

# U.S. POLICY TOWARD IRAN: NEXT STEPS

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HEARING  
BEFORE THE  
COMMITTEE ON  
INTERNATIONAL RELATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED NINTH CONGRESS  
FIRST SESSION

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FEBRUARY 16, 2005  
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**Serial No. 109-3**  
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Printed for the use of the Committee on International Relations



Available via the World Wide Web: [http://www.house.gov/international\\_relations](http://www.house.gov/international_relations)

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U.S. GOVERNMENT PRINTING OFFICE

98-809PDF

WASHINGTON : 2005

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WEDNESDAY, FEBRUARY 16, 2005

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Committee met, pursuant to call, at 10:30 a.m., room 2172, Rayburn House Office Building, Hon. Henry J. Hyde [Chairman of the Committee] presiding.

Chairman HYDE. The Committee on International Relations meets today on "United States Policy Toward Iran: Next Steps." Unlike our hearing last week on the Middle East peace process, this topic is one with respect to which good news is quite scarce.

Except for the ongoing conflict in Iraq, the difficulties involved in our relationship with Iran are overshadowed, if at all, only by the acute problem caused by North Korea's apparent nuclear breakout. The Administration is currently reviewing its Iran policy and it has been reported that it is both re-evaluating the conclusions of the intelligence community and is updating its war planning.

The broad outlines of our policy are likely to be unchanged. It is difficult to imagine how the United States can reconcile itself to this regime possessing nuclear weapons. Either the regime will have to go, that is, it will have to be replaced or its nature changed fundamentally, or the nuclear weapons will have to go. Nuclear weapons cannot come into Iran's possession with the regime unchanged.

Courses of action designed to bring about either of these options are enormously complicated. The United States has a wide range of policies in place designed to slow Iran's efforts to obtain nuclear weaponry and the means to deliver them. They have, to some degree, been effective, but time marches on and so does the Iranian program, however handicapped it has been.

The President has noted that we are relying upon others to send a message to Iran because we have sanctioned ourselves out of influence. We do not have much leverage with the Iranians right now, but we expect them to listen to those voices. Thus, we support the efforts of the so-called "EU-3" in their negotiations with Iran.

On the other hand, we have justifiably been unwilling to commit to provide significant incentives for Iran in exchange for a return to responsible behavior on the nuclear front. Iran should expect no more than Libya received in return for its decision to abandon weapons of mass destruction. In fact, given Iran's record of active, recent gross misbehavior, Iran merits greater scrutiny and a tougher deal.

What is critical is that we and our European friends must arrive at a very clear understanding of the consequences for Iran if and when these negotiations end in failure or if Iran once again fails to live up to its promises.

These consequences have to be real and effective. They cannot consist of a referral to a United Nations Security Council, which is sure to be deadlocked over the imposition of new multilateral sanctions.

We cannot ignore the depredations of this regime, even if it stays below some nuclear threshold. Iran cannot expect a free pass from the civilized world.

The problems we have with Iran's domestic and foreign misbehavior are affected by the very nature of the regime. The people of Iran, if they had a real say in its affairs, would presumably not wish to meddle abroad and be known for supporting terrorism.

Last week we heard testimony about the outrageous efforts of Iranian-backed terrorist groups to disrupt the hard-won, tenuous cease-fire between Israel and the Palestinians. For those groups, and for their supporters in Tehran, it is a case of "the worse, the better." Cooler heads may prevail for now, but unless Iran withdraws its support from Palestinian Islamic Jihad and Hezbollah, further violence on a large scale is inevitable. As we were warned, these entities are not above targeting new Palestinian President Mahmoud Abbas. Any hope we might have had from the reformist spirit which swept in President Khatami has been crushed, just as that aspect of the reformist spirit has been crushed.

The setbacks of the reform movement cannot mask the fact that the Iranian people want to be accepted in the world and want the benefits that such acceptance brings: The better life for themselves that comes with unimpeded contact, investment and trade. Even more importantly, they want to live in a country that is capable of being accepted and deserves acceptance—and that means an end to the oppression, torture, and murder of innocent Iranians, which are perhaps the worst features of the regime, and the establishment of a system in which the people's will, and not an unelected cleric's, is supreme.

We need to find a way to facilitate an outlet for what I am confident is a desire for change within the Iranian people, but to do so in a way that, while it does not offend them and become self-defeating, is, at the same time, effective. This is similar to our task throughout the Middle East, but it is particularly urgent in the case of Iran. There is no time to lose.

I now am pleased to recognize our distinguished colleague, Mr. Lantos, the Ranking Democratic Member, for such opening comments as he may choose to make.

Mr. LANTOS. Thank you very much, Mr. Chairman. Let me commend you for calling this important hearing. Mr. Chairman, Iran is on the verge of producing nuclear weapons. Unless the world intervenes urgently and effectively, Tehran will become the first active state sponsor of terrorism to acquire the ultimate weapon of terror.

For many years, Iran exploited a loophole in the Nuclear Proliferation Treaty (NPT) and brazenly deceived the International Atomic Energy Agency (IAEA) and the entire international commu-

nity about its nuclear plans. But despite Tehran's unstinting efforts to hide, to disguise, to eliminate and to manufacture evidence, the IAEA discovered that Tehran has acquired designs, equipment, and facilities to produce nuclear weapons grade uranium and plutonium and has experimented with trigger material for a nuclear bomb.

In fact, Mr. Chairman, since Iran has been mucking around in the same black market that sold Libya actual bomb blueprints, it is more than reasonable to be concerned that Tehran already may have an operable nuclear bomb design.

According to our State Department, Iran is the world's leading state sponsor of terrorism, a dubious distinction Iran has held for years. It funds numerous terrorist groups that murder and maim the innocent, including United States citizens. It's leading tool of terror, Hezbollah, has emerged as one of the most lethal forces in the West Bank and Gaza, to the protests of Palestinian and Israeli security officials alike.

Imagine then this terrorist state armed with nuclear arms, a nightmare for certain. Somewhat like imagining Hezbollah or Hamas with nuclear arms. To whom would Iran provide the ultimate weapon or the recipe to further its radical aims? Even if it did not put these destructive materials up for sale, a nuclear armed Iran would terrorize and destabilize the entire Middle East. Some countries already threatened by Iran, such as Saudi Arabia, could rapidly pursue their own nuclear options. I fear Egypt, which has already been criticized by the IAEA for failure to declare nuclear facilities, might pursue nuclear arms as well.

All the non-nuclear and pre-nuclear states in the region would be cowed by Iran's demands since, as we know, possession of nuclear arms is the ultimate in diplomatic leverage. And they would not be alone in having to pay obeisance to nuclear Iran. The United States, as well, would be significantly constrained in its regional policies.

And would Iran dare to use the weapons? Who with certainty could say that they would not? Elements of Iran's leadership clearly share the martyr complex that inspires suicide bombers in Iraq, Israel and elsewhere. Four years ago, in one of the most chilling and least publicized statements of the 21st century, former Iranian President and current senior official, Ali Akbar Hashemi-Rafsanjani, issued an unprotocoled warning that Iran would come off better than Israel in a nuclear exchange.

The ayatollahs of terror must not be allowed to acquire nuclear weapons. We must keep the pressure on Iran, as we did on Libya, to step off this most dangerous path.

Mr. Chairman, you will recall that you and I co-sponsored the resolution last year condemning Iran's nuclear program and calling on our friends and allies to refrain from investing in Iran's oil and gas fields. Our legislation also set a new standard for allowing states access to nuclear technology for peaceful purposes. That such states, at a minimum, not be violators of the Nuclear Proliferation Treaty. Iran, through repeated and flagrant violations of its international obligations, has forfeited any moral and ethical right to technology that can be misused to produce weapons grade uranium and plutonium.

Our resolution passed the House overwhelmingly, Mr. Chairman, and the Senate soon followed suit. This session, I am co-sponsoring legislation with the Chairwoman of the Middle East and Central Asia Subcommittee, my good friend from Florida, Ms. Ileana Ros-Lehtinen, which would fully implement many of the elements of that resolution.

Mr. Chairman, in my view, it is well past time to isolate Iran economically and diplomatically. European and Asian Governments must immediately suspend or terminate their existing Iranian investments if we are to have any hope whatsoever of convincing Iran to end its development of nuclear weapons permanently. I am particularly concerned with recent developments in terms of China-Iran agreements in the energy field.

For its part, the U.N. Security Council should require U.N. members to reject all investment and non-humanitarian trade with Iran until Tehran has verifiably given up its nuclear fuel and weapons material production capabilities. And it should further declare that Iran has forfeited all rights under the NPT to possess nuclear material production facilities of any kind.

Mr. Chairman, we simply cannot allow Iran to make a mockery of the international community's arms control regime. If we do, that regime itself will be a mockery. We must keep the pressure on our friends and allies who mistakenly believe that continued trade and investment will lure the ayatollahs away from their long-standing and relentless quest for nuclear weapons.

So those are the problems, Mr. Chairman. I am looking forward to hearing from our witnesses today how we can solve this serious crisis in the manner most consistent with our national interests. I hope they might advise us as to how we can avail ourselves of diplomatic, economic and strategic opportunities to avert the imminent danger, the nightmare, that would irrevocably change our world for the worst. Thank you, Mr. Chairman.

Mr. SHERMAN. Mr. Chairman?

Chairman HYDE. Who is seeking recognition?

Mr. SHERMAN. Sherman. I seek recognition to make an opening statement, especially because the nature of these hearings is so relevant to two of the Subcommittees of the Full Committee.

Chairman HYDE. Well, I am confronted with the problem of opening up for opening statements for everyone if I do for you, and then we will not get to our witnesses. There will be a vote at 11:30. I am advised there will be a vote at 11:30, so I would solicit the gentleman's cooperation to put his statement in the record with other opening statements.

Mr. SHERMAN. I will, of course, yield to the Chairman. If he would allow me a minute, I would take it. If not, then—

Chairman HYDE. You want a minute?

Mr. SHERMAN. I can do it in a minute.

Chairman HYDE. The gentleman is recognized for a minute and only a minute.

Mr. SHERMAN. Recently, a particular lobbying organization was accused of stealing a memorandum outlining our policy toward Iran. We know this to be false because we have no policy toward Iran.

The prior Administration had no policy either, but this is less excusable now that 9/11 has occurred and we know that Iran is developing nuclear weapons. We have had both Administrations ignore the Iran-Libya Sanctions Act and allow \$33 billion and more to be invested in Iran, thus demonstrating to its people that they can have nuclear weapons and foreign investment.

We have been willing to send our soldiers to their deaths to deal with a nuclear weapons problem that was tiny compared to Iran. We are unwilling to inconvenience the world's corporations.

Chairman HYDE. I thank the gentleman. I will announce that anyone else who has an opening statement may put it in the record at this point in the record without objection.

Well, I welcome our witnesses to the Committee this morning. First is Ambassador Mark Palmer who represented the United States in Hungary as the Communist system there was collapsing. His current work with the Committee on the Present Danger advocates both opening diplomatic relations with Iran and stepping up anti-regime efforts, including advocacy of a war crimes tribunal directed against the Iranian regime's clerical leader.

Our second witness is Dr. Gary Sick, who will participate via video conference from New York. He served on the National Security Council staff under Presidents Ford, Carter and Reagan. He was the principal White House aide for Iran during the Iranian revolution and the hostage crisis and authored two books on United States-Iranian relations. He earned his Ph.D. in Political Science from Columbia, where he is a Senior Research Scholar Adjunct Professor of International Affairs and former Director of the Middle East Institute.

Our final witness is Henry D. Sokolski, who is the Executive Director of the Nonproliferation Policy Education Center, a Washington-based non-profit organization founded in 1994 to promote a better understanding of the strategic weapons proliferation issues for academics, policymakers and the media.

I thank all of you for agreeing to participate today. Your testimony will be inserted into the record in full. If you could present a 5-minute, give or take, summary of your statement? Ambassador Palmer, please proceed.

**STATEMENT OF THE HONORABLE MARK PALMER,  
COMMITTEE ON THE PRESENT DANGER**

Mr. PALMER. Thank you, Mr. Chairman. I represent the Committee on the Present Danger, which has been revived by Secretary Shultz, Jim Woolsey, and also the leadership of Senators Lieberman and Kyle. We chose, as our first policy paper, Iran, which I am presenting today, because there is a consensus in the Committee on the Present Danger that Iran presents the most fundamental threat to our interests and to stability in the region.

Most specifically, we believe that Supreme Leader Ali Khamenei personally represents that threat and that he personally is determined to develop nuclear weapons.

On the other hand, the committee believes that Iran's people are America's allies and that they want to free themselves from Khamenei's oppression, and they want Iran to join the community of prosperous, democratic states. The centrality of the threat that

Iran and Khamenei represent is very clear. Both you, Mr. Chairman, and Mr. Lantos, have stated it. It is the number one state sponsor of terrorism, and in many other areas, in addition to their development of weapons of mass destruction, they represent a very profound threat.

But the opportunity we face is equally clear. Their elections of 1997 and 2001, and in repeated public demonstrations since then—including just in the last few weeks—show that the Iranian people want what all the people of the region want, which is freedom. And therefore, we believe that the geostrategic situation, both within Iran and in the region, is increasingly in the favor of freedom.

Assuming that democracy proceeds in Afghanistan and in Iraq, and we have now had elections in Palestine, we believe that both the geopolitical situation and the philosophical mood in the region is very much in favor now of democratization.

Based on our experience—you mentioned, Mr. Chairman, that I was our Ambassador in Hungary during the period from 1986 to 1990 when the Communists were ousted—we believe that opening up dictatorships and allying ourselves with the people of these countries is fundamental to the process of change. We have seen most recently in Ukraine and Georgia, in Serbia, and earlier in Chile, Argentina, Indonesia, the Philippines, in many situations, people power simply works. And the committee believes profoundly that we need to be on the side of non-violent regime change and specifically, regime change.

We think that what our Embassy demonstrated, for example, in support of Solidarity in Poland from the late 1970s onward, the importance of our being on the scene and not absent as we are today.

We believe that Iran should be the highest single priority of this Administration and of this Congress, going ahead over the next 4 years. It is critical that, as has been referred to, gridlock in our policy be removed and that we move ahead vigorously with a creative, comprehensive and complex new approach to Iran. That requires first and foremost, Presidential leadership. It also requires, in our view, our willingness to reopen our Embassy in Tehran, if the regime is willing to allow that, which is in question.

We also very badly need a senior figure. Secretary Shultz suggested that, as was the case during the Cold War, the Counselor of the State Department, which is the fifth ranking position in the building, be devoted very largely, if not totally, to the question of Iran. We need somebody who can knock heads between the Pentagon, the CIA, the State Department and the White House, to ensure that we have a creative and dynamic policy.

On nuclear weapons, we feel very, very strongly that Iraq must get the message that they cannot have nuclear weapons and that if, in the end, they attempt to do so, that we will use force to deny them those weapons. In the meantime, the committee supports the efforts of the French, Germans and the British to attempt a diplomatic solution. We are skeptical that that is going to work, but we think it is important for us to support it.

Most importantly, the committee believes we must get behind the democrats and dissidents in Iran. We really see that as the solution, that there needs to be a—we have had an orange revolution, perhaps a green revolution now in Iran. We need to find all the

ways we can to support and encourage the Iranian people to stand up for their rights. Specifically, we believe that cultural, academic and professional exchanges need to be established. There is an incredible absence of contact now between the Iranian body politic, the people of Iran, and their counterparts in this country.

We believe very strongly that young Iranians are the change agents in that society, young women and young men, and that we need to help them to train in the techniques of non-violent struggle; how tactically to organize in the underground; and how eventually to take the streets; and, with sufficient numbers, to remove the regime peacefully. As I mentioned earlier, this has been done now in so many places with great effect. And yet the foreign policy establishment in this town and in this country seems to be unwilling to learn the lesson that this is the most powerful tool available to us.

We also need to work to undermine the pillars of support. Again, Ukraine demonstrates very clearly how effective it can be if we can get close to the police and military and security services of a country and to persuade them not to open fire when the critical moment comes.

In my personal experience, that is the most important single thing that we can do and we can have—and to some extent already do have—counterpart relations between our military, the CIA, the FBI, DEA and others with Iranian security services. And in our view, we should develop them further.

The Committee on the Present Danger also believes profoundly in the effectiveness of smart, targeted sanctions, as opposed to blunder bust broad sanctions that harm the Iranian people. We believe, as you mentioned, Mr. Chairman, that we should investigate Khamenei for crimes against humanity; that we should develop evidence that could be used in an international tribunal; that an Interpol warrant should be sworn out for his arrest, as has been done in the case of Charles Taylor of Liberia. Delegitimizing people like Khamenei is at the center of getting rid of them and getting them, as Secretary Shultz has said, to go back to the mosque.

There are other smart sanctions in the area of finances that are very important to develop. This is a profoundly corrupt regime. They have taken over whole sectors of the Iranian economy. The Iranian people know they are corrupt, and we should design sanctions targeted at their assets.

We also should very substantially increase funding and the hours that we are on the air, VOA, Persian Service and our radio broadcasting there. And in the committee's view, we also should come up with some money for the independent broadcasters, radio and television, who are broadcasting in Farsi with very insufficient broadcast strength because they don't have the money to purchase adequate time on strong transponders.

We also believe—and this is partly based on my own personal experience—that dialogues with dictators work. President Reagan was a master at doing that with Gorbachev. I was present in the first meeting when he began that seduction and it was, as we know, very effective. And we think that we should creatively explore how the Shi'a leadership can have a dialogue with Mr. Khamenei, who is certainly not a senior religious figure. He is a

classic dictator, and he should be urged by the Shi'a leadership and others of the world community to go back to the mosque.

We also believe that it is important and legitimate for us to attempt to talk with the regime on the issues that matter most to us: Human rights, terrorism, nuclear weapons, regional stability. We have a big agenda, and we should not be afraid of talking with them about our concerns.

Finally, Mr. Chairman, I want to make a pitch for a piece of legislation that Congressman Lantos and Congressman Wolf are taking the lead on, which is the Advance Democracy Act of 2005. As a career foreign service officer, I think it is very important for the State Department to become an island of freedom around the world, to become more active in the freedom struggle. And the Advance Democracy Act, if passed by the Congress in its present form, would make a massive difference in our ability in Iran and in the other 45 dictatorships around the world, a massive difference in our ability to bring these regimes down in our lifetime. Thank you, Mr. Chairman.

[The prepared statement of Mr. Palmer follows:]

PREPARED STATEMENT OF THE HONORABLE MARK PALMER, COMMITTEE ON THE  
PRESENT DANGER

A COMMITTEE ON THE PRESENT DANGER POLICY PAPER: IRAN—A NEW APPROACH

Supreme Leader Ali Khamenei of Iran presents a fundamental threat to peace, for all signs point to his determination to develop nuclear weapons. Iran's people, on the other hand, are our allies. They want to free themselves from Khamenei's oppression and they want Iran to join the community of prosperous, peaceful democracies.

The recent agreement Iran made with France, Germany and Britain to temporarily halt uranium enrichment, while it may slow down its overall program, will do so only briefly. What is needed is a permanent cessation of Iran's uranium enrichment activities (unless it can be proven the program is for peaceful purposes only), including inspection of recently-revealed secret nuclear facilities, along with those sites already agreed upon.

If there were in place an international clearing house and monitoring system for using existing enriched uranium for peaceful purposes only, countries seeking it for such purposes would not have to develop their own enrichment capacity. In the absence of such a system, it must be made clear to Iran that the alternative to a permanent agreement to suspend its enrichment activities will be stiff economic sanctions—something Iran does not want. A number of strategies can be put in place quickly to build pressure to both reduce the threat and to promote democratic change in Iran.

*Threat and Opportunity*

The centrality of the threat posed by Iran is clear. In addition to its peace-threatening nuclear program, Iran under Khamenei, continues to be the world's foremost state supporter of terrorism, offering financial and logistical support to both Shi'a and Sunni terrorist organizations, including Hizballah, Hamas and Palestinian Islamic Jihad. Elements of al-Qaida and Ansar al-Islam transit through Iran and find safe haven there. Through these groups Khamenei destabilizes the region, prevents the emergence of an independent and democratic Lebanon and tries to stymie any movement toward peaceful resolution of the Palestinian-Israeli conflict. Khamenei supports Moqtada al-Sadr and others in Iraq who want it to become another theocratic dictatorship under Iranian tutelage. He is seeking regional hegemony, both ideologically and militarily. His growing oil wealth increases his capacity for wreaking havoc on his own people and the region.

The opportunity is equally clear. The votes of the Iranian people in the elections of 1997 and 2001, and in repeated public demonstrations from 1999 to the present, have been widely interpreted as strong expressions of support for democracy and change. Numerous leading religious and reformist figures have spoken against Khamenei's rule and his unwillingness to establish normal relations with the

United States. The repression, failed economic policies and corruption of the Khamenei regime have led to deep alienation.

The geostrategic situation increasingly favors the forces of democracy around and inside Iran. Should progress continue toward a stable, democratic Afghanistan and Iraq, and with reform moving ahead elsewhere in the region, Khamenei's dictatorship becomes an increasingly isolated and dangerous anachronism. A new and democratic government in Iran would be a major contribution toward transformation of the region from its present backwardness and strife to a one of growing peace, prosperity and freedom.

Given the scale of the threat and the promise of the opportunity, Iran must move to the top of America's foreign policy agenda for the next four years. We need a fresh approach that appeals to, encourages and empowers the Iranian people. We need to rally our allies around a strategy that takes into account their commitment to traditional diplomacy, while putting all of us together on the offensive vis-a-vis Khamenei. We need to relearn the lessons of what has worked, not just in negotiating with the Soviet Union through a position of strength (while simultaneously opening up eastern and central Europe and supporting the forces of democracy), but also in the transition from dictatorship to democracy in countries from Chile to Indonesia.

Opening up dictatorships is key to helping the forces of change. We were on the ground with an embassy and support programs for Solidarity in Poland, which played a central role in the nonviolent transition to democracy. Nonviolent movements based on alliances between students, workers and intellectuals, leading to massive demonstrations and general strikes, have worked in dozens of countries in the past three decades; they worked in Iran itself. The reawakening of Iran's tradition of student activism, a predominant force in the 1978–79 overthrow of the Shah, is not lost on Khamenei and should not be lost on us.

*Elements of a new American policy:*

The administration should announce clearly a new approach to U.S. policy and be prepared to pursue it in a sustained manner. The highest profile announcement would be a speech by the President. The stated purpose of the announcement would be a pledge by the United States to reconnect with the Iranian people, to help the vast majority of Iranians who want democracy to achieve it and thereby join the community of democratic nations, to assure their security in return for not acquiring nuclear weapons and to help develop their economy. Recognizing that the major barrier to Iranians seizing their freedom is their current mood of pessimism and isolation, the President's announcement would be voicing our confidence in their ability to succeed and our determination to assist them.

We should announce our willingness to reopen our embassy in Tehran. At the same time, one of our highest-ranking officials should be designated as the key person in our new policy toward Iran. An example of such a person is the State Department's Counselor. The Counselor must be prepared to assert regularly his or her strong human rights advocacy and commitment to democracy for Iran. While it is unlikely that Khamenei would move ahead rapidly (it is well to remember that his predecessor closed our embassy 25 years ago because of his fear of the "Great Satan's" influence on Iranians, and Khamenei continues to limit contact with the United States), we will have demonstrated that we are exhausting all remedies. The Counselor would be the point person for our new policy and Iran warrants the nearly-full-time attention of such a senior official.

There is an extensive agenda with or without the early opening of an embassy. The Counselor can work to generate support from our allies, speak frequently with the Iranian people via radio/tv/internet and meet directly with Iranians wherever possible. He or she should concentrate on direct outreach to the Iranian people rather than solely engaging with Iranian government officials. The Counselor should understand that engagement with officials without engagement with ordinary Iranians will be interpreted by the Iranian people as abandonment of democracy. Discussion with Iranian officials should be limited to those with sufficient power to make decisions—such as those in the Office of the Supreme Leader—rather than with ordinary diplomats in the Foreign Ministry.

Nuclear Weapons. President Bush has voiced skepticism about Iran's suspension of its nuclear enrichment program (a program which could lead to the creation of weapons). He has emphasized the need for third-party verification of all related sites in Iran. While we should work carefully and multilaterally in this regard, any verification failure should lead immediately to taking the matter to the United Nation Security Council for the imposition of sanctions. Khamenei should also understand that if he does not comply with legitimate international requirements to keep

his nuclear weapons development program suspended, we and others reserve the right to take out or cripple his nuclear capabilities.

