Thank you very much for letting me appear today

and letting me put my statement into the record.

Given the fiasco about Iraq’s weapons of mass destruction, we

face an uphill battle in persuading people that the threat from Iran

is real, and in waging that battle we would be well advised to understate

our case and not to rely upon what our intelligence agencies

tell us is almost certainly happening, but to the maximum

extent that we can to emphasize what it is that Iran itself acknowledges

that it is doing.

Here the new President of Iran, President Mahmoud

Ahmadinejad, helps us a lot by his big mouth. His famous comment

about Israel must be wiped off the map was made in an October

conference, the title of which is often misreported. The actual title

was ‘‘The World Without Zionism and America.’’ Those last two

words are not idle phrases from President Ahmadinejad because he

really sincerely believes that his cothinkers were able to bring

down one superpower, namely the U.S.S.R., and that they will be

able to do that again, to America. This is a man who regularly says

that Islam is not limited to a city or country; ‘‘if we intend to run

the world we should prepare the way for it.’’ He means that.

But there are also a lot of Iranian actions that we can point to.

Let me just cite two areas, namely terrorism and their nuclear program.

On terrorism, there are many things they do, whether it is

in Iraq or with al-Qaeda, that our intelligence community tells us

are reasons for great concern. But I would urge us to concentrate

on that which the Iranian leaders themselves openly acknowledge

that they are doing, so that we do not have to deal with complaints

or suspicions about how good is our intelligence.

In particular, Iran openly acknowledges that it provides hundreds

of millions of dollars in support for Hezbollah in Lebanon.

Now, for a long time Hezbollah enjoyed a lot of good press, but as

Lebanon has moved toward democracy and as Hezbollah has

blocked those moves and has worked more openly with Syria to

prevent Lebanon from achieving its full sovereignty, Hezbollah is

finding itself in a more isolated position and, therefore, more vulnerable

to pressure. I was struck by the fact that recently the

United Nations complained about arms smuggling to Hezbollah,

something that the U.S. Government for many years has complained

about, but to find the United Nations complaining about it,

that is a step forward.

Similarly, Iran has, for a long time, openly acknowledged that it

is the principal supporter of Palestinian Islamic Jihad. Palestinian

Islamic Jihad is a group that really does not have a whole lot of

support inside the West Bank and Gaza Strip and relies upon the

Iranians. So we can say that its terrorist activities are very much

the Iranian responsibility. That is a different situation than with

Hamas, which Iran would dearly like to work with more closely,

but has always maintained a certain independence from Iran.

This same approach that I am suggesting about the terrorism

issue I would also carry over toward the nuclear issue. As Mr. Lehman

was explaining, there is excellent reason to think that Iran

has a nuclear weapons program, but we do not need to get into

that. We can just take Iran’s statements at face value that all it

is doing is building a full nuclear fuel cycle. There is no question

about that. Iran shows to reporters what it is doing. Iran openly

acknowledges this. This is openly known.

Then we can point out that people like the Nobel-Peace-Prizewinning

Director of the International Atomic Energy Agency,

Mohamed ElBaredei, says that there should be a global moratorium

on these enrichment facilities because they are so dangerous

that if they are completed they would put a country, ‘‘a few months

away,’’ from having a nuclear weapon. So we can simply say that,

look, Iran, even if we will accept all your arguments that all you

are doing is building a nuclear enrichment program, that is too

dangerous. And, in particular, given your track record of lying to

the IAEA for 18 years, we cannot accept that you have lived up to

your half of the NPT bargain; that bargain being that states are

allowed to have dangerous technologies in return for living up to

their safeguards agreements and being open and honest about

what they are doing. And since you have not been open and honest,

Iran, well, sorry, but you cannot have this dangerous technology.

This approach, rather than emphasizing the intelligence information

which suggests that Iran actually has a nuclear weapons program,

would, I suggest, be more convincing to people in the region,

people in Iran, and people around the world.

