Thank you very much, Mr. Chairman. I join you

in welcoming our friend Secretary Burns back to the committee.

We appreciate especially your efforts to work closely with our committee

and with the Congress, and we look forward to your testimony

on the critical topic of American policy toward Iran.

Iran’s leaders have thus far rebuffed the international community’s

offer to negotiate an acceptable arrangement for their nuclear

program. As a result, thanks in part to United States leadership,

the U.N. Security Council has voted three times to impose

sanctions on Iran and may do so again.

Clearly, we do not want to undercut multilateral diplomatic efforts

undertaken by European allies and the United Nations Security

Council. Sanctions on Iran that have come out of this process

have been hard-won and this multilateral approach to the problem

I believe has directly bolstered United States efforts to encourage

foreign governments and banks to curtail commercial benefits to

Iran, thereby enhancing the impact of United Nations sanctions.

The task for American diplomats continues to be solidifying an

international consensus in favor of a plan that presents the Iranian

regime with a stark choice between the benefits of accepting a

verifiable cessation of their nuclear program and the detriments of

proceeding along their current course.

The questions for U.S. policy include: What can be done to accelerate

the United Nations process? What else can we do to strengthen

global cohesion and determination to ensure that Iran does not

develop a nuclear weapons capability? And, are we maximizing our

economic and regional leverage while maintaining diplomatic channels

that will minimize the possibilities for miscalculation, improve

our ability to interpret what is going on in Iran, and strengthen

our efforts to enlist the support of key nations?

Several weeks ago, newspapers reported that Secretary Rice had

mentioned during a flight the possibility of establishing a U.S. visa

office or some similarly modest diplomatic presence in Iran, as the

Chairman has just mentioned. Reportedly, the idea was motivated

by an interest in facilitating more exchange and more outreach

with the Iranian people. State Department spokesmen downplayed

the report, saying nothing was contemplated in the near term.But

I would be much interested if you have any thoughts or any news

on this idea in what I believe is a very forward-looking context.

Similarly, do we believe that the current negotiation format, led

by Germany, France, and the United Kingdom, gives us the best

chance for success? Though we are coordinating closely with this

group, should U.S. diplomats be engaging more directly in this

multilateral effort? In short, should we have a seat at the table

when Mr. Solana next visits?

Finally, without losing focus on the immediate nonproliferation

issue, we cannot fail to take into account the more complex longterm

situation presented by Iran. Neither a successful diplomatic

agreement on the nuclear issue nor the use of military force

against Iran’s nuclear facilities would change finally the underlying

reality that we will continue to have to contend with Iran on a

wide variety of issues far into the future. Iran’s young and edu-

cated population, its natural resource wealth, and its strategic location

make it a relevant player in the Middle East that we will not

be able to ignore.

Some thought has to be given to establishing a more stable longterm

relationship between Iran and the United States. Such a relationship

is difficult to conceive, admittedly, at this time in history.

Iranian policies in Iraq, Lebanon, and the Israeli-Palestinian arena

threaten our immediate interests in the Middle East. Iran’s provocative

foreign policy and the bombastic rhetoric of its president have

fed concerns among its neighbors that it seeks to dominate the region.

But history demonstrates repeatedly that conditions change

and transformations are possible. We need to make sure that we

are incorporating an over-the-horizon view into our policy judgments.

I noted in reference to the chairman’s earlier thoughts about the

perspective on Iran a comment made by Fareed Zakaria in a Newsweek

magazine article in which he gave a statistic that our economy

is 68 times the size of Iran’s, our military budget 110 times

the size of Iran’s. It’s good to have that perspective. Likewise, it is

very necessary to think about a long-term bilateral relationship between

the two nations, based upon the promise of the young and

the fact that there is a continuity of resources and vitality in that

country that will simply not go away.

Once again, it’s a pleasure to have you before us, Secretary

Burns, and we look forward to your insights on these issues.