The case of Libya's Muammar Qaddafi is instructive. Through an interplay of allied strength and diplomacy he became persuaded to give up his stealth program to produce weapons of mass destruction. The lesson here is that dictators who feel sufficiently threatened can be persuaded to give up their WMD ambitions. We can accept no less in the case of an even more dangerous Khamenei. The window of opportunity will not remain open indefinitely. Some say it is already too late to stop Khamenei's nuclear ambition and that we will just have to live with it. We must make clear that we will not accept Iran's possession of a nuclear weapon, and we must be willing to reinforce that position.

Supporting Iranian Democrats and Dissidents. Ultimately, it is Iranians themselves who will make the breakthrough to democracy and remove Khamenei from power. We need to make clear that they are our partners in a new dialogue and that even as we meet with representatives of the Khamenei regime, we consider these to be illegitimate.

There are many time-tested ways in which we can help, particularly with younger Iranians and women as the major agents of change. Cultural, academic, and professional exchanges and programs must form an integral part of our efforts to assist Iranians in the democratization of their country. Visiting scholars—even tourists—have considerable freedom of movement and association. Young activists from democratic countries could also enter Iran as tourists to meet with their Iranian counterparts and to join in demonstrations. We should authorize American NGOs to operate within Iran. We should also tie U.S. visas for Iranians to those that Iran grants to Americans. For example, if Iran refuses to allow, say, American student groups or scholars to visit their country, then we should bar a number of Iranian officials, their family members and business partners from ours.

It is also important to get young Iranian activists abroad for short seminars with counterparts who have been successful in organizing civic campaigns in Serbia, the Philippines, Indonesia, Chile and elsewhere. (These activists should be chosen by U.S. officials, not by Iranian institutions.) Embassies of the democracies can give support in many ways: attendance at trials, joint petitions for release of political prisoners, financial assistance to prisoners' families and democratic groups, training, witnessing and even participating in demonstrations. Iran should receive the highest priority in funding from our public and private democracy/human rights organizations. Congress should consider an Iran Freedom Act to generate adequate resources for relevant NGOs.

Undermining pillars of support. To remain in power, Khamenei relies upon his security services. In 1978–79 the Shah's largely peasant-based army disintegrated in the face of massive street demonstrations. The Shah's hated secret police, SAVAK, was overwhelmed.

Faced with demonstrations in 2002, Khamenei was unsure the army would obey his orders and resorted to using hired paramilitary thugs. The United States has opportunities to develop relations with the military and various services in Iran and should seek to do so. Our forces in the region, the CIA, FBI, Drug Enforcement Agency and others have issues to work on, ranging from cross-border threats to terrorism to drugs. One objective in these relationships should be to make clear that those there who cooperate in the transition to democracy can thrive on the other side (as many others in former dictatorships have done), but those who persist in committing crimes against the Iranian people or others will be prosecuted. We should specifically call for the eradication of the Islamic Guard Corps and the *Basij*, for reform or elimination of the Ministry of Information and an investigation into the government's support for vigilante groups such as Ansar al-Hizballah.

Smart sanctions. As Khamenei and his regime are the problem and the Iranian people our natural allies, we should develop sanctions that target the Supreme Leader and his close circle of support, so that the sanctions are not seen by the people as harmful to them.

In April 1997 a German court implicated Iran's leaders in the assassination of their opponents in Berlin. This ruling had an impact on Iranian opinion, contributing to the big vote for Khatami that year, perceived as a reformer. Deftly making it known that a case is being marshaled against Khamenei would create good leverage. U.S. Government agencies, working closely with human rights organizations, could begin gathering evidence. Then, we could seek the cooperation of like-minded governments, leading toward creation of an international tribunal to try Khamenei.

Crimes for which evidence could be gathered include financing and facilitating terrorists, corruption, the torture and murder of Khamenei's opponents at home and abroad and development of weapons of mass destruction in violation of the Non-proliferation Treaty and other accords. We have precedent for a special tribunal gath-

ering evidence against and eventually indicting a leader still in office in the case of Liberia's President Charles Taylor and the UN-approved Sierra Leone tribunal. In Taylor's case, having an Interpol arrest warrant out against him has had a significant impact in delegitimizing and undermining him.

Other "smart" sanctions also can be developed. Iran's Revolutionary Foundations (*bunyads*) control 35 percent of Iran's import-export business and are directly controlled by Khamenei. The Iranian people are well aware that despite protestations of moral leadership, Khamenei and certain *mullahs* and their supporters have grown rich and corrupt. The United States and other nations are becoming more expert at identifying the economic crimes and assets of dictators and their supporters. We should undertake a major effort to identify those companies and accounts associated with Khamenei and his entourage and develop sanctions targeting them. We should use our existing sanctions as rewards for progress on specific agenda items of concern to us, such as human rights, terrorism, nuclear weapons and regional peace.

Television, radio and internet. The U.S. Government's Farsi-language Radio Farda ("Tomorrow") and several hours weekly of VOA television are a beginning, but not enough if we are going to effectively communicate directly with the Iranian people. A number of private U.S.-based Iranian satellite television stations exist, but they are underfunded and thus unable to achieve their real potential. A budget equal to that of Radio Farda and VOA television should be made available to them. At least \$10 million annually should be appropriated to assist independent television, radio and internet communications with the Iranian people.

Dialogue with Khamenei about his return to the mosque. Dictators are acutely conscious of their vulnerability, even their mortality. A dialogue with them about a way to exit peacefully from political power, combined with credible indications of the alternatives (jail or hanging), can play an important role. Who could conduct such a dialogue with Khamenei?

President Khatami has the legal right to hold such a dialogue, but he has been weak to date. Iranians and their democratic friends should be looking for such a person or group. Shi'a clerics with high religious standing in both Iran and Iraq argue that *mullahs* do damage to their own influence and prestige when they try to run the everyday secular affairs of the state. We should encourage the *Houzeh* (the traditional Shi'a religious establishment) to reinforce the position that, short of the return of the Hidden Imam, clerical rule is by nature corrupt and detrimental to the status of religion in society. Perhaps they could join together to approach Khamenei—initially in private—to urge that he cede secular power to those elected by the people, and to make clear that they will go public with this demand if he resists.

Dialogue with the Iranian government. We should state our willingness to meet with Iranian officials to discuss issues of concern to us, such as human rights, terrorism, nuclear weapons, regional stability. We should also reiterate that trade and investment relations can move forward (and sanctions removed) as progress is made in these areas.

#### *Conclusion*

For far too long an academic debate over engagement vs. containment, dialogue vs. regime change has dominated and weakened America's approach to Iran. Some argue that "Iran is not on the verge of another revolution" and we should just engage in a dialogue. Others argue that a dialogue will strengthen and perpetuate the regime, and we should try to bring it down through isolation, arming a resistance inside the country and maybe eventually carrying out another Iraq-style invasion. The Committee on the Present Danger believes that we need a new approach, one based on a sober recognition of the threat Khamenei presents, but also an appreciation of our new strengths and the opportunity before us. We recommend a peaceful but forceful strategy to engage with the Iranian people to remove the threat and establish the strong relationship which is in both nations' and the region's interests.

Chairman HYDE. Thank you, Ambassador. Professor Sick.

#### **STATEMENT OF GARY SICK, PH.D., SENIOR RESEARCH SCHOLAR AND ADJUNCT PROFESSOR OF INTERNATIONAL RELATIONS, SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS, COLUMBIA UNIVERSITY**

Mr. SICK. Mr. Chairman and Members of the Committee, can you hear me?

Chairman HYDE. Yes, we can hear you.

Mr. SICK. Thank you very much for inviting me to testify on the subject of United States/Iran relations. It is a subject that has engaged me for more than a quarter of a century, and it has never been more important than it is today. I commend the Committee for holding these hearings and identifying this issue.

I am sorry that it was impossible for me to be with you today in person, but I would like to thank the School of International and Public Affairs and the Middle East Institute at Columbia University, who worked with your staff to give me the opportunity to join by video conference.

American differences with Iran cluster around four major concerns: Iran's support for groups that conduct terrorism; its opposition to United States and Israeli policies in the Palestinian/Israeli conflict; Iran's nuclear program; and its domestic policies, particularly its abuse of civil and human rights.

I have submitted an earlier article about Iran's connection with terrorism, which has been circulated and, if appropriate, can be entered into the record. Although I do not regard myself as an expert on the Palestinian/Israeli issues, I would be happy to entertain questions. But today, I will focus on two critical issues: Human rights and regional security issues, particularly on Iran's nuclear program.

I have been a board member, now Emeritus, of Human Rights Watch for more than a decade. I also chair the Advisory Committee of the Middle East and North Africa Division of the organization. I am not here as a spokesperson for Human Rights Watch, but my experience with that extraordinary organization has greatly influenced my views about the human rights situation in Iran.

Iran essentially has two Governments, an elected Government consisting of the President and his cabinet, the 290-member Majles or parliament and much of the bureaucracy. There is also a Government that essentially elects itself, consisting of the Supreme Leader, the security forces, the Government broadcasting media and the judiciary.

After Mohammed Khatami was elected in 1977 by an overwhelming 70 percent margin by the Iranian people, the clerics saw him as a threat to their entrenched position of power and they began a systematic attack on the institutions and ideas that Khatami had fostered, using thuggish, paramilitary organizations and the judicial system to close down meetings and newspapers and to jail and otherwise intimidate those who disagreed with him.

Although the preponderance of political and security power is indisputably in the hands of the power structure that has dominated Iran since the revolution of 1979, the Iranian people have not been cowed into submission. Despite the jailings and torture and public attacks, courageous Iranians continue to speak out. Admittedly, explicit criticism of clerical rule and the present Iranian Government is risky, but it happens nevertheless. And reformists and ordinary Iranians speak their minds, even to foreign visitors.

It is to that kind of courage and perseverance that Shirin Ebadi, an Iranian woman lawyer and human rights activist, was awarded the Nobel Peace Prize last fall. The West must keep its spotlight

on Iran and encourage the true voices of reform that are struggling to be heard.

As we all recall, Iran began its nuclear development long before the Iranian revolution. As it happens, I was personally present in 1977, when President Jimmy Carter agreed to sell the Shah a U.S. nuclear reactor. The nuclear issue is one of the few areas where the so-called “two nations rule” does not apply. When it comes to Iran’s right to have peaceful nuclear technology, Iranians are almost entirely united. Virtually any government that one can imagine for Iran, from clerical to reformist to nationalist to monarchist, will insist on the right to pursue nuclear technology.

As has already been discussed by the Chairman and others, there is a fundamental flaw in the Nuclear Non-Proliferation Treaty. Article IV states that it shall be “the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination.”

According to Mohammed el-Baradei, the head of the International Atomic Energy Agency, some 40 countries or more now have the know-how to produce nuclear weapons, relying on that clause. Knowing what we know today about how quickly a nation can move from peaceful nuclear development to weaponization, we probably would never have drafted the treaty as we did. There is an NPT review conference coming up in May, and I suspect that this issue will be very much on the minds of many of the members who may be concerned about selective application of its provisions.

The available evidence, which I reviewed in my prepared statement, suggests that Iran wants to have an autonomous capability to move to a nuclear weapon if and when they conclude that their own security requires it. That is not a reassuring thought, but it does suggest that there is still some time and some negotiating room that needs to be explored.

At the moment, the EU negotiations are essentially the only game in town, but it is doubtful that the three EU nations—Britain, France and Germany—can close the deal. Both the President and Secretary of State Rice have indicated that this is a problem that can be solved by diplomacy. But if it is to be solved in that manner, the United States will have to play a more direct role than in the past.

If negotiations fail, one alternative route is through the United Nations Security Council. That is, at best, a lengthy and uncertain process, and there is no assurance that it would result in sanctions being imposed on Iran. The other option that has been widely discussed is a military attack. Its appeal is that it would almost certainly set back Iranian plans for at least several years. The disadvantages are immense. Very simply, it would require boots on the ground, and Iran is a country nearly four times the size of Iraq.

The Iranian people today are remarkably pro-American, partly as a negative reaction to their distaste for their own Government and its anti-American propaganda. In my view, that would end with the first bomb. There is a very good chance that a United States military attack on Iran would be the one thing that would shut down the internal opposition and give the hard-line Government the chance it wants to relinquish any pretext of democracy or concern for human rights. Despite all the efforts of the mullahs, Iran today

has a vibrant civil society movement that is likely to make its influence felt in time, though perhaps more time than we would like.

That movement and all that it represents in the way of internally-driven regime change would almost certainly be the first casualty of an American attack. Thank you, Mr. Chairman.

[The prepared statement of Professor Sick follows:]

PREPARED STATEMENT OF GARY SICK, PH.D., SENIOR RESEARCH SCHOLAR AND ADJUNCT PROFESSOR OF INTERNATIONAL RELATIONS, SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS, COLUMBIA UNIVERSITY

Mr. Chairman and members of the committee, thank you for inviting me to testify on the subject of U.S.-Iran relations. It is a subject that has engaged me for more than a quarter of a century. It has never been more important than it is today.

I am sorry that it was impossible for me to be with you in person today. I would like to thank the School of International and Public Affairs and the Middle East Institute of Columbia University in the City of New York who worked with your staff to give me the opportunity to join you by videoconference.

#### HISTORICAL NOTES

The United States first stationed military forces in the Persian Gulf during World War II, when Iran provided the rail route for lend lease aid to reach the Soviet Union. We maintained a small presence there in the years that followed (I first visited the region as a young naval officer with the Middle East Force command in the late 1950s). We played an important role from time to time in the politics of the region, as in 1953 when the shah was restored to the throne by a joint U.S.-British covert action. But it was not until the British withdrawal in 1971 and the oil shock of 1973 that we assumed major political and security responsibilities in the region, and it was only during the late stages of the Iran-Iraq war, in the mid-1980s that we again established a major military presence in the Gulf.

The two U.S. wars against Saddam Hussein—Desert Storm in 1991 and the invasion of Iraq in 2003—have raised our profile in the region dramatically. Together with the defeat of the Taliban in Afghanistan, the U.S. political and military footprint in the region is overwhelmingly greater than that of any other country. We have become, at least for the time being and for the foreseeable future, the dominant Persian Gulf power.

We are today a neighbor of Iran, with our forces deployed on its eastern border in Afghanistan, its western border in Iraq, and with the Fifth Fleet and extensive U.S. support facilities located throughout the Persian Gulf. We can no longer regard Iran as a distant and exotic country where our contacts are infrequent or by choice. Our contacts today are nearly daily, in one form or another, and there is no way to avoid them.

The United States and Iran have a number of mutual interests, particularly with regard to Afghanistan, Iraq and the narcotics trade. At the time of the Afghan war, Iran cooperated with us—both publicly and privately—in support of the Northern Alliance and the establishment of the Karzai government. In Iraq, the heavily Shia populated south, where Iran's influence is greatest, has been relatively quiet. In the recent Iraqi elections, the voter turnout in the Shia south was reportedly 61 to 75 percent, and there were few serious incidents. The reason for this is not because Iran approves of the U.S. occupation but because Iran believed it was in its interest to give the Shia population an opportunity to make its voice heard officially and peacefully for virtually the first time in Iraqi political history.

A large part of the narcotics flowing out of Afghanistan passes through Iran, and over the past several years Iran has lost large numbers of policemen and soldiers in what has become a low-intensity war with the well-funded and heavily armed traffickers moving across the 1145 mile border with Afghanistan and Pakistan. Since this river of drugs flows on through Turkey and from there into Europe and the rest of the world, this battle, which Iran is not winning, is more than an abstract concern for us as well.<sup>1</sup>

It is, however, our differences, not our occasionally parallel interests, that preoccupy decision-makers in Washington, Tehran, and other regional and world capitals. These differences cluster around four major concerns: Iran's support for groups that conduct terrorism, its opposition to U.S. and Israeli policies in the Palestinian-

<sup>1</sup>For a useful summary of the problem, see William Samii and Charles Recknagel, "Iran's War on Drugs," *Transnational Organized Crime*, Vol.5, No.2, Summer 1999, pp.153-175

Israeli conflict, Iran's nuclear program, and its domestic policies—particularly its abuse of civil and human rights.

I have written an article for the *Washington Quarterly* outlining my understanding of Iran's history and background on the terrorism issue.<sup>2</sup> I have circulated this article in advance to the Committee, and I would ask, if possible, that it be introduced into the record since it would be superfluous for me to repeat it here. I will also do my best to respond to your questions about Iran's policies toward Israel and the Palestine question, though I do not consider myself an expert on Israeli-Palestinian politics.

But in this brief overview, I would like to focus primarily on human rights and regional security issues, particularly on Iran's nuclear program.

#### IRAN AND HUMAN RIGHTS

I have been a board member (now emeritus) of Human Rights Watch for more than a decade. I also chair the advisory committee of the Middle East and North Africa division of the organization. I am not here as a spokesperson of Human Rights Watch, but my experience with that extraordinary organization has greatly influenced my views about the human rights situation in Iran, and a succession of talented researchers there have helped keep me in touch with developments on the human rights and political rights fronts in that country.

Iran essentially has two governments: an elected government consisting of the president and his cabinet, the 290-member Majles or parliament, and much of the bureaucracy; there is also a government that essentially elects itself, consisting of the supreme leader, the security forces, the government broadcasting media, and the judiciary. In 1997, the Iranian people were given a choice of candidates and chose Mohammad Khatami by a seventy percent majority. Khatami is a cleric, and he supported change from within the system rather than a second revolution, but he also represented a philosophy of more transparency, more rule of law, more association with the international community, and much greater freedom of expression. The hard-line clerics saw him as a threat to their entrenched position of power, and, after they had recovered from their initial shock, began a systematic attack on the institutions and ideas that Khatami had fostered, using thuggish paramilitary organizations and the judicial system to close down meetings and newspapers, and to jail and otherwise intimidate those who disagreed with them.

Reporters Without Borders now regards Iran as "the biggest prison for journalists in the Middle East."<sup>3</sup> In July 2003, a Canadian-Iranian photojournalist died of a brain hemorrhage while in the hands of Iranian judicial and prison officials, and the subsequent inconclusive trial convinced no one of its fairness or objectivity. But the trial of the Canadian journalist, which was conducted in the full glare of world publicity, merely underscored the routine nature of abuse against Iranian citizens, many of whose cases pass largely unnoticed by world opinion.

The past six months have provided us with a textbook case of how the system operates. Beginning around September last year, Iranian security forces arrested a series of journalists, NGO activists and contributors to various internet sites that promoted civil society and freedom of expression. They were not formally charged, but a judiciary spokesman said that they were accused of "propaganda against the regime, endangering national security, inciting public unrest, and insulting sacred belief."<sup>4</sup> In December Human Rights Watch reported that torture had been used to coerce public confessions from those who had been arrested, and that the judiciary was using the threat of long prison sentences and other threats to try to cover up its actions. When some of the detainees testified before a presidential commission that they had been tortured, they received death threats from judicial officials under Tehran chief prosecutor Saeed Mortazavi.

In the most recent Majles elections, the clerical authorities in the Guardian Council invoked their oversight responsibility to disqualify nearly all of the reformist candidates, thereby rigging the election in favor of the conservative forces. On one hand, this kind of blatant abuse is a reminder of the fact that the preponderance

<sup>2</sup>"Iran: Confronting Terrorism," *The Washington Quarterly* (published by the Center for Strategic and International Studies & MIT Press) 26:4 pp. 83-98 (Autumn 2003). [http://www.twq.com/03autumn/docs/03autumn\\_sick.pdf](http://www.twq.com/03autumn/docs/03autumn_sick.pdf) This article was republished by MIT Press in the summer of 2004 in a TWQ readers series book entitled *Reshaping Rogue States: Preemption, Regime Change, and U.S. Policy toward Iran, Iraq and North Korea* (pp.227-245).

<sup>3</sup>See Reuters, "Journalist group criticizes Iran press clampdown," August 14, 2000.

<sup>4</sup>The information here is distilled from a series of reports by Human Rights Watch over the past several months. The reports can be found at <http://hrw.org/doc?t=mideast&c=iran> and this particular quote is from the report on November 9, 2004, entitled "Iran: Web Writers Purge Underway: Arrests Designed to Silence NGO Activists."

of political and security power is in the hands of the power structure that has dominated Iran since the revolution in 1979. But it is also a reminder that the Iranian people have not been cowed into submission and that they continue to demand their rights. Despite the jailings and torture and public attacks, courageous Iranians continue to speak out. I was particularly impressed by the fact that Grand Ayatollah Hossein Ali Montazeri publicly commented prior to the election in Iraq that “Iraqi clerics should not interfere in the country’s state matters. This is not their field of expertise and should be dealt with by experts.”<sup>5</sup> This kind of comment—explicitly criticizing the concept of clerical rule and therefore the present Iranian government—would have been unthinkable in Saddam Hussein’s Iraq. In today’s Iran it is risky, but reformists persevere, and ordinary Iranians speak their minds, even to foreign visitors. It is for that kind of courage and perseverance that Shirin Ebadi, an Iranian woman lawyer and human rights activist, was awarded the Nobel Peace Prize last fall. The West must keep its spotlight on Iran and encourage the true voices of reform struggling to be heard.

#### THE NUCLEAR ISSUE

Any analysis of Iran’s nuclear program usually starts with the accusation that a country so rich in oil and gas does not need nuclear power generation. In fact, the economic factors are not so clear. Iran is presently using some fifty percent of its entire oil production for its own internal energy demands. Those demands are certain to increase in the coming years as Iran’s population increases from about 70 million today to perhaps 105 million in 2050, accompanied by vastly expanded electrification of villages. By some calculations, Iran could be a net importer of petroleum within 20 years. For many years, Iran has been actively exploring a number of alternative energy sources, notably including an extensive array of hydroelectric dams, but also wind, solar and geothermal. Iran today is beginning to build modern and highly efficient gas power plants.

As we all recall, Iran began its nuclear development long before the Iranian revolution. I was personally present in 1977 when President Jimmy Carter agreed to sell the shah a U.S. nuclear reactor. The German company Siemens was already well along in its construction of a nuclear power plant at Bushehr in Iran when the revolution intervened in 1979, and then Saddam’s invasion in 1980 led to several bombing attacks on the mothballed facility during the course of the Iran-Iraq war. By all accounts, Ayatollah Khomeini opposed nuclear development, seeing it as one of the shah’s fixations on Western technology. But after Khomeini’s death in 1989, the Iranian government returned to the issue and began seeking companies that could complete the Bushehr plant. Because of U.S. opposition and pressure, Iran could find no takers except Russia, and a Russian-Iranian engineering crew resumed work on Bushehr in 1995.

The key point that needs to be made here, however, is not about economics. Iran is an ancient and extremely proud nation. The pressure from the United States and the West to prevent Iran from having access to virtually all aspects of nuclear technology was regarded as a direct blow to national pride. As a consequence, the nuclear issue is one of the few areas of national policy where the “two nations” rule does not apply. When it comes to Iran’s right to have peaceful nuclear technology, Iranians are almost entirely united, including all flavors of opinion within the country, and extending even to much of the opposition expatriate community in the United States and elsewhere. Virtually any government that one can imagine for Iran—from clerical to reformist to nationalist to monarchist—will insist on the right to pursue nuclear technology.

Both Iran and the United States are among the original signatories of the nuclear Non-Proliferation Treaty (NPT). As you will all recall, the NPT was based on a bargain between states with nuclear weapons and those without. In Articles I and VI, the nuclear “haves” promise that they will not provide nuclear weapons technology to other states and that they will pursue nuclear disarmament. In Articles II and IV, the nuclear “have nots” renounce the pursuit of nuclear weapons, accept safeguards, and are assured of access to peaceful nuclear technology. Iran has always invoked Article IV, which states that it shall be “the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination . . .” and that “All the Parties to the Treaty undertake to facilitate, and have the right to participate in, the fullest pos-

<sup>5</sup> Christian Oliver, “Iran cleric says Iraq clergy should avoid politics,” Reuters News, 20 January 2005

sible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy.”<sup>6</sup>

Mohammad el-Baradei, the head of the International Atomic Energy Agency (IAEA), which manages the safeguards associated with the NPT, has reported that Iran is in compliance with the Treaty, but that there are two specific problems with Iran’s declaration of its nuclear program. First, there is evidence of highly-enriched uranium on some equipment that was never declared. Iran says that this is a residue from its country of origin (probably the A.Q. Khan network of Pakistan), and there is some evidence to support this. Second, the IAEA is not satisfied that Iran has fully disclosed its work on development and use of the P2 centrifuge, also probably from Pakistan. That is still under investigation.

