, including Saudi Arabia and Egypt, have recently announced their intent to move toward nuclear programs themselves, allegedly solely for electricity generation. It seems remarkable that six states, several of them with substantial reserves of oil and gas, would simultaneously determine that these reserves would be inadequate for their energy needs and that adequate electricity can only be obtained by their simultaneously moving to develop nuclear power. What has in fact, of course, happened is that Iran has now begun a Shi'ite-Sunni nuclear arms race in this volatile region.

I do not believe that any degree of international disapproval—or sanctions such as the tepid ones that can be obtained through the UN process in the face of Russian and Chinese opposition to strong ones—will lead this regime to abandon its nuclear weapons program. And even if it should be two-to-three more years before Iran could have enough fissile material through the operation of its own centrifuges to fashion an entirely home-built nuclear weapon, one must not forget its co-conspirator North Korea. North Korea's principal exports today are counterfeit American currency, heroin, and ballistic missile technology (the Iranian Shahab and the North Korean No Dong and Taepo Dong essentially constitute a joint missile development program). Why would North Korea refrain from selling Iran either fissile material or a crude nuclear weapon? Either is easily transported by air. Such a purchase would substantially shorten the time before Iran could have a nuclear weapon.

Iran moves four chess pieces of lesser value from time to time in part to keep the US and Israel off balance, in part to protect their nuclear queen: Hamas, Hezbollah, and Moqtadh al Sadr's forces in Iraq might be said to be pawns; Syria perhaps rises to the level of rook, since it is a nation-state and has a mutual defense treaty with Iran. It is of no particular importance to the regime that the Alawite Syrian regime

needed special Iranian theological dispensation to be regarded as part of Shi'ite Islam nor that Hamas is Sunni. The Iranian regime, going back to the training of the very Shi'ite Revolutionary Guards in the early seventies in Lebanon by Yasser Arafat's secular Fatah, is quite willing to work with terrorist organizations, including al Qaeda, that have all sorts of different ideological DNA. In recent years this has included visits with and even mutual travel by Ahmadinejad with Venezuela's Hugo Chavez.

Some believe that Shi'ites will not cooperate with Sunnis, or either with secular groups—that, e.g., there could have been no collaboration of any kind by secular Baathist Iraq or Shi'ite Iran with Sunni al Qaeda. Seventy years ago it was the conventional wisdom was that Communists and Nazis would never cooperate, and that was largely true—until the Stalin-Hitler Pact. The Iranian regime doesn't just appreciate but more or less lives the old Middle Eastern saying: "Me against my brother. Me and my brother against our cousin. Me, my brother, and our cousin against the stranger."

SOME SUGGESTED COURSES OF ACTION

Given the nature of the Iranian regime, what should we do?

I agree that this is a difficult matter and that there are no easy answers. But since I am convinced that the Iranian regime is fundamentally incorrigible, and since I am not yet ready to propose an all-out use of military force to change the regime and halt its nuclear program, in my judgment we should opt for trying to bring about, non-violently, a regime change. I admit that the hour is late since we have wasted much time trying to engage and negotiate with the regime, and I understand that in the context of an effort to change the regime without using force the effort could get out of hand. Yet I am convinced that the least bad option if for us to state clearly that we support a change of regime in Iran because of the irremediable theocratic totalitarian nature of the current regime as it has been demonstrated over nearly three decades, together with its interference with the peace and security of its neighbors—currently especially Iraq and Lebanon—and its nuclear weapons program. I also believe that restiveness among Iranian minorities—Arab, Kurdish, Azeri, and Baluch—and the sullen opposition of many young people indicate that there is some chance of success in stimulating regime change. In a poll taken at the behest of the Iranian government some three years ago over 70 per cent of those polled said that they wanted improved relations with the US. The Iranian government, of course, imprisoned the pollsters.

To implement this policy I would suggest that we begin by rejecting the recommendation of the Iraq Study Group (ISG) that we should try to "engage [the Iranian regime] constructively", i.e. seek to negotiate with them. As Senator John Kyl and I wrote just over a month ago in an open letter to the President (in our capacities as Honorary Co-Chairmen of the National Security Advisory Council of the Center for Security Policy) opening negotiations with Iran, and Syria, would legitimate those regimes, embolden them and their affiliated terrorist groups, help the Iranian regime buy time for its nuclear weapons program, create the illusion of useful effort and thus discourage more effective steps. We added that no regional conference should take place without including Israel. I would point out that the able analyst of these matters, Kenneth Pollack, in his book *The Persian Puzzle* (2004) sets it out clearly. Iran is not really interested: ". . . Iran is simply not ready for a meaningful relationship with the United States. . . . From America's side, our dislike of this regime should not prevent the conclusion of a comprehensive settlement of our differences, but from Iran's side it has and it likely will for quite some time. . . ." (pp. 396–97).

Second, we should indeed engage, but with the Iranian people, not their oppressors.

Along the lines of recommendations made a year ago by the Committee on the Present Danger (which I co-chair with former Secretary of State George Shultz), and by Iran experts such as Michael Ledeen, we should target sanctions—travel and financial—on the Iranian leadership, not on the Iranian people, and draw a sharp line between them. One possibility in this regard is to seek to bring charges against President Ahmadinejad in an international tribunal for violation of the Genocide Convention in calling publicly for the destruction of Israel. Our precedent would be the charges brought against Charles Taylor while President of Liberia for crimes against humanity before a special international tribunal in Sierra Leon. Iran's protectors in the United Nations would doubtless block the establishment of such a tribunal, but clarity and principle have a force of their own—Natan Sharansky and other Soviet dissidents then in the Gulag have told us of the electrifying effect of President Reagan's declaration that the USSR was an "evil empire".

We should also engage in ways similar to those techniques we used in the 1980's to engage with the Polish people and Solidarity—by communicating directly, now via the Web and modern communications technology, with Iranian student groups, labor unions, and other potential sources of resistance.

