Okay, if folks could sit down, turn off the cell

phones, and I guess I am supposed to do that. I am new to this

whole chairmanship thing; I learned under the tutelage of Mr.

Royce, the gentleman from California. And one thing I learned is

that if I am chairing a hearing, I can do something unusual; in this

case, it will be asking Mr. Royce to start with his opening statement,

and then I will deliver mine.

In the meantime, we may have votes called. Witnesses might as

well relax; it is highly unlikely we will get to you before the votes

are called on the floor.

Thank you for that excellent opening statement.

We will continue here until they tell us we have about 7 minutes

to go vote. And even if I am in the middle of this carefully constructed

opus, I will suspend, we will go vote, and we will come

back. But again, I think the witnesses can relax.

I want to thank the Middle East Subcommittee for joining us, at

least in spirit, with these hearings. I suspect that Chairman Ackerman

and Ranking Member Pence will be with us at some point

after the votes.

I do want to commend the ranking member, Mr. Royce, for his

opening statement. The general comment and concern I have is

how much time do we have, and how quickly are we moving. And

I fear that the approach that we are taking now may end up being

a day late and a dollar short.

In mid-2002 and Iranian opposition group held a press conference

revealing the existence of a covert effort to produce enriched

uranium, including the now-infamous Natanz pilot enrichment

plant, and the planned industrial-scale facility for some

50,000 centrifuges to be built underground at that site.

Subsequent to these revelations, we learned many more details

about the concerted Iranian nuclear program that had gone unreported

for nearly two decades. Iran had no operational nuclear

plants at that time. Nuclear fuel is cheap, readily available from

a variety of international suppliers. The Russians, who were actually

building the only Iranian nuclear plant under construction,

would surely supply the fuel for that and any future plant.

The effort to enrich uranium, in the words of one expert, made

about as much economic sense, if electric power was the objective,

it made as much economic sense as building a slaughterhouse because

you want a sandwich. Even if you buy the argument that

Iran, with its natural gas and oil resources, needs nuclear power—

that is a very hard argument to buy, given the fact that they are

flaring natural gas—but even if you buy that argument, there is no

explanation for the enrichment of uranium, except a desire to develop

nuclear weapons.

The number one state sponsor of terrorism is trying to gain the

most powerful weapons yet invented. In September 2005, we were

able to achieve a referral of Iran to the U.N. Security Council. That

is to say, it took more than 3 years to get the Iranians into the

docket, and we celebrated that as if it was a great victory.

Just over a year later, in December 2006, nearly 41 ⁄2 years after

the Iranians were caught red-handed with a covert program to develop

nuclear weapons, the world finally took the basic step of cutting

off nuclear-relevant commerce with Iran. And that is what we

have achieved.

We are told that this is enormous progress. All we have done is

to make it just a little bit harder for Iran to continue to do what

we know they have been doing.

Given another 4 years we may finally get a ban on international

travel by regime officials. Maybe another 4 years—which I would

call the no Disneyland for Ahmadinejad sanction. And then maybe

4 years after that, we would be able to ban him from visiting Magic

Mountain, as well. Needless to say, the nuclear program of Iran is

going much more quickly than the sanctions effort.

At this point I am going to suspend. When we come back, I will

finish this opening statement, and then we will hear any other

opening statements from other members. Then we will go to witnesses.

Thank you.

Thank you. I will need to return the

gavel to you in just a minute or 2 to you to go vote. Oh, you are

off.

We are probably going to suspend these hearings—I hate to ask

your indulgence—for another 15 minutes, until we conclude votes

in the Judiciary Committee, for reasons that the Appropriations

Committee will have to explain to the House. It took them an extra

30 minutes for them to get to the floor for the floor votes, and now

we have got Judiciary Committee votes. So we stand adjourned. I

don’t see any staff or any of my other colleagues who are likely to

come right back, so we will stand adjourned for 15 minutes.

Thank you.

Thank you. At this point let us turn

to Mr. Costa for questions.

Thank the gentleman from California. Now we

turn to the other gentleman from California for 5 minutes.

I get the feeling that those of us trying to put economic

pressure on Iran are like throwing spitballs at a tank. We

are angry at the tank; we realize the threat that it poses; all we

have got is spitballs, so all we can do is throw spitballs at the tank

and hope it will have some effect. And maybe we can dream that

if we can convince others to help us, we can throw rocks at the

tank. But even if we were able to throw rocks, I don’t think that

stops the tank.