Pending the outcome of these investigations, Iran is in compliance with the NPT and is, according to the Treaty, guaranteed the right to develop a full nuclear fuel cycle, including enrichment and reprocessing—a point that Iranian representatives make at every opportunity. They point to the fact that many other countries have exactly the same capabilities that they are developing, some with discrepancies in their own past that are at least as bad as Iran’s, and they are tolerated with little dispute.

The fundamental issue, of course, is not one of legal niceties but rather of trust and confidence. But in our discussions of means of dealing with Iran’s program, we must at least be cognizant that our efforts to halt Iran’s nuclear development are, in effect, an effort to revise drastically the terms of the NPT without ever saying so. One of Iran’s most deeply felt grievances is that, during the Iran-Iraq war, when Saddam Hussein used massive poison gas attacks against Iran—contrary to well-established international conventions—the international community and the United States never raised an objection. Some believe that it was that experience that led Iran to first start its drive toward a nuclear program, convinced that Iran should never again rely on outside assurances for its own defense, but rather should create the capability of defending itself, including the nuclear infrastructure that would permit Iran to move independently to the development of a nuclear weapon if circumstances should require it.

I think there is widespread agreement that, knowing what we know today about how quickly a nation can move from peaceful nuclear development to weaponization, we would never have drafted the Treaty as we did. But even if that is accepted among many of the NPT signatory states, we should at least consider the potential repercussions of a possible total collapse of the NPT regime, which has many extremely useful functions, in our single-minded efforts to solve the Iranian dilemma. There is an NPT review conference coming up in May, and I suspect that this issue will be very much on the minds of many of the members who may be concerned about selective application of its provisions.

#### WHAT TO DO?

In considering how to deal with Iran on the nuclear issue, there may be some advantage in starting with the things that work in our favor. Despite all the bad news out of Iran, the reality is that Iran is a signatory of the NPT, it has signed (though not ratified) and permits implementation of the so-called Additional Protocols that permit more extensive inspection by the IAEA. There are inspectors in place as we speak, keeping tabs on the nuclear infrastructure that has been declared, and present to check out any convincing evidence of non-declared activities. Iran is engaged in negotiations with the three European powers on this issue, and has at least for now suspended its enrichment activities. Ayatollah Khamene’i, the most authoritative voice of the Islamic government and commander-in-chief of the armed forces has issued a formal fatwa or Islamic decree: “prohibiting the production, stockpiling and use of nuclear weapons.”<sup>7</sup>

None of these facts, of course, provide any guarantee that Iran will not use its nuclear production capacity to shift to development of a nuclear weapon. These facts are, however, quite unusual among states that in the past have decided to develop nuclear weapons. There was never anything of this nature from Israel, South Africa, India or Pakistan, for example. In effect, Iran has established a set of obstacles for itself that are not trivial. Perhaps this is just to mislead the world. If so, it is not working, and one must ask why they bother.

<sup>6</sup>Treaty On The Non-Proliferation Of Nuclear Weapons, signed July 1, 1968, entered into force March 5, 1970. Text available at <http://www.fas.org/nuke/control/npt/text/npt2.htm>

<sup>7</sup>Statement of Kamal Kharrazi, the foreign minister of Iran in conjunction with his appearance at the World Economic Forum in Davos, Switzerland, *Global Viewpoint*, February 14, 2005. Available at: [http://www.digitalnpq.org/global\\_services/global%20viewpoint/01-27-05kharrazi.html](http://www.digitalnpq.org/global_services/global%20viewpoint/01-27-05kharrazi.html)

Perhaps these undertakings reflect the reality that Iran wants to have an autonomous capability to move to a nuclear weapon if and when they conclude that their own security requires it. That may not be a reassuring thought, but it does suggest that there is still some time and some negotiating room that could be explored.

At the moment, the EU negotiations are essentially the only game in town, but it is unclear where those will lead. The crucial question is whether the EU can fulfill a genuine bargain from their side. Most observers believe that the EU negotiators can pencil in the terms of a potential deal, but perhaps a deal that will be only marginally acceptable to the United States, if that. It is less clear that they can close the deal.

In my own judgment, the outline of a realistic outcome to the negotiations would involve a combination of a contained, monitored enrichment program and economic and political integration of Iran with the West. The fear of losing the benefits of integration, together with intensive inspections and controls over fissile material, could inhibit the temptations of some in Iran to use the enrichment program to acquire nuclear weapons. That is not a bargain that is likely to be welcomed either by Iran or the United States, but it may be the least worst outcome.

Another interesting, if radical idea, was proposed by Graham Allison, in his new book *Nuclear Terrorism*. He contends that there should be an international agreement to end all enrichment and reprocessing, except perhaps under the tight control of some centralized and non-political authority. This would have the advantage of being universally applicable, not just applied to a specific set of nations for political reasons, and it would greatly reduce the chance that fissile materials would find their way into the hands of terrorists.

The President's statement that "We are working with European allies . . ." on the nuclear issue implies a measure of direct or indirect participation in the negotiating process that goes beyond what we have done to date. In order to get Iran to give up or severely limit part of its nuclear fuel cycle, as President Bush has specified in his State of the Union speech,<sup>8</sup> any workable agreement will have to include some positive benefits for Iran, such as a security guarantee, a regional security architecture in which Iran plays a significant role, approval of Iranian entry into the World Trade Organization, and/or potentially some conditional lifting of U.S. sanctions. If any of these, or perhaps other offers are put on the table, it will require the acquiescence of the United States to make it work.

Both the President and Secretary of State Rice have indicated that this is a problem that can be solved by diplomacy. But if it is to be solved in that manner, the United States will have to play a more direct role than in the past.

Let's look briefly at the options if negotiations fail. The United States has suggested an ultimatum to Iran to eliminate their enrichment and reprocessing or else face referral to the United Nations Security Council for possible sanctions. It is not clear that the United States can get enough votes in the IAEA to refer the matter to the Security Council, especially so long as Iran remains in compliance with the terms of the NPT. Neither is it certain that the votes can be mustered in the Security Council to impose sanctions on Iran, especially since China has a vested interest in its energy relationship with Iran, and Russia is Iran's primary provider of nuclear power equipment and fuel. The Security Council route is at best a lengthy and uncertain process.

The other option that has been widely discussed is a military attack. Its appeal is that it would almost certainly set back any Iranian plans for at least several years. The disadvantages are immense. We cannot be sure that we have complete knowledge of all locations where Iran might build a nuclear weapon—now or in the future. In order to make certain, it would require boots on the ground; and Iran, as many observers have noted, is a country almost three times the size of Iraq.

We could be fairly confident that in the event of an attack Iran would promptly withdraw from the NPT and that IAEA inspectors would have to leave. It is also likely that Iran, using its own scientific resources and its significant financial resources, would go underground and shed whatever reluctance it may have had about building a nuclear weapon. Again, to stop that process would at some point require intervention on the ground.

There is every reason to believe that Iran would retaliate. Exactly how is impossible to predict, but they would surely start with attempts to mobilize Shia partisans in Iraq to try to turn the Iraqi south into an extension of the insurgency in

<sup>8</sup>In his State of the Union speech on February 2, 2005, President Bush stated "We are working with European allies to make clear to the Iranian regime that it must give up its uranium enrichment program and any plutonium re-processing, and end its support for terror." To the best of my knowledge, this was the first time that the United States had publicly identified its demands in these terms.

the Sunni triangle. And to stop such an effort across the very long Iran-Iraq border would require intervention on the ground.

It is not difficult to imagine other types of actions that Iran might take, whether in the Gulf itself, in Afghanistan, in Palestine, in the Persian Gulf oil fields, or elsewhere. Iran cannot defeat the United States in a military contest, but Iran's size, relative wealth, indigenous military production capacity, contact with other Shia populations and organizations, long coast line on the Gulf, and large, highly nationalistic population give it a range of possible responses that probably could not be countered effectively without an invasion and military occupation.

The Iranian people today are remarkably pro-American, partly as a negative reaction to their distaste for their own government and its anti-American propaganda. In my view, that would end with the first bomb. It is worth recalling that when Saddam Hussein invaded Iran in 1980, he believed that the clerical regime would collapse at the first blow. In fact, Iran at that stage was in post-revolutionary chaos and the military was still oriented toward the shah, so that belief was not entirely implausible. But the Iranian people rallied around the clerical regime, not necessarily because they loved it but because they were Iranians first and revolutionaries second. In my view, Saddam Hussein may have saved the Iranian revolutionary regime by silencing the opposition, rallying the military, and forcing the clerical leadership to organize itself.

There is a very good chance that a U.S. military attack on Iran would be the one thing that would shut down the internal opposition and give the hard-line government the chance it wants to relinquish any pretext of democracy or concern for human rights. Despite all the efforts of the mullahs, Iran today has a vibrant civil society movement that is likely to make its influence felt in time—though perhaps more time than we would like. That movement and all that it represents in the way of internally-driven regime change, would almost certainly be the first casualty of an American attack.

I thank you for your patience, and I would welcome your questions and comments.

Chairman HYDE. Thank you, Professor. And now, Mr. Sokolski.

**STATEMENT OF MR. HENRY D. SOKOLSKI, EXECUTIVE DIRECTOR, THE NONPROLIFERATION POLICY EDUCATION CENTER**

Mr. SOKOLSKI. Mr. Chairman, Members of the Committee, I want to thank you for allowing me to appear before you today to examine how the United States should deal with the Iranian nuclear program. I come to this topic not as an Iranian expert. I have spent a fair amount of public and private money for the last 2 years to produce a report which you have copies of. But my first exposure to the Iranian issue came in 1990 when I began to fight to get people to recognize that a weapons program was underway in Iran when I worked in the Pentagon as the Deputy for Nonproliferation Policy.

I have a medal which I am a little ashamed of, because it was given to me for merely trying to get the U.S. Government to stop presuming to approve nuclear dual-use exports to Iran. I managed to get the Government to reverse that, which took about 2 years of my bureaucratic life in the Pentagon to do.

This then brings me to the topic. In addressing the question of Iran's nuclear weapons program, most policy planners have focused on the extreme actions Iran might take against us or our friends after it acquires nuclear weapons. I think emphasizing severe contingencies like this, though, rarely fosters sound policy. It more often blinds us to what is required to deal with much more probable and worrisome scenarios.

Iran might give its nuclear capabilities to terrorists or strike Israel or even the United States. But these are not threats that Iranian officials currently are making loudly or repeatedly and with good cause. If they dared to take any of these steps, the risk

to them, their continued rule, and their people could easily be as great as they might ever be to us or our friends, and they know that.

More important, in focusing on these extreme scenarios, U.S. policy planners have been drawn to acute options such as bombing, invasion and various forms of appeasement that ultimately are only likely to make realization of the worst of what Iran might conceivably do with its nuclear capabilities more probable.

Sadly, the debate over these extreme options has distracted us from dealing with the more probable threats presented by what is already a nuclear-ready Iran. These threats deserve our attention because the lower risk they pose for Iran make them more likely that Iran will actually act on them, as it becomes ever more nuclear-ready, and also because we and our friends actually could neutralize most of these threats if we chose to.

Finally, hedging against these more probable dangers would significantly reduce the military and political advantages Iran might otherwise realize if it actually, overtly acquired nuclear weapons.

So what are these more probable threats? The first are actions Iran has already taken or threatened to take against the United States or its friends. These threats are hardly hypothetical. We know about them actually having been acted on and/or Iran having repeatedly and explicitly threatened to do them. They include mining international waterways; threatening closure of the Straits of Hormuz; supporting and planning terrorist action against Israel, Lebanon, Iraq, Saudi Arabia, United States forces in the Gulf, and targets even within the United States; demanding chairmanship of OPEC to manipulate the price of oil; extorting neighbors and other energy customers to invest in Iran on terms acceptable to Tehran.

As explained in my center's report, "Getting Ready for a Nuclear-Ready Iran," all of these possible threats can be mitigated significantly through a variety of measures. They include addressing oil and gas production and transportation vulnerabilities in the Gulf while the price of oil is sky high, and there is spare cash to do these fixes. These include completing several pipelines that would make it possible to send much more oil from Gulf States without going through the Gulf itself but to ports outside of the Gulf. It includes hardening oil facilities against attacks.

Also, we need diplomatically to try to best Iran in possible talks over freedom of passage through the Gulf: Encouraging Israel to take the lead in establishing a new, higher standard for regional denuclearization; and promoting tighter border and export controls and key forms of defense cooperation with our friends in the Gulf region.

I will not focus on those proposals in today's testimony. Instead, I would like to focus on a second category of dangers which I know more about. They relate to nuclear proliferation, more generally. Iran has repeatedly threatened to withdraw from the Nuclear Non-Proliferation Treaty if it fails to get what it wants from the European Union or the IAEA. If it were to withdraw and, like North Korea, not be held accountable for its previous violation of its NPT obligations, a legal precedent would be set that other would-be bomb makers would be sorely tempted to follow.

Iran is also insisting—and this is something I hope we can get into in Q and A—that it has a right under the NPT to make nuclear fuel and thereby come within days of having all it needs to make nuclear weapons. So far, the only rejoinder from the U.S. Government has been to argue that if a country violates the NPT's prohibition on acquiring nuclear weapons, or its nuclear safeguard obligations, it forfeits the right to peaceful nuclear energy.

Unfortunately, as we know, too few other nations yet believe Iran has violated the NPT. More important, there is nothing to prevent other would-be bomb makers from openly conducting their nuclear activities rather than trying to hide them as Iran illicitly did. In this case, under the current popular view of the NPT, these states will be viewed as being able to produce the very nuclear bomb usable fuels Iran is trying to make and they would be viewed as being compliant with the treaty.

Let me emphasize, I think that this is wrong-headed and a mistaken view of the treaty. It certainly is not a world anyone should welcome. Up until North Korea's announcement last week, the world had no more than about seven declared nuclear weapon states. You will notice in the testimony there is a chart that suggests that right now matters are not that bad. It is not great, but currently the world is pretty stable. And it is manageable, I think, compared to where we are headed if we do not change course. That is the second picture, this one here. You do not want to go there. That is real trouble. That is what I call the "Nuclear 1914 Chart." That is what prompted the establishment of the Nuclear Non-Proliferation Treaty back in 1958. They were worried about this. We need to start worrying about this, as well, and the reason why is, this would be even worse than Iran getting nuclear weapons. What then must we do to prevent going to that future proliferated world? Three things.

First, we need to penalize states that violate the NPT and then try to withdraw. My center took a leadership role in convincing the French Government to back this view. Now the French Government has taken this position. Now we need to back the French Government. It sounds odd, but I think they are right.

Two years ago, the IAEA reported to Pyongyang that it was in noncompliance, and they reported this to the United Nations Security Council. Whether North Korea rejoins the six-party talks or not, the United States should work with others to take action on that report. It has been sitting there for 2 years. Anything less will only tempt Tehran and other would-be bomb makers to follow Pyongyang's example. As I mentioned, France and even the IAEA Director General have already gone on record in support of taking this sort of action. I think we need to start working vigorously with them, and I would not think that you would find yourself in trouble if you went toward this in a country-neutral way.

Two, ascertain what nuclear technology U.S. officials believe is peaceful and under what conditions. The current U.S. position regarding what nuclear activities are peaceful and permitted under the NPT is, at best, vague. At worst, this view is identical to Iran's. This is producing contentious internal debates within the State Department. I think Congress, both Houses—the Senate and obvi-

ously the House—should seek clarification of this matter through hearings.

The NPT and its negotiating history clearly do not support any per se rule regarding access to all that is needed to make nuclear weapons as Iran claims. The United States and its partners, however, can hardly counter Tehran's claims if they are not clear on this point themselves.

Finally, and more generally, we need to develop a 10- to 15-year strategy to counter what a nuclear-ready Iran is most likely to try to do. I would like to remind everyone that it was not until Mordecai Vanunu revealed photos of Israeli nuclear weapons some 15 years after Israel deployed its first nuclear bomb that the world was finally convinced of Israel's weapon status.

It has taken nearly as long to persuade the world that North Korea is nuclear armed. And I understand that the South Korean Unification Minister is still not convinced.

With hard work and any luck, we may have this much time or more to keep Iran from making its nuclear weapon status known. Tehran clearly does not yet have nuclear weapons. We must make sure that we do all that we can to eliminate whatever advantages Iran might gain from acquiring them and hope, in the meanwhile, that the regime will change to one that is far less hostile.

This means working backwards, not from the worst of what Iran might do, but rather from what harmful action it has already done or has clearly threatened to do. In this regard, my center's own report and its recommendations are a start. I am certain the Executive Branch can produce much better. Congress should demand no less. Thank you very much.

[The prepared statement of Mr. Sokolski follows:]

PREPARED STATEMENT OF MR. HENRY D. SOKOLSKI, EXECUTIVE DIRECTOR, THE  
NONPROLIFERATION POLICY EDUCATION CENTER

#### OVERVIEW

When it comes to Iran's nuclear program, most U.S. and allied officials are in one or another state of denial. All insist it is critical to prevent Tehran from acquiring nuclear weapons. Yet, few understand just how late it is to attempt this. Iran is now no more than 12 to 48 months from acquiring a nuclear bomb, lacks for nothing technologically or materially to produce it, and seems dead set on securing an option to do so. As for the most popular policy options—to bomb or bribe Iran—too few analysts and officials are willing to admit publicly how self-defeating these courses of action might be.

This report, based on commissioned research and two year's worth of meetings with the nation's leading experts on Iran, the Middle East, and nuclear proliferation, is intended to highlight sounder policy options. It makes seven recommendations designed to reduce the potential harm Iran might otherwise do or encourage once it gained nuclear weapons or the ability to have them in a matter of days. The report reflects analysis done at a series of competitive strategies workshops that focused on the next two decades of likely competition between America and Iran and what comparative strengths the U.S. and its allies might use to leverage Iranian behavior (for background, see *Checking Iran's Nuclear Ambitions* (Carlisle, PA: U.S. Army War College, 2004) at <http://www.npec-web.org/pages/checkiran.htm>).

These workshops identified three threats that are likely to increase following Iran's acquisition of a nuclear weapons option:

- *Even More Nuclear Proliferation.* Iran's continued insistence that it acquired its nuclear capabilities legally under the Nuclear Nonproliferation Treaty (NPT) would, if unchallenged, encourage its neighbors (including Iraq, Saudi Arabia, Egypt, Syria, Turkey, and Algeria) to develop nuclear options of their own by emulating Iran's example, by overtly declaring possession (in Israel's case) or by importing nuclear weapons (in Saudi Arabia's case). Such an-

nouncements and efforts, in turn, would likely undermine nuclear non-proliferation restraints internationally and strain American relations with most of its key friends in the Middle East.

- *Dramatically Higher Oil Prices.* A nuclear-ready Iran could be emboldened to manipulate oil prices upward. It might attempt this either by threatening the freedom of the seas (by mining oil transit points as it did in the 1980s or by threatening to close the Straits of Hormuz) or by using terrorist proxies to threaten the destruction of Saudi and other Gulf state oil facilities and pipelines.
- *Increased Terrorism Geared to Diminish U.S. Influence.* With a nuclear weapons option acting as a deterrent to U.S. allied action against it, Iran would likely lend greater support to terrorists operating against Israel, Iraq, Libya, Saudi Arabia, Europe and the U.S. The aim of such support would be to reduce American support for U.S. involvement in the Middle East, for Israel, and for actions against Iran generally and to elevate Iran as an equal to the U.S. and its allies on all matters relating to the Persian Gulf and related regions. An additional aim of the terrorism that Iran would support would be to keep other nations from supporting U.S. policies and the continued U.S. military presence in the Middle East.

All of these threats are serious. If realized, they would undermine U.S. and allied efforts to foster moderate rule in much of the Middle East and set into play a series of international competitions that could ultimately result in major wars. Most U.S. and allied policy makers understand this and are now preoccupied with trying to prevent Iran from ever acquiring a nuclear weapons option. As Iran gets closer to securing this option, though, two questionable courses of action—bombing or bribing Iran—have become increasingly popular. Neither, however, is likely to succeed and could easily make matters worse.

Certainly, targeting Iran's nuclear facilities risks leaving other covert facilities and Iran's nuclear cadre of technicians untouched. More important, any overt military attack would give Tehran a casus belli either to withdraw from the Nuclear Nonproliferation Treaty (NPT) or to rally Islamic Jihadists to wage war against the U.S. and its allies more directly. Whatever might be gained in technically delaying Iran's completion of having a bomb option, then, would have to be weighed against what might be lost in Washington's long-term effort to encourage more moderate Islamic rule in Iran and the Middle East; to synchronize allied policies against nuclear proliferation; and to deflate Iran's rhetorical demonstrations against U.S. and allied hostility. Meanwhile, merely bluffing an attack against Iran—sometimes urged as a way around these difficulties—would only aggravate matters: The bluff would eventually be exposed and so only embolden Iran and weaken U.S. and allied credibility further.

As for negotiating directly with Tehran to limit its declared nuclear program—an approach preferred by most of America's European allies—this too seems self-defeating. First, any deal the Iranian regime would agree to would only validate that the NPT legally allows its members to acquire all the capabilities Iran mastered. Second, it would foster the view internationally that the only risk in violating required NPT inspections would be to be caught and then bribed to limit only those activities the inspectors managed to discover.

Considering these shortcomings, the working group decided that rather than trying merely to eliminate Iran's ability to develop a nuclear option (something that may no longer be possible), it also would be useful to devise ways to curb the harmful things Iran might do or encourage once it secured such an option. This approach produced seven recommendations that the workshop participants believed were not currently receiving sufficient attention. These steps, they argued, would increase the credibility of current efforts to prevent Iran from going nuclear and needed to be pursued, in any case, if prevention failed. These recommendations include:

1. *Discrediting the legitimacy of Iran's nuclear program as a model for other proliferators through a series of follow-on meetings to the 2005 NPT Review Conference to clarify what activities qualify as being "peaceful" under the NPT.*
2. *Increasing the costs for Iran and its neighbors to leave or infringe the NPT by establishing country-neutral rules against violators withdrawing from the treaty and against NPT violators more generally.*
3. *Securing Russian cooperation in these efforts by offering Moscow a lucrative U.S. nuclear cooperative agreement.*
4. *Reducing Persian Gulf oil and gas production and distribution system vulnerabilities to possible terrorist disruptions by building additional back-up capabilities in Saudi Arabia.*

5. *Limiting Iran's freedom to threaten oil and gas shipping by proposing a Montreux-like convention to demilitarize the Straits of Hormuz and an agreement to limit possible incidents at sea.*

6. *Isolating Iran as a regional producer of fissile materials by encouraging Israel to take the first steps to freeze and dismantle such capabilities.*

7. *Backing these diplomatic-economic initiatives with increased U.S.-allied anti-terrorist, defense, naval border security, and nuclear nonproliferation cooperation.*

Would taking these steps eliminate the Iranian nuclear threat? No. Given Iran's extensive nuclear know-how and capabilities, it is unlikely that the U.S. or its allies can deny Iran the technical ability to covertly make nuclear weapons. Yet, assuming adoption of the steps described, it would be far riskier diplomatically, economically, and militarily for Iran to acquire nuclear weapons than is currently the case. More important, taking these steps would leverage the comparative strengths of the U.S. and its friends in a manner that would undermine Iran's efforts to divide the U.S. from its allies and to deter them from acting against Iranian misbehavior. It would not only discourage Iran's neighbors from following Iran's nuclear example, but force a needed reconsideration of what nuclear activities ought to be protected under the NPT (including those Iran has used to justify completing own nuclear breakout capabilities). Finally, it would map a non-nuclear future for the Middle East that might be eventually realized (assuming a change of heart by Iran and others) through verifiable deeds rather than on precise intelligence (which is all too elusive).

#### BACKGROUND

When U.S. and allied officials speak of Iran's nuclear weapons program, imperatives are used freely: Iran, we are told, *must* not be allowed to acquire nuclear weapons; the U.S. and its allies *cannot tolerate* Iran going nuclear; a nuclear-armed Tehran is *unthinkable*.