We should abandon the approaches of Radio Farda and the Farsi Service of VOA and return to the approach that served us so well in the Cold War. Ion Pacepa, the most senior Soviet Bloc intelligence officer to defect during the Cold War (when he was Acting Director of Romanian Intelligence) recently wrote that two missiles brought down the Soviet Union: Radio Free Europe and Radio Liberty. Our current broadcasting does not inform Iranians about what is happening in Iran, as RFE and RL did about matters in the Bloc. Privately-financed Farsi broadcasts from the US follow the RFE-RL model to some extent, but exist on a shoestring. Instead we sponsor radio that principally broadcasts music and brief world news, and television that, I suppose seeking a bizarre version of balance, sometimes utilizes correspondents with remarkable views: one VOA correspondent, on another network, last year characterized the arrest in the UK of 21 individuals accused of plotting to blow up transatlantic airliners with liquid explosives as “a conspiracy against Islam” by the US and alleged that the US and the UK fabricated the plot to deflect attention from “Hezbollah victories”. (Richard Benkin in *Asian Tribune* Aug. 12, 2006, vol. 6 no. 41.)

Our current broadcasting is a far cry from RFE and RL's marvelous programming of news, cultural programs, investigative reporting (in the Eastern Bloc), and satire. (As an example of what could be done with satire I have attached to this testimony an article published some months ago by me and my family about one, admittedly quite unorthodox, possibility.)

Finally Iran's economy is driven by oil exports. This leaves it open to several measures. Although Iran has reaped substantial financial rewards from today's high oil prices we have begun to have some effect on its oil production by our campaign to dry up its oil and gas development. The Iranians are very worried about this. Deputy Oil Minister Mohammed Hadi Nejad-Hosseini recently said in an interview that:

“[i]f the government does not control the consumption of oil products in Iran . . . and at the same time, if the projects for increasing the capacity of the oil and protection of the oil wells will not happen, within ten years there will not be any oil for export.” (Daneshjoo publishers, *Current News*, article 9303.)

At the appropriate time we could move toward a step that, although drastic, is potentially very effective relatively quickly—namely cutting off Iran's imports of refined petroleum products (Iran has built no refineries in many years and must import around 40 per cent of its gasoline and diesel fuel).

And finally, by moving toward technology that can reduce substantially the role of oil in our own economy and that of the world's other oil-importing states, we can help deprive oil exporters—Iran, Saudi Arabia, Russia, Venezuela, and others—of much of their leverage in international affairs. As Tom Friedman of the *NY Times* puts it, the price of oil and the path of freedom run in opposite directions. The attached op-ed piece of mine, published in the *Wall Street Journal* December 30, notes the possibility of plug-in hybrid vehicles soon making it possible for consumers to get around 500 miles per gallon of gasoline (since almost all propulsion would come from much less expensive electricity and renewable fuels, the latter mixed with only 15 per cent gasoline). This may seem an extraordinary number. But when General Motors last Sunday joined Toyota in the plug-in hybrid race to market and unveiled its new Chevrolet Volt, one of its executives used a figure of 525 miles per (gasoline) gallon. Five hundred and twenty-five miles per (gasoline) gallon should give Minister Nejad-Hosseini and his colleagues a bracing degree of concern.

Chairman LANTOS. Thank you very much, Director Woolsey. We are deeply in your debt. You have given all future witnesses before this committee, along with Ambassador Pickering, an almost impossible task of reaching the level of intellectual excellence and substance with which you have provided us.

Before turning to questions by my distinguished colleague, the ranking member, there is only one item I would be grateful if you would clarify, Mr. Woolsey. You have made it very clear that you are opposed, for reasons you have outlined eloquently, to formal negotiations between the United States Government and the Govern-

ment of Iran. Does this extend to informal dialogue between Members of the United States Congress and people in Iran?

I am reminded that 15 years ago I had the privilege of being the first Member of Congress to visit Albania after maybe a four-decade hiatus. Three years ago I had that same privilege with respect to Libya. I was in North Korea as the first Member of Congress, and while not all of these efforts led to results, some of them did. And I am wondering if you are prepared to differentiate between formal government-to-government negotiations and then informal dialogue conducted by Members of Congress.

Mr. WOOLSEY. Oh, absolutely, Mr. Chairman. I spent 3 years of my life as a general counsel of the standing committee of the Congress, and one of the last things I would do would be to suggest that the sort of dialogue you describe is unhelpful. It frequently produces interesting leads that can be followed up on in different ways by the executive branch; and the coordination between the Congress and the executive branch, where some Members of the Congress can say things privately to foreign leaders that an ambassador or an Under Secretary of State probably should not, is a very useful aspect of the relationship between the branches in the U.S. Government. And I might say that I am far more under executive branch description of exactly what it once said and so forth.

The intelligence officers also can have that effect. There would be nothing wrong with a deputy director in the CIA making a trip to Geneva and having lunch with some senior Iranian intelligence official. I think contacts of that sort indeed are useful and available and I believe will make possible rather substantial trading of ideas. I have no problem with them at all.

Chairman LANTOS. I am not at all surprised by your answer, but I am grateful for it.

Congresswoman Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you, Chairman Lantos. I agree with you, we have set the bar high with this first briefing. And, Mr. Chairman, you have been overly generous in allowing me the opportunity to expand on my views about dealings with Iran, and so with that, I would like to yield my time to my good friend from Indiana, Mr. Burton.

Mr. BURTON. I thank the gentlelady for yielding. First of all, let me just say that, Ambassador Pickering, you quoted Winston Churchill, and there were a lot of other quotes Mr. Churchill made that you didn't mention. But in general, the tone of his comments were that you couldn't trust Adolf Hitler and that you had to prepare militarily for an invasion; and instead of talking to him, they should have been building a military machine that could deal with them instead of doing what they had been doing, and that was destroying all of their weaponry after World War so that there would be no more wars. And while they were doing that, the free world, destroying their aircraft and aircraft carriers and their ships, he was buying—Hitler was buying airplane engines from Rolls-Royce and violated the Treaty of Versailles and created instead of a thousand-man army a multimillion army, and used 100,000 people to create a cadre.

I equate what was going on then with what is going on right now in Iran. Iran is not going to listen, in my opinion, to anybody. In

my opinion, if we try to negotiate with them, they will see it as a sign of weakness and they will just press ahead just like Hitler did. When Chamberlain went to Munich and signed that agreement and came back saying, "peace in our time," that was the green light for Hitler to go into Poland. So I think that negotiating with these people right now would only be viewed as a position of weakness.

Now the thing that concerns me, is that—and I agree with almost everything you said, Mr. Woolsey, almost everything except it was 1939 instead of 1979. Iran is committed to the destruction of Israel. Under the watchful eyes of the U.N. military, in Lebanon, since 1978, they sent 10,000 weapons in that were used in the recent war to try to destroy Israel.

The U.N. was worthless. Their troops there didn't pay any attention to all those weapons being brought in, and I don't think they are going to in the future, and I don't think agreements that the U.N. may come up with is going to solve the problem.