I thank you, Mr. Chairman.

Mr. Secretary, just following through on that

question, I suggested in the opening statement the need, as we discuss

the carrots with Iran, which Javier Solana is planning to do,

that there be a United States presence at the table, perhaps Secretary

Rice herself. But in any event, is there the possibility that

we will be there, so that there is a very clear perception on the part

of anybody in Iran who is able to know about these negotiations

about the seriousness of there being relief of a great number of

sanctions and other difficulties, as well as the goodwill implied by

the so-called carrots and benefits that are involved?

As I understand, these talks could occur in the

latter part of July, or is there a 6-week hiatus, or what is the timing

of the Solana visit?

Following through just on those conversations

and Senator Biden’s questions about the Russians, is there a possibility

that the Russians would also be at the table? Would they

take part physically in that conversation with the Iranians?

The reason I raise the question—and your expertise

would certainly be instructive here—is that a show of respect

for Russia’s place is important literally in terms of our bilateral relations

with the Russians, quite apart from the necessity of being

on the same wavelength if at all possible with the Russians with

regard to nuclear issues generally and nuclear issues in Iran specifically.

This is one reason why I appreciate the chairman raising the 123

agreement with the Russians. This is a critical part of our diplomacy

right now with regard to the availability of peaceful nuclear

advancement for many nations who might use this bank of expertise

as well as fuel that the two of us would provide as an alternative

to what the Iranians are doing.

Our ability to meld these factors together would seem to me to

be critically important, and the participation of the Russians with

the carrots as well as the sticks would seem to me to be very appropriate.

That’s why I raised the question, without pressing you

to know an answer that you don’t have, but as something to be considered

certainly by our department.

I appreciate that statement very much. There

was a small piece of news this past week, not really commented in

widely in the press, in which the Russian Duma by a vote of roughly

330 to 60 once again ratified a very important part of the Cooperative

Threat Reduction program. By this time people have almost

forgotten what that was all about, but you have not forgotten, and

this is the basis upon which we continue to take warheads off of

missiles, destroy missiles, destroy submarines, work in cooperative

threat reduction with the Russians themselves.

This is proceeding despite all the ups and downs that you’re describing

diplomatically, and this is why I sort of press the issue of

trying to pull together with the Russians on something where I

think we have common interests that they will perceive, but critically

important diplomatically vis-a-vis Russia and Iran.

Let me just ask a final question about the financial measures

and specifically the bank situation. Although there will always be

arguments on the motivation of the North Koreans coming back to

the negotiating table, some suggest that banking measures that stifled

their ability to move currency and to conduct transactions were

the most critical thing we could have done. This was something

that threats of military action or sanctions would never achieved

with a government that was prepared to see people starve. But

with regard to the financial arrangements, this got to the heart of

the state itself, the central government.

So I am curious. In conversations that you know of are we at a

point at which we are really able to say to the Iranians, we have

you stopped and you will recognize this as you take a look at your

bank account, that in essence you may think that you have wealth,

but it’s going to be an internal process for you, as opposed to one

in international trade, and if you have problems with refining gasoline

for your people now, you will really have problems in the future?

Coming to the table while we’re offering the carrots, but with the

certainty that we already know from financial operations that are

far too complex for me to understand or to describe, how you really

tie up a country in an electronic age. This is a different kind of,

not warfare, but very aggressive activity.

It doesn’t involve killing people and bombing people and so forth.

You just simply cut off the account at the bank and therefore stifle

growth, cripple financial dealings and significantly alter the incentives.

I think that probably the Iranians understand this, but I’m just

curious as to whether our allies understand the effectiveness, and

whether they’re prepared really to be thoroughgoing with this arrangement

Very important.

Thank you very much.

No.