Yet, the truth is that Iran soon can and will get a bomb option. All Iranian engineers need is a bit more time—one to four years at most. No other major gaps remain: Iran has the requisite equipment to make the weapons fuel, the know-how to assemble the bombs; and the missile and naval systems necessary to deliver them beyond its borders. As noted in the working group's earlier report (see *Checking Iran's Nuclear Ambitions*) no scheme, including "just in time" delivery fresh fuel and removal of spent fuel from Bushier, will provide much protection against Iran diverting its peaceful nuclear program to compliment its covert efforts to make bombs.<sup>1</sup>

As for eliminating Iran's nuclear capabilities militarily, the U.S. and Israel lack sufficient targeting intelligence to do this. In fact, Iran has long had considerable success in concealing its nuclear activities from U.S. intelligence analysts and International Atomic Energy Agency (IAEA) inspectors (the latter recently warned against assuming the IAEA could find all of Iran's illicit uranium enrichment activities). As it is, Iran could have already hidden all it needs to reconstitute a bomb program assuming its known declared nuclear plants were hit.

Compounding these difficulties is what Iran might do in response to such an attack. After being struck, Tehran could declare that it must acquire nuclear weapons as a matter of self-defense, withdraw from the NPT, and accelerate its nuclear endeavors. This would increase pressure on Israel (who has long insisted that it will not be "second" in possessing nuclear arms in the Middle East) to confirm its possession of nuclear weapons publicly and, thus set off a chain of possible nuclear policy reactions in Cairo, Damascus, Riyadh, Algiers, and Ankara.

On the other hand, Iran could continue to pretend to comply with the NPT, which could produce equally disastrous results. After being attacked, Iran might appeal to the IAEA, the Arab League, the Non-Aligned Movement, the European Union, and the United Nations to make Iran's nuclear program whole again and, again, use this "peaceful" program to energize and serve as a cover for its covert nuclear weapon activities. This would again put the entire neighborhood on edge, debase the NPT, and set a clear example for all of Iran's neighbors to follow on how to get a weapons option. In addition, as more of Iran's neighbors secured their own nuclear options, Washington's influence over its friends in the region (e.g., Egypt and Saudi Arabia) would likely decline, as well as Washington's ability to protect NATO and non-NATO allies in the region (e.g., Israel and Turkey).

<sup>1</sup>For a discussion of how best to reduce the risks associated with power reactors see NPEC's detailed technical analysis Gilinsky et al., *A Fresh Examination of the Proliferation Dangers of Light Water Reactors*, at <http://www.npec-web.org/projects/NPECLWRREPORTFINALIII10-22-2004.pdf>,

In addition, Iran might respond to an overt military attack by striking back covertly against the U.S., Saudi Arabia, Iraq, or Israel through the support of non-Iranian terrorist organizations.

The ramifications of any of these responses are difficult to minimize.

Finally, Iran could take any and all of these actions *without* actually ever testing, sharing, or deploying, nuclear weapons. Certainly, as long as most nations buy Tehran's argument that the NPT's guarantee to "peaceful" nuclear energy gives it and all other members the right to develop everything needed to come within a screwdriver's turn of a nuclear arsenal, Iran will be best served by getting to this point and going no further. Indeed, by showing such restraint, Iran's mullahs could avoid domestic and international controversies that might otherwise undermine their political standing, along with possible additional economic sanctions, and the additional costs of fielding a survivable nuclear force. Meanwhile, as long as Iran could acquire nuclear weapons quickly, Tehran could intimidate others as effectively as if it already had such systems deployed.

None of this, of course, argues for reducing pressures on Iran to curb its nuclear activities. The U.S. and its allies should continue to do all they can to head Iran off including efforts to throttle Iran's "civilian" program. Indeed, if all Washington and its allies do is pressure Iran not to openly acquire nuclear arms, without pressuring Iran to give up its "civilian" nuclear efforts, Iran will easily best them by using these civilian facilities to develop a quick nuclear breakout capability, claiming its entire nuclear program is legal under the NPT, and wielding it diplomatically much as it would if it actually had nuclear weapons.

What should we expect when, in the next 12 to 48 months, Iran secures such a breakout option? If the U.S. and its allies do no more than they have already, two things.

First, many of its neighbors will do their best to follow Iran's "peaceful" example. Egypt, Algeria, Syria, and Saudi Arabia will all claim that they too need to pursue nuclear research and development to the point of having nuclear weapons options and, as a further slap in Washington's face (and Tel Aviv's), will point to Iran's "peaceful" nuclear program and Israel's undeclared nuclear weapons arsenal to help justify their own "civil" nuclear activities. Second, an ever more nuclear-ready Iran will try to lead the revolutionary Islamic vanguard throughout the Islamic world by becoming the main support for terrorist organizations aimed against the U.S. and Washington's key regional ally, Israel; America's key energy source, Saudi Arabia; and Washington's prospective democratic ally, Iraq.

Early in 2004, senior Saudi officials announced they were studying the possibility of acquiring or "leasing" nuclear weapons from China or Pakistan (this would be legal under the NPT so long as the weapons were kept under Chinese or Pakistani "control"). Egypt earlier announced its plans to develop a large nuclear desalination plant and is reported recently to have received sensitive nuclear technology from Libya. Syria, meanwhile, is now interested in uranium enrichment. Some intelligence sources believe Damascus may already be experimenting with centrifuges. And Algeria is in the midst of upgrading its second large research reactor facility, which is still ringed with air defense units.

If these states continue to pursue their nuclear dreams (spurred on by Iran's example), could Iraq, which still has a considerable number of nuclear scientists and engineers, be expected to stand idly by? And what of Turkey, whose private sector was recently revealed to have been part of the A.Q. Khan network? Will nuclear agitation to its south and its repeated rejection from the European Union cause Turkey to reconsider its non-nuclear status? Most of these nations are now friends of the United States. Efforts on their part to acquire a bomb under the guise of developing "peaceful" nuclear energy (with Latin American, Asian, European, Russian or Chinese help), though, will only serve to strain their relations with Washington.

With such regional nuclear enthusiasms will come increased diplomatic pressure on Israel, an undeclared nuclear weapons state and America's closest Middle East ally. In July of 2004, the IAEA's Director General and the major states within the Middle East urged Israel to give up its nuclear arms in proposed regional arms control negotiations. Israel's understandable reluctance to be dragged into such talks or to admit to having nuclear arms now will not end these pressures. If Israel has a secret nuclear arsenal, Arabs argue, why not balance it with an Iranian, Saudi, Egyptian, or other covert nuclear weapons programs? How fair is it for the U.S. and Europe to demand that Middle Eastern Muslim states restrain their own "peaceful" nuclear ambitions if Israel itself already has the bomb and is publicly arguing that it will not be "second" to introduce nuclear weapons into the region? Wouldn't it make more sense to force Israel to admit it has nuclear weapons and then to demand that it give them up in a regional arms control negotiations effort (even though once Israel admits it has weapons, many of its Muslim neighbors, who still

don't recognize Israel, are only likely to then use Israel's admission to justify getting nuclear weapons themselves)?

This then brings us to the second likely result of Iran becoming ever more nuclear-ready: A more confident Iran, more willing to sponsor terrorist organizations especially those opposed to Israel and the current government in Iraq. With Hamas in decline, Iran has already been seen to be increasing its support to groups like Hezbollah in Iraq, Israel and Lebanon who want to liberate their lands from American and Israeli "occupation". Increasing this aid certainly would help Iran take the lead in the Islamic crusade to rid the region of Zionist—American forces and thereby become worthy of tribute and consideration by other Islamic states. Also, bolstering such terrorist activity would help Tehran deter Israel and the U.S. from striking it militarily.

Beyond this, Iran is likely to increase its assistance to groups willing to risk striking the U.S. News reports in August of 2004 claimed that Iranian diplomats assigned to UN headquarters in New York were to survey 29 American targets to help terrorist organizations interested in hitting the U.S. The aim here appears to be, again, to deter the U.S. from hitting Iran and to divide U.S. opinion about the merits of backing Israel and any other anti-Iranian measure or group.

A nuclear-ready Iran is also likely step up its terrorist activities against Iraq, Libya, and Saudi Arabia. Iran already is reported to have several thousand intelligence agents operating in Shia regions of Iraq and is actively contributing to community associations there. Meanwhile, there are nearly a dozen terrorist organizations operating within Iraq now employing Hezbollah in their groups' names. As in the case of earlier Iranian penetration of Lebanon, these efforts will enable Iran to scout, recruit, and control terrorist operatives. The aim here will be to pressure the U.S. and its allies to remove their military forces from Iraq and, thereby allow a government more sympathetic to Iran to emerge in Iraq.

As for Libya, Iran's Mullahs are concerned about how much Qaddafi might tell the U.S. and the IAEA about what illicit nuclear technology Iran might have gained from Libya, Pakistan and others. Recent, unconfirmed reports indicate Iran has been arming the Libyan Combat Islamic Group—an organization Qaddafi expelled from Libya in the late 1990s and that the U.S. expelled from Afghanistan in 2001—at camps in southern Iran. If true, these reports suggest how Iran might try to leverage Qaddafi's behavior.

Iran also has a history of supporting terrorist activity in Saudi Arabia. Although only roughly 10 percent of Saudi Arabia's population is Shia, this sect constitutes an overwhelming majority of the population living in Saudi Arabia's key northern oil-producing region. Any terrorist action anywhere in Saudi Arabia, though, tends to raise questions about the general viability of the Saudi regime and the security of the world's largest oil reserves. Historically, after a major terrorist attack in Saudi Arabia, markets worry, the price of oil increases, and Iran's own oil revenues, in turn, surge upward. The reason why is simple: Saudi Arabia has the world's largest reserve oil production capacity (roughly 7 million barrels a day). Damage Saudi Arabia's ability to ramp up production or to export what it can produce (or merely raise doubts about the current Saudi government's continued ability to protect these capabilities) and you effectively cripple the world's capacity to meet increased demand for oil internationally. Terrorism in Saudi Arabia, in short, provides Iran with a quick, effective way to manipulate international oil prices. This cannot help but garner Iran greater leverage in getting OPEC to support its long-ignored calls to increase oil prices. It also will help Iran garner increased European and Asian regard for its calls for more financial support, investment, and high technology. Iranian progress on these fronts, are likely to be fortified by Tehran's offers of oil rights to European states, Russia, and China. This, in turn, will help keep the current regime in power longer (since it thrives on corruption and central planning, both of which require ever larger amounts of cash), will further reduce U.S. influence in the region, and make action in the UN Security Council against Tehran far less likely.

Yet, another way Iran could drive up oil prices is by threatening free passage of oil through the Straits of Hormuz or by engaging in naval mining in the Gulf (by its surface fleet of fast boats or with its smaller submarines) and other key locations (as it did in the late 1980s). Iran has already deployed anti-shiping missiles at Qeshm, Abu Musa Island and on Sirri Island, all of which are in range of shipping through the Strait. It has also occupied and fortified three islands inside the shipping lanes of the Strait of Hormuz—Abu Musa, The Greater Tunbs and the Lesser Tunbs. Given that one-fifth of the world's entire oil demand flows through the Straits (as well as roughly a quarter of America's supply of oil) and no other nation that has fortified its shores near Hormuz, an Iranian threat to disrupt commerce there would have to be taken seriously by commercial concerns (e.g., insurers and commodity markets) and other nations.

## RECOMMENDATIONS

What are the chances of Iran of credibly making these threats? If the U.S. and its friends do little more than they already have, the odds are high enough to be worrisome.

What more should the U.S. and its friends do? Ultimately, nothing less than creating moderate self-government in Iraq, Iran, and other states in the region will bring lasting peace and nonproliferation. This, however, will take time. Meanwhile, the U.S. and its friends must do much more than they are currently to frustrate Iran's efforts to divide the U.S., Israel, and Europe from one another and from other friends in the Middle East and Asia and to defeat Tehran's efforts to use its nuclear capabilities to deter others from taking firm action against Iranian misbehavior.

This is a tall order, one that will require new efforts to:

- Significantly increase the diplomatic costs of Iran ever deploying nuclear weapons or of any of its neighbors following Iran's model of "peaceful" nuclear activity by getting the international community to insist on a tougher view of the NPT;
- Make Russia, Iran's key nuclear partner, a willing backer of U.S. and European efforts to restrain Iran's nuclear ambitions and of nuclear restraint in the Middle East more generally.
- Reduce the vulnerability of Middle Eastern oil and gas production and distribution systems to Iranian-backed terrorist attacks that could significantly increase energy prices.
- Force Iran into choosing between backing free passage of energy commerce in and out of the Gulf or becoming an outlaw in the eyes not just of the U.S., but of Europe and Asia.
- Strengthen U.S. and allied support of Israel by cooperating on a positive Middle Eastern nuclear restraint agenda that Tel Aviv could pace by deeds (rather than negotiation) and highlight the problem of large nuclear facilities located in Iran and the Middle East more generally.

How might these goals be achieved? First, by exploiting or leveraging:

- The desire of all nations to produce some result from the upcoming NPT Review Conference in May of 2005 to strengthen the NPT and increase its influence.
- French proposals to the European Union and the NPT Review Preparatory Committee to make withdrawal from the NPT difficult and European Union sanctions likely for any nation that the IAEA cannot find to be in full compliance with the NPT.
- Russia's long-standing interest in securing a nuclear cooperative agreement with the U.S. to secure Russia's backing to strengthen nuclear restraints internationally.
- Oil producers' anxieties to increase the security of Saudi oil production and distribution systems to possible terrorist attacks.
- Tehran's desire to secure multinational guarantees to enhance Iran's security and increase its access to critical European high technology imports.
- Israel's clear regional lead in advanced nuclear capabilities.
- Europe's desire to play an active role in promoting nuclear nonproliferation in the Middle East.

In specific, these levers could be pulled by taking the following steps:

1. *Clarify what is peaceful under the NPT.* The U.S. and other like-minded nations should use the occasion of the NPT review conference in May of 2005 to convene a series of follow-on meetings dedicated to reevaluating under what circumstances what forms of nuclear power should be considered to be "peaceful" and, thus, protected by the NPT. These meetings should take into account the latest information regarding the spread of covert centrifuge and reprocessing technology, bomb design, and the availability of separated plutonium and highly enriched uranium. In addition, they should raise the questions of what nuclear materials and activities can be safeguarded in a manner that will detect potential violations early enough to achieve the IAEA's and the NPT's goal of "preventing diversion of nuclear energy from peaceful uses to nuclear weapons or other nuclear explosive devices." This set of international gatherings, which should meet periodically in anticipation of the next NPT review conference in 2010, should also evaluate how increased use of free market com-

petitions and private financing could help identify uneconomic, suspect nuclear activities. These meetings could be held under IAEA or UNSC auspices. If this proves to be impractical, though, the U.S. and other like-minded nations should proceed on their own (much as the Proliferation Security Initiative was promoted) to hold these meetings with as many like-minded nuclear power and large nuclear research reactor-capable nations as possible.

2. *Establish country-neutral rules for NPT violators.* The US and its allies should build on France's recent proposals that the UNSC adopt set of a country-neutral rules for dealing with NPT violators, such as Iran and North Korea, which would stipulate that:
  - a. countries that reject inspections and withdraw from the NPT without first addressing their previous violations must surrender and dismantle their large nuclear capabilities (i.e., large research and power reactors and bulk handling facilities) to come back into compliance. Until the UNSC unanimously agrees to drop this ban, violators would lose the right to acquire nuclear technology under the NPT (a ban against exporting such help to these nations would be imposed), and international financial institutional support for major projects within their borders would be suspended.
  - b. countries that violate their safeguards obligations under the NPT and that the IAEA cannot find to be in full compliance should no longer receive nuclear assistance or exports from any other country until the IAEA Board of Governors is able to unanimously give them a clean bill of health.
  - c. countries that build new, large nuclear fuel-related facilities that cannot be justified economically and monitored in a manner that can assure timely warning of diversion of enough nuclear material to make a bomb, should not receive nuclear assistance or exports from another country until the IAEA Board of Governors is able to unanimously agree that the project in question is economically imperative or capable of being safeguarded to provide timely warning of potential diversions.

The idea in passing these resolutions would be to make it clear to both Iran and its neighbors that violating the NPT as Iran or North Korea will have consequences for their nuclear programs and for continued international financial institution support. Diplomatically, this will help the U.S. and its allies identify and treat Iran and North Korea in a country-neutral manner, not as an equal in negotiations, but as legally branded violators of the NPT.

In addition, the U.S. should encourage the European Union, and short of this, the governments of Italy, Germany, and France to threaten to sanction Iran's nuclear misbehavior by holding up their exports of machinery and materials to Iran, which make up a vast majority of all the imports Iran takes in. The continued flow of these exports is critical to the maintenance of Iran's economy.

3. *Offer Russia a U.S. nuclear cooperative agreement.* To help secure the support for these resolutions from Russia, the U.S. should offer Moscow a nuclear cooperative deal that Moscow has long sought. This deal would allow Russia to store U.S. origin spent fuel from Asia and Europe and pocket 10 to 20 billion dollars in revenues from this business. For nearly a decade progress on this deal has been stymied in the U.S. because of Russian unwillingness to drop its nuclear cooperation with Iran. Russia, meanwhile, insists that its cooperation with Iran is peaceful. Moscow has made it clear, however, that it would suspend its nuclear cooperation with Tehran if asked to do so by a resolution of the IAEA or the UNSC. If the country-neutral rules described above were passed, Russia would not have to announce that it was permanently dropping nuclear cooperation on Busheir, only that it was temporarily suspending nuclear cooperation with Iran as required by the resolution. Any resumption of Russian-Iranian nuclear cooperation that violated the resolution, however, would jeopardize continued U.S. consent to send additional U.S.-origin spent fuel, which should continue to require case-by-case approval by Washington (as is normally the case) under any nuclear cooperative agreement the U.S. strikes with Russia.
4. *Reduce the vulnerability of Saudi oil production and distribution system by building additional capacity.* In a study conducted for NPEC by energy researchers at Rice University, two key vulnerabilities in the Gulf oil production and distribution system in Saudi Arabia were identified. The first is an Iranian threat to close the Straits. Such a threat, Rice analysts argue, could be signifi-

cantly reduced by upgrading and complimenting the trans-Saudi Arabian Petroline which would allow 11 million barrels a day to be shipped to ports on the Red Sea. This could be done with technical upgrades to the trans-Saudi Arabian line and by bringing the Iraqi-Saudi pipeline (Ipsa-2) back on line. To do the later would require an agreement with Baghdad. The cost of the entire project is estimated to be \$600 million. Assuming the worse—a complete closure of the Straits of Hormuz—this bypass system is estimated to be capable of reducing the economic impact to the U.S. to a loss of only 1 percent of gross domestic product. This figure could be reduced even further if additional pipelines were built from Abu Dhabi to ports in Oman. There are a number of ways in which these projects could be financed. Given the high price of oil and the large revenue streams high prices are now generating, the best time to finance such construction is now. The second vulnerability, Rice researchers identified is the major oil processing facilities located at Abqaiq. If terrorists were to attack these facilities, the loss could be as high as several millions of barrels a day of production. Work needs to be done to detail how best to reduce this vulnerability but, again, the time to address these concerns (and finance their fixes) is now, when oil prices are high. In the longer run, of course, the steady rise in energy prices are likely to produce both increased conservation and new alternative sources of energy that will reduce U.S. and allied reliance on Gulf oil and gas.

5. *Call on Iran to agree to a Montreux Convention to demilitarize the Straits of Hormuz and an agreement to limit possible incidents at sea.* One of the constant complaints of Iranian diplomats is that the U.S. and other major powers are unwilling to negotiate directly with Iran to guarantee its security. Certainly, the U.S. is loath to directly negotiate with Iran's representatives for fear that this would give its current revolutionary government greater support than it otherwise would have. More important, after having been disappointed so many times, Washington officials are rightly skeptical that Tehran is serious about reaching substantive agreements. The Council on Foreign Relations recently highlighted this problem in a report on Iran, which eschewed attempting any grand bargaining with Tehran. Several of America's key European allies and other influential interest groups, however, are inclined to negotiate, if at all possible, incrementally. This suggests that the pressure for talks will persist and that, in some fashion, they will continue. Where should such negotiations be focused? One sensible area, which unlike nuclear and human rights matters (where it is in Iran's interest to hide its hand or lie and where negotiating with Iran would only lend greater legitimacy to the current regime's bad policies), is demilitarizing and guaranteeing free passage through the Straits of Hormuz and agreeing to naval standards of behavior in and around the Gulf. Securing a Montreux-like agreement of the sort in place for the Dardanelles for the Straits and an incidents at sea agreement like that the U.S. secured during the Cold War with the Soviets would be in Iran's interest. An agreement regarding Hormuz could assure multi-power guarantees to prevent any foreign nation from closing the straits (through which nearly all of Iran's own oil exports flow). It would require submarines—including U.S., Israeli, French and British special forces vessels—to surface before entering or exiting the Straits. It would ultimately (after initial sounding talks with key European nations) entail negotiations with the U.S. On the other hand, such an agreement would also be in the interest of the U.S. and its allies. It would require Iran to demilitarize all of the islands and coast it has fortified near or adjacent to the Straits with artillery and anti-shipping missiles. It would give additional international legal grounds for military action against Iran if it should threaten to close the Straits (by moving Iranian military systems beyond an agreed demilitarized zone, the agreement would help give timely warning of Iranian efforts to cheat and allow superior allied air and reconnaissance capabilities a clear shot at identifiable ground or sea movements). Finally, it would serve as a confined, limited set of talks the progress of which could be used as a barometer of Iranian seriousness in negotiations generally. Similar benefits could be secured with an incidents at sea like agreement with Iran that might include provisions to restrict any nation's ability to covertly mine key waterways in or near the Gulf.
6. *Encourage Israel to initiate a Middle East nuclear restraint effort that would help isolate Iran as a regional producer of fissile materials.* Israel should announce that it will unilaterally mothball (but not yet dismantle) Dimona, and place the reactor's mothballing under IAEA monitoring. At the same time, Israel should announce that it will dismantle Dimona and place the special nu-

clear material it has produced in “escrow” in Israel with a third trusted declared nuclear state, e.g., the U.S. It should make clear, however, that Israel will only take this additional step when at least two of three Middle Eastern nations (i.e., Algeria, Egypt or Iran) follow Israel’s lead by mothballing their own declared nuclear facilities that are capable of producing at least one bomb’s worth of plutonium or highly enriched uranium in one to three years. Israel should further announce that it will take the additional step of handing over control of its weapons usable fissile material to the IAEA when

- a. All states in the Middle East (i.e., the three mentioned above) dismantle their fissile producing facilities (large research and power reactors, hexafluoride, enrichment plants and all reprocessing capabilities).
- b. All nuclear weapons states (including Pakistan) formally agree not to re-deploy nuclear weapons onto any Middle Eastern nation’s soil in time of peace.

Such arms restraint by deed rather than negotiation should avoid the awkwardness of current Middle Eastern arms control proposals that would have Israel enter into nuclear arms talks with states that don’t recognize it and have it admit that it has nuclear weapons—a declaration that would force Israel’s neighbors immediately to justify some security reaction including getting bombs of their own.