Similarly, when it comes to the question of the threats that

Iran’s nuclear program represents, as Senator Biden said, Iran obviously

lives in a dangerous neighborhood and everyone knows

that. We would do well to acknowledge that, while at the same

time pointing out that, in fact, nuclear weapons have generally

been a doomsday weapon, to be used in an ultimate scenario of

great catastrophe, and it is very hard to see how Iran faces that

kind of a security problem. Iran’s security problems are failed

states around it, the rampant drug smuggling that comes in from

Afghanistan, the spillover of terrorism that they are suffering from

Iraq. These are Iran’s problems and nuclear weapons are not useful

for dealing with Iran’s security problems.

Whereas, no matter what Iran’s intentions are, if it acquires a

nuclear capability it will inevitably be a greater player in Middle

Eastern politics in a way that would upset many of its neighbors

and, therefore, could well spark an arms race that would destabilize

the entire region. It is disturbing to me that I have had Pakistani

generals describe, in considerable detail and accuracy, the arrangements

that Germany and the United States had during the

cold war about the stationing on German soil of American nuclear

warheads that were on top of missiles controlled by the Germans.

We took the attitude that that was consistent with Germany’s NPT

obligations because we continued to control the warheads. If Pakistan

were to store its warheads on Saudi soil on top of the Saudi

long-range missiles under a similar arrangement that the United

States and Germany had, I certainly would not feel more comfortable

and I suspect that our Israeli friends would feel even less

comfortable.

So there are many ways in which we can describe the Iranian

threat that understate the case and I think would be more convincing

as a result. When it comes to American responses—excuse

me—the international community’s responses as to what to do

about Iran’s programs, there as well I think it would be useful for

us to understate the case. So I would put on the table some instruments

of persuasion and not just instruments of dissuasion. In particular,

during the cold war we found that confidence and stabilitybuilding

measures were useful for both sides, and there are some

confidence and stability-building measures which would be in the

interest of the United States, but I think we could say to a candid

world that these are also in Iran’s interests. We might not persuade

the Iranians to accept such things as an incidents-at-sea

agreement to prevent episodes in the Persian Gulf or an exchange

of military observers, but I do think this would help in the battle

for hearts and minds if we, at least, made an offer of instruments

of persuasion as well as dissuasion.

When it comes to the instruments of dissuasion, there has been

much talk about the Security Council process and that is very important,

but there are things that we can do parallel to the Security

Council process that do not depend upon our waiting for the

Security Council to act, and those would be wise measures for us

to initiate now. So, for instance, there are a number of deterrence

and containment steps that we could take that could help reassure

neighboring countries and also affect Iran’s calculus.

For instance, if we were to announce that we are prepared to sell

to the Arab States, in the Persian Gulf, more advanced antimissile

systems and air defense systems, that could raise doubts in the

minds of the Iranian decisionmakers about their country’s ability

to reliably deliver its nuclear weapons and that could affect their

calculations. It could also affect the calculations of regional states

about whether or not they need to proliferate on their own.

Furthermore, Iranian hotheads regularly threaten to close the

Strait of Hormuz if the West escalates pressure on Iran on the nuclear

program. I would just remind you that our Defense Intelligence

Agency regularly informs Congress that Iran has the capability

to temporarily close the Strait of Hormuz. Well, that would

suggest to me that we would do well to exercise how would we protect

that vital strait and to move additional assets into the region

to protect the strait and indeed ask some of our NATO partners to

also help in that task. A multilateral exercise showing that the outside

world is prepared to deter Iranian escalation of a crisis would

again be useful in showing the international resolve about these

matters.

But all these measures to press Iran and to deter it are stalling

tactics, because so long as Iran has an Islamic republic it is going

to pursue a nuclear weapons program. I happen to think that if

Iranian reformers come to power they, too, would want nuclear

weapons, but they would want good relations with the outside

world even more. So I am confident that the Iranian reformers, if

they came to power, would say: Well, if freezing the nuclear program

is the price we have to pay for better relations with the outside

world, then that is something we are prepared to do.