It seems to me the only thing that is really going to solve the problem is the United States and free world that wants to work with us—is to put every bit of pressure on Iran up to and including letting them know that we are not going to allow them to build nuclear weaponry, even if it takes military action to stop them. Muammar Qaddafi some time ago was rattling his sabers and was talking about a nuclear development program, and Ronald Reagan decided he was going to put an end to it, and Qaddafi changed his tune. He changed his tune because we went after him. And I think that is the only thing these people in Iran is going to understand, especially the leaders over there.

You know, Iranians, led by the current President of Iran, took our hostages back in the late 1970s, and they held them for I can't remember how many hundred days. And many people believed, myself included, the only reason they let them go is because Ronald Reagan took office, and they believed he might use military force to go in there and release those hostages, and as a result they let them go. And in my opinion that was because they understood or believed that we were going to use military strength to get our hostages back. And I believe that is the only thing they understood then, and I believe that is the only thing they understand now.

I think it is extremely important that behind the scenes, as you suggested and Mr. Woolsey suggested, behind the scenes, that we should let the leadership of Iran know that we mean business, that we are not going to mess around with them. If they develop a nuclear program, and if we have to, unilaterally or with Israel's help, we are going to go in there and knock it out, and we are not going to let them become a nuclear power. And as far as depending on our nuclear friends, the Russians, the Chinese and the French, I don't think you can count on them because they haven't been able to be counted on in the past.

This is something, a message we have to send to them, and I know the world will sit back and say, "Oh, my gosh, there is Big Brother, big guy on the block pushing again." But this is a situation that we have to deal with if the rest of the world won't, because a radicalized regime in Iran with nuclear weaponry, trying to develop a delivery capability not only for short range but for long range, is a danger for the entire world, and we can't mess with

those guys. We have to let them know we mean business, and if they don't, through the back channels, get the message, then in my opinion we have to deliver on our promises.

With that I yield back the balance of my time. I thank the chairman.

Chairman LANTOS. Gentleman's time has expired.

Mr. Ackerman.

Mr. ACKERMAN. Thank you, Mr. Chairman.

I can't imagine two more eloquent speakers, presenters, to confront us with two very, very different approaches to one of the most difficult issues that we are going to be discussing throughout the next 2 years at least, and I thank each of you for sharing with us.

Let me ask first a very elementary question. What is the downside to officially talking to Iran? And I might ask Director Woolsey who said we have very thin leverage right now. I presume the sanctions are supposed to put them in an economic vise, and then we would have leverage to relieve them of some of the sanctions if they did meet with what we were asking? And could you suggest why Ambassador Pickering's approach won't work?

And, Ambassador, could you tell us why Director Woolsey's approach won't work?

Mr. WOOLSEY. I think the current sanctions are best characterized as tweezers rather than a vise, Congressman Ackerman. The ones that went through the United Nations were so watered down by the Russians and the Chinese that they are maybe just this side of laughable.

And I think that will be the fate of any sanctions regime to try to go through the United Nations, and I suppose that constitutes a major part of my concern with trying to utilize carrots and sticks in the negotiation. The sticks really are the sanctions, and Tom suggested we needed, you know, advanced agreement among the permanent five. That would be great. And if China and Russia were willing to work with us on this, it would be a possible approach.

There was a window of time right around the 1991 Gulf War in which Russia and China, under the rulers at the time and the circumstances of the time, were willing to cooperate, for example, and the permanent five authorized and supported the Gulf War of 1991. It is not impossible for such to occur—

Mr. ACKERMAN. But that time is gone. I mean, if we quote the Iraqi poet who said, the moving hand moves on, and having writ, all the piety and tears cannot lure it back to wash away a single word of it. Omar Khayyam was fairly eloquent. But that was 1991. We are in a new century.

Mr. WOOLSEY. That is the heart of the problem to me.

Mr. ACKERMAN. What do we do now?

Mr. WOOLSEY. I think that because we aren't likely to get our hands on any sticks that have any degree of stoutness at all internationally, and we can't—we can have some effect on Iran ourselves. We are having some effect on our oil investment by our own unilateral actions here. But I think the likelihood for us to bring real pressure on them today is very, very slim.

And as a result of that, I tend to move in the direction of thinking that regime change effort is the better way to go. And I would

close by saying that I think proposing to open negotiations more or less is the demander in circumstances in which we really don't have much leverage, makes it far less likely—almost impossible really—for us simultaneously to move forward with some of these regime change efforts, nonviolent ones, that I described, and that would be really the heart of my objection to moving forward with formal negotiations.

Mr. ACKERMAN. In a bad neighborhood I would lock my door and try to convince my belligerent neighbors to calm down and see how I would meet their concerns. What is the downside of talking?

Mr. WOOLSEY. Well, one, from my point of view, the major downside, I think, are the chances of success are so infinitesimally little, small that they are much less likely to succeed than even I admit, the somewhat difficult course of action that I proposed.

The nature of the Iranian regime, the nature of the President, the nature of the relationship between the major players in Iran and their views as I described about the end of the world and so on, Iran defining itself as its essence is to try to destroy Israel and the United States, all of those point to me toward lack of success in negotiating.

This is much, much less possible in terms of progress than dealing with the Soviet Union. I was an adviser or a delegate or an ambassador in charge of 5 different negotiations with the Soviets over a 20-plus-year period, and at its worst the Soviets at least were basically kind of bureaucratic thugs who would respond to some extent to carrots and sticks.

We have something very different, I think, in Iran. These are not bureaucratic, stodgy, "I want keep my dacha" thugs. These are crazed ideologues, at least at the center of the Iranian regime, theocratic, totalitarian, genocidal fanatics.

Chairman LANTOS. Ambassador Pickering is one of our leading experts on bureaucratic thugs. Would you care to come in?

Ambassador PICKERING. I think both Mr. Ackerman and Mr. Burton have asked a number of important questions. I think, Mr. Ackerman, first if you look at the record, I think the Secretary of State has already proposed negotiations with Iran on May 31st in a particular format, but nevertheless opened the door. The difference may be in the details.

But on the issue of sanctions, I certainly admire Jim and his proposal, and certainly I would be totally in favor of the maximum amount of leverage against Iran under any circumstances. Jim is proposing unilateral because he doesn't think multilateral will work. I am proposing multilateral, but I have not walked away from unilateral as well. I just think that unilateral sanctions we already have on. They are not working very well right now.