7. *Back these diplomatic-economic initiatives with increased U.S.-allied anti-terrorist, defense, naval, and nuclear nonproliferation cooperation.* A key derivative benefit of pursuing the proposals described above is their potential to frustrate Iran’s efforts to divide the U.S. from its friends and to deter them from acting against the worst of what Iran might do. In specific, it would be useful to

- *Have the U.S. canvass the European Union, international financial institutions, and other nations about their willingness to back an Israeli nuclear restraint initiative of the sort described above.* Clearly, it will make little sense for Israel to launch a nuclear restraint initiative, if other key nations merely dismissed it. To help determine its prospects for success, the U.S. ought to talk with its key allies in Europe and elsewhere to gauge their willingness to back the proposal described. Would the United Kingdom, France and Germany and other European Union nations see the proposal as a positive step that other Middle East nations should be encouraged to follow? Would they be willing to announce that they would be prepared provide any Middle Eastern nation that matched Israel’s actions help in funding non-nuclear energy systems and smaller research reactors (that cannot make a critical weapon’s worth of material in anything less than a decade)? Construction of these facilities might begin once dismantlement commenced. Would international financial institutions, meanwhile, be willing to announce that they would put on hold further loans to states that subsidize or invest in uneconomical large research, desalination, or power reactors and other nuclear bulk handling facilities in the Middle East? If so, Washington should consult with Israel and, assuming Israel’s willingness to proceed, announce that America will use existing U.S. cooperative threat reduction efforts to commence securing escrowed Israeli nuclear material and converting this material into appropriate storable form on a schedule that Israel will set.
- *Increase the level and tempo of allied naval exercises in an around the Persian Gulf.* These exercises should emphasize mine-clearing, protection of commercial shipping, nuclear export and import interdictions, and reopening the Straits under a variety of “seizure” scenarios. The exercises should be conducted with as many other interested Gulf and non-Gulf nations as possible.
- *Increase international cooperation to help Iran’s neighbors secure their borders against illicit commerce and illegal immigration.* One of the key problems facing Iran’s neighbors (especially Iraq and Turkey) is the threat of terrorists and illicit nuclear imports and exports transiting into and out of their territories. Cooperative efforts to secure these borders could be made a part of a larger international effort to help European and other states protect their borders and shores as well against illicit strategic weapons-related imports or leakage. This effort should be made an integral part of President Bush’s Proliferation Security Initiative.
- *Consider ways to share the benefits of turn-key missile defense and reconnaissance systems in the Middle East in a manner that would avoid com-*

*promising these systems.* The utility of missile defense and reconnaissance cooperation with friendly nations is clear enough. The dangers of sharing more than one should are less obvious but no less real (for a detailed discussion of these issues and how best to manage them see NPEC's commissioned research, "Missile Nonproliferation and Missile Defense" and "Controlling Unmanned Air Vehicles: New Challenges at [http://www.npec-web.org/published/hl\\_761.pdf](http://www.npec-web.org/published/hl_761.pdf) and <http://www.npec-web.org/projects/uavs.pdf>).

As noted in the overview, none of these proposals can guarantee Iran will not go nuclear. Assuming the U.S. continues to stick by its key friends in the Middle East, though, these measures will give Iran and its neighbors much greater cause to pause in further violating the NPT. More important, they will go a long way to frustrate Iran's efforts to divide and deter the U.S. and its major allies from taking firm actions against the misdeeds Iran would otherwise be tempted to do once it becomes nuclear ready. Finally, and most important, these proposals if implemented, are much more likely in the near-term to restrain Iran's nuclear enthusiasm and that of its neighbors than any effort to bargain over Tehran's nuclear capabilities or to try to bomb them. In the end, however, only Iran's eventual transition to more moderate self-rule will afford much chance for lasting, effective nonproliferation. Until then, the suggestions noted above are our best course.

#### ADDITIONAL MATERIAL

Mr. Chairman, members of the committee, I want to thank you for allowing me to appear before you today to examine how the U.S. should deal with the Iranian nuclear program. In addressing this question, most policy planners have focused on the extreme actions that Iran might take against us or our friends after it acquired nuclear weapons. Emphasizing such severe contingencies, though, rarely fosters sound policy and more often blinds us to what's required to deal with much more probable, worrisome scenarios.

Iran might give its nuclear capabilities to terrorists or strike Israel or the US but these are not the threats Iranian officials are currently making, and with good cause: If they dared to take any of these steps, the risks to them, their continued rule, and their people could easily be as great as they might be to us or our allies. More important, in focusing on these extreme scenarios, U.S. policy planners have been drawn to acute options—such as bombing, invasion, and various forms of appeasement—that ultimately are only likely to make realization of the worst of what Iran could conceivably do with its nuclear capabilities *more* probable.

Sadly, the debate over these extreme measures has distracted us from dealing with the more probable threats presented by a nuclear-ready Iran. These threats deserve our attention because the lower risks they pose for Tehran make it more likely Iran will act on them as it becomes nuclear-ready and because we and our friends could neutralize most of these if we chose to do so. Finally, hedging against these more probable dangers would significantly reduce the military and political advantages Iran might otherwise realize if it acquired nuclear weapons.

What are these more probable threats?

The first are actions Iran has already taken or threatened to take against the U.S. or its friends. They include mining international waterways, including the Suez Canal; threatening closure of the Straits of Hormuz by permanently deploying anti-shiping systems nearby; supporting and planning terrorist action against Israel, Lebanon, Iraq and Saudi Arabia, U.S. forces in the Gulf and targets within the U.S.; and demanding chairmanship of OPEC to drive up the price of oil.

As explained in my center's report on Iran, which you have copies of, all of these threats can be mitigated significantly through a variety of measures. They include addressing oil and gas production and transportation vulnerabilities, diplomatically besting Iran in talks over freedom of passage in the Gulf, encouraging Israel to take the lead in establishing a new high standard for regional denuclearization, and promoting tighter border and export controls and key forms of defense cooperation in the region. These ideas are a good place to start.

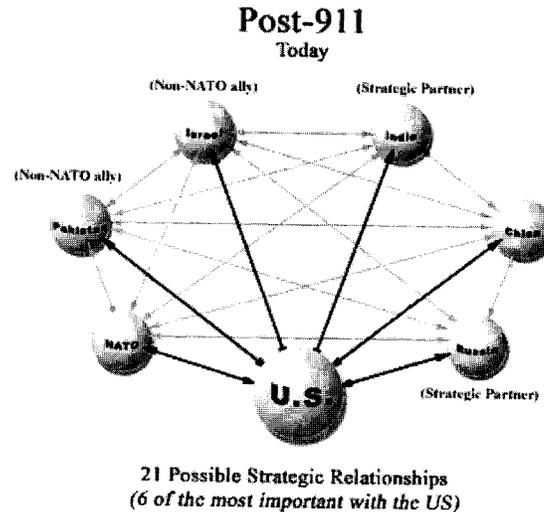
The second category of dangers relate to nuclear proliferation more generally. Iran has repeatedly threatened to withdraw from the Nuclear Nonproliferation Treaty or NPT if it fails to get what it wants from the European Union and the International Atomic Energy Agency or IAEA. If it were to withdraw from the NPT and, like North Korea, not be held accountable for its previous violation of its NPT obligations, a legal precedent would be set that other would-be bomb makers would be sorely tempted to follow.

Iran could also pave other legal precedents for proliferators. Tehran insists it has a right under the NPT to make nuclear fuel and thereby come within days of having

all it needs to make nuclear weapons. So far, our only rejoinder has been to argue that if any country violates the NPT's prohibition on acquiring nuclear weapons or its NPT nuclear safeguards obligations, it forfeits its treaty rights to develop peaceful nuclear technology.

Yet, too few other nations believe Iran has violated the NPT. More important, there is nothing to prevent other would-be bomb makers from openly declaring their nuclear activities to the IAEA rather than trying to hide them as Iran illicitly did. In this case, under the current popular view of the NPT, nonweapons states could produce the very nuclear bomb usable fuels Iran is trying to make, while still being fully compliant with the treaty.

This is not a world anyone should welcome. Up until North Korea's announcement last week that it has nuclear weapons, the world had no more than seven declared nuclear weapons states—Britain and France, both U.S. NATO allies; Israel and Pakistan, U.S. non-NATO allies; Russia and India, U.S. strategic partners and China, which for the U.S. is still a question mark. This world is relatively manageable. It is one in which America's superior ability to project force is quite dominant and in which the key relationships are primarily those between the U.S. and the few other nuclear weapons states (see Figure 1 below).



**Figure 1**

It would be nice if we could freeze the world in this state. Unfortunately, North Korea's announcement last week defeated that prospect. The question is just how much worse might nuclear proliferation become. The answer, if we stay on our current course, is far worse. This is certainly so if Pyongyang's violation of the NPT and withdrawal with impunity goes unopposed. It is doubly the case if Iran's claim remains the prevailing wisdom that states retain an unqualified right to acquire the entire fuel cycle so long as they are not formally found in violation of the NPT.

This world would soon fill up with nuclear ready states. We would know far less about how well armed our adversaries were or how reliable our friends might be in a crisis. It would be a world replete with uncertainties—a nuclear powder keg that could be set off with the least provocation (see Figure 2 below).

## Possible Proliferated Future

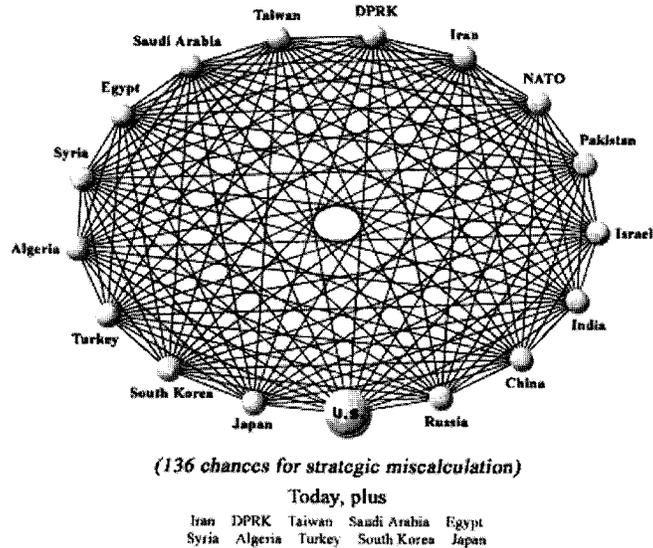


Figure 2

Such a proliferated future would be far worse than any one in which only Iran went nuclear. What, then, must we do to prevent it? Three things:

1. *Penalize states that violate the NPT and then try to withdraw with impunity.* Two years ago, the IAEA reported to Pyongyang to be in noncompliance the United Nations Security Council. Whether North Korea rejoins 6-party talks or not, the U.S. should work with others to take action on this report now. Anything less will only tempt Tehran and other would be bomb makers to following Pyongyang's example. France and the IAEA's director general are already on record in support of taking such action. We should work with them to secure success.

2. *Ascertain what nuclear technology U.S. officials believe is peaceful and under what conditions.* The current official U.S. position regarding what nuclear activities are peaceful and permitted under the NPT is, at best, vague. At worst, it is identical to Iran's. This is producing contentious debates within the State Department. Congress—both the House and the Senate—should seek clarification. The NPT and its negotiating history clearly do not support any per se rule regarding access to the full fuel cycle as Iran claims. The U.S. and its partners, however, can hardly counter Tehran's claims if they are not clear on this point themselves.

3. *Develop a 10 to 15-year strategy to counter what a nuclear-ready Iran is most likely to try to do.* It wasn't until Mordecai Vanunu revealed photos of Israeli nuclear weapons, some 15 years after Israel deployed its first nuclear bomb, that the world was convinced of Israel's weapon's status. It has taken nearly as long to persuade the world that North Korea is nuclear armed. With hard work and any luck, we may have this much time or more to keep Iran from making its nuclear weapons status known. Tehran clearly does not yet have nuclear weapons now. We must make sure that we do all we can to eliminate whatever advantages Iran might gain from acquiring them. That means working backwards not from the worst Iran might do, but rather from what harmful actions it has already done or has clearly threatened to do. In this regard, my center's own report and its recommendations are a start. I am certain that the Executive Branch can produce better. Congress should demand no less.

Chairman HYDE. Thank you very much, Mr. Sokolski. We will now take questions from Members, and I would implore the Members to be succinct, so we can get as many people as possible participating in this process.

First, Mr. Lantos.

Mr. LANTOS. Well, thank you, Mr. Chairman. I want to thank all three of our distinguished witnesses. And I have very brief questions.

Ambassador Palmer, you represented the United States in Hungary with extraordinary effectiveness and distinction. But I am concerned that your Hungarian experience has made you overly optimistic. While you were there during the reign of a "Communist regime," the country, for all practical purposes, was wide open. It was wide open to American officials, tourists, musical groups, theatrical performances. There was an incredible degree of cultural, political, economic interchange between Hungary and the United States and the rest of the West.

With respect to Iran, we see the exact opposite, and it is not our fault. I have attempted very forcefully to obtain a visa to visit Iran on numerous occasions with the help of U.N. Secretary General Kofi Annan, and Secretary General Annan failed in his attempt to obtain a visa for me to visit.

So I think it is unrealistic to argue whether the Hungarian case or the Reagan-Gorbachev case, the Khrushchev case whatever, these are entirely different situations. And the Iranian regime has displayed a degree of unwillingness to interact with Members of Congress, which is almost unprecedented. Even North Korea, as you well know, has granted visas to individuals such as myself. I had 3 days of extremely meaningful discussions last month with North Korea's top leadership.

But Iran appears to be totally closed to repeated attempts by several Members of the House and the Senate to open up a dialogue. And I would be grateful if you could comment on this?

Mr. PALMER. Well, I think you are definitely right; the situations are different. But one could look at them also in the context of stages of development of openness. What is remarkable for me about Iran is how much the Iranian people know about what is going on, not only inside Iran, but in the world. They are very connected. The number of satellite dishes, for example, has gone way up in recent years.

And I think there are opportunities which we have not fully exploited. I mentioned telecommunications, and we are grossly underfunding our efforts in communicating via satellite.

Mr. LANTOS. We grant you that and the Chairman has been the leader in attempting to strengthen our program.

Mr. PALMER. When the Librarian of Congress, Jim Billington, was recently in Tehran, the highest level American Government official in 25 years to visit, it was clear to him—I spoke with him afterwards—that there is huge interest in Iran in having communication—

Mr. LANTOS. Sure.

Mr. PALMER [continuing]. And having exchanges, but you are absolutely right. We have to push hard. Khamenei does. He sees us

as a fundamental threat, so he is not going to do this easily. But I think there is more room than we are currently using.

American NGOs, for example, are currently prevented by law from engaging in activities inside Iran. I think that should be corrected. My organization, Freedom House, should be present in Iran, as we are present in other hard dictatorships—Uzbekistan, Tajikistan, many very tough places where Freedom House has an office. We do not have an office in Tehran. We ought to fight to have one.

Mr. LANTOS. Do you think the current Iranian power structure would allow you to open an office?

Mr. PALMER. Not easily, but I think with some pushing, maybe, maybe.

Mr. LANTOS. I have one more quick question, if I may, Mr. Chairman, that I would like all three of our distinguished witnesses to respond to briefly, because it is a very simple question.

The Iranians claim that they are pursuing their nuclear programs for peaceful purposes. Do you believe that for a moment, Ambassador Palmer?

Mr. PALMER. No, the Committee on the Present Danger and I personally believe that is not the real reason that they have this nuclear program.

Mr. LANTOS. Dr. Sick?

Mr. SICK. I think they have an economic reason that they want to. They started this under the Shah, but I could not agree more that the real concern is that the danger will be that it will turn into a nuclear weapon. Regardless, it can have both a peaceful use and go right up to the edge, and I think that is, for instance, what Mr. Sokolski talked about and I agree with him very much, that having an Iran that is very, very close to having a nuclear weapon is a very dangerous situation.

Mr. LANTOS. Mr. Sokolski, do you believe for a moment that this is a pursuit of an economic goal, or is it a pursuit of a military weapon goal?

Mr. SOKOLSKI. I do not believe it at all.

Mr. LANTOS. What do you not believe?

Mr. SOKOLSKI. That they are pursuing this for economic reasons. I have not for 15 years.

Mr. LANTOS. Thank you, Mr. Chairman.

Chairman HYDE. Mr. Leach?

Mr. LEACH. Thank you. I would like to talk principally to you, Dr. Sick. First let me say I read with great interest your testimony in full and listened to you this morning, and I am in large agreement with everything you have said. But it is intriguing to me. I have devoted a lot of hours of my life to your work and by that, I mean, I was a Member of a Committee that was established in the early 80s, maybe the only Committee in the history of the United States Congress established to prove or disprove the thesis of a book, your book. And the Committee was chaired by Lee Hamilton and, as you know, the Committee unanimously came to the conclusion that your thesis, that the Reagan campaign of 1980 had illegally intervened in international negotiation, was false.

And so it is with some awkwardness that I find myself in complete agreement today, but frankly, profound disagreement with

your thesis of 1981 or 1982. But I would like to ask you about that time frame, because I think it is very interesting. Excuse me? Okay, it was a formal Committee of the United States Congress, established here by Mr. Hamilton.

In any regard, at that time frame, one had a feeling that the Iranian people were deeply disillusioned with the United States, partly because we were, in some ways, on the other side of the freedom issue. That is, we were too close to a shah who was not, by definition, a democrat.

Today, I have the sense that one of our strengths in dealing with Iran, if we do not blow it, is that there is better will or goodwill in the Iranian people than we might suspect and that there is a prospect that we can talk ourselves into enmity with great ease. And that the challenge is, how do you build on the goodwill that exists and to bring our two peoples closer together?

Ambassador Palmer suggested more professional exchanges. You have suggested some other types of carrot approaches, as contrasted with exclusively the hammer approaches. And I am wondering if you would care to comment on the contrast of the times and the capacity to build in a positive way, rather than simply talking ourselves into a spiral of enmity.

Mr. SICK. The point that you make that there is a reservoir of goodwill in Iran is simply a fact. And it is something that we should not dismiss. We tend to look at all the bad things about Iran, and I share those. I mean, there are no shortage of bad things.

But I think we do ourselves an injustice if we dismiss out-of-hand the kind of strength that we have there. There are some good things going on. Some of those involve NGOs. For instance, for 3 years, we had an Iranian professor from Tehran University who came to Columbia at my invitation and my sponsorship and actually taught classes, discussed with students, met with students about what was going on. This was at a time of huge turmoil in Iran and I think our students really gained enormously from that.

I very much share the concern of Mr. Lantos that the Iranians have not been willing to agree to a visit by the U.S. Congress. I think I have been involved in some groups that were working on that specific issue, and I would support anything that we can do to make that happen.

I do think, however, that we are missing a huge opportunity with the Iranian people, part of which, because of the sanctions that we have imposed, organizations, foundations, active organizations from the United States, are not permitted to go into Iran. And I would go further than Ambassador Palmer and say that a lot of such activities would, in fact, be welcomed and could, in fact, make a foothold.

That is something that it is only a matter of giving, let us say, a blanket agreement on the part of the Treasury Department to let genuine NGOs go into Iran. It is a challenge that I would like to see the Iranians faced with. At the moment, they do not have to worry about such things and I would like to see them take it more seriously.

I think there are things that we, in fact, can do. We have certain good things going on for us and we ought to maximize those.

Chairman HYDE. Mr. Sherman?

Mr. SHERMAN. Thank you, Mr. Chairman. It has been said that we should rely on regime change to deal with this issue. That would justify doing business as usual with the regime, not inconveniencing the U.S. subsidiary corporations like Haliburton. Doing business there would not have to confront our foreign oil companies and actually enforce the Iran-Libya Sanctions Act.

I would point out that, at best, this is a long-term solution to a short-term problem. It may be a completely ineffective solution and, at worst, it could bring us the Congo with nukes, because there is no assurance that regime change will be as peaceful as it was when the Shah fell or when Moscow changed hands.

I will get to a question, but just a couple more observations, and I will stick within the 5 minutes. Iran is more dangerous than North Korea, because it is ambitious to affect world events. It is the number one state sponsor of terrorism, and there are elements in that regime that may adopt the philosophy of a suicide bomber and those extreme elements may take control of either the Government or the nukes as things develop.

The President has said that we have done everything possible to sanction Iran. He has simply misstated the facts. We import \$150 million worth of non-oil goods from Iran. We subsidize the World Bank and allow it to subsidize Iran and, as I mentioned before, we have \$33 billion of investment in the Iranian oil fields that we wink and nod at in violation of the whole purpose of the Iran-Libya Sanctions Act.

I commend the bill introduced by the gentlewoman from Florida, who should be here to hear my praise, her Iran Freedom Support Act, and I will be reintroducing my Iran Freedom and Democracy Support Act, to try to deal with some of these issues.

Mr. Sokolski, I want to commend you for noting that there is simply no economic reason for Iran to be developing this nuclear power plant since at the present time, and correct me if I am wrong, they flare natural gas. And if natural gas is free, then electricity can be created cheaply and cleanly.

How difficult would it be if Iran had an A-bomb, for them to then go forward and create an H-bomb? And how difficult would it be to smuggle either of those bombs across our border, knowing that there are bales of marijuana the size of a nuclear bomb? And perhaps you could comment, or perhaps you should not comment, on whether there is any technology that would allow us to detect, through radiation, a nuclear weapon that was encased in lead from a mile away? Because I know that we cannot detect a bale of marijuana from a mile away and I know some rather—let us put it like this, people who are not at the level of rocket scientists have been able to bring marijuana across our border in big bales.

So first, how long from an A-bomb to an H-bomb and second, if we cannot stop marijuana from coming in from some not so bright people, how would we stop Iran from smuggling a nuclear weapon into one of our cities?

Mr. SOKOLSKI. I can see so many takers.

Mr. SHERMAN. No, no, the question is directed to you.

Mr. SOKOLSKI. Oh, it is directed to me?

Mr. SHERMAN. Yes, I mentioned your name, that is why they are not jumping in. They really want to.

Mr. SOKOLSKI. First, it is bad enough you want worse. A fission bomb is plenty large. Now, the idea that they would want to go to thermo-nuclear would assume that they did not have a compact design.

I think, as was raised by some opening statements, it is quite likely that the design they have is sufficiently compact for missile delivery. They could boost. There have been some reports of some Indian assistance potentially associated with the extraction of helium-3 and tritium from some of the facilities they are planning to build. I do not think thermo-nuclear weapons are around the corner.

Let me take one moment, though, to highlight something that I think would be useful for the Committee to consider. I do not know how much leverage one has in putting off the exports of Iran, but you should know that about 80 percent of the imports that Iran takes in are related to heavy machinery. And they come from only three nations, for the most part: Germany, France and Italy. Iran needs this machinery to function. After about a year of not having access to this kind of importation, their economy would be in big trouble.

Also, almost all of their distillates are refined outside of Iran. I think you need to focus more on that.

Mr. SHERMAN. Could you address the smuggling issue or is that an issue we should not get into?

Mr. SOKOLSKI. Well, I think I would like to talk to you privately about that, if that is okay.

Mr. SHERMAN. I look forward to it.

Mr. SOKOLSKI. I do have the answer, but I think you are right.

Chairman HYDE. The gentleman's time has expired, in any event. Mr. Paul?

Mr. PAUL. Thank you, Mr. Chairman. My question is directed to the panel, but in particular, to Dr. Sick. My question deals with overall policy, how it applies to Iran. We more or less have followed a policy of confrontation. It was certainly demonstrated with Iraq. We were told we should fear a mushroom cloud, and we confronted them militarily and we have lost 1,500 men and women and 10,000 casualties. So I think this is very serious.

But I was delighted to hear that the panel did express some caution about why a military confrontation is not a first solution and that we should be very cautious about that. But in the past, we have had a policy of containment that actually worked rather well when you think of the thousands of nuclear weapons that the Soviets have. We have eight nations now that have nuclear weapons.

The Pakistanis had nuclear weapons when they were close allies with the Taliban, and I am sure they are still friendly with the Taliban. So we have other problems and this idea that all of a sudden that we have this urgency, I think, it worries me a bit.

Also, I would like some of you to address the subject of the possibility that our overall policy has a little to do with our problems, because, you know, in 1953, the Iranians had democracy. They had democratically-elected Mohammed Mosadaq, and we were responsible for getting rid of him. It was mentioned, even in the hearing

today, that we were responsible for selling their first nuclear reactor.

So in many ways, this is a reaction to some of the things that we have done in the past, so I think that makes an argument for the case that maybe we should be less interventionist in our policy and maybe we would have less problems in the future. But, our policies today, I think, too often give an encouragement to get the weapon. I mean, we are not about to mess around militarily with North Korea because of the great danger. So this says to some of these nations, look, if we do not want to be pushed around, what we need is a nuclear weapon.

So actually, our policies are giving an incentive for some of these countries to go and get a nuclear weapon. And I see this as something that we should be much more cautious about.

Also, the fact that we commit acts which, in some quarters, would be considered an act of war, when we fly over the airspace of a sovereign nation, no matter how well motivated this is, this is dangerous stuff. And most people know that we have been flying over Iran. And I just think that we are looking for trouble and I was wondering if any of you would comment on those remarks? Dr. Sick?

Mr. SICK. Thank you. Let me just remind you of a few basic things. As I say, there is not very much good news to report, but we might as well look at the ones that exist.

Iran today is a signatory of the NPT. It has signed the additional protocols, and it is implementing them. There are inspectors in place from the IAEA and there have been for the last 2 years, pretty steadily. And we have seen from Mohammed el-Baradei, just yesterday, say they do not have evidence that Iran is going toward the weaponization part. It is still on the non-weaponization part.

