IRAN: REALITY, OPTIONS AND CONSEQUENCES, PART 2—NEGOTIATING WITH THE IRANIANS: MISSED OPPORTUNITIES AND PATHS FORWARD

HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

NOVEMBER 7, 2007

Serial No. 110–174

Printed for the use of the Committee on Oversight and Government Reform

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html
http://www.oversight.house.gov

U.S. GOVERNMENT PRINTING OFFICE

50–111 PDF WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HENRY A. WAXMAN, California, *Chairman*

TOM LANTOS, California
EDOLPHUS TOWNS, New York
PAUL E. KANJORSKI, Pennsylvania
CAROLYN B. MALONEY, New York
ELIJAH E. CUMMINGS, Maryland
DENNIS J. KUCINICH, Ohio
DANNY K. DAVIS, Illinois
JOHN F. TIERNEY, Massachusetts
WM. LACY CLAY, Missouri
DIANE E. WATSON, California
STEPHEN F. LYNCH, Massachusetts
BRIAN HIGGINS, New York
JOHN A. YARMUTH, Kentucky
BRUCE L. BRALEY, Iowa
ELEANOR HOLMES NORTON, District of Columbia
BETTY McCOLLUM, Minnesota
JIM COOPER, Tennessee
CHRIS VAN HOLLEN, Maryland
PAUL W. HODES, New Hampshire
CHRISTOPHER S. MURPHY, Connecticut
JOHN P. SARBANES, Maryland
PETER WELCH, Vermont

TOM DAVIS, Virginia
DAN BURTON, Indiana
CHRISTOPHER SHAYS, Connecticut
JOHN M. McHUGH, New York
JOHN L. MICA, Florida
MARK E. SOUDER, Indiana
TODD RUSSELL PLATTS, Pennsylvania
CHRIS CANNON, Utah
JOHN J. DUNCAN, Jr., Tennessee
MICHAEL R. TURNER, Ohio
DARRELL E. ISSA, California
KENNY MARCHANT, Texas
LYNN A. WESTMORELAND, Georgia
PATRICK T. McHENRY, North Carolina
VIRGINIA FOXX, North Carolina
BRIAN P. BILBRAY, California
BILL SALI, Idaho
JIM JORDAN, Ohio

PHIL SCHILIRO, *Chief of Staff*
PHIL BARNETT, *Staff Director*
EARLEY GREEN, *Chief Clerk*
DAVID MARIN, *Minority Staff Director*

SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS

JOHN F. TIERNEY, Massachusetts, *Chairman*

CAROLYN B. MALONEY, New York
STEPHEN F. LYNCH, Massachusetts
BRIAN HIGGINS, New York

CHRISTOPHER SHAYS, Connecticut
DAN BURTON, Indiana
JOHN M. McHUGH, New York
TODD RUSSELL PLATTS, Pennsylvania

DAVE TURK, *Staff Director*

CONTENTS

	Page
Hearing held on November 7, 2007	1
Statement of:	
Dobbins, Ambassador James, director, International Security and Defense Policy Center, Rand Corp.; Hillary Mann Leverett, principal and CEO, Strategic Energy and Global Analysis, LLC; Flynt Leverett, senior fellow, director, Geopolitics of Energy Initiative, New America Foundation; Lawrence J. Haas, vice president, Committee on the Present Danger; and Suzanne Maloney, senior fellow, the Saban Center for Middle East Policy, Brookings Institution	6
Dobbins, Ambassador James	6
Haas, Lawrence J.	43
Leverett, Flynt	32
Leverett, Hillary Mann	19
Maloney, Suzanne	54
Letters, statements, etc., submitted for the record by:	
Dobbins, Ambassador James, director, International Security and Defense Policy Center, Rand Corp., prepared statement of	9
Haas, Lawrence J., vice president, Committee on the Present Danger, prepared statement of	46
Leverett, Flynt, senior fellow, director, Geopolitics of Energy Initiative, New America Foundation, prepared statement of	35
Leverett, Hillary Mann, principal and CEO, Strategic Energy and Global Analysis, LLC, prepared statement of	23
Maloney, Suzanne, senior fellow, the Saban Center for Middle East Policy, Brookings Institution, prepared statement of	58
Tierney, Hon. John F., a Representative in Congress from the State of Massachusetts, prepared statement of	3

IRAN: REALITY, OPTIONS AND CONSEQUENCES, PART 2-NEGOTIATING WITH THE IRANIANS: MISSED OPPORTUNITIES AND PATHS FORWARD

WEDNESDAY, NOVEMBER 7, 2007

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2154, Rayburn House Office Building, Hon. John Tierney (chairman of the subcommittee) presiding.

Present: Representatives Tierney, Lynch, Yarmuth, Welch, Shays, and Platts.

Also present: Representatives Moran of Virginia and McDermott.

Staff present: Dave Turk, staff director; Andrew Su and Andy Wright, professional staff members; Davis Hake, clerk; Dan Hamilton, fellow; Janice Spector and Christopher Bright, minority professional staff members; Todd Greenwood, minority legislative assistant; Nick Palarino, minority senior investigator and policy advisor; Benjamin Chance, minority clerk; and Mark Lavin, minority Army fellow.

Mr. TIERNEY. My apologies to all the witnesses who were kind enough to come on time. We can't seem to manage the floor as well as we sometimes can manage the committee.

We're now going to proceed with the hearing before the National Security and Foreign Affairs Subcommittee, "Iran: Reality, Options and Consequences, Part 2—Negotiating with the Iranians: Missed Opportunities and Paths Forward."

