Thank you, Mr. Chairman. I will not have any formal

opening statement, but I think this is obviously a very important

and timely hearing, perhaps not as strictly timely as the one

that you called yesterday for India, but it is nonetheless of critical

importance, and you have laid down a challenging agenda for Secretary

Indyk in terms of the ground that we might cover in this

hearing.

There are some very tricky questions for the United States, and

the United States policymakers for our relationships with Iran and

Iran’s relationship with all of its neighbors and some of the other

countries you referred to in terms of the export of terrorism and

allegations along those lines, so there is plenty to talk about and

update, and I look forward to hearing first from Secretary Indyk,

who has a long and distinguished career in that part of the world,

and then from our following panel as well.

Thank you, Mr. Chairman. I would like to compound

the difficulty for just a moment, if I may on that subject,

and look at the other side of the equation.

And I understand your reluctance to be more definitive, given the

fact that the decision has at the very least not been formalized and

announced at this point, and recognizing that there is frequently

a constructive interplay between the executive and legislative

branches where the legislative branch gets to play bad cop and the

administration can play good cop and elicit some cooperation under

a variety of different circumstances from various nations, in part

under the threat that we will just let that nasty Congress have

their way with you, and see what we are saving you from, and it

has worked, or at least arguably it has worked in a number of

cases, I am thinking.

I do not want to give any final judgments on any of these things,

but I am just thinking of the recent—I think it was a Sense of the

Senate that we did with respect to China and the Human Rights

Commission and what-have-you and, of course, we have a number

of instances under Helms-Burton that have given almost everyone

indigestion no matter how they came down on it.

Let me just ask you to speculate, if you will, on the reaction of,

say, the French if we were to carry out the sanctions on Total and

other European allies, and what kinds of reaction we might expect

from the international community, just so that we can look at both

sides of the question, some of the things that you obviously are putting

on the table as you prepare to provide advice and counsel to

the President, who will have to stand behind this recommendation,

although it may be announced by the Secretary of State or yourself

at the appropriate time.

That particular statement does not elicit any controversy,

I can assure you.

The chairman’s question essentially, though, is

what if we do not get it? What does that say to others, and what

does that say to U.S. companies that might have similar economic

interests in developing trade with a targeted country, in this case

Iran?

I am not sure that I think I really want you to

answer the question quite as fully as I would like you to answer

the question, because it would, number 1, end up resulting, I guess,

in an additional speculation, and I might make your job even more

difficult.

I fully appreciate the difficulty you are in, but since you are already

dealing with the question I wanted to at least look at it from

both sides so that we could have a reasonable representation of the

kinds of factors you are going to be considering when you make

that decision.

But my time has expired.

Excuse me, may I interrupt? Do you consider

progress on a separate front to be significant enough to offset a

lack of cooperation in the specific entity, in this case the gas programs,

or Total and Gasprom?

Some other objective that would, in effect, mitigate

your concern about the specific violation of ILSA.

I guess—and I am not trying to split hairs here,

but progress with respect to the targeted country, or progress with

respect to Iran on countering terrorists or terrorism activities?

Thank you, Mr. Secretary. Thank you, Mr. Chairman.

(presiding) Thank you, Mr. Eisenstadt. The chairman

was given plan 3, which was like plan 1, which means he had

to go to the floor. I agreed to remain in my post and continue to

take testimony so that we would not in effect be jerking you back

and forth in terms of timing and perhaps delay other commitments

you might have Mr. Emerson, would you proceed?

Thank you, Mr. Emerson.

Mr. Murphy, there was a time when you appeared on panel one

instead of panel two, but we are delighted to have you here in this

capacity, and we would welcome your testimony.

Thank you very much, Mr. Murphy. That is a

very thoughtful and—not provocative in the usual sense, but at

least thought-provoking list of matters to consider in this particular

venue.

I was attempting to take a number of notes here as we proceeded,

and I had specific questions. Let me work back, if I may.

Mr. Murphy, you mentioned this map and suggested that we try

to get some sense of dates that were associated with the numbers

that were killed, or specific terrorist activities that were carried

out. Implicit in that comment, at least to me, was that we may be

looking at some very old actions or grudges. If I am not interpreting

that correctly, then please——

But in terms of active promotion of terrorist activities

in each of these countries you are suggesting that we ought

to consider whether or not they have done anything recently, or

whether they appear to be continuing that type of activity?

Would you respond to that, because that is your

particular field of expertise, Mr. Emerson, and you painted a pretty

active picture. Are there areas that might be included in this map

or another map that certainly could include a number of additional

countries in which some type of terrorist activity is known to have

taken place, certainly in open sources.