Jim, I proposed a full trade blockage except for oil and gas and then oil and gas, and that goes both ways. So the fuel cutoff, I think, has the potential for making a serious effect.

I think the differences between us, first, Mr. Burton, I wasn't proposing unilateral U.S. disarmament, nor turning it all over on the U.N., with all respect.

On the question of the end game, which I think is very important, Jim is proposing to do away with Iran's nuclear program by a process of regime change. I suspect that regimes are slightly

more, maybe in this case, interested in their survival than they are in their nuclear program, but it is a close-run thing.

My proposal is to maximize the amount of pressure and see, in fact, whether we can trade a nuclear program away for the regime. I don't happen to agree with Jim's rather strident description of Iran, the Iran regime, and the Iranians. I don't think that they are wonderfully nice people and folks you have to tea. I do think, however, they are subject to pressure, and they can be brought to agreement.

Interestingly enough, the Bush administration worked with Iran at the so-called Bonn conference, and the negotiator who participated in that made serious statements about the essential role of Iran in cooperating with the United States to develop a post-conflict government in Afghanistan led by Mr. Karzai.

So in effect, I don't think the record is that no negotiation is possible. I don't think the record is clear that it makes no sense to try. I think we are both trying to mobilize the maximum amount of pressure on Iran. I would like to go slightly farther, if I can, to try to increase that pressure by involving the rest of the international community.

And I would like to think that ending the nuclear issue is, in my view, the most important priority; that if the people in Iran want to change their regime, than all power to them, that I hope they can do, and I hope that that succeeds.

But to end the nuclear program by trying to change the regime just, in my view, adds a degree of difficulty in time, and to try to do that with unilateral U.S. sanctions or with our close friends and allies and not at the same time to try to involve the full international community, however difficult that would be—and I am not starry-eyed about that, I am very serious, I think this is a very tough problem, you have handed us a tough problem to talk about this morning. But to try to do it more alone than with others seems to me to be repeating some of the mistakes we have made about Iraq over the last few years.

Chairman LANTOS. Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and thank you for your leadership. Right off the bat here we are right in the heart of some very important issues.

Ambassador Pickering, let me just note that you said a lot of important things and—but I would like to just call you to task for one element of your testimony, and that is—and I would like Mr. Woolsey's analysis of this—your testimony seems to suggest that you take seriously that the nuclear program in Iran, they really want to have a nuclear program in order to produce electricity. We have had testimony here time and again where people suggest Iran doesn't need electricity from nuclear power plants. This is totally based—the entire program is based on their desire to have a nuclear weapons program. And so all of this negotiation and a large part of your testimony, which is aimed at the intricacies of negotiating about permitting them to have a nuclear power plant for electricity, is totally irrelevant.

If we are going to have discussions with the Iranians, if we are going to have discussions and back-and-forth type of meetings with them, shouldn't it be on something that is meaningful? And again,

do you believe that they honestly don't have electricity, or is this just a front for wanting to develop a nuclear bomb?

Ambassador PICKERING. It is a very good question Mr. Rohrabacher. First, we tried for 15 years to end Iran's civil nuclear program as a way to get at their military program. We failed. I was part of that process. I watched it happen. I participated in it with some enthusiasm.

The real difficulty was that we are committed internationally to permit states to have civil power programs, and we have done it under an instrument which is less than perfect, which allows them to distort, if I might use that word, to prostitute that program to develop military programs.

My proposal, as complex as it might seem, is designed to end that kind of activity not only in Iran, but I hope all around the world; a more far-reaching proposal than just Iran, because we will look at others who will try to follow the same course. You and I know that that won't stop.

So I am totally agreed that an Iranian program should not have the two key elements that we all agree are the elements that will lead it to go military, enrichment and reprocessing. And my hope is that a program that we launch in that direction will happen. To use all of our efforts to stop a civil program, which in my view is harmless if it is, in fact, kept out of enrichment or reprocessing, is a waste of our efforts and a waste of our time, and that is why we are here talking today about one of the most serious problems in the world that has perhaps gone beyond the point of no return. Certainly you have handed us a very tough problem to talk about today in that respect.

Mr. ROHRABACHER. But if the fundamental is that they don't care about their civil program anyway—

Ambassador PICKERING. In my view that is irrelevant. That is chasing a chimera. The chimera is the civil power program. The real issue is enrichment and reprocessing.

Mr. ROHRABACHER. You see, I think the real issue is the mullahs hate the Western civilization and want to destroy us, and that the electric program is irrelevant, you are right.

We have to get down to what is relevant. And while I agree with the chairman that we should be willing to communicate with the mullahs, let's communicate about something real, and as Mr. Woolsey talked about, let's have some leverage.

And Ronald Reagan was never afraid to talk to the Soviets. I was in the White House at that time. And what we did was we started supporting anti-Soviet insurgencies, and then he talked with Gorb—and promoted SDI, and then he was very happy to talk to Gorbachev.

So let's have these discussions and let's give ourselves leverage, but the leverage isn't over whether they have a nuclear power plant in order to produce electricity. That is not leverage at all.

And let me note that in Iran you have got Azaris, Balochs, Kurds, Turks, and, of course, as we have mentioned, even young Persians who are enemies of the mullahs. Yet—this is a question I leave you with, Mr. Woolsey, and you might comment on the electricity issue as well—have we done enough? Are we doing anything

to create the support for these groups within Iran which would give us leverage over the mullahs?

Mr. WOOLSEY. I don't think we have done nearly enough, Congressman Rohrabacher. For example, one of the things Radio Free Europe used to do is report in Polish to the Polish people about what was going on in Poland, including demonstrations, et cetera.

We are not doing that. And we could do a good deal, for example, in informing the Iranian people and broadcast in Baloch and Azeri and so on, about what is going on inside their own country, because they don't have nearly as good a handle on that. And we are not giving it to them by broadcasting booglarized Britney Spears and Eminem and by 10 minutes of news an hour. It is just nuts. So one way to get a handle on getting some leverage over them is doing what Radio Free Europe does, educating their own people.

I think, very briefly on electricity, I think the Iranian Government reasoned backwards from wanting nuclear weapons to needing enrichment and reprocessing, to needing electricity demand as a cover story. And I think if Tom's proposals were implemented, if we could get Chinese and Russian support to do something like that, and there were real sticks involved, if we would put the Iranians in a real cleft stick, which I think is certainly Tom's purpose, but I just don't think there is any reasonable chance of getting Russian and Chinese support for anything with any teeth in it, frankly.