I’d just like to ask a general question. As you return

to these responsibilities and attempt to establish your own

judgment about Iran, what are the basic sources of information we

have about the country? Clearly there are international news services

to some extent, maybe some of our own reporters from time to

time, although this is less likely, I guess. Perhaps the Iranian Government

makes available some statistics. But, aside from the nuclear

question or the questions of war and peace, do we have good

data about agriculture production, about income levels in various

provinces of the country, and the interaction of those areas with

the central government, infrastructure repairs or new infrastructure

of the country, or what role are television or computer technology

or the new aspects of the electronic world playing in the

country?

I ask about this simply because it seems to me that this kind of

information is important obviously to people in the legislative business,

such as ourselves, even more important perhaps to you as one

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who may be interacting with those who are making policy for the

country. It seems to me that one of our great problems in the past,

to pick another country, North Korea, has been that we have very,

very little access to information in the country, and this was deliberately

the policy of the North Koreans, I suspect, to deny this

knowledge, not just to us but to the rest of the world.

Occasionally, through the World Food Program or through other

situations in which we intersected with North Korea, we found a

great deal and that was helpful in terms even of our humane policies

toward the country. But I stress this because I’m hopeful that

our policy will never proceed on misinformation, lack of information,

and by this I don’t mean covert intelligence; I mean literally

the kind, the bulk of data that leads us to successful thoughts

about what is going on and therefore maybe greater originality in

the formation of our own policies.

What have you found to be at least the general sources and how

adequate are they about Iranian information, and to what extent

are there people that you have encountered in Iran who are willing

to make more information rather than less available? Are there

those who see a need for a more encyclopedic outlook on our part

to be a good thing?

Well, you mentioned no diplomatic presence for

30 years and at the beginning of that period, that is 30 years ago,

our information was not very good either. At that point Secretary

Blumenthal, who was then-Secretary of the Treasury, decided to

take a mission, perhaps at the behest of President Carter, and he

asked me as a junior Senator to go along with him, maybe to give

a bipartisan cast to the situation. But I was honored to do that.

We went to Tehran and we were in the Embassy there which

was to be occupied by others a few months later. Already it was

clear just if you had eyes to see. A theater was blown up on one

end of the square near our Embassy. Something had happened

there. Americans who were coming to see the Secretary had

to leave by 6 p.m. because a safety curfew or so forth had been imposed.

And there were rumors that the Ayatollah was regularly

broadcasting from Paris. Even just regular Iranians were telling us

about the excitement of these broadcasts on the forthcoming

activity.

As we talked to the Secret Service people, the Savak, they had

a point of view that was very interesting. The Shah himself had

a very interesting point of view.

I make a point of saying all of this because I would suggest that

at that point our country did not have the same opportunity that

Secretary Blumenthal and I had to see and to report. Now, unfortunately

it was very, very late in the game and the Shah had unfortunate

views which were not very accurate likewise, quite apart

from the Savak, and the rest of us could only sort of fill in where

we hoped our policy might go. But nevertheless, the consequences

of that have been very severe for 30 years, that there really was

not that much engagement.

Now, our Ambassador at the time I’m sure was doing his best to

inform his superiors back in Washington, but obviously whatever

he was communicating was inadequate for the purpose because

folks just didn’t get it back here.

This is why I am hopeful that as we move toward the so-called

carrot and stick approach, the meetings and so forth, we try to

think through how using the resources of our allies, friends in Iran,

neighbors, and so forth, to begin filling in the blanks in terms of

general information, because we are much more likely to make better

policy, better calculations, on that basis, rather than on sweeping

doctrinal views, which I’m afraid characterize much of the rhetoric

about Iran now and hopefully not our official analysis.

Thank you very much, sir.

[presiding]. Well, thank you very much, Senator

Hagel.

On behalf of the committee, Secretary Burns, we thank you

again for coming before us for your opening statement, which is a

part of the record, as well as your oral testimony, and your great

responses to our questions. We appreciate your service and wish

you well, and please give our best to the Secretary as she proceeds

in all the ways we have suggested.

The hearing is adjourned.