Iran has suspended its enrichment capabilities while they are in the course of talking to the Europeans. And even the leader, Khamenei, has actually issued a formal fatwa, a religious declaration, in which he says that Iran prohibits the production, stockpiling and use of nuclear weapons. Now, none of that is a guarantee that Iran will not go toward a nuclear weapon, and I do not think we should assume that it is. It does give us something to work with, however, and it seems to me we should grasp that possibility and use it.

As far as Iran's overall position, one of the things that they have been most interested in is, for instance, something very benign, joining the World Trade Organization. We have been standing in their way and preventing them from doing that because of our overall confrontation policy.

I would argue that probably joining the WTO is the greatest blow that could, in fact, be delivered to the mullahs and the way they run the Government. It would demand more transparency; it would demand them to change the laws; it would take some of the control out of their hands and it would begin to attack some of these issues of corruption and misuse, abuse of power, that are there. Iran is anxious to do it, and I think that this is the sort of win-win thing that really ought to be re-examined. It is worth looking at again, to think about whether that is what we want to do.

Chairman HYDE. Mr. Ackerman.

Mr. ACKERMAN. Thank you, Mr. Chairman. Where I come from in New York, every time there is a murder, which thankfully is fewer and fewer each year, there seems to be a half dozen people that show up at police stations to confess to crimes that they neither committed nor knew anything about, except they knew that there was a murder.

We invaded Iraq under President Bush's doctrine, which basically said that we cannot allow rogue nations to develop or begin developing a program for nuclear weapons. That reads from the other side, the rogue nation side, hey, if we have nuclear weapons, the United States is not going to know what to do about going to war with us, because we already have it developed.

So whether or not some of these rogue states have it or not, I am surprised that more have not confessed to having it. And this is a game that is pretty dangerous, because we do not know who is telling the truth right now. But there is a report in today's, I think it is *The Washington Post*, "IAEA Head Disputes Claims on Iran Arms," which basically says that Mohammed el-Baradei says that within the past 6 months, there has been absolutely no evidence that has been discovered that they do have anything like an ongoing program.

So I think this further confuses the issue. A question for Mr. Palmer: In your statement you say, "We must make clear that we will not accept Iran's possession of a nuclear weapon and we must be willing to reinforce that." What does that mean? What do we have to be willing to do?

Mr. PALMER. We believe, the committee believes, that we have to be willing to use force and to remove the danger if that is necessary.

Mr. ACKERMAN. To go to war with Iran?

Mr. PALMER. To use force, yes.

Mr. ACKERMAN. Okay, anybody else think that is a good idea? Mr. Sokolski?

Mr. SOKOLSKI. There is an old Chinese adage that diplomacy without the threat of force is worse than laughable, so I think we are all willing to subscribe to that in principle and even in practice. I think what we need to be thinking about is the use of force, but not in the way in which it has been described to date, which is an invasion or bombing, which you do not want to do, I do not think.

I mean, Iran is a large nation, much bigger than Iraq. We are very busy. We have to succeed in Iraq. It seems to me where you want to be focusing, if you are thinking about contingency planning, is someplace where we have not focused enough and a very distant contingency to be sure, but more close in than bombing or invading. And that has to do with containment navally. And freedom of the seas being reinforced. We have done——

Mr. ACKERMAN. If we want to do something such as a blockade that I think you are suggesting right now——

Mr. SOKOLSKI. No, not right now. I did not suggest that right now.

Mr. ACKERMAN. Well, whenever. Next Thursday, whenever your timetable is for blockading this little part of the world, one would suspect you might need the cooperation of the great navies of the world.

Mr. SOKOLSKI. Absolutely, absolutely.

Mr. ACKERMAN. Do you think that we are going to be able to get the rest of the world to first believe us that there is a country in the Middle East that is developing nuclear weapons, based on our track record, and get them then to enter into this potentially dangerous situation?

Mr. SOKOLSKI. The work ahead, sir, the work ahead. No, you have pinpointed the problems, but that does not argue for walking away from it. I think you have hit upon—

Mr. ACKERMAN. I did not suggest walking away from it.

Mr. SOKOLSKI. No.

Mr. ACKERMAN. We are just discussing.

Mr. SOKOLSKI. Well, that is the reason why I think your question is appropriate and why we need to focus in on these points. By the way, the IAEA is not chartered or equipped to look for nuclear weapons. So what Mr. el-Baradei thinks about this is interesting, but not dispositive. He is looking for authority and capability to do the very thing he claims he cannot find, but the charter explicitly states that they are to look only at the cleared facilities with regard to civil activities and accounting for materials, not design.

Mr. ACKERMAN. I have a question for Dr. Sick. Dr. Sick, you have heard Mr. Sokolski claim that the NPT does not provide signatories with access to the nuclear fuel cycle. Your statement says exactly the opposite. Would you explain why you believe such access is provided by the NPT and maybe Mr. Sokolski, after that, can respond?

Mr. SICK. As I mention in my statement, there are something like 30 or 40 countries who, using that particular statement in the NPT, have actually moved toward production of nuclear materials and who actually are very close to being able to make a nuclear bomb, if they decided to do it.

And so it is not that Iran is an exception to this rule, Iran is, in fact, the recipient of the benefits of that. I am not in favor of that. I think, in fact, the treaty was badly drafted, but when it was drafted, we did not realize how quickly countries could move from peaceful use to nuclear. And I think that is a major concern that really has to be addressed. I do think it has to be addressed in the terms of the NPT, because it is not just Iraq and it is not just the United States, but it is many, many countries in the world who insist that that is their right.

We have seen that development now in Argentina, who is developing a capability, as well. It is not unique and I think it is—let me just say that I think the best solution that I have heard as a way of dealing with this is, in fact, a new effort to completely outlaw independent national enrichment and reprocessing. And put it under one or two international authorities to control and locate in one place, as a way of preventing this from being generated, you know, too much of it being produced and being made available to terrorists and the like.

That is the proposal by Graham Allison in his latest book about nuclear terrorism and how to avoid it. The advantage of that is that it actually offers a universal rule. It does not just apply to one country, and I think we have a problem applying it to one country or another.

If we apply it to all countries and basically say, enrichment and reprocessing is too dangerous and is going to have to end, then I think we have the basis of a negotiation with somebody.

Chairman HYDE. Mr. McCaul?

Mr. ACKERMAN. In fairness, could Mr. Sokolski respond?

Chairman HYDE. The gentleman's time has expired.

Mr. ACKERMAN. Mine, but I had asked a question of both of them. They seem to have a conflict here.

Chairman HYDE. I know, but we have a conflict with other Members. Do you want to take an extra minute to further encumber the conflict?

Mr. SOKOLSKI. I will show some discipline. There is no question that people have interpreted the treaty the way Dr. Sick has described. It is also very clear, if you look at the negotiating history and amendments that were rejected to guarantee the rights that are now propounded under article IV, that that is not what the treaty meant to allow.

We need to go for a moratorium on a lot of things. We need to re-examine this as a result of the review. I would not say the word loophole, yet, though. I would say it has been misread. We need some good lawyers here.

Chairman HYDE. Mr. McCaul.

Mr. MCCAUL. Thank you, Mr. Chairman. The thought of a nuclear Iran is a terrifying thought, indeed, and I happen to agree with the Administration in terms of the best way to combat terrorism and the nuclear threat is a spread of democracy in the Middle East.

I do believe that in Iran, currently, there are a lot of forces for the democratic cause. A reference was made to the term non-violent regime change. I think we could all certainly support that. My question, actually I have two questions. The first is how realistic is that when you are talking about a tyrannical dictatorship and one that is a theocracy? And then my second question is, if you could elaborate on what impact the recent elections in Iraq have possibly had on Iran in terms of the Shi'a becoming the majority party in Iraq. And, of course, the Shi'a is the majority in Iran, as well. So that is what I throw out to the panel.

Mr. PALMER. One of the things that is really consistent about the last 40 years is that all of the experts have said in advance of a non-violent, peaceful regime change, that it was impossible. Just 6 months ago in Ukraine, for example, if you looked at the press or academic writing or State Department, foreign ministries in Europe, everybody was saying no, and Kuchma himself was saying, no, the Ukrainian people are passive and apathetic and they are not going to do it.

Well, we saw what they did. And I was on a talk show via VOA last week with Iranians who called in from Tehran, from Esfahan and other places. It is so clear, those who have spent any time talking, particularly with the younger Iranians, that they are ready. They are totally disillusioned with Khatami, with his pseudo-government that really has no authority. They are ready, but they need help and we are not helping. I mean, there are no active U.S. Government programs of any kind to help them.

We know how to help. We were very instrumental in what happened in Ukraine and in Georgia and in Serbia and many other places, so we need to get our act together to help Iranians get sovereignty, get control over their own lives. If you look at the support structure of Khamenei, it is extremely fragile. There are huge splits within the religious leadership in Iran. Most of the senior ayatollahs disagree with his running of the Government. They believe that is not the role of mullahs.

And even within the security services, there are splits. I believe that you could have change very quickly if we really got our act together.

Mr. MCCAUL. And allow the NGOs to be in the country, as well?

Mr. PALMER. Right, right. There are hundreds of things we could do, hundreds of things. Out of Iraq, in Europe, via the airwaves, inside Iran. I mean, just hundreds, and it does not cost a lot. It cost us \$30 million in the case of Serbia.

Mr. MCCAUL. Any comments on the Shi'a questions in terms of that becoming the predominant party in Iraq and whether that influences us in a negative or positive way in Iran?

Mr. SICK. Could I make a comment on that from New York? I just wanted to draw your attention to the fact that Grand Ayatollah Hossein Ali Montazeri, who was actually at one time viewed as the successor to Khomeini and is definitely contrary to the present regime in Iran, has been under house arrest for many years. He is now openly able to talk and speak. The other day, he made the statement that Iraqi clerics should not interfere in the country's state matters, this is not their field of expertise, and should be dealt with by experts.

That was particularly interesting, because he is a Grand Ayatollah, which Khamenei is not. And he was deliberately criticizing the clerical rule in Iran. Those are the kinds of voices that currently exist, and I think they are going to be using the Iraqi experience as a way of making the points that they want to make within their own country.

Mr. MCCAUL. Thank you, Mr. Chairman.

Chairman HYDE. Thank you, Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman. Actually, I think the Grand Ayatollah's granddaughter has also been speaking out on this subject a little bit. But I was in Europe this weekend and the drumbeat of the Europeans, generally, and those of countries involved in the negotiations now with Iran, was that the United States has to get into this. You have to come to the table in some fashion so that we can achieve our common goal, which I guess is a permanent freeze in enrichment that is so verifiable that we can feel even more comfortable that they are not developing a weapon than we do with the Supreme Leader's fatwa.

And I would just like to explore with any of the three of you, what is the price of the United States going in, and what is it that gets Iran to agree to this, assuming that we could rely on the agreement and the verification processes that they agreed to? Is it the threat of force off the table? There was an article in *The Wall Street Journal* yesterday that indicated we had, a lot of people thought that their desire for foreign investment was so intense that the promise of trade and cooperation agreements with Europe

might do it. This article did a pretty good job of at least shaking up that notion for the short term, based on the assets Iran is getting from the price of oil these days.

I know Professor Sick had some long-term questions about that theory, but the article gave some doubts to even things like strengthening ILSA having much impact on the Iranians. So I was wondering if any or all of you could play out what that package might look like that would achieve that deal and what are the costs of making that package. And perhaps touching on the question of other issues like support for terrorism which, at this particular moment, in the context of Hezbollah and what is going on between the Israelis and Palestinians may be the single biggest threat to forward progress on that front, given what they could do in terms of the rekindling of violent attacks. Thank you.

Mr. PALMER. I would be happy to start, Mr. Berman. The Committee on the Present Danger believes that we do need, in fact—we, the U.S. Government, we, the American people—do need to do something dramatic to reach out to the Europeans to show that we recognize their priorities and their concerns. Most importantly, to reach out to the Iranian people, and therefore, we favor a package which would be comprehensive. That is, as in the case of the Helsinki Accords and our approach to the Soviet Union, where we said, we will talk about your concerns about military security, non-aggression. We will talk about the economic package, which was the second part of the Helsinki Accords. But we are going to insist also on the third basket, which is human rights and democracy.

If we are going to sit down with you, everything is going to be on the table. We want a comprehensive approach and we are not afraid of sitting down with you at the table. I think we could call, the committee believes that we could call Khamenei's bluff and also, in a certain way, call the European's bluff, if we came forward with a kind of dramatic package that we suggest in our paper, where we say we will talk about everything. We will talk about trade investment, but you have got to talk about everything. Terrorism, human rights violations, nuclear weapons development. If you want progress, it has to be on all of these fronts.

Mr. BERMAN. Will we talk about taking force off the table?

Mr. PALMER. We could certainly, as we did with the Soviets in the Helsinki Accords, we can talk about non-aggression, yes. But they have to be willing to meet our concerns. It has to be a broad package, including removing sanctions if they do certain specific things. If they stop supporting Hezbollah, you know, we should be willing to recognize that in material ways.

Mr. BERMAN. Anyone else?

Mr. SOKOLSKI. Yes. I think there is a fundamental moral hazard that has to be grappled with. If you do not identify North Korea or Iran first as a violator before you go into the talks, you do end up condoning the notion, which was voiced by many of the Members here that, oh, my gosh, there is a reward.

The second point, I think—so first things first. I would get that identification done as best we can and that, I think, is the key reason why we should be supportive of the Europeans, not necessarily because we think they will succeed, but it should help assure that they will cooperate with us if they fail.

Mr. BERMAN. But that raises the issue of what could happen at the U.N. Security Council if we got it to the U.N. Security Council. Why will the Chinese and the Russians not—

Mr. SOKOLSKI. Well, here, I think you need to be more upbeat. I have been going to Europe and holding conferences with the French Government and next week with the German Government. The Russians are changing their tune. They are actually saying, if we can come up with some country neutral fashion to describe a whole phenomena, not just Iran, big chunks of the Russian foreign ministry are looking for ways to join such an effort.

I do not think Russia is going to be interested in bolting from Iranian cooperation if Europe and the United States are unified. That has not yet happened. Keep in mind, the original vote that prompted this crisis in the IAEA occurred because Russia voted with us. And when they voted with us, China felt like the odd man out and voted with us as well.

Second, I do not think there is a diplomatic hug that will get the Iranians thrown off their course and actually declare they want to renunciate their nuclear program, much less the human rights issues. My guess is, you might be able to get them to say they would, but boy, to get that you would have to threaten going after the 100 families that run that place. You would have to be able to say that you were going to kill the regime economically with some kind of embargo. It would be very tough stuff.

But then, once they agreed, I do not know if you could get them to follow through.

Mr. SMITH OF NEW JERSEY [presiding]. Chairman Royce?

Mr. ROYCE. Thank you. One of the concerns, I think, with the development of this capability on the part of Iran is the effect it would have on the Sunni-dominated Gulf in terms of an arms race. We have heard the concerns about their capabilities and the fact that the Saudis arguably worked with the Pakistanis and helped finance the development of Pakistan's bomb. The financial ties there, along with the deep links between the intelligence services in Saudi Arabia and the militaries, have fueled the speculation that there is this nuclear cooperation and that the Saudis or the Gulf States have a call on the bomb if they need it. What are your insights on the potential cooperation between Pakistani and Saudi Governments if you end up with Iran clearly having the bomb and you have this tension between Shi'a and Wahabis?

Mr. SOKOLSKI. It is quite real. My boss, in 1991, was told point blank by the then Army Chief of Staff of Pakistan to back off the sanctions or the bomb would go to Iran. I think if you take a look at some of the visitations of Mr. Khan to Iran as well, it is quite striking.

I think it is a major concern, and it is one of the reasons why a real loophole in the treaty exists. This loophole is the NPT's allowance of transfers of nuclear weapons to NPT member states as long as the weapon that is transferred is under the control of the country that transferred it. This allowed NATO to have U.S. nuclear arms. This is what we do, this is what the Russians used to do.

We may want to re-examine how sound that is in the new millennium and we certainly have to be worried about the transfer of weapons-usable materials.

Mr. ROYCE. Moving to my other question, if you had asked Bruce Hirshenson years ago when we were doing Radio Free Europe whether or not it was logical to believe that we were going to change Polish society, I think none would have believed the response. But somehow, according to Lech Walesa and Vaclav Havel, those broadcasts touched a nerve. We had things there we do not have now. We had the Catholic Church as an institution; we had the labor union Solidarity, an institution working for change. Somehow those cultures changed, and those involved in the process at the time give the lion's share of the credit to those broadcasts.

I have listened in to the broadcasts into Iran with an interpreter and followed this, and clearly you have the same, although the institutions are not there to support it. You have the same popular will to learn about market economy and to learn about rule of law.

What is the likelihood that we could, with a concerted effort, have the same type of effect that we had in Eastern Europe and the former Soviet Union?

Mr. PALMER. Well, I think the likelihood is extremely high. If you look at the nature of Iranian society today, if you read books like *Persian Pilgrimages* done by a *Washington Post* reporter of Iranian origin, who spent a year and a half wandering around the country, just talking to taxi drivers and ordinary people.

Mr. ROYCE. But where are the institutions? I mean, we had those institutions.

Mr. PALMER. Well, we did and we did not. I mean, yes, the Catholic Church was there in Poland, and Solidarity, for some of the time, was there. But in Ukraine, for example, where were the institutions? The church in Ukraine—

Mr. ROYCE. Good point.

Mr. PALMER [continuing]. Was not helpful at all. So the key question, I think, is the will. And the will is there in Iran. Students have done this again and again and again. They just have not been able to do it on a large enough scale and with the right strategic sense. And that is something we can help them with, but the radios and television are absolutely critical. If you look at the hours a week or the hours a day that VOA is on in Farsi, or Radio Farda is on, or look at the budgets that the TV stations in California have to operate, we are not doing anything today out of Iraq, for example, direct to Iran, in terms of broadcasting. Whereas the Iranian mullahs, as we know, have been broadcasting very powerfully into Iraq and funding political parties and taking a lot of actions.

So we have a new base in Iraq from which to do a lot of things.

Mr. ROYCE. What is the gridlock on that? Is there a question? Are we concerned that it would look like destabilization?

Mr. PALMER. I think part of the gridlock is what Secretary Shultz identified and that is there is not a senior figure in the U.S. Government who wakes up and looks in the mirror in the morning and says, "What am I going to do about Iran?"—and that is all he says to himself. You know, we need somebody like the Counselor at the Department, an Under Secretary-level person. We need somebody who does not do anything except Iran.

Mr. SOKOLSKI. The 2-year study that my center completed, partly with public funding, actually came up with a list of recommendations that overlap to some extent with these others.

It is quite clear that the public diplomacy dimension of our efforts toward, not just Iran, but the whole Muslim world, is not what it needs to be by a long shot.

Mr. SMITH. I have been told we have two votes at a quarter after, so if you do not mind, Mr. Royce? Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman, and I want to thank all of the panelists for their testimony. I have three questions which I would like to lay out and then solicit your responses to. One is—for some time, I, as a Member of this Committee, have been extremely concerned about the IAEA, how it functions in this regard as it relates to Iran, how we are actually making voluntary contributions beyond our membership contributions to the IAEA which goes to create operational capacity at the Bushir nuclear facility. It boggles my mind.

And yet, we know since November 2003 that the IAEA has found a series of violations by Iran, yet it has still to this day not referred Iran to the Security Council of the United Nations. So, question number one: Is it not time for the IAEA to refer Iran to the Security Council, as a process under which we become really serious about engaging in the high risks to the world that Iran poses in this regard?

Secondly, Ayub Khan has some of the most important information in the world on Iran and North Korea's nuclear programs, since he ran the nuclear supermarket where they purchased their goods. The Administration did not protest when the Pakistani Government pardoned Ayub Khan in exchange for information on his activities. But we have impressed to directly speak to Mr. Khan, so all the information we are getting is filtered, filtered by the Pakistanis.

It seems to me to be a ludicrous position to take. Should we not be insisting that we have access to Mr. Khan ourselves, so that the vital information—for example, we do not know whether he sold a bomb design to the Iranians as he did with the Libyans. Because if Iran has a workable bomb design, then it is much closer to a nuclear weapons arsenal.

Finally, I would like to invite the panel's comments on what I, in recent months, have heard: That the noise level on Iran has increased significantly. In one respect, that is good, but when I read the comments being made and the reports that are coming out, I get concerned. In *The Washington Post* last Sunday, it reported the Administration has been sending unmanned drones over Iran, looking for evidence of their nuclear weapons program. The Administration is conducting a review of its intelligence on Iran similar to the one conducted leading up to the Iraqi war.

A recent *Washington Post* article reported that, according to a senior U.S. official, the United States military is updating its war plans on Iran. In the State of the Union, the President referred to Iran as the world's primary state sponsor of terror, pursuing nuclear weapons while depriving its people of the freedom they seek and deserve.

Secretary Rice has said that a military attack on Iran is not on the agenda at this point, and we can go on and on. What do you take all of those comments to add up to? Is it in preparation for—not diplomacy—but for organizing the world community for some robust action? Or do you just take it as showing serious concern about Iran. Those are the three questions I have, and I invite the panel to answer their reflections on any one of those.

Mr. SICK. Could I offer a comment in response? It seems to me that the objective for United States policy with regard to Iran and in the region as a whole is to come to an end state in which Iran has a contained, monitored enrichment program, as small as possible, and hopefully under very tight constraints, together with some type of economic and political integration with the West, whether it is the WTO or some other form.

That is an end state to be desired, but we are far from that point at this stage. With regard to the noise level, I agree it is very high. I do not think that is necessarily a bad thing. To the extent that we are bringing additional pressure to bear on Iran and getting their attention, I think there is something to be said for that.

If, however, we are not coupling that with some kind of willingness to participate actively in getting to that end state that we would desire, it seems to me we are missing the boat. It is the balance between those two that I think we have to maintain.

And the Government, to be fair, does not always have control over the noise level. But to the extent that we do, it seems to me we do have to mix these. And at this point, it is all noise and it is not cooperation, as far as I can tell.

Mr. SOKOLSKI. I think it would be good to get the referral to the U.N. Security Council. I think it would be just as important that we take up the point that Congressman Ackerman raised and that is, what is permitted under the treaty, whether you violate it or not. I think we kind of dodged that and I think that is where you ought to be working to get more cooperation with other nations.

With regard to Mr. Khan, we should not be the only ones asking to get access and yes, we all should try to get access. We need to get that story as complete as possible, and it needs to be made as public as possible.

Mr. MENENDEZ. Thank you.

Mr. SMITH. Thank you very much. I want to thank our witnesses for their insights. They are very, very helpful and I do have a couple of questions. The first one, of course, was to religious freedom. Ambassador Palmer, you know we have worked together with Helsinki issues. Your Ambassadorship in Hungary, you did a tremendous job and we do appreciate that.

Members of the country's religious minorities in Iran, as we all know, are very severely discriminated against. And if one converts from a Muslim faith, the death penalty is imposed. We know that the Bahai 300, 350,000 strong, are severely discriminated against, as are the Christians, as are the Jews, as are the Sunnis and the Sufi Muslims. As you also know, every year since 1999, our country has imposed CPC status—which it ought to because of the record—on Iran, and joins other religiously persecuting nations like the People's Republic of China.

But there are other venues where we have now seemingly, as a community, dropped the ball. As you know, since 1982 to 2001 at the U.N. Commission on Human Rights, the EU worked in tandem with the U.S. We co-sponsored the resolution for condemning the ongoing repression in Iran. That stopped in 2002. We were not a member and that failed, that resolution failed by one vote. Nothing was tabled until the next couple of years.

We do have the U.N. Human Rights Commission in Geneva meeting slated to begin on March 14 and my question to you, Ambassador Palmer, to the extent that you might know: Will we be either co-sponsoring or tabling or introducing our own resolution? I was struck by Dr. Sick when he said that, you know, there are people, as we all know, willing to speak out in Iran and they are courageous people. Many of them are religiously- or faith-based people, and yet, the repression is ratcheting upwards vis-a-vis their congregations, as well as themselves.

So we have an opportunity here, the U.N. Human Rights Commission, if it is going to meet anything, it needs to speak truth to power. Will we be tabling a resolution at it?

Mr. PALMER. I am sorry, I do not know whether we are tabling a resolution on that or not, although Freedom House, putting on my other hat, would certainly say we vigorously support that. But I do not know whether, in fact, we are going to do it.

Mr. SMITH. Okay, could you take that back? And we are going to raise it as well with other Ambassadors and with the Secretary of State, Ms. Rice, herself.