I would like Mr. Albright, but others perhaps, to comment. Let

us say we actually got an end to all subsidies to Iran, full enforcement

of what used to be called the Iran-Libya Sanctions Act, no actual

investment in Iran’s oil fields, cash-and-carry for Iran. Given

their interest in having nuclear weapons, would this level of throwing

rocks at the tank be enough to get the tank to decide to go in

reverse?

It is to put pressure on the government. The thing

is, if you have a government supported by a high oil price, and an

ideology that has captured at least some of the population, and fanatically

so, and you are able to cut 10 percent of their trade, reduce

their GDP by 5 percent, would that be enough to persuade

that government to renounce such an important goal as nuclear

weapons? Especially when they are going to get there in just a few

years, and then they can negotiate from that point and open themselves

back up to trade.

South Africa did more than give up its nuclear

weapon program.

South Africa really gave up its——

Right.

Yes. I mean, the other routes available to us are

bombing when we don’t know where to bomb, and acquiescing.

I would like the other panel members to comment, but particularly,

is there an Achilles Heel where, if the rest of the world does

something that it is possible to try to get the rest of the world to

do, you are going to impact the lives of people in Tehran’s streets?

And the only thing I have heard voiced in this area is if we could

prevent Iran from being able to import refined petroleum products.

An ironic vulnerability for a major oil exporter to have.

So you are talking, for example, of interfering

with insurance for tankers going to Iran. Do you think that that

would force them to sell their oil for a dollar a barrel cheaper? Or

how much? Certainly there will be those happy to buy Iranian oil

a few cents cheaper, if others won’t.

So then are you talking about sanctions where the

world wouldn’t buy Iranian oil?

But if I am working in Tehran, and I can’t get

gasoline for my car, maybe I riot and bring down the government

some time this decade. If I am working in Tehran, and I read in

the newspaper that Total is not going to start work in 2011 on a

project that might increase the oil revenues of my government by

2015, I am not sure my blood pressure rises at all.

Are we focusing these sanctions on affecting the

lives of people in the street? Or is the focus, you know, if I was just

the average guy working in Tehran and I read that article about,

say, Total not making an investment, my blood pressure might remain

unchanged.

If I was part of the Iranian intelligentsia focused on the needs

of my country, if I carried around in the back of my head the expected

Iranian GDP of 2014 and realized the impact that this Total

decision might have on that, then I might be disturbed.

Whose blood pressure are you trying to raise? The average

Muhammed in the street? Or the small, the tiny percentage of the

Iranian population that dreams of 5 percent GDP growth, compounded?

I think we are doing a great job of creating a policy

for America to follow in 1999. The problem is, it is 2007. That

is to say, I see an array of steps we could take now which might

very well derail a program that was 10 years to completion.

But let me ask Mr. Levitt one more question, and then move on

to Mr. Albright for a question, and then I will recognize my colleague.

Treasury has stopped dollar transactions by two major Iranian

banks. Why not all of them?

All the better reason to ask you the question. I

might get a real answer.

Well, all of the major Iranian banks, certainly all

those engaging in dollar transactions, are critically important to

moving the Iranian economy forward. If you are going to ban all

banks that, in an effort to have an economic effect on Iran, you

would ban them all.

If you only want to ban those banks that process transactions involved

in buying dual-use material usable to the Iranian nuclear

program, then you might limit yourself to those where you had actual

intelligence.

I will ask Mr. Albright just one question, and then my time will

be more than over. Do you believe that Iran currently has the capacity

to produce all of the components necessary for the P–1 centrifuges

and assemble them domestically? Or are they still reliant

on a foreign supply? If they are reliant on a foreign supply, from

whom are they getting what? Or at least likely to be getting what?

Moreover, U.N. Security Council Resolution 1737, is it broad

enough to capture everything that Iran would need to keep its centrifuge

program going? Is the so-called Bushehr program loophole

in that resolution wide enough?

And the cautionary tale here is they may have

enough for 3,000 centrifuges; they want, I think the figure you

used was 50,000?

Could be enough for a civil energy program, or

enough for a whole lot of bombs. With that, I yield to the gentleman

from South Carolina.

Thank you. I will recognize the gentleman from

Colorado.

If our witnesses will endure, we will go through

one more round of questioning. We will conclude this hearing

roughly at 4 o’clock.

Mr. Berman, we are trying to get Russia to be on our side on

this. We are getting U.N. sanctions and it is wonderful that they

are under Chapter 7, but they don’t say much.