So it is in our interest to promote that kind of reform movement

inside Iran. There is not much we can do. There are modest steps

we can take, and we have absolutely no idea how successful that

is going to be or on what time scale. Analysts have not accurately

predicted any revolution anywhere in the world in the last 200

years. I do not think that they are going to be successful this time,

either. When President Reagan visited Berlin and said ‘‘Mr. Gorbachev,

tear down this wall,’’ very few people thought that that wall

would be gone within a few years. We have absolutely no idea

about what time scale change will come to Iran and it would be unwise

for us to assume that change will be successful.

But it would also be both the morally right thing and the politically

prudent thing for us to do to take the modest steps that we

can to encourage that change.

Thank you, Mr. Chairman.

Mr. Chairman, the last time that the Iranians

thought that the world was acting to stop their flow of oil was back

during the Iran-Iraq war in 1988, and the Iranian response was to

sprinkle mines throughout the Strait of Hormuz and to threaten

shipping. They have regularly practiced the capability to do that

again and their hotheads regularly announce that if we were to impose

an embargo that that is what we should anticipate happening.

If Iran were, in fact, to try to impede shipping through the Strait

of Hormuz, as I mentioned, the DIA Director says that they could

do it for a period of time. That would have a very considerable impact

on world oil markets. Even though the Director of the International

Energy Agency, Claude Mandel, says that our world strategic

stockpiles are good enough that we could go through a period

like that and be able to stabilize markets, I think he is being very

optimistic.

So the key question is whether or not Iran would take aggressive

actions against the shipping of other countries in the event of such

an embargo.

Exactly. And that is where the question of whether

or not we have in place assets that can protect the strait, not

just whether we can move them there in the next couple months,

but are they there already, will become a crucial question. The answer,

frankly, is that there are not the assets in place to get the

Strait of Hormuz open and protect shipping. Yes, we could move

those assets there. But boy, during the couple of months that that

would take it would be a very interesting time to be in the oil business.

I have done a fair amount of work for DOE on

supply disruptions and if we are able to protect the Strait of

Hormuz, if we judiciously use our strategic petroleum reserve, if we

do not encounter problems from Venezuela, Nigeria, or Russia,

then we would be able to keep the price $80 a barrel, something

like that, and it would be touch and go for a few years, but we

could—if all of those conditions are met, we could be staying at $80

a barrel.

But we would be extraordinarily vulnerable to additional oil supply

shocks under those circumstances, be it al-Qaeda attacks,

things in Saudi Arabia, the like. And it would take several years

before Iran would really feel the pinch because, as Ray mentioned,

they have got this very large reserve fund at the moment, over $30

billion in foreign exchange reserves. So it would take several years

before Iran would feel the pinch, but they would then indeed feel

a very profound shock and that would be a big problem for them.

On the military side, not my specialty, but let me just suggest

that the potential for covert action, and that if we look around the

Middle East, the way in which the Israelis stopped the Egyptian

missile program in the early 1960s and the initial Israeli efforts

against the Iraqi programs were to arrange premature deaths of

scientists involved and to take other covert actions.

The Iranian industrial facilities are highly complex industrial facilities

that have been subject already to lots of industrial accidents.

If the rate of accidents rose dramatically and that slowed

down the Iranian program, that could have quite an impact.

So, I would hope that if we ever got to that point of military action

the first thing we would try would be things less

confrontational like covert actions, because I worry that if we start

attacking them they are going to attack us back. When the United

States Navy thought that it caught the Iranians red-handed sprinkling

mines in the Persian Gulf in 1988 and so we decided to take

action against them, we forgot that they could take action against

us and suddenly we were in the largest surface naval confrontation

since the Korean war. The Navy had not even calculated that the

Iranians might react. So the big risk that I would say about any

air raids against Iran is the Iranians are going to fight back.