Mr. PALMER. Yes, absolutely.

Mr. SICK. Could I just add, if I may put on my other hat that is associated with Human Rights Watch, I would also be happy to take that back. In fact, Human Rights Watch has been working very, very actively to take care of the problem that you are describing. That is, getting the U.N. Human Rights Commission to actually take the kind of actions that it needs to.

And a lot of countries in the world are not willing to cooperate with that. I think if we can start anywhere with the U.S. Government and others, there is a constituency there to be built within the Human Rights Commission that could be extremely valuable, and it would actually help to accomplish some of the things we are talking about here.

Mr. SMITH. And very briefly, what would be the reaction to the Iranian people to an embargo not unlike that which was imposed on South Africa because of apartheid? Because it would obviously hurt them in the short term. How do you target it to the leadership, which is obviously the intended target, to try to mitigate their behavior?

Mr. PALMER. Our view, the view of the committee, is that we should be doing smart sanctions, targeted sanctions, not broad sanctions. As a number of people have said today, the Iranian people are relatively pro-American, and we obviously want to sustain that. We should not be trying to punish people who are already repressed, already poor, already suffering.

Mr. SMITH. In light of the vote, I will go right to Ms. McCollum. Mr. Delahunt?

Mr. DELAHUNT. I think it was Mr. Berman that posed a question about potential Security Council action. And I just read today, I think it was in *Fortune*, that Iran has entered into a \$70 million contract regarding the development of natural gas fields, et cetera, with China. And as a permanent member of the Security Council, I think one could draw an inference that it would be difficult to secure cooperation from the Chinese in terms of Security Council action. Just a quick comment?

Mr. SOKOLSKI. First of all, you have to fail before you can say the rules are broken. We have not tried, even the case in North Korea. I find that a bit unconscionable. Second of all, what China will do and why, you are absolutely right: The jury is out. I do not know that the \$70 million contract is a concern so much as they do not want to be the subject of sanctions themselves. Therefore, I would strongly recommend that you go first and no further than simply branding Iran as a violator. And I think if you do, you may find success is not as distant.

Mr. DELAHUNT. All right, another problem I have again is you alluded to North Korea, and we have Secretary Rice saying Iran is a totalitarian regime and the United States will not talk to Iran. And the EU-3 is engaged in these negotiations and yet we are holding back.

On one hand, that is, I guess, the position of this Administration and on the other hand, while we refuse to engage in one on one negotiations with North Korea, we are embracing the six-party roundtable conversation with the North Koreans. I do not know about you, but for me there is an inconsistency there that befuddles me. And I wonder how the rest of the world, when examining that reality, that set of facts, what kind of impression are we making in terms of the international community?

Mr. PALMER. Well, I think the international community is befuddled. They think that this is a mistake, and the Committee on the Present Danger also thinks it is a mistake. The great concern, I think, that the President has and that Secretary Rice has is that we somehow would legitimize either the North Korean regime or, in this case, Khamenei, in power, that we would strengthen their control. That is only true if you have an Administration which is weak on democratization, which is not explicit about the need for regime change.

This Administration is very clear about that and therefore, we—in the Committee on the Present Danger and Secretary Shultz who, in my judgment, is one of the great Secretaries of State since the Second World War—believe there is very little risk that that signal would be sent if we started to talk more openly with the Iranians. And, of course, we do talk to them now.

Mr. DELAHUNT. Right.

Mr. PALMER. But if we spoke more openly to them that suddenly everyone would conclude—

Mr. DELAHUNT. Let me just say I agree, Ambassador. I really find there is much in your testimony that, surprisingly, I agree with, particularly a robust engagement. I would hope that the Administration and whatever, in terms of its democratization, if it would also extend that to Turkmenistan and Uzbekistan and some other nations with whom we have created this alliance.

Just one final comment and, again, Dr. Sick, I think you make such a valid point about how this should be a universal rule in terms of clarifying the language. Well, let me go back. Let me strike that for a moment and go back to the testimony of Ambassador Palmer, who says if there were in place an international clearing house and monitoring system for using existing enriched uranium for peaceful purposes only, countries seeking it for such purposes would not have to develop their own enrichment capacity. I think that coincides with the comment that you made, Dr. Sick. Is there agreement that this is something that is worthy of pursuit in our aggressive advocacy? Why don't I pose that question and see whether you agree with Mr. Sokolski?

Mr. SICK. I do agree that there is a sort of meeting of the minds on this and, at least from my point of view, that is a very realistic idea.

With regard to talking to Iran, I also agree with you, sir, that we have been inconsistent. We did talk to Iran right after the invasion of Afghanistan. We dealt with them directly. We negotiated with them at Bonn to get the Karsai Government created and organized, and the Iranians actually did cooperate. In fact, the U.S. Government, this Administration, praised them for it. But other things happen and change, and I think we have now reversed ourselves and have gone to the point where we say we cannot have anything to do with them.

I think that really is a very costly mistake. It does not mean that we have to like them, it does not mean that we have to agree with their policies. But if we are going to get them to change in ways that we think are desirable, we are going to have to get engaged ourselves directly or, perhaps, indirectly, through the Europeans. There are a number of ways that we can do this, but the process on the negotiating side is not going to be successful unless the United States is prepared to commit itself to that process.

Mr. TANCREDO [presiding]. All right, the gentleman's time has expired. We are going to have to end the Committee hearing. Certainly you can respond in writing to any of the questions that have been posed to you.

I have several that I would ask you to reply to in that manner, so that we can conclude the hearing and get over in time to vote. First of all, there are, of course, a number of groups, a number of organizations outside of Iran and, I guess, partially inside the country, that are working, that at least portray themselves to be devoted to the concept of a secular, democratic Iran and are working toward that end.

I refer specifically, I think, to the MEK. It is the one of which I am most aware. I would like to know from you and again, each of you, if you would, please, just respond in writing because we are going to have to conclude the hearing. But first of all: To what extent do you believe that these groups and MEK in particular, have a following inside of Iran? To what degree can they claim the mantle of legitimacy as a representative organization of the people who want significant and democratic change in the country?

I recognize fully well the spotty history, I guess, of the group, but I am talking about in the last decade or so. What do they claim to be their intent and what they apparently are doing that they are

giving us, anyway, the reason, the ability to actually provide the MEK, the military arm of it, in Iraq, with some sort of protective status today?

Secondly, do you believe and trust that the objectives that they have established are, in fact, legitimate? That is to say, do you believe they believe in them, or is this a ruse of some kind to try and entice us into supporting them? If, in fact, they can be relied upon as a true opponent of the regime, the present regime, and if they have some following inside and outside of Iran, what are the steps we can take to, in fact, encourage them? How can we help them? Should we, in fact, move to take them off of the terrorist list as one way of addressing that issue?

If not, and right now there was a story, I think, in a periodical not too long ago that suggested that the DoD is, in fact, using a number of these folks for clandestine purposes. Should we be expanding that? Should we be stopping that? And I guess that is it, from my point of view.

The staff has asked me to add one more and that is, Did anyone try to renegotiate the NPT at the time that it was about to expire, during the Clinton Administration, to close the reading of the NPT that allows the nuclear fuel cycle to continue? If not, why not? And those are the questions. I would sincerely appreciate it if each of you could respond to the Committee in writing.

And with that, I want to express my sincere thanks to all of you for being here today and for your very insightful observations. And we now conclude the hearing.

[Whereupon, at 12:30 p.m., the Committee was adjourned.]

## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE BEN CHANDLER, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF KENTUCKY

Mr. Chairman, I am very pleased that you have called this Committee together in order to discuss U.S. policy towards Iran. Like many of our colleagues, I believe that Iran presents one of the greatest threats to world safety. If the United States hopes to achieve its goals of establishing stability in the Middle East and ending the threat of terrorism, we must find an effective method to both stop Iran from developing a capacity to produce and use nuclear weapons and shut down its international terrorist activities.

We should remain very skeptical of Iranian assertions that its nuclear program is intended for peaceful purposes. For two decades, Iran has been trying to develop nuclear weapons capability, despite the fact that it forswore doing so when it signed the 1968 Nuclear Non-Proliferation Treaty. Iran's successful development of nuclear weapons will seriously endanger U.S. allies and forces in the region and obstruct our efforts to forge ahead on bringing peace and stability to the Middle East.

Over the years, several unsuccessful efforts have been made by the international community to ensure that Iran's nuclear program remained purely civilian. Iran has continued to buck these diplomatic overtures by seeking technology for a complete nuclear fuel cycle that would allow it to produce weapons-grade nuclear material, clandestinely building facilities to enrich uranium, and importing centrifuges for that purpose on the black market.

At the moment, Iran has halted its nuclear work while it again negotiates with Britain, France, and Germany (the EU-3). However, it is clear that Iran only views this agreement as temporary and has already made it clear that it will only continue negotiations while it feels that sufficient progress is being made. Yet, Iran has already proven an untrustworthy negotiating partner. It used the time between signing the agreement with the EU-3 and the date it took effect to convert a reported 22 tons of uranium yellowcake into the gas needed to fuel enrichment, which while not breaking the letter of the agreement is a clear violation of the spirit of the deal. This behavior combined with comments made by Iranian officials indicate that Iran is not serious about ceasing its work and will proceed with the production of weapons-grade nuclear material at its discretion.

While much of the world's attention has been focused on Iran's nuclear program, Iran continues to be the leading sponsor of Palestinian terrorism, the key patron of Hizballah and a major supporter of al-Qaeda fugitives and terrorists seeking to undermine U.S. efforts to stabilize Iraq. The State Department has again stated that for most of the past decade Iran "remained the most active state sponsor of terrorism." This pattern of terrorism coupled with its pursuit of weapons of mass destruction is a clear threat to the security of the United States and the interests of the world community.

Mr. Chairman, I believe that the United States should no longer sit idly by and let Iran continue its belligerent behavior. While I support the efforts of the EU-3, I also believe that if we hope to have any success in deterring Iran from its current course we must reevaluate current U.S. policy towards Iran and I commend you for calling this hearing on this very important matter.

PREPARED STATEMENT OF THE HONORABLE DARRELL ISSA, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, thank you for convening this hearing here today to explore the threat posed by Iran and to gain perspective on what the United States should be doing in regard to this nation that President George W. Bush marked three years ago as part of the "axis of evil."

Over the past 25 years, Iran has stood above all nations as the number one purveyor of state sponsored terror in the world. They have killed Americans, taken hostages, and been a destabilizing force in multiple nations throughout the Middle East.

Recent reports showing that Iran might soon acquire nuclear weapons, that when mounted on the ballistic missiles they already possess, could be used to strike any target in the region including Israel, U.S. forces in Iraq, or oil reserves in the Gulf states is extremely troubling. Every effort must be made to ensure that Iran does not acquire these weapons.

While stopping Iran from acquiring nuclear weapons must be the first priority of the United States and the international community, the United States cannot accept any international settlement that would have the effect of enhancing Iran's ability to export terrorism.

I look forward to hearing testimony from the panel here before us today about what options the United States has in dealing with Iran. I am particularly interested to hear their insight on how recent, and for the first time democratic, elections held in Iraq may affect Iranian politics and society in the near and distant future. I am also curious to hear the panel's insight on what additional leverage the United States may have because of this recent development in the coming months.

Thank you.

PREPARED STATEMENT OF THE HONORABLE KATHERINE HARRIS, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF FLORIDA

Thank you, Mr. Chairman, for conducting this essential hearing on our nation's policy toward Iran.

As its neighbors to the west and to the east embrace freedom and democracy, the Iranian people remain shackled by the chains of oppression. Moreover, even the Palestinian Authority has adopted a new tone of conciliation and negotiation—while Iran obstinately clings to its nuclear ambitions and continues to serve as one of terrorism's prominent state sponsors.

Iran must comply with the will of the international community by participating in multilateral nuclear proliferation discussions. Iran must also end—once and for all—its quarter of a century-long policy of harboring terrorists and supporting terrorism-related activities.

Working in concert with our allies, the United States should evaluate the utility of tough new diplomatic stances. We should also send a strong message to Iran's democratic reformers that the United States stands with them—just as it has stood with the brave citizens of Iraq and Afghanistan.

Diplomacy still has time to work in this case. Yet, diplomacy cannot succeed unless the United States and its allies insist upon these core principles. We must not tolerate Iran's continued disruption of the Middle East peace process—or its interference with the development of a free, democratic, and prosperous Iraq.

I look forward to today's testimony. Thank you.

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF INDIANA

Mr. Chairman, thank you for convening this important and timely hearing to highlight the ever growing danger posed by the Islamic extremist regime in Iran.

While the removal of Saddam Hussein's brutal regime in Iraq will gradually bring stability and democracy to a troubled region, the actions and policies of the Government of Iran, including its support for international terrorism, its efforts to undermine Middle East peace, and its acquisition of Weapons of Mass Destruction (WMD), continues to pose a dangerous and immediate threat to the region as well as to the national security, foreign policy, and economy of the United States.

As we already know, Tehran has been historically emboldened in its efforts to assert its political and military influence in order to destabilize the Persian Gulf and export Islamic extremism around the world before the democratic forces within Iran, inspired by the example of a free and democratic Iraq, move to liberate themselves

from their dictatorship. The people of Iran, those residing in the country and abroad, are growing increasingly weary of the repression imposed upon them by Iran's ruling clerics; and, with each new birth, the popularity and control of the regime is further undermined. In fact, an estimated 50 percent of Iran's 70 million people were born after the revolution, and the call of the clerics is falling on increasingly deaf ears. Iran's youth, as we saw in early 2003, are prepared to take to the streets demanding good governance, accountability, and economic opportunity from Iranian hardliners. Simply put, time is running out for the extremists to accomplish their goal of exporting their radical agenda.

With time running out, pressured by both internal and external factors, Iran's regime has sharpened its confrontational posture towards its neighbors and the West. In fact, as we were informed on February 10, 2005, at the House International Relations Hearing entitled "The Way Forward in the Middle East Peace Process," Iran has been significantly involved in the funding of groups whose main goals are to undermine the Middle East peace process and ultimately threaten violent opposition to the government of Palestine.

The Islamic Republic of Iran has also sought to use covert action to undermine the emerging democracy in Iraq. As evidenced, Tehran has aggressively cultivated covert ties with Iraq's Shiite population and the backing of militant groups—including the Iraqi Hezbollah and Muqtada al-Sadr's Mehdi Army. Furthermore, besides funding the Palestinian Islamic Jihad and Hizballah, Iran has been linked to al-Qaeda and other fundamentalist groups dedicated to the disruption of democracy throughout the Middle East.

On January 30, 2005, the Iraqi people took to the polls in a critical test for their young democracy. The successful transfer of sovereignty has paved the way for meaningful equity for all Iraqi citizens in the process of shaping their future, while—at the same time—generated renewed hope for prosperity and democracy in the broader Middle East. So far, Iran has been unable to alter the course of events in this transition, but they are still not easily retreating.

Under normal circumstances, these aggressive actions by Iran would be disturbing, but in light of Iran's accelerated development of its nuclear capability, in addition to the WMDs it already possesses, these developments should be viewed by the entire international community with extreme alarm.

After getting caught in the fall of 2002, the Iranian regime was forced to admit that it had nuclear facilities that it had failed to declare to the International Atomic Energy Agency (IAEA). From that time onward, Iran has engaged in a systematic campaign of deception and manipulation to hide its true intentions and to keep its large-scale nuclear efforts a secret. With 7 percent of the world's proven oil reserves and the second largest natural gas reserves on the planet, Iran has absolutely no need for civil nuclear power. So the only reason to pursue civilian nuclear power is to use it as a shield for an illicit nuclear weapons program. And, as the IAEA discovered, over the last 18 years the Iranian regime has been pursuing just that.

The Iranian Government needs to think very, very strongly about what it is doing. Besides developing weapons of mass destruction, Iran engages in torture, capital punishment for political and religious crimes, and myriad other systematic violations of the fundamental standards of human rights. The civilized world must not and cannot allow a terrorist state like Iran to continue with their nuclear weapons programs, and we need to do whatever is necessary to stop them. We must send a clear message to Iran, and to all other potential proliferators and exporters of terror, that we will not tolerate this behavior, and we will not sit idly by as Iran threatens our Nation, our Allies, our interests, and global security.

Terrorist regimes cannot be appeased, so they must be confronted. Congress and the Administration must work together in a spirit of bipartisanship to bring Iran into compliance. It should be the firm policy of the United States, and the world, to restore freedom to the Iranian people.

Once again, Mr. Chairman, I appreciate you convening this hearing, and I look forward to hearing the thoughts and suggestions of our distinguished witnesses.

ARTICLE BY GARY SICK, PH.D., SENIOR RESEARCH SCHOLAR AND ADJUNCT PROFESSOR OF INTERNATIONAL RELATIONS, SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS, COLUMBIA UNIVERSITY, SUBMITTED FOR THE RECORD

Gary Sick

## Iran: Confronting Terrorism

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*The Washington Quarterly* • 26:4 pp. 83–98.

THE WASHINGTON QUARTERLY, AUTUMN 2003 83

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Charges of terrorist activities have plagued Iran from the earliest days of the Islamic revolution to the present. More than any other factor, they have interfered with Iran's ability to establish a responsible foreign policy image. Yet, terrorism is murky and highly ambiguous. As penalties for terrorism escalate, terrorists try to mask their identities; determining who planned and executed an act of terror is extremely difficult, and it is often virtually impossible to establish with any certainty the policy motives behind such acts. Iran is a particularly complex case.

Iran has a split personality. Some parts of its government—the presidency, the Majlis (parliament), and the functional ministries—though far from a fully functioning democracy, are held accountable for their policies and actions through public review and frequent elections. A second set of government institutions, including the Supreme Leader (*velayat-e faqih*), oversight committees such as the Guardian Council and the Expediency Council, and the security services, are dominated by a conservative clergy who are officially above reproach, essentially accountable only to themselves.

These institutions have veto power over government policies and command a shadowy but potent network of influence and protection that grew out of the revolution, permeating Iran's national security structure and economy. The tension between these two unevenly balanced power centers affects Iranian policy at all levels so that, at times, Iran appears to be pursuing different or even contradictory objectives.

Since at least the mid-1990s, the main objectives of the elected government have been to attract foreign political and economic support. Especially since President Muhammad Khatami's election in 1997, Iran has played a significant and constructive role at the United Nations, normalized its relations with its neighbors in the Persian Gulf region, and moved much closer toward mutually respectful relations with the European Union. At the same time, some unaccountable elements of Iran's power structure have seemed unwilling to accept this normalization process and have clung to a very different agenda of destabilization, revolutionary vengeance, and violent intimidation, including terrorist acts. The two sets of policies, often directly contradictory, reflect the struggle that lies at the very heart of the Iranian revolutionary experience.

The triumph of the Iranian revolution in February 1979 kindled a burst of radical actions by Iran that deserve to be called terrorism. These include kidnappings sanctioned and sponsored

by the government itself, such as the taking of American hostages in the first years of the revolution, and reputed Iranian support for and suspected direct involvement in Hizballah operations in Lebanon, including the bombings of U.S. installations and hostage-taking throughout the 1980s. During the Iran-Iraq War, Iran pursued a strategy of maritime terror, using unmarked

gunboats and floating mines to attack noncombatant shipping. Numerous assassinations of enemies abroad in the late 1980s and 1990s were widely and persuasively attributed to Iranian official sponsorship, and Iran was accused of sponsoring operations by other militant organizations, such as the Argentinean bombings of 1992 and 1994 and the 1996 Khobar Towers bombing, attributed to Hizballah organizations in Lebanon and Saudi Arabia. Iran is currently suspected of supporting terrorist acts against Israel through its support of radical Palestinian factions.

Given the ambiguities of the public record, if not the intelligence data on which it is based, Iran's actual behavior may be better, worse, or substantially different from the brief survey presented here. We may never have all the facts about many of the terrorist incidents of which Iran is accused. Assuming, however, that the following discussion of Iran's record on terrorism and the main driving forces of that record are at least roughly accurate, certain conclusions can be drawn about Iranian policy on terrorism, the direction in which it is headed today, and possible U.S. responses. Iran undoubtedly behaves differently today than it did nearly a quarter century ago. Iran's postrevolutionary policies of hostage-taking and rebellion promotion among its neighbors have been abandoned, as have its wartime shipping attacks and targeted assassinations of enemies. Today, Iran's promotion of violence seems to be increasingly focused on support for radical anti-Israeli groups in Palestine. This shift calls for a different and more creative set of responses on the part of the United States.

#### Iran's Historical Motivations for Terrorism

##### EXPORTING THE REVOLUTION

The capture of the U.S. embassy in Tehran in 1979 by a band of students and the imprisonment of a large group of U.S. diplomats and private citizens for 444 days with the explicit acquiescence of the Iranian government set the tone for Iran's relations with the United States and many other countries.

The United States and much of the world regarded this act as the quintessential example of state-supported terrorism. It traumatized the U.S. public and darkened the lens through which the United States would view the Islamic Republic of Iran and all of its policies and actions during the decades that followed.

In the years immediately after the revolution, Iranian militants—with or without the official support of the government—attempted to export the revolution by stirring up radical Islamist discontent in Bahrain, Saudi Arabia, and other Gulf states. A botched attempt by Iranian supporters to assassinate senior Iraqi officials, including Tariq Aziz, in April 1980 was one of the catalysts that persuaded Saddam Hussein to invade Iran in September of that year.

Iran's ambassador to Syria in the early 1980s, Ali Akbar Mohtashemi, provided financing and support for the creation of Hizballah ("Party of God"), the Lebanese political party and resistance movement. Hizballah is widely believed to have been associated with the bombings of the U.S. Marines barracks and the U.S. embassy in Lebanon in 1983, although its leadership denies the charge, as well as the killing and hostage-taking of Americans and others throughout the 1980s. Its success in conducting a guerrilla war in southern Lebanon against Israel, ultimately leading to Israel's departure in 2000, won widespread admiration in the Islamic world and made Hizballah a source of inspiration and training for militant organizations throughout the Middle East, many of which adopted the same name. Iran takes pride in its continued support for Hizballah as a national resistance organization but denies having operational control over decisionmaking. In recent years,

Iran has openly called on Hizballah to display “prudence and self-restraint” to prevent Israel from finding a pretext to attack Lebanon again.)

#### ENEMIES OF THE STATE

Just before he died in 1989, Ayatollah Ruhollah Khomeini, the father of the Iranian revolution, issued his famous *fatwa* against Salman Rushdie. Khomeini regarded Rushdie’s depiction of the prophet Muhammad and other Islamic subjects in *The Satanic Verses* as blasphemous, and the *fatwa* in effect incited the general Muslim community to murder Rushdie. It also seemed to signal the beginning of an assassination campaign against individuals associated with Rushdie’s book as well as other “enemies of the revolution.” The rash of killings that followed included Kurdish leader Abdol Rahman Qasemlu in Vienna in 1989, former Iranian prime minister and opposition leader Shapour Bakhtiar in Paris in 1991, four Iranian Kurds in Berlin in 1992, and several leaders of the opposition Mujahideen-e Khalq movement. In addition, two bombings in Argentina—the Israeli embassy in March 1992 and a Jewish community center in July 1994—were attributed to the Lebanese Hizballah organization, allegedly with Iranian assistance.

To be sure, Iran may often be falsely accused. Many of these crimes were never solved, and the degree of Iranian official responsibility may be overstated. For its part, Iran flatly and unequivocally denied any role in these incidents. A German court that formally investigated the 1992 Berlin murders, however, implicated the highest levels of the Iranian government and indicted the minister of intelligence, Ali Fallahian, for his role. An Argentinean court officially concluded in 2003 that officials in the Iranian embassy provided unspecified support to Hizballah for the 1994 bombing of the Jewish Community Center.

Iran’s past reputation for supporting terrorism, the incendiary rhetoric of its ultraconservative clerical leaders, and its almost total lack of transparency concerning issues of national security have created an environment in which it is easy to believe the worst. In fact, Iran’s behavior since the revolution has allowed its opponents to accuse it of almost anything and to find a receptive audience for their claims. Iran’s vigorous denial in all of the aforementioned cases ultimately undermined its credibility because the formula never varied, even when the evidence was quite incriminating, and there was never any visible effort by Iran to investigate the circumstances or to punish any of the individuals who might have been involved.

