Thank you, Chairman Kerry and Senator

Lugar and members of the committee.

It is really an honor to be back here with you. I am honored to

be here alongside Ambassador Pickering and General Cartwright.

I always admire my friend Ambassador Pickering’s youthful optimism.

Let me begin today with two quotes from Henry Kissinger, which

I think really nicely frame our national policy discussion on Iran.

The first quote is from Kissinger’s book on 21st century diplomacy,

and he says, ‘‘There are few nations in the world with whom the

United States has more common interests and less reason to quarrel than Iran.’’

But several years later, Kissinger also said something which I

think was quite brilliant in its simplicity. He said that Iran has to

decide whether it is a nation or a cause. If it sees itself as a nation

and it pursues its national interests, there is tremendous overlapping

interests between the United States and Iran. But if Iran continues

to see itself as a cause, in opposition to the United States,

in opposition to Israel, we are going to continue to butt heads.

And I would argue that the Obama administration, more than

any United States administration since the 1979 Iranian revolution,

tried to probe that question. And they tried to probe that

question with a policy of unprecedented overtures to Iran, which I

would argue went unreciprocated by the Iranian regime.

And I think after a year of a policy of engagement, the Obama

administration came to the realization that for Iran’s leadership,

anti-Americanism, enmity toward the United States, has in a way

metastasized. Opposition toward the United States has become central

to the identity of the Iranian regime, and this applies very

much to the Iranian Supreme Leader Ali Khamenei.

And so, I think from the vantage point of the Obama administration,

they have concluded that it is very difficult to reach an accommodation

with the regime in Tehran, which needs us as an adversary

for their own ideological legitimacy.

Now let me move to Iran’s internal power dynamics. And I think

for our intents and purposes, Iran has essentially become a one-

party system, and that is the party of the Supreme Leader, Ali

Khamenei, who rules in conjunction with the Revolutionary Guards

who have really eclipsed the clergy in terms of their political and

economic influence. And Khamenei is the one who is steering Iran’s nuclear ship.

And since he has been in power from 1989 onward, he has tried

to preserve the status quo in Iran by avoiding transformative decisions.

And increasingly with this unprecedented degree of international

pressure, the international economic and political coercion,

Khamenei’s back is increasingly up against the wall.

The Central Bank sanctions and actions by Swift have essentially

cut Iran off from the global financial market. The looming

EU oil embargo promises to decrease Iran—or Iran’s exports to

Europe, which is about 20 percent of their oil export market,

stands to be dried up soon.

But I haven’t yet seen indications that this unprecedented pressure,

as I said, has affected Khamenei’s nuclear calculations. For

a variety of reasons, Khamenei has long been averse to any type

of compromise. He believes that when you are being pressured,

compromise projects weakness and invites even more pressure.

He believes deep down that United States policy toward Iran is

not behavior change. It is regime change. And again, if he shows

signs of compromise, the United State is going to increase the pressure.

The lessons he has learned from contemporary history is that

when Gaddafi gave up his nuclear program in 2006, he made himself

vulnerable to the NATO intervention of 2011. The lesson he

drew from the experience of Pakistan is that when Pakistan

obtained a nuclear weapon and detonated a device, paradoxically,

that alleviated the pressure against them and, in fact, turned outside

pressure into outside engagement and incentive.

So, for a variety of reasons, Khamenei is averse to compromise,

and so far the unprecedented degree of international pressure,

while impressive, hasn’t affected his nuclear calculations. And I

would have to say that the most important variable on this realm

has been the price of oil.

That when oil prices hover over $100, $110 a barrel, this really

softens the blow of any type of international sanctions, no matter

how expansive they are. So where does that leave us? Where does

that leave U.S. policy options?

I think if we are going to resolve this issue diplomatically, we do

have to provide Iran an exit path. Pressure alone is not sufficient,

and in that realm I very much welcome Ambassador Pickering’s

suggestions. I think they are constructive, and they are welcome,

and I share Ambassador Pickering and General Cartwright’s

assessment that the risks of military action significantly outweigh

the rewards of military action.

That said, I think we need to be sober about the nature of the

Iranian regime and sober about the interests of the Iranian regime

and realistic about what both diplomacy and coercive diplomacy

can really achieve here.

I think dialogue and coercive diplomacy with Iran can slow down

their nuclear program, their nuclear progress. It has slowed down

their nuclear progress, but I don’t think it can entirely stop their

nuclear progress. I think dialogue can very importantly prevent our

cold conflict with Iran from turning into a hot conflict with Iran by

making it very clear to the Iranians what our precise redlines are.

I think the outreach of the Obama administration has served to

expose the fact that Iran is the intransigent actor in this equation,

not the United States. That has really strengthened the breadth

and the depth of our international alliances.

But I would argue that as long as Iran’s current Supreme Leader,

Ali Khamenei, remains in power, I think the likelihood that

Iran will be willing to make meaningful and binding compromises

on this nuclear program is not very high. So, for that reason, I

would argue that this is a conflict.