The Russians seem to be convinced that what they do in the Security

Council vis-a-vis Iran, what they do vis-a-vis Iran elsewhere,

has no connection with what American policy will be toward missile

defense bases in the Czech Republic and Poland, toward NATO

expansion, toward Acazia, Moldova, the routing of pipelines to

carry Caspian oil.

First of all, do the Russians think that what they do vis-a-vis

Iran will have no impact on American policy in these other areas?

And second, are they right?

Yes. There is a natural avoidance among diplomats

in any kind of direct quid pro quo, but anything that is just

kind of vague takes years to accomplish, as you do something

vague, then I do something vague, then you do something vague.

And eventually you move forward.

Again, I wish these hearings were being held in 1999. Likewise,

the Chinese seem to believe that their access to United States markets

will be, you know, unimpaired in any way, regardless of what

they do, vis-a-vis Iran. Is this what they believe, and are they

right? I will ask either Mr. Berman or anyone else with a strong

opinion.

Of course, our policy in enforcing—we have a

President of the United States, and the last one too, who took oaths

of office to uphold the laws of the United States. Yet their position

is that the Iran Sanctions Act doesn’t apply unless they get an official

notice from the Government of Iran that the investment is

being made. And so I would call upon Tehran to help the U.S. Government

carry out its laws, or for Presidents to adhere to their

oath of office, as both this one and the last one did not.

I would say to you that you are not going to stop that tank by

throwing spitballs. And if we, as a country, can’t think through

how we are going to deal with Russia and China on other issues,

we are not going to change Russian and Chinese policy.

And I will ask unanimous consent to put my opening statement

into the record, which I didn’t get a chance to deliver because of

votes in Judiciary, and yield to the gentleman from Colorado.

I have got a few questions about Iranian politics,

the first of which will build on the gentleman from Colorado’s comment.

We know full well that those who rule Iran, and perhaps

many who don’t, really, really hate the MEK.

The question is: Do they fear them? Benedict Arnold, had he

landed on our soil, you know, brought back by the British right before

the War of 1812, he would not have had much of a positive

effect on British objectives. We really hated him, but he didn’t have

a following here in the United States that American patriots had

anything to worry about.

Does the MEK have a following? Is there any reason that the

Mullahs would fear them, or would they just hate them?

I know about the hatred. Tell me about the fear.

Okay. Now let us move on. We can debate whether

it is a good idea to use the military option. The question is: Is

there any reason to take it off the table by legislation, when the

Iranian body politic tries to decide whether to cut a deal or whether

to continue with its nuclear program. Do they have a genuine

concern of an American military attack? And do they view the possibility

of a U.S. bombing attack as a positive or a negative?

And on the other hand, if you threaten the rabbit

by throwing him into the briar patch, you don’t have much of a

threat at all.

Mr. Albright, is an American bombing attack something that the

Ahmadinejads of the world wish to avoid? Might even negotiate in

order to avoid? Or is it something that they would actually be looking

for? Keeping in mind it is unlikely to be followed up with a

ground attack.

Well, we in Congress, once we take something off,

it takes an Act of Congress to put it back on.

Welcome to the Capitol, where others have different

views.

Well, it is really clear that Tehran feared America

far more before we got to Baghdad than 6 months——

After we got to Baghdad.

Well, I point out that, I may not know that much

about Iranian politics, but it may be the only thing that gets us

any support in Europe. If you are asking Europe to forgo economically

advantageous relationships, perhaps the only argument you

have is you better do this, or Cheney is going to take over and

bomb Iran, and you don’t want us to do that, do you.

I think there is a play, at least one Web site

where you could bet on whether or not this administration is going

to bomb Iran——

And I wouldn’t, if you are given a chance to bet,

don’t bet against unless you get odds. No one has ever made money

betting against the aggressiveness of our current President.

At this point, I will ask whether there are any round-up comments

by any of the witnesses, and then we will adjourn.

But politicians don’t need an excuse to seek to expand

their power, but go ahead.

I will ask the other panelists just to respond to

this one last question. The thinking here is that you make

Ahmadinejad more powerful if you bomb the nuclear facilities in

Iran. Do you think that would be the case? Or do you think that

they would say look, you pushed too far and unnecessarily, in a

way that was harmful to us?

Short term.

Gentlemen, you have shown incredible patience.

You have dealt with votes on the floor, votes in committee, other

distractions. Thank you very much for donating your afternoon to

the United States Government.