#### MARITIME TERRORISM

During the Iran-Iraq War (1980–1988), Iranian gunboats—usually small speedboats with hand-held grenade launchers and other weapons—attacked commercial shipping in the Gulf. Iran also seeded the waters of the shipping lanes with floating mines. These tactics were usually regarded as acts of war, and they have not figured into the terrorism charges against Iran. The case can be made, however, that they represented a form of maritime terrorism.

That Iran used these strikes to retaliate against Iraqi air attacks against its own shipping is obvious. Iran could not retaliate in kind because all Iraqi ports were closed and there were no Iraqi ships in the Gulf. Instead, Iran sent unmarked speedboats to fire at commercial ships en route to Arab ports

on the unspoken but entirely valid assumption that countries such as Kuwait and Saudi Arabia were serving as a supply channel for Iraq.

Although Iran never formally acknowledged that its military forces were behind these attacks,

Iran undoubtedly organized and sponsored them. They were not truly acts of war because they were conducted by nonuniformed personnel against unarmed civilians of noncombatant

states; they more closely resembled drive-by shootings or the mining of a busy thoroughfare. These attacks, which threatened the region's shipping lanes, eventually led to direct military clashes between the United States and Iran in the Gulf. They are significant here because they indicated Iran's willingness to use unconventional, even terrorist, methods to pursue a political and military strategy, even if that meant confronting the United States.

#### RAFSANJANI AND THE AL-KHOBAR BOMBINGS

Khomeini's death was perhaps an even greater challenge for Iran than war with Iraq. This event brought a new generation of revolutionaries to the top leadership positions and produced substantial changes in the constitution, even though it did not seriously threaten the regime or cause any dramatic shift in policy. Iran's competing foreign policies, however, were dramatically visible during the presidency of Ali Akbar Hashemi Rafsanjani (1989–1997). Rafsanjani's systematic efforts to build constructive political as well as commercial ties with the West were sabotaged repeatedly by a policy that appeared to be driven by revolutionary vengeance and executed by shadowy forces. Tehran never publicly identified the perpetrators or publicly held them accountable, presumably because they enjoyed the protection of individuals at or near the top of the conservative power structure.

A major terrorist event during the last few years of the Rafsanjani presidency was the June 1996 bombing of the U.S. military barracks at Al-Khobar in the eastern province of Saudi Arabia that killed 19 U.S. servicemen and wounded 372. Five years later, the Bush administration issued an indictment that identified Saudi Hizballah as responsible for carrying out the attack and asserted that Iran had "inspired, supported, and directed" Hizballah organizations in Saudi Arabia, Lebanon, Kuwait, and Bahrain since the early 1980s.<sup>6</sup> The indictment specifically identified Iranian contact and exchange of information with various Saudi Hizballah groups during 1993 and 1994, but it contained no evidence of Iranian contact with any of the Saudi perpetrators during the year prior to the Al-

Khobar operation and no evidence of Iranian involvement in the operation itself.<sup>6</sup> When the June 2001 indictment was issued, Attorney General John Ashcroft indicated quite clearly that it contained only those charges that the administration believed would stand up in court.<sup>7</sup> The Al-Khobar case is crucially important to understanding Iran's use or nonuse of terror, at least historically. If, as the Bush administration's indictment asserts, the Al-Khobar incident shows that Iranian intelligence services maintained active contacts with radical Islamist elements opposed to the United States, that should not come as a great surprise. If, however, the Iranian government deliberately orchestrated an attack on U.S. installations and personnel as a means, for example, of driving Americans out of the Gulf region, that would be evidence of a significant shift in Iranian policy toward the United States and Saudi Arabia. Only the year before, Iran had offered a major offshore development contract to a U.S. company as a signal of interest in improved relations and was engaged in a major strategic effort to develop closer relations with Saudi Arabia.

It is impossible to conclude on the basis of the Bush administration's indictment that the Al-Khobar attack constituted a major shift in Iran's willingness to use terror against Saudi Arabia and

the United States . As former U.S. national security adviser under the Clinton administration Sandy Berger described the Al-Khobar investigation: “We know it was done by the Saudi Hizballah. We know that they were trained in Iran by Iranians. We know there was Iranian involvement. What has yet to be established is how substantial the Iranian involvement was.”<sup>8</sup>

#### KHATAMI AND THE NEW IRANIAN DIPLOMACY

With Khatami’s landslide election in 1997, Iran’s official foreign policy focused more intently on integrating Iran into the international community and on presenting a visage of Iran quite different from the scowling fanaticism of the earliest days of the revolution. Khatami’s determination to change Iran’s image became clear in January 1998, early in his first term, when he used the occasion of a CNN interview with correspondent Christiane Amanpour to deliver a message to the people of the United States. In carefully prepared remarks, he addressed all the outstanding issues between the United States and Iran, including terrorism:

We believe in the holy Quran that says: slaying of one innocent person is tantamount to the slaying of all humanity. How could such a religion, and those who claim to be its followers, get involved in the assassination of innocent individuals and the slaughter of innocent human beings? We categorically reject all these allegations. ... Terrorism should be condemned in all its forms and manifestations; assassins must be condemned. Terrorism is useless anyway and we condemn it categorically. ... At the same time, supporting peoples who fight for the liberation of their land is not, in my opinion, supporting terrorism. It is, in fact, supporting those who are engaged in combating state terrorism.<sup>9</sup>

When further asked, “Regardless of the motive, do you believe that killing innocent women and children is terrorism, as for instance what happens on the streets of Israel?” Khatami replied, “It is definitely so. Any form of killing of innocent men and women who are not involved in confrontations is terrorism; it must be condemned, and we, in our term, condemn every form of it in the world.”

This statement was and remains the most complete and authoritative to date regarding Iran’s formal government policy on terrorism. Khatami’s subsequent handling of the “serial murders” of Iranian intellectuals lent some credibility to his statement. At least four intellectuals were brutally murdered in quick succession in November and December 1998 in what may have been an effort to destabilize the Khatami government. Khatami conducted an investigation, and his government arrested a group of ultraconservative officials, headed by Deputy Director Saeed Emami, in the Ministry of Intelligence. These men were hired originally by Ali Fallahian, the former minister of intelligence, and their arrest was widely seen as a public rebuke to the conservatives as well as a rare case of transparency in the security services.

Before the case came up for trial, however, Emami reportedly killed himself in prison by ingesting a toxic powder normally used for hair removal.

When Khatami first took office, he had wanted to remove Emami and his associates from the Intelligence Ministry but had not succeeded in overcoming conservative objections. After Emami’s arrest, Khatami was able to replace many of Fallahian’s people in the ministry and to install an intelligence minister of his choosing. The unprecedented revelations of rogue operations in the security services, including widespread allegations that Emami was killed to prevent him from implicating other ultraconservative figures at the very highest levels of the clerical leadership, created a public sensation and seemed to indicate that unauthorized terrorist operations might become subject to internal and perhaps even public scrutiny and control. Such a hope was unduly optimistic as no further examples have followed, but Emami’s arrest and death did confirm

widespread suspicions that pockets of extremists inside and outside the revolutionary structure were operating without the review or approval of the elected government.

#### SEPTEMBER 11 AND THE IRANIAN RESPONSE

After the September 11 attacks, in sharp contrast to much of the Arab world's scarcely concealed glee that the United States had gotten a taste of its own medicine, Iran responded with official statements of condolences and unofficial candlelight vigils in support of the American people. Although Iran officially opposed the subsequent U.S. attack on Afghanistan, it made no effort to interfere and even cooperated quietly on issues such as humanitarian relief, search and rescue, and other practical matters. After the Taliban government was deposed, Iran participated positively and creatively in the Bonn talks to establish a new interim government in Afghanistan, drawing rare praise from U.S. officials.<sup>10</sup>

At the Tokyo donors conference in January 2002, Iran pledged a total of \$560 million for the reconstruction of Afghanistan—the largest donation of any developing country. Speculation emerged among pundits that this would be the beginning of a new U.S.-Iranian relationship. Then, in his 2002 State of the Union address, President George W. Bush identified Iran as the third member of an “axis of evil,” along with Iraq and North Korea, stating that terrorism was a major concern:

Iran aggressively pursues these weapons [of mass destruction] and exports terror, while an unelected few repress the Iranian people's hope for freedom. ... They could provide these arms to terrorists, giving them the means to match their hatred. ... The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons. <sup>11</sup>

Why did the Bush administration go from praising to excoriating Iran in only six weeks? One likely reason was the Israeli intercept and capture in January 2002 of the *Karine-A*, a ship secretly purchased by the Palestinian Authority (PA) that was allegedly carrying some 50 tons of weapons and explosives from Iran's Kish Island to Palestine. Israel arrested the ship's captain, Omar Akawi, who later spoke to the press from his prison cell and identified himself as a member of Arafat's Fatah movement and a lieutenant colonel in the PA's naval police.<sup>12</sup> The Palestinians and Iranians denounced the event as an Israeli setup intended to influence U.S. policy. If so, it worked perfectly. A senior administration official told *The New York Times* that the incident “was a sign to the president that the Iranians weren't serious.”<sup>13</sup>

#### Ties with Al Qaeda?

The United States also began asserting publicly that members of Al Qaeda were taking refuge in Iran across the border from western Afghanistan. Zalmay Khalilzad, the administration's special envoy to Afghanistan, put the U.S. case succinctly: “Hard-line, unaccountable elements of the Iranian regime facilitated the movement of Al Qaeda terrorists escaping from Afghanistan.”<sup>14</sup> The government in Tehran initially denied that any Al Qaeda partisans were in Iran. The very lengthy border between Iran and Afghanistan and Iran and Pakistan is riddled with drug smuggling routes and is far from secure, however, and after some weeks, Iran announced that it had located Taliban and Al Qaeda supporters within its borders and that they were being returned to their countries of origin. Over the following year, the Iranian government detained and extradited more than 500 fugitives, largely volunteers from various Muslim countries who had gone to Afghanistan to join the jihad against the West.

Why would members of the Iranian security services look the other way or perhaps even facilitate the passage of these fugitives? No doubt money was the primary reason. Besides money, however, some hard-line elements may have also seen an opportunity to recruit agents or to incorporate some militant Afghan cadres into their own operations. One can only speculate, though, because neither Washington nor Tehran disclosed the identity of these individuals nor suggested their possible motives.

Some reports, usually ascribed to anonymous intelligence sources, have mentioned a connection between Al Qaeda and some elements in Iran, possibly via Hizballah.<sup>15</sup> Those allegations strained credulity, however, given Iran's vigorous opposition to the Taliban government in Afghanistan and its Al Qaeda supporters. Al Qaeda is a Sunni Muslim group that espouses the views of the most extreme proponents of the Salafi (often called Wahhabi) school of Islamic thought, which regards Shi'ism, the religion practiced most in Iran and by Hizballah in Lebanon, as heretical. One can imagine some low-level tactical contact between the two groups, particularly in view of their shared opposition to the Western presence in the Gulf region.

Claims of an alliance, however, lack evidence and logic. The issue of potential Iranian ties with Al Qaeda took on much greater significance in May 2003 when three suicide car bombs exploded almost simultaneously in Riyadh, Saudi Arabia. Thirty-five people, including nine bombers, died in the explosions, which targeted housing compounds for Americans and other Westerners living and working in the Saudi kingdom. The attack was carried out by a group of Saudi militants, who had previously been identified by Saudi security forces and were on the run, operating under Al Qaeda's direction. Many of the perpetrators were arrested in the following weeks, but the United States released unconfirmed intelligence reports that Iran was sheltering some senior Al Qaeda operatives who may have been involved in planning the attack. Iran denied involvement, then announced that it had several Al Qaeda members in custody, reportedly including some very senior individuals. The United States responded quite sharply, calling the action taken by the Iranian government insufficient and suspending the potentially significant informal talks that had begun to take place on a regular basis between U.S. and Iranian officials. These talks had been warily resumed in Geneva, technically under the aegis of an informal UN committee created to deal with Afghanistan after the Afghan and the Iraq wars had underscored the mutual interests of the United States and Iran on a number of practical issues, such as preparing for refugee movements and search and rescue missions as well as maintaining stability after war had ended. The discussions were reportedly businesslike and many observers saw them as a precursor to a possible improvement in U.S.-Iranian relations, despite the two countries' many differences and the sour taste left by the axis of evil speech. As had happened in the past, U.S. charges of Iranian association with terrorist activities brought potentially constructive contacts to a halt.

#### Has Khatami Ended Support for Terrorism?

Iran has clearly changed its policies substantially over time. The hostage-taking and regional destabilization campaigns of the early days of the Iranian revolution that were so immensely costly to Iran's image and that continue to plague its international relations have vanished. As Khatami delicately put it in his CNN interview, there is no longer any need for such "unconventional methods."<sup>16</sup> Assassinating enemies of the Islamic Republic in Europe ended in 1994. Later killings outside Europe focused primarily on members of the Mujahideen-e Khalq, but those have also largely ceased in recent years and may have been rendered pointless by U.S. occupation of Mujahideen-e Khalq camps in Iraq and severe crackdowns on the organization in France and

elsewhere. As far as we can tell, Iranian direct involvement in terrorist activities in the past—kidnappings, maritime attacks, assassinations—seems to have given way in recent years almost entirely to proxy support for non-Iranian organizations. If so, this may be attributable simply to the realization that these actions were doing immense harm to Iran's broader national objectives and that their cost far outweighed whatever perceived benefits may have been gained. Iran may have taken a very long time to reach what might appear a fairly obvious conclusion, but it suggests at a minimum a capacity to modify its policies in the face of persistent pressure and experience.

The most substantial changes in Iran's apparent policies and behavior have come with Khatami's election. Although Khatami has been largely unsuccessful in his attempt to move the ruling clerical elite toward his vision of greater political liberty, civil society, and rule of law, he has changed the political discourse in Iran. His housecleaning of the Intelligence Ministry—one of the few genuine achievements to come out of his many confrontations with the conservative power structure—may have significantly curtailed Iran's earlier tendency toward interventionism and feckless adventurism. At the same time, Iran undoubtedly continues to consort with and provide support to organizations that are committed to the destruction of Israel. The list begins with Lebanese Hizballah and extends to include Hamas, the Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command. Virtually all elements of the Iranian leadership do not deny this association; they actually take pride in it. Members of these and other militant organizations are brought to Iran repeatedly for various conferences and meetings; their leaders meet openly with Iran's top leaders, including Khatami and his foreign minister; other Iranian officials meet with them on trips to Lebanon and Syria; and Iran provides material support. Iran regards this as legitimate activity in support of resistance movements fighting against illegal occupation of their land. Although Khatami, as indicated earlier, asserts that bombings of innocent people are prohibited in Islam and are opposed by Iran, many other Iranians, including very senior clerics and officials, maintain that such acts are legitimate and may well be prepared to countenance or encourage violence. The United States and much of the West regard these organizations as terrorists. Iran's more tolerant view, however, is not that different from popular Islamic opinion (and some official opinion, whether public or private). Iran envisions itself as the true world leader of political Islam, and fierce opposition to Israeli occupation is a touchstone of that core belief. Despite its own strong views, Iran has stated repeatedly that it would accept any settlement that is satisfactory to the Palestinians and that it will not try to impose its views by force. Judging from the fiery anti-Israeli rhetoric of many Iranian leaders and their failure to criticize or condemn even the most extreme actions or claims of its friends in the Palestinian-Israeli arena, including repeated suicide bombings by organizations such as Hamas and Islamic Jihad, Israel and the West have every reason to be skeptical of those assurances.

The alleged sheltering in Iran of Al Qaeda members and other fugitives, such as the Al-Ansar group in Iraq, is a different problem that is less obvious than it may appear. Even without porous borders and isolated, lawless regions, the apprehension of Al Qaeda operatives is not a simple matter, as evident elsewhere. Osama bin Laden and some of his contingent reportedly move back and forth across the Afghan-Pakistani border almost at will, despite the best efforts of both the United States and the Pakistani government to locate and intercept them. The United States itself has repeatedly discovered cells of Al Qaeda operatives within its own borders, including some members who had recently arrived and were reportedly conducting training operations not far from the nation's capital. Washington is quick to assume the worst with Iran, especially in light of Iran's lack of transparency concerning issues of intelligence and national security. Nevertheless, after

massive misjudgments of intelligence concerning Iraq, the United States might be well advised to regard its present intelligence reports on Iran with a bit more caution.

#### Policy Options

The United States faces two severe problems in dealing with Iran and terrorism. The first is the difficulty of dealing with the legacy of the past. Terrorist acts in which Iran may have had direct or indirect involvement have seriously harmed many U.S. citizens (and others). The U.S. Congress has attempted to address this by passing legislation permitting victims to bring cases to U.S. courts, with awards granted on the basis of uncontested evidence because Iran refuses to appear. The awards are supposed to be paid from Iranian assets, but that would set a precedent that could harm U.S. interests around the world; so, large awards are paid to these plaintiffs from the U.S. Treasury on the presumption that eventually they will be recovered from Iran.

The Bush administration fiercely opposes efforts to prosecute U.S. officials or military personnel for possible violations of international law in the courts of other countries or at the International Criminal Court. Yet, U.S. courts are now routinely prosecuting Iranians and others for alleged support of terrorist actions by Hizballah and other militant organizations, mocking judicial due process. The past must be dealt with, but the present remedy will only complicate future efforts to settle past grievances. The more immediate problem for the United States and the international community is how to deal with Iran's proxy support for pro-Palestinian groups that oppose Israel and the peace process and who resort to terrorist attacks against civilian targets. At least since Khatami's election seven years ago, this proxy support has been the focus of virtually all accusations about Iran's role as a state sponsor of terrorism. Resolving the Israeli-Palestinian dispute would, among other benefits, remove the *raison d'être* of these violent factions and eliminate Iran's rationale for providing political and financial support. Iranian involvement is, of course, not the primary concern of those involved in the peace process. Nevertheless, as the heat of the intifada increased, with resultant devastating pictures on regional television, so too did Iran's rhetoric and its presumed material support to the extremist opposition. Iran insists that its support of the "forces of national liberation" is not terrorism, but its fervor rises and falls with the intensity of the Israeli-Palestinian conflict. Because of its distance from the conflict, Iran can adopt an irresponsible rhetorical stance that is "more Palestinian than the Palestinians" if only because it sounds appropriately revolutionary in speeches and distracts from the many domestic failures of the Iranian leadership. This is not a factional issue in Iranian politics; reformers and conservatives tend to sound very much alike. Pressure tactics and sanctions have been totally ineffective in changing Iran's behavior on this issue in the past, and there is no reason to believe that the future will be any different. Among the side benefits of progress in the peace process almost surely would be a cooling of Iranian rhetoric, a reduction in Iranian temptation to meddle in Palestine, and a corresponding improvement in U.S.-Iranian relations.

The most complex element of Iran's involvement in terrorist activities is the fact that Iran has two different ruling structures. As Khalilzad has noted, Iran's worst behavior often originates with "hard-line, unaccountable elements of the Iranian regime." How can the United States deal with that reality of Iranian politics? The short answer is regime change. The longer and more thoughtful answer is regime change that grows out of Iranian domestic needs and demands, not imposed by an external power. One of the few unquestioned positive achievements of the 1979 revolution was its lesson to the Iranian people that they were in charge of their own destiny, rather than blaming every political development on foreign hands. Losing that would be a huge setback.

Iran has been in a century-long struggle for freedom that started with the Constitutional Revolution of the early twentieth century. It has not been an easy or linear process, and the outcome is far from certain. Any attempt to short-circuit the process by sticking a U.S. finger in the Iranian pie, however, is a formula for disaster. Success in prompting a revolt would bring a crushing response from the conservative forces that would at least temporarily halt the democratization movement. Even if U.S. calls for revolution went unheeded, they might taint those seeking change as lackeys of a foreign power. During nearly a quarter century of Islamic revolutionary rule, Iran has changed and continues to change.

This is as true of the country's involvement in terrorist activities as it is in any other aspect of its political life. Iran's early ventures into hostage-taking, bombings, and subversion gave way to terror at sea during the long war with Iraq and then to a vicious vendetta of assassination against its perceived political enemies. Increasingly, Iran has shifted its focus to financing, training, and supporting proxy organizations whose actions provided some measure of deniability for Iran but could not overcome suspicion of Iranian involvement, if not actual control. Over the past seven years, the focus of this proxy relationship has been on the Israeli-Palestinian conflict.

Throughout much of this history, there has been a gap between Iran's declaratory policy and the actions of malevolent forces embedded in Iran's security services. Khatami has been successful in weeding out some of these individuals, but the job is far from complete. The magnitude of the problem that remains may be reflected in alleged Iranian support for arms shipments to Palestine and providing refuge to Al Qaeda fugitives. Iran's denial of involvement is insufficient. For the sake of its credibility, Iran must demonstrate a genuine determination to investigate such charges and to remedy any abuses. Its extradition of hundreds of Al Qaeda fighters was a step in the right direction, but Iran needs to clean its house of all known terrorists, including Lebanese and Palestinian figures with long histories of involvement in bombings and assassinations.

Confronting the hard-line elements that distort its foreign and domestic policies goes far beyond allegations of international terrorism. That struggle lies at the heart of Iran's political identity and will determine the course of its future. The United States and the international community can keep the spotlight on Iran's abuses and press hard for change. If the pressure for change is applied fairly and if Washington acknowledges Iran's accomplishments as well as its failures, the world will be assured of staunch allies within Iran. Change is a slow and often uncertain process, but it is something that can be done only by Iran itself.

#### Notes

1. There is no generally accepted definition of terrorism. For a discussion of the definitional problems, see A. William Samii, "Tehran, Washington, and Terror: No Agreement to Differ," *Middle East Review of International Affairs* 6, no. 3 (September 2002), <http://meria.idc.ac.il/journal/2002/issue3/jv6n3a5.html> (accessed July 23, 2003).
2. For details on this episode, see Robin Wright, "A Reporter at Large: Teheran Summer," *New Yorker*, September 5, 1988, pp. 32-72.
3. See Daniel Sobelman, "Hizbollah Two Years after the Withdrawal: A Compromise between Ideology, Interests, and Exigencies," *Strategic Assessment* 5, no. 2 (August 2002).
4. See Gary Sick, "Slouching Toward Settlement: The Internationalization of the Iran-Iraq War, 1987-88," in *Neither East Nor West: Iran, the Soviet Union, and the United States*, eds. Nikki Keddie and Mark Gasiorowski (New Haven: Yale University Press, 1990), pp. 219-246.
5. The indictment is located at [www.usdoj.gov:80/opa/pr/2001/June/khobarindictment.wpd](http://www.usdoj.gov:80/opa/pr/2001/June/khobarindictment.wpd) (accessed July 23, 2003).
6. For a thorough review of the charges and countercharges, see Elsa Walsh, "Annals of Politics: Louis Freeh's Last Case," *New Yorker*, May 14, 2001, p. 68.

7. See statement by Ashcroft released by the Department of Justice on June 21, 2001.
8. Walsh, "Annals of Politics."
9. "Transcript of Interview with Iranian president Mohammad Khatami," CNN.com, January 7, 1998, [www.cnn.com/WORLD/9801/07/iran/interview.html](http://www.cnn.com/WORLD/9801/07/iran/interview.html) (accessed July 23, 2003) (hereinafter Khatami interview).
10. Richard Haas, the U.S. special coordinator for Afghanistan, complimented Iran's "constructive role" in talks on the future of Afghanistan and providing the Afghan people with humanitarian aid. Agence France Press, December 6, 2001.
11. George W. Bush, State of the Union address, Washington, D.C., January 29, 2002, [www.whitehouse.gov/news/releases/2002/01/20020129-11.html](http://www.whitehouse.gov/news/releases/2002/01/20020129-11.html) (accessed July 23, 2003).
12. For a detailed review of reportage on the incident from an Israeli perspective, see "Operation Noah's Ark," Ha'aretz.com, [www.haaretzdaily.com/hasen/pages/ShArt.jhtml?itemNo=114367&contrastID=3&subContrastID=0&sbSubContrastID=0](http://www.haaretzdaily.com/hasen/pages/ShArt.jhtml?itemNo=114367&contrastID=3&subContrastID=0&sbSubContrastID=0) (accessed July 23, 2003).
13. David E. Sanger, "Bush Aides Say Tough Tone Put Foes on Notice," New York Times, January 31, 2002.
14. Zalmay Khalilzad, speech to the American-Iranian Council, Washington, D.C., March 13, 2002.
15. For a detailed examination of the facts and allegations concerning Iranian terrorist activities for the first year after the September 11 attacks, see Samii, "Tehran, Washington, and Terror."
16. Khatami interview.