Our conflict with Iran is a conflict which has to be managed. It

is unlikely to be resolved. And I would say it is unlikely to be

resolved until this regime is eventually forced to change under the

weight of its own internal contradictions and economic malaise.

As I said earlier, I think the most important determinant for this

regime’s future will be the price of oil. And in that respect, President

Obama’s speech at AIPAC I think is well worth hearing, that

all the talk of military action tends to benefit Iran because it

increases the risk premium of oil prices.

When this change will happen in Iran is entirely unpredictable.

But I think the events in the Arab world over the last 2 years are

an important reminder of that old maxim from Trotsky, Trotsky’s

old maxim about dictatorships. He said while they rule, their collapse

appears inconceivable, and after they have fallen, their collapse appeared inevitable.

And I think the Iranian regime is at the crossroads of that

maxim in that their short-term collapse and their long-term survival appear very much unlikely.

I would argue that the most important role that we, the United

States, can play in expediting change in Iran is to inhibit the

Iranian regime’s ability to control communication and to control information

and, as Secretary Clinton said, tear down their electronic

curtain. I agree with Senator Kerry that our approach up until now

toward Iran has focused too exclusively on sanctions and hard

power, and it hasn’t focused enough on media and communications.

If you look at what has transpired in the Arab world over the

last 2 years, the role that satellite television and Al Jazeera played

were enormous. And I think that we have the capacity to play a

somewhat similar role in Iran with our Voice of America Persian

language service, but so far it has really lagged behind.

And I think there is an important role for Congress to play in

all of this. The Voice of America Persian language service has the

capacity to reach over 20 million Iranians, but so far we haven’t really taken it seriously.

And I will stop my comments there and look forward to your questions. Thank you.

I think in the near term what the Iranians will

attempt with the talks is to offer some tactical or potential cosmetic

gesture of conciliation in order to try to stave off pressure and create

so rifts within the P5+1 to try to peel China and Russia away

from the United States and Europe. But again, there are no indications

to believe that Iran is prepared to make the types of meaningful

and binding compromises which Ambassador Pickering has suggested.

And you know, again, I think that Khamenei’s current dilemma

is that, on one hand, he is averse to compromise because he

believes that the United States endgame is not simply to change

Iran’s nuclear ambitions, but to change the Iranian regime. On the

other hand, I think the path for him toward a nuclear weapon is

equally perilous. It is not that they are months away. They are

years away. And if, indeed, he pursues that path, he has to assume

that it is going to trigger some type of military action.

I wish I could be more optimistic in this sense.

But my perception of the Supreme Leader is that his cynicism

toward the United States is cloaked in ideology, but it is driven by

self-preservation, meaning he is shrewd enough to appreciate the

fact that were there to be an opening with the United States, it

could bring about unpredictable reforms and open up outside phenomena

like globalization which could well sweep him aside.

So I compare him in some ways to the late Kim Jong-il or Bashar

al-Assad in the sense that I think he surely appreciates the fact

that he can rule over a closed system, but not an open system.

Well, you know, he has been ruling a system

which has been enduring sanctions and punitive measures and

threats for the last few decades. And the economic welfare of the

Iranian priority has never been his top priority or the regime’s top priority.

And at the moment, I would say this. That Khamenei, what is

paramount for him is the preservation of the system, to preserve

the status quo. But I would say at the moment, he doesn’t feel existential

angst. The pressure is significant. The threats of military

action, I am sure, he takes seriously. But so far with these soaring

oil prices, they have managed to muddle through.

And I think it is plausible, within the realm of possibilities, that

he calculates that a limited Israeli military strike on Iran’s nuclear

facilities could be net positive for the regime because they would—

it could resuscitate revolutionary fervor and, in fact, prolong the

shelf life of the regime. So I think those are his calculations at the moment.

It is a great question. What I would say is that

the conclusion I have reached about Voice of America is that, like

the Iranian regime, it is going to be very difficult to reform, and

it is something which we have to take outside the confines of the

U.S. Government. And there should be a public-private partnership

in the same way that BBC works.

And it is notable that BBC Persian has been in existence for

about 21⁄2 years, and in that short period, it has already managed

to significantly eclipse Voice of America. So I think that we can do

much better. In this country, we have a fantastic track record on

doing media. But again, I think doing it within the U.S. Government is difficult.

And in terms of what the message should be, I think what we

simply can do is provide Iranians information about United States

policy, about what is happening in their own country, inhibit the

regime’s ability to control the information they receive, and inhibit

the regime’s ability to prevent Iranians from communicating with the outside world and with one another.

So I think that, as Secretary Clinton described, the electronic curtain is a very apt term.

Well, as my colleague Tom Carruthers says, it

is always impossible to predict popular uprisings because it is not

social sciences. It is psychology, and we can’t predict when these

psychological tipping points are going to happen.

I would say this. If you look at the collapse of the Mubarak

regime and the Ben Ali regime in Tunisia, it seemed to me there

were three important factors—corruption, economic malaise, and

repression. And if you look at objective metrics, Iran ranks higher

than Mubarak’s Egypt and Ben Ali’s Tunisia in all three categories.