Chairman LANTOS. Thank you, Mr. Chairman.

Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. And this being the first meeting of our committee this morning, I certainly want to commend you and our distinguished new member of the Minority side, my good friend Ileana Ros-Lehtinen, and her leadership. And I certainly want to offer my personal welcome to two of the most outstanding gentlemen, and I have read and followed their distinguished careers and contributions to our country.

I think since we are in the business of quoting philosophy and political leaders, I thought I would add one of my own favorite statements that I have learned from the political philosopher Santayana, who said those who don't remember the past are condemned to repeat it.

So I kind of wanted to take in the context not what is currently the situation with our relationship with Iran, but I think we need to put in perspective things that have happened in the past. And if I may, I would like to phrase my question with this approach, and I certainly would welcome the response from both Ambassador Pickering and Mr. Woolsey.

Why should Iran trust us, given our own set of policies in the past years that have not been very positive? We supported one of the most brutal dictatorships. At that time it was known as the Shah of Iran. It was our policy then in the height of the Cold War to support dictatorships if necessary as long as they were friendly toward us and our allies.

Why should Iran trust us when we supported Saddam Hussein during the 8-year war between Iraq and Iran? We contributed at least over \$1 billion a year. President Reagan even sent at that time a distinguished emissary to meet with Saddam Hussein that

was part of our 8-year war, and the guy's name was Donald Rumsfeld. And for reasons that we wanted to get rid of the Ayatollah Khomeini, the sad experience we faced with the student takeover of our Embassy officials during the Carter administration, why should Iran trust us when, with our own nuclear capabilities and Israel being our closest friend and ally, that I have no doubt in my mind that we will use nuclear weapons if necessary to defend and support Israel?

This apprehension, that I am sure a few of the leaders of the Iranian Government always have toward this problem or this complication that we now find ourselves in the current war in Iraq, leads me to my next point of the question of the whole nuclear issue, which I believe both of you gentlemen want to share with us, the current issue in nuclear nonproliferation. The situation with Pakistan and India, both countries went outside the purview of nuclear nonproliferation. Pakistan is not a democracy, but India is. The President has even waived sanctions against Pakistan despite the military coup that was committed by General Musharraf against a duly elected prime minister at the time of Pakistan.

So I wanted to kind of put that in some sense of perspective, gentlemen, that we are putting all the negatives and everything that we can say how mean and bad the Iranian people are and its leaders, but that sense of apprehension and fear toward our country because of what we have been through and our policies through the past 30 or 40 years, does it give some sense of reason that perhaps there is just as much apprehension on the part of the Iranian people and their leaders toward us because of our policies in the past?

And now we are proclaiming we are, as Mr. Woolsey said earlier—that you don't even want to negotiate with the Iranian people. My understanding was that Iran, one of the critical allies at the time after 9/11, had facilitated our ability to go to Afghanistan, to go after the Taliban and Osama bin Laden. Sometimes we need to remind the American people it was not Saddam Hussein who attacked us in the 9/11, it was Osama bin Laden. And I think we need to put that in some certain perspective in trying to understand what we are here for and the situation and the crisis we are now faced with as far as Iran is concerned.

One of the things I ran into is that we have literally given Iraq to Iran because of the current crisis that we put ourselves in with the war in Iraq. Sixty percent of the population is Shiite. The total population of Iran is Shiite, and the complication added to this that 20 percent of the population in Iraq is Sunni, and these are the dominant populations in Saudi Arabia and Jordan. This is how complicated the issue was and still is before and after the problems that we are faced with as far as the Iraq war is concerned.

So I would appreciate your response, gentlemen, and if we are putting all these eggs in that say Iran is such a bad character, what about a perspective of saying maybe we have some problems, too, in trying to explain to the world and maybe convince the Iranians we are not as bad as they think that we are.

Ambassador PICKERING. Perhaps I might begin by noting that the litany of complaints on the Iranian side about American policy is matched and maybe more by the deep concerns on the American side about Iranian policy. So this argues, of course, the point you

made originally: There isn't much trust. And I would certainly reinforce that.

I stated in my own testimony that I thought even if we attempted to tell the Iranians we weren't going to use force against them or weren't interested in regime change, they wouldn't believe us. That means, in fact, we have to go through a demonstrated period of additional behavior.

Now, you in part answered one of the points of your question yourself. We took away in the past 6 years two of Iran's greatest enemies, the Taliban in Afghanistan and Saddam Hussein in Iraq. So in a sense we have shown that there are areas where we can have a conjunction of views.

And my view is that you cannot demonstrate a conjunction of views unless you have contacts and communication, and at the end, those have to be official, because in the end you have to be able to assure that foreign government, as we would want assurances from them at the highest levels, that they are going to behave, and that the deal we have worked out, if we have been able to work out a deal, will stick.

Even then we have seen histories in the past where people have overthrown deals. But to some extent, this is, to borrow another expression from Winston Churchill, which Mr. Burton seems to have forgotten—I am sorry he is gone—is jaw, jaw, jaw, not war, war, war, probably is the better alternative here, and that certainly is the basis I am proceeding on. It may fail. I am not here telling you that there is 100 percent certainty of it working, but it seems to me by far the better alternative than all of the obvious ones that are out here on the table.

And with deep respect to Jim, I think Jim is halfway to where I am in terms of mobilizing all these sanctions, I am not sure, in fact, that we shouldn't use all those mobilized sanctions to get rid of the nuclear weapons rather than to try to get rid of the Iranian Government.

Mr. WOOLSEY. Congressman, a very good question. I recall shortly after 9/11 I was in a taxi in DC, and instead of reading about public opinion polls, I talk to cab drivers. I find it is a lot more interesting and a lot more insightful.

And there was President, former President Clinton at that point, had been in Washington and given a speech that was a pretty straightforward speech reported in the press, but the last paragraph or so of the story said he had said at one point that 9/11 in a sense was a payback for our treatment of the American Indian and for American slavery.

And I was reading the paper, and I asked the cab driver if he had seen the paper. And he said, oh, yeah, he said, I read that story. And I said, what do you think about it? And he said, these terrorists, they don't hate us for what we do wrong. They hate us for what we do right.

And I think that was quite an insight. What they hate is women being able to be educated, freedom of speech, freedom of religion, freedom of the press. I don't think anything we could possibly do would convince Ahmadinejad, Rafsanjani, or Khamenei that we were somebody they could get along with. They define themselves

as the instrument of God in destroying us. That is what they believe they are, not a view they have.