How about the question of the statement made,

if the mission in effect that Hizbollah was pursuing because of

Israeli occupation, putting it in the context of the Hizbollah, if that

were removed, there would be no need for Hizbollah and its activities.

Do you believe that that ought to be given particular weight?

Please.

Let me ask you a question. You raised in your

opening comments about communication, and you separated into

three groups the Iranian Government, the Iranian people, and the

Gulf Arabs and Europeans as three different groups that we have

to consider separately as we consider what we say and what others

say in terms of what we say and what we do.

Tell me how we communicate effectively with the Iranian people

if we are not—the Government-to-Government communications,

while they have been broadly encouraged on our side, they have

not been welcomed by anybody else, probably under pressure from

the Ayatollah still, but in any event, that level of communications

is not currently open.

They are not going to open up in quite the same way that CNN

did, and do not have quite the same for Hatami’s interview here,

and he clearly was using that to target the broader U.S. audience,

did not seem to followup in other comments that he made that

were not targeted in quite that way.

But in what way can the U.S. Government, or representatives of

the U.S. Government, or those who espouse the essential philosophy

that we are tying to suggest in terms of a non-Islamic as opposed—

and I do not mean in the religious sense, but a secular pluralistic

approach in terms of Governments, and some sense of what

our democratic principles stand for, how can we communicate if we

do not have any lines of communication, and the Government will

not permit Government-to-Government, or permit us to communicate

directly?

I am aware of all of those. Indeed, we are doing

them all now.

But you are not talking about some new medium of exchange,

though, that would reach the people, other than the links that are

already there, some of which the Government really cannot control.

North Korea is probably the only country which can truly control

what their people hear, and even they are having difficulty.

Increased awareness or consciousness on the part

of U.S. Government representatives that their message might be

misinterpreted by the Iranian people even though it is delivered——

Let me ask a question that any of the three of you

could respond to, if you will. In my dealings with all of the surrounding

countries and those in the region almost without exception,

they are certainly willing to give Khatami a honeymoon period,

or whatever, in terms of developing a new relationship.

How about the Iranian people, the two-thirds or so that preferred

him notwithstanding the Ayatollah’s desires in that particular election.

How soon does he have to deliver? Is there a timeframe that

he loses credibility, and whatever possible momentum for change?

Anybody want to take a shot at that? In other words, does

Khatami have to deliver to the people that elected him, and if so,

how soon, and what criteria might be used by the people to evaluate

whether or not this is the kind of departure we want to make

from what we have?

Is Khatami in a position to establish a dialog? At

this point he cannot, but will there come a time when he could accept

the U.S. offer of a Government-to- Government dialog?

But does he have to, in effect, to get additional

jobs, or whatever the case may be, bring about through some actions

that he would take, or at least that would happen on his

watch, that would cause the sanctions to be lifted, which would be

the likelihood of, I assume, the biggest creation of jobs that could

occur? Is that ultimately the quid pro quo for his success and continued

popularity?

No. That is what I was wondering, if the goal is

realistic, or is it something—is he going to end up being in effect

sort of a Gorbachev, that puts a kinder face but really does not

have any major effect?

They tend to go hand-in-hand.

Well, let me just ask one more question. Unfortunately, there is

a vote on, so we are being constrained by forces of at least two different

directions, and we are going to have to close down here in

just a minute.

Your suggestion of an arms control council with Iran, Iraq, and

the GCC States, has anything like that been tried within that

group, and in terms of arms control, would you anticipate Iran and

Iraq each negotiating arms control agreements separately with the

GCC States, because they have an existing framework to negotiate

in one body, although they have trouble getting closure on a lot of

matters as well.

But is this something that you bring it in in a sort of United Nations

fashion? I am just trying to flesh out in my own mind, because

it is an intriguing concept and clearly security questions

about neighbors permeates all of their thinking.

I agree with your premise.

Gentlemen, I apologize again. The chairman had

to go over and be on the floor to argue an amendment. Unfortunately

we all have to go to the floor at this point to vote.

I am not sure but it is entirely possible there may be more than

one. I am not sure that he will get back, and I think all three of

you have had a chance to at least present your oral testimony. We

have your full statements in the record. We will rely on those.

It is entirely possible that any member of the committee may

wish to followup with you in some written communication if they

may, but because of the constraints of the floor vote and not wanting

to have you wait unnecessarily for some additional questions,

I think we will go ahead and bring this hearing to a close.

On behalf of the chairman, may I thank you for your willingness

to come and share your thoughts with us today. I think that they

were obviously timely.

We will have a decision here in the next couple of days that will

at least reverberate with some of the testimony that we have

heard, and we thank you for your participation.

With that, the hearing comes to a close.