So the discontent certainly exists within Iran, but I would argue

that the Iranian opposition, in contrast to the Arab opposition

movements, has reached an impasse and that they have recognized

that they can’t reform the system from within. But because of the

fact that they have already suffered one disillusioning revolution,

they don’t have the same type of revolutionary romanticism which

exists in the Arab world. So they have revolutionary ends, but they

are not willing to pursue revolutionary means.

That said, again, I think it would be useful for us to be able to

communicate to the Iranian people what our policy is toward their

nuclear program. Because at the moment, the only information

they hear is from their leadership, which says that the United

States and imperial powers are trying to deprive Iran of this wonderfully

fantastic technology, which would totally change the

Iranian economy, when the reality is, in fact, much different.

That is a great question. Just quickly on the

issue of negotiations. I always say that in America, our negotiating

culture is getting to ‘‘yes.’’ In Iran, the negotiating culture is staying on ‘‘maybe.’’

But with regards to an Israeli strike and whether the Israelis

have taken that into consideration, my sense is that they don’t take

that argument very seriously for two reasons. I think there is two schools of thought.

One school of thought, and I think this is probably reflective of

Prime Minister Netanyahu, says that a strike on Iran, a military

strike on their nuclear facilities could actually expedite the demise

of the Iranian regime. And he has said this before in interviews,

and you may argue that he has motivated biases to believe that.

The second school of thought among those in Israel who would

support military action is to say that that is OK, that we will set

them back 3, 4 years, and it may entrench the regime. It may not.

But this is an existential threat to us, and so we can’t afford to

take this lightly. And if need be, we will do it again 3 to 4 years

later. It is like mowing the lawn is sometimes an analogy that they use.

So my sense is that what it would do to Iran’s internal politics hasn’t been a first-tier consideration for them.

I think our policy at the moment is to try to subject Iran to enough political and economic pressure to compel it

to moderate its nuclear program, to make, as I said, meaningful

and binding compromises on its nuclear program.

I think in the last year or so, many folks in the Obama administration

have come to the realization that as long as Ayatollah

Khamenei remains Supreme Leader, it is going to be very difficult

to get Iran to make those meaningful and binding compromises. So,

in some way, Khamenei’s perception that U.S. policy is regime

change, not behavior change, is becoming a self-fulfilling prophecy.

The challenge with Khamenei is that he responds

to both incentives and overtures and disincentives and pressure

in the same way. When President Obama tried to reach out,

and we can go into more detail about some of the things which

President Obama did, which haven’t really been publicized—for

example, the private letters which President Obama sent to Ayatollah

Khamenei, two private letters—Khamenei was very cynical.

He said that this is an iron fist with a velvet glove on it.

And so, he in a way is paralyzed with mistrust, and again, I

think that it is expedient for him to project this cynicism because

he recognizes that an opening with the United States—I would

argue that there are three symbolic pillars left of the Islamic

Republic. It is enmity toward the United States, enmity toward

Israel, and the veil, the hijab for women. And if he gets rid of one

of those pillars, it could really shake the foundations of the system.

So, in theory, it makes a lot of sense to say, OK, Iran is pursuing

a nuclear weapon because of a sense of insecurity vis-a-vis the

United States. So let us simply eliminate that sense of insecurity

in order to curtail their nuclear weapons ambitions.

But as I said in my testimony, the reality is that what Khamenei

obsesses about is not U.S. hard power or U.S. military action, it is

U.S. soft power and this idea of a soft or velvet revolution. And I

don’t think, realistically, we can reassure him that we are not pursuing

that path because what it would take is for us to cease saying

anything about Iranian human rights abuses, which isn’t likely.

It would require us to shut down Voice of America and Radio

Farda. I even think it would take us, it would take us shutting

down Hollywood before he thinks that—— That is not going to happen.

I do share that, and I wanted to note that of

the three examples General Cartwright gave, the first two exist in

the context with Iran, meaning we don’t have clear communication

with them to communicate redlines to them, and that is why I do

advocate dialogue. I think, if nothing else, it is very important to

be able to communicate those redlines to them directly.

And over the last 6, 7 years, Iran has continuously transgressed

what were perhaps not very bright redlines, but things that the

Israelis had communicated in the public realm would be redlines.

My concern is their facility in Fordo outside of Qom, and it is my

sense—this is speculation. But it is my sense that if they go beyond

20-percent enrichment in Fordo, that could be transgressing a redline,

which could trigger some type of military conflagration.

Senator Lugar, I share very much Ambassador

Pickering’s comments, and I would say that if there is one country

in the world which perhaps is more concerned about a nucleararmed

Iran than Israel is it is Saudi Arabia. Saudi Arabia views

the Middle East very much through sectarian lenses. They see the

Iranian regime as being irrational Shiites which can’t be deterred.

And if they were to decide, if the Saudis were to decide to build

their own nuclear program, it would take them probably over a

decade. The option, which many people talk about, is Saudi Arabia

somehow acquiring a nuclear device from Pakistan. I am not sure

if that is a strong possibility. But I would just go back to Ambassador

Pickering’s proscriptions that this is something that we

should be talking about and planning for right now.