It is a little bit like saying, what could the Jews have done in the 1930s to convince Hitler that they were okay? The answer is, nothing.

And I think the answer for us with respect to the kind of totalitarian hatred that this regime manifests particularly now is there is nothing we can do. We ought to do what is right. The 1953 decision was a bad one. The CIA was involved, but since I was in the 6th grade, I don't take any particular responsibility for it. And I rather think the decision to support Saddam in the 1980s was not a good decision either. But, you know, countries make their call at the time. They make mistakes; things go on.

I don't think it is really the mistakes we have made that are the essence of Iran's problem with us, and it is not the Iranian people. The Iranian people, I think, largely think we are fine. Bernard Lewis says that Iran is probably the only place in the Middle East where the United States is almost universally popular, and the reason we are popular is because the regime is so corrupt and so totalitarian and hates us so much, the average Iranian says, well, you know, must be something pretty good about those Americans. I don't know about much about them, but if these mullahs hate them, they must be all right.

Chairman LANTOS. Thank you.

Mr. Royce.

Mr. ROYCE. Thank you, Mr. Chairman.

I was picking up on that concept, and I am convinced, Mr. Woolsey, that what you have laid out, especially with regard to public diplomacy, is the strategy that changed things in the East bloc. I know Vaclav Havel and Lech Walesa have spoken to this issue.

And I am also convinced that you are right when you say our inability to do the type of broadcasting that we did with Radio Free Europe is part of the problem. Ideas have consequences. The ability to broadcast and discuss ideas—when you say that what people are being taught is to hate the concept that democracy represents an affront to God, that is an official position. The idea that they hate freedom of religion, they hate the concept of the rights of man, or, worse yet, the rights of women, the idea of freedom of the press, all of that, these ideas need to be discussed in Farsi on an ongoing basis in that society, along with news about what is really happening in the society and happening to the victims of society. And enough of that has the type of catalyst effect that you saw in the East bloc in the former Soviet Union.

I want to ask you for your judgment on a couple of questions. One, the President asserted last night on the question of Iran's meddling in Iraq—I know last month we took into custody several Iranians. Two of them were involved in transfer of IED technology from Iran to the insurgents in Iraq. And I wanted to find out from you to what degree do you think actually the government in Iran might be dictating insurrection in the Shia areas, whether or not you think that is credible? I know that American forces raided an Iranian consul office in northern Iraq early this morning. And so I would ask you for your judgment on that.

Also, our overall intelligence capabilities, something that I think is a concern to a lot of us, can we engage Iranian society correctly? Do we understand really where we are on the nuclear program or support for terrorism coming out of Iran? Do we have good intelligence on that?

So I will start with these those two questions.

Mr. WOOLSEY. I think Iran is doing a good deal more than meddling in Iraq, Congressman. I think they are manufacturing these very sophisticated IEDs, shipping them, spending a lot of money in the Shiite areas. I think they have a major hand in orchestrating actions of Moqtada al-Sadr and his Mahdi Army. Sadr, I believe, could best be regarded as sort of the head of Hezbollah for Iraq, and Hezbollah is effectively a wholly owned subsidiary of the Iranian Government.

So I think that this—I don't know what happened, and I didn't see the press story before I got here about this raid on the consulate that occurred this morning. As I understood the earlier incident where they took several people into custody, having had intelligence about something about IEDs was going on, there was one person who had diplomatic immunity, one or two, and they were released. There were several Iraqis who didn't have diplomatic immunity, and they were kept. And there were one or two men who were apparently Iranian citizens. And it turns out if the reports on the Web are correct, one was very senior in the IRGC, the Revolutionary Guard Corps. They were kept for several days apparently and given back to the Iraqi Government, and they were released back to Iran. So it was sort of a confused situation.

I think that part of our problem with intelligence in that part of the world is that there is a cultural attitude in the CIA that one should talk to controlled assets, that is, people you have recruited and are paying and are informing you, and you should talk to foreign intelligence liaison services, Jordanian intelligence officers, about what is going on, but not to too many other folks. And those are a pretty small share of humanity.

Journalists sometimes laugh about "ASKINT" being useful instead of HUMINT or SIGINT. Just ask people. Just talk. You may get lied to, but it is useful to know what people across a broad range say. And because he was so frustrated with this cultural propensity in the CIA, Allen Dulles, when he was Director, would help teach a course to incoming intelligence officers to tell them about one time when he should have talked to someone who was not a controlled asset or a liaison service representative and didn't. He was a young Foreign Service officer in Switzerland in World War I, and one Sunday in 1917 a guy came to the Embassy and wanted to see an American officer, and Dulles had just dropped by to pick up his tennis racket. He had a tennis date with an attractive young woman. So he said, tell the guy to come back next Monday. I am going to play tennis. The fellow never came back. Dulles, to his great credit, told this story on himself all his life. He said, after a few months, however, I began to wonder what it had been that Lenin had wanted to see me about just before the Germans put him on the train to the Finland station.

Now, would Lenin have become a controlled asset of the United States? No way. Was Lenin a foreign intelligence Foreign Service

officer? Well, not exactly. He didn't have a state yet. Would it have been interesting to know what he wanted to say to the United States? I would say so.

And Dulles would go through that story in order to tell young intelligence officers, talk to everybody.

I must say I have a certain sense of personal frustration because as a former DCI, I sometimes get people getting in touch with me through friends of mine or whatever and say, I have something really important to tell the U.S. Government about X. And I used to refer them out to Langley, and nobody ever talked to any, so after a while I just stopped.

It would be interesting if there were some part of the U.S. Government that was willing to talk to people who just wanted to talk to it. I think one would learn a good deal more than we do.

Mr. ROYCE. Thank you, Mr. Chairman.

Mr. BERMAN. I think, during the time I had to be at another meeting, Mr. Ackerman may have got into some of the reactions to each of you to the other's proposals. But let me—I will find out what you said. But rather than repeat that, let me ask you a couple of specific things that confuse me a little bit.

Mr. Woolsey, you talk about sanctions that hurt the leaders, but not the people. But then elsewhere in your testimony you certainly sound like you are supportive of the kinds of things that would choke off investment and put up barriers to trade. And, I mean, I remember from as far back as the South Africa debates, the people who were opposed to sanctions there said, ah, that hurts the people, don't do it.