Let me find out, sir.

I would be happy to come and talk to you.

I would just suggest, sir, that in my short lifetime

the Middle East has been racked by so many horrific wars, and it

would be such an act of optimism to think that if, in fact, the Middle

East had a number of nuclear-armed states that nuclear arms

would not be used. And the cost of that would be extraordinary for

the world and extraordinary for the United States.

I would just get very, very nervous about a Middle East in which

there were a fair number of countries that were nuclear ready. Unpredictable

changes in government, dictators doing bizarre things;

this region excels in fanatics of all sorts. Mr. Posen’s proposal is

to gamble where the losses would be counted in the hundreds of

thousands or millions of lives.

Senator, if I may just make a quick comment on

that. It may be a problem for our nonproliferation policy, but the

Iranian leaders’ view that friendly countries to the United States

can get away with lots of things, whereas hostile countries get penalized,

is, in fact, something which is helping us with regard to

the Iranians, in that they have concluded that they are subject to

particularly harsh penalties because they are unfriendly to us.

So that may be a problem for our overall NPT policy, but for

solving this particular Iran policy the Iranian conclusion that if you

are friendly to the United States you can get away with bloody blue

murder, but if you are opposed to the United States you cannot spit

on the sidewalk, actually helps us in the relations with Iran.

I disagree with that, Senator. I actually think that

in the current negotiations the French position is tougher than

ours. Indeed, I would say that the position being taken by the E3,

the EU3 big countries—Britain, France, and Germany—in these

negotiations is pretty darn good, pretty darn tough.

I thought the Russians were just going to play an

obstructionist role and I was, frankly, quite shocked when the Russians

instead said: All right, we are going to make a real effort.

Certainly, my discussions in Moscow, this fall, found there is a

broad understanding in the policy elites in Moscow that a Russian

nuclear program is a real problem for them and they are making

a real effort to try and solve it. That is kind of surprising. The Russians

are not being so helpful on lots of things these days, but at

least they are making a real effort on this one.

So I think it is rather surprising the last few years how much

the E3 has stepped forward to try and solve this and taken a tough

stance and not given in. The E3 is refusing to negotiate with the

Iranians right now. That is an unnatural stance for them, to refuse

to negotiate. They say Iran has to reinstate the freeze.

Well, actually it already—what I find amusing

about this is it already exists, and that Secretary Rice after all attended

that dinner with the Foreign Ministers of the six countries

that he is talking about that was arranged in London by Jack

Straw. It already exists. The Foreign Ministers of those six countries

are already conferring with each other about what to do about

Iran and reaching agreement. They are conferring as a collective

group. If the Iranians want to meet with them, they can.

Senator BILL NELSON. I like your optimism. It is the only positive

thing that I have heard. You are talking about the Russians

and there is some degree of optimism there, but when it comes to

the Security Council, what are the Russians going to do at the next

Security Council meeting? So the picture gets murkier and

murkier.

Thank you, Mr. Chairman.

Senator, if I may say so, my impression is from

conversations with leaders from most of the countries involved in

the negotiations, is that their concerns are, at least, as much the

Nonproliferation Treaty and the nonproliferation system as they

are the particular character of the Iranian regime, and that one of

the reasons that there has been such an active role played by some

countries that, otherwise, you might expect to be much more in the

back seat about these matters is because of the depth of their commitment

to the global nonproliferation regime.

We, in fact, do not serve our own interests well when we think

that it is commercial concerns by countries like Russia and China,

much less France and Germany and Britain, that are driving their

position on this matter. Really it is a genuine concern about solving

this global proliferation problem which is at the heart and core of

the decisionmaking in all of the countries involved.

No, I do not think most of the public is engaged

and thinking about it. There has not been the kind of process that

you described in many of the countries. There has in some. Intriguingly,

in a country like Germany there is much more public concern

about the NPT than there are in some other countries. So that is

one of the reasons why there is considerable German public support

for taking a strong stance on this matter.