Is this really a distinction? I mean, do we really want to be careful not to engage in economic pressures that have consequences on average people of Iran, for instance, letting refined products getting back into Iran, that is not just going to hurt the leaders, that is going to hurt the people?

Mr. WOOLSEY. It is a good question, Congressman Berman, and I hasten to say that this business of distinguishing between going after the leaders and trying not to hurt the people is sort of a 60/40 proposition. It is not something—most of these things are not pristine, but as a general matter, instead of the very weak sanctions that we have now with respect to the bank accounts of Iranian leaders abroad, travel abroad and so forth, I would make those quite draconian.

And then with respect to long-term economic sanctions, I would not clamp down on Iranian exports of oil and gas. Tom says one step in the sanctions he suggests would be to clamp down on everything else, but there is not much else. There are pistachios, which Rafsanjani makes a lot of money from. But it has been pointed out that the 22, I guess, Arab States plus Iran have a population approximately equaling that of the United States and Canada, and other than oil and gas, they export to the world less than Finland, which is a country of 5 million people. So Iran alone probably exports a small share of what, say, Nokia exports other than oil and gas. So there is not much there other than oil and gas.

And I think you would, in fact, try to implement long running sanctions by choking off Iranian exports of whatever they can

produce, I think you would end up with a situation in which average Iranians got madder and madder at you.

I come out in favor, however, of trying to continue what we are doing now by way of limiting their ability to exploit their oil and gas, investments in the oil and gas business. And the idea of cutting off their imports of refined petroleum products, the 40 or so percent that they have to import, strikes me as something you would do in a crisis for having a short term and very pointed effect, because when you weren't here, I mentioned both Britain and France had strikes a year or 2 or 3 ago of truck drivers who drive tank trucks and go to filling stations. And I know in Britain's case, I know after about a week it nearly shut the country down because people couldn't get gasoline, they couldn't go anywhere. I think that is something you keep in your kit bag to use in a crisis in order to try to provoke a general strike.

This Iranian regime has changed three times in the 20th century with general strikes, and having available something you can do to help to provoke that if the circumstances and time are right, if there are riots and demonstrations in many parts of the country. So I think that would be the case in which I would say let's cut off the imports.

Mr. BERMAN. Let me interject because of the time issue.

Ambassador Pickering, deal with your proposal. Match that against what seems to me Jim Baker was saying, both in the report and then expanded in the meeting he had with Members of Congress, we ought to open up a dialogue with Iran just on Iraq. It won't work, but it will put us in some better position with the rest of the world. They will look like they are being so negative.

Can the administration really—first of all, I am a little skeptical about whether the outside benefits are quite as great as he is hoping they would be. But secondly, to do that without coming to grips with what you are talking about, are you really ready to get into discussing the whole ball of wax? Is there any reason to believe a sort of an isolated dialogue on one issue has any realistic chance of helping on that one issue that we are concerned about, Iran's efforts to destabilize Iraq?

Ambassador PICKERING. There are two issues there, I think, Mr. Berman, one on the Iraq side, would it help on Iraq? I think maybe marginally. The real question would be could you limit it to Iraq? Would there be efforts to introduce wider discussions? Would they pay off in Iraq? In other words, if you were willing to talk to Iran about a wider set of questions, would Iran be more forthcoming on Iraq, and is that where you want to spend your short currency?

And the other side of it is, is it wise to talk to Iran only about Iraq when we have this huge problem that we are gathered here today to talk about, where the options are so few, and where at least diplomacy doesn't offer us huge downsides? I am totally dismissive of the notion that we have a God-given right to legitimize states by talking to them. I never have seen that in international law, and I have never seen that successfully pursued in diplomacy.

It doesn't to me make any sense. You talk to people because you have a national interest in trying to resolve a problem, an issue, or to get them to behave in a different way. And you talk to them

because it is in your own national interest to talk to them, not because they are some side effect that you are concerned about that overwhelms the notion of speaking to them in a way that is so disadvantageous. I don't see that.

These are nice theoretical and philosophical concerns, but the practical application toward United States interest, in my view, is totally on the side of speaking in connection with Iran.

Now, I would like to do it in a set of circumstances, and I have struggled with this, and Jim is struggling with this in his own way, against the best leverage we can put together, whatever that might be. Talking without leverage doesn't make a lot of sense. We have some leverage. I have suggested ways to build some more. Jim has suggested ways to build some more. I am not opposed to that at all. I think we ought to amass the maximum amount of leverage we can get on the table if we are going to talk, because that is the circumstance that I think will help produce the kind of results you are seeking.

And as I said before, I don't know whether you were in the room, these are long shots, they are not certainties. We are not here to tell you how to hit home runs. We are here to, I guess, see whether we can avoid hitting balls out of bounds all the time.

Chairman LANTOS. Thank you very much.

I would like members of the committee who are still with us to realize that our distinguished guests have given us an additional 50 minutes of the time that we have agreed to. But I will call on colleagues who feel that they must ask a very brief question.

Mr. Tancredo.

Mr. TANCREDO. The point is just that, sir, and I thank you.

Let me go from the strategic to the tactical in terms of the framework for our discussion here, both because of the time constraints and also because I think so much has been gained by the discussion to this point in time.

We have talked about the fact that the people in Iran seem to be interested in regime change themselves. I think you put it if the mullahs hate us as much as they seem to, then there must be something good about us is the way that many Iranians are looking at the situation today.

So if that is the case, then, hearken back to the situation we had with the MEK, and I wonder about whether or not it would not be in our best interests to take them off of the terrorist watch list, as they are certainly hated by the mullahs. That is the one thing about which we are sure with regard to the MEK. There are lots of, you know, gray areas, murky areas in the past, things we are not positive about in terms of their responsibility for certain actions 30 years ago, but in the last couple of decades anyway, it seems to me that it is pretty clear that they are as a political—they are certainly not much of a military force, but a political force, and they may not even be that to any great extent. But to the extent that they are operating as a group of people who are articulating an opposition to the present regime, they understand the culture, they understand the language. We are protecting them in Camp Ashcraft. Here is a group of people who are, in fact, on the terrorist watch list that we are protecting. Our troops are protecting them. Would it be to our advantage to somehow use these

folks in pursuit of our goals? And in order to do that, wouldn't it require their removal from that list?

Chairman LANTOS. Ambassador Pickering.

Ambassador PICKERING. Yes, certainly I would be happy to answer the question. I think the question is premised on the Middle Eastern fundamental proposition that the enemy of my enemy is my friend. My view is that the MEK doesn't represent the kind of government we would like to see based on their past actions—and they are all documented fairly well—in Iran. To me it would be a bigger burden.

And if the Iranian people knew what the MEK had been doing in terms of its own activities and the way it behaved, particularly toward its own people, I think they, too, would see that as a negative rather than a positive.

Chairman LANTOS. Director Woolsey.

Mr. WOOLSEY. I agree with Tom. I think that everybody is using Churchill quotes today. One of my favorites is, "If Hitler invaded hell, I should find a kind word to say for the devil." And there is a side of me that is tempted to cast about for anybody who can cause trouble for the Iranian regime.

But I do think that their being on the terrorist watch list at this point is a bar. And if somebody wants to look into the facts of all that and the other history of it and exactly what they did and so on, it might be a useful review for someone to do. But I never have done it, and I don't know how it could—would come up.

Chairman LANTOS. Mr. Payne.

Mr. PAYNE. Mr. Chairman, I will allow Mr. Sherman, who has to go to a meeting, but I will take my time after he—

Chairman LANTOS. Well, we won't have time. We are closing at 1 o'clock. Our witnesses have been here for almost 3 full hours, and they are an hour past the time they have agreed to be here. So make up your mind.

Mr. PAYNE. I am reclaiming my time.

Chairman LANTOS. Please.

Mr. PAYNE. Sorry, Mr. Sherman. Just.

Have a quick question regarding the future as these problems of proliferation will probably continue. Of course, it doesn't deal with this Iranian in this situation, but as Mr. Faleomavaega mentioned, there were misguided policies in the past, and we have allowed countries like the Shah of Iran, we had Marcos in the Philippines, we had King Farouk in Egypt, and we had Mobutu in Zaire; all people that the United States Government supported. Now, they didn't have nuclear weapons; however, we did allow South Africa to develop nuclear capacity, and even though they had a very racially apartheid regime.

My question is how do we go about determining who should and who should not have nuclear capacity in the future? And if Indonesia decided they wanted, maybe we would question that, but if Spain said maybe—you know, if Spain wanted to get it, that might be all right; maybe not Indonesia, but perhaps Spain. It is kind of arbitrary. It is those who we decide are okay, even though South Africa had apartheid, the last regime in the world, but it was okay for us, I guess, to allow them to have it.

And so India had never been a part of a Nonproliferation Treaty, but we say we are even having a special relationship with our nuclear with India because, well, they are okay.

I think that is the flaw of this world, who can have it and who cannot. I mean, I don't want Iran to have it either, but if I was an Iranian, I would say, well, who are they to tell me? I mean, you know, and who are they? So could either one of you or both of you answer that?

Ambassador PICKERING. Let me just say I happened to be in government and worked against the South African program. We were not successful, but we did not take a view that South Africa should have nuclear weapons.

Secondly, the NPT encompasses all but three states now. Those three states, unfortunately, have nuclear weapons, so we have to contend with them. But my view is our policy needs to be enforcement of NPT obligations, which all of these states have taken that they are not going to develop nuclear weapons, and that is certainly true with respect to Iran.

The North Koreans were in. They opted out. We don't consider their opt-out legal, so we still consider them part of that regime.

Mr. WOOLSEY. Congressman, I think you hit on a really key issue here. The basic problem is that the nonproliferation regime, the IAEA Nonproliferation Treaty, all grows out of President Eisenhower's Atoms for Peace Program, and it does not really clamp down on the key thing which is, as Tom said earlier, the fuel cycle, reprocessing and enrichment.

Once a country can lightly enrich uranium to make it into nuclear fuel, once it can do that, it has the capacity to enrich it further up to bomb grade. It may have to be somewhat deceptive about it, but it is effectively there. And once you have a bomb's worth of fissile material, you have, for all practical purposes, a bomb. Designing the bomb is simple, the basic type of so-called shotgun device.

So the current international treaty and inspection regime doesn't explicitly try to keep people out of the fuel cycle. If we want to have an international nonproliferation regime that works, I think we have got to change the regime.

And we need maybe one international agency that helps countries move toward effective energy. And I think that would very rarely be nuclear, although sometimes it might be, but very rarely do I think that would be nuclear.

And on the other hand, we have a separate organization and a separate structure that tries to block anybody new from getting into the fuel cycle, and Tom has some good ideas about how fuel could be enriched for other countries rather than their having their own capacity to process and enrich fuel. I think that would give us a chance at least of doing something in nonproliferation.

In the current circumstance, we have to do exactly what you were questioning. We have to say to the Iranians, well, you are, as I put it, theocratic, totalitarian, genocidal maniacs, so you don't get the fuel cycle. But India over here is a perfectly reasonable democracy. So much of the world will not join us in making that distinction.

Now, the number of democracies in the world is rather substantial. Freedom House numbers are up to just under 100 democracies operating under the rule of law, and another 30 or so that have electoral democracies like Indonesia. So you have something like over 60 percent of the world's governments that are democracies. But even they don't vote that way. They don't really in the U.N. or so forth say, "Okay, we are going to treat fellow democracies that are much less likely to be aggressive and so forth, we are going to treat them differently than we treat dictatorships." People, countries so far are not willing to do that. And in the absence of their being willing to do that, it seems to me the only way to begin to make this thing work is to restructure the international treaty regime so it operates in such a way as to keep new people out of the fuel cycle.

Chairman LANTOS. Ambassador Pickering.

Ambassador PICKERING. I totally agree with Jim on that, and I think that was part of what I was trying to do in the presentation I made.

Chairman LANTOS. I, first of all, want to express my regret to my colleagues who didn't get a chance to ask questions, but we are profoundly indebted to our two extraordinary witnesses for sticking with us for 3 hours, but more importantly for giving us a tour d'horizon of extraordinary quality. We are deeply grateful to both of you and hope to have you back soon.

Mr. ACKERMAN. Mr. Chairman, not to be left out, feeling inadequate, if I could just add one Churchillian comment?

Chairman LANTOS. Please.

Mr. ACKERMAN. When the prime minister was introduced in London at a Women's Temperance League, the lady that introduced him said that she calculated how much he has had to drink starting from the early age that he began, after breakfast, before and after lunch, and throughout the day and into the evening and said, I have made a mark on the ceiling. If we poured every drink that you have had into this room, it would reach three-quarters of the way up the wall, to which he responded, so much to do, so little time.

Chairman LANTOS. This briefing is adjourned.

[Whereupon, at 1 p.m., the committee was adjourned.]



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