I ask unanimous consent that only the chairman and ranking member of the subcommittee be allowed to make opening statements, and that the gentleman from Virginia, Congressman Jim Moran, be allowed to participate in this hearing, and that the record be kept open for 5 business days and that all members of the subcommittee be allowed to submit a written statement for the record. Without any objection on all, so ordered.

I just want to welcome you again. I'm going to forego most of my opening statement in the interest of asking you folks to put your testimony on record and then as Members come back from the vote, we can hopefully have some questions and answers.

I note that this hearing happens at a time when a lot of sabre-rattling and bellicose invective has been going on. I think it is ap-

propriate for us to try to get a thoughtful and comprehensive approach to what is happening in Iran, about their people and society, about recent history and diplomacy, what lessons we can learn and possibly the consequences of any actions that might be proposed or considered. So hopefully we will do all this before any irreversible decisions are made, and this hearing is designed to move us in that direction.

The rest of my statement I will place on the record, and at this point give the other Members a chance to have their other opening statements, the ranking member, at least, when he shows up.

[The prepared statement of Hon. John F. Tierney follows:]

Chairman Tierney's Opening Statement

At the National Security and Foreign Affairs Subcommittee entitled,

"Iran: Reality, Options, and Consequences. Part 2 – Negotiating with the Iranians: Missed Opportunities and Paths Forward."

November 7, 2007

Good afternoon, and welcome to the second in a series of hearings the Subcommittee on National Security and Foreign Affairs plans to hold on U.S. foreign policy toward Iran.

In this time of saber-rattling and bellicose invective, I thought it appropriate for us to take a different approach.

In that vein, we are undertaking a thoughtful and comprehensive study of the Iranian people and their society; the recent history of U.S. / Iran diplomacy (and what lessons can be learned from those negotiations); and the possible options for dealing with Iran, along with the consequences of those options.

And my hope and goal is to undertake this deliberative study before any irreversible decisions are made. In other words, Congress needs to do everything it can to inform itself about all aspects of Iran before it's too late.

Today's hearing is titled, "Negotiating with the Iranians: Missed Opportunities and Paths Forward."

Most people are aware the United States has had no official relations with Iran since the Islamic Republic was founded in 1979. We have imposed unilateral and multilateral economic, trade, and technological sanctions. We have designated Iran a sponsor of terror.

However – and unbeknownst to most Americans – there have been numerous attempts to maintain contact and dialogue with Iran by every Administration, regardless of political party, since relations officially broke some 30 years ago.

We have before us today a terrific panel of witnesses who can help pull back the curtain and share with the Congress and with the American people what happened in these negotiations.

We have top former diplomats, National Security Council officials, and State Department experts – the very people who personally negotiated with the Iranians; witnesses who can share their direct experiences and insights.

I believe this unique and unparalleled history lesson will be incredibly useful, in particular by offering lessons from which we can learn as we move forward in dealing with Iran.

Some of the general outlines of what occurred are known, but much of what transpired has remained shrouded in secrecy. Our hearing today aims to lay out the historical record and inform discussion going forward.

We'll explore the relations between the U.S. and Iran just prior to September 11, 2001. We'll hear from those who negotiated with Iran after 9/11 and about the cooperation that Iran provided in the effort to drive the Taliban out of Afghanistan.

We'll also examine whether, along with the way, there were missed opportunities to make progress on broader issues of contention between the U.S. and Iran:

• For example, what effect did President Bush's 2002 labeling of Iran as part of the "axis of evil" have on Iranian cooperation and willingness to negotiate?

• Why did the Administration not react positively to entreaties by the Iranians to make progress on broader diplomatic efforts in the wake of the Afghanistan cooperation?

• And what's the significance of the May 2003 fax that the Iranians reportedly sent through third-party intermediaries offering to put a whole host of issues on the table – an offer the Bush Administration apparently refused to even acknowledge?

As an Oversight Subcommittee of the United States Congress, we intend to educate ourselves on policy alternatives and to fully consider the short- and long-term consequences as we fulfill our constitutional responsibilities in the coming months.

Our relationship with Iran is complex, to say the least, and involves a multitude of security, economic, and diplomatic facets.

We have many serious concerns with Iran, including its nuclear enrichment program, its relationship with Hamas and Hezbollah, and its relations with certain Iraqi militia groups. Still, as our witness at a previous related hearing noted, areas of serious concern to the United States such as Iraq, Pakistan, Afghanistan, terrorism, and proliferation all are impacted by Iran in one way or another.

The question now is how best to go forward. The Administration has put conditions before any broader talks with Iraq can commence. We'll hear from our panelists today what the lessons of this recent history tell us about whether this is the best course forward and we'll learn of other possible diplomatic alternatives.

Together with the fact that the United States has well recognized military strength, realistic, hard-nosed diplomacy helped end the Cold War, stop Libya's nuclear ambitions,

and even led to some progress with North Korea, a country that has already exploded a nuclear weapon.

If the Berlin Wall could fall and the Cold War could end without World War III, my hope is that the same will be able to be said with respect to our policy towards Iran five or ten years from now.

Thank you, and I now yield to the Rep. Shays, the Ranking Member of the Subcommittee.

Mr. TIERNEY. In the meantime, our panel today is composed of Ambassador James Dobbins, Hillary Mann Leverett, Flynt Leverett, Larry Haas and Suzanne Maloney. Our first witness will be Ambassador James Dobbins, who is the Bush administration's First Special Envoy for Afghanistan, who was intensely involved in talks with Iran concerning Afghanistan. Ambassador Dobbins has extensive diplomatic and negotiating experience, including having served as Special U.S. Envoy to Somalia, Haiti, Bosnia, and Kosovo.

Ambassador Dobbins, we would love to hear from you, please. You have 5 minutes, but your written remarks will be placed on the record. So if you want to deviate from that, that is fine with us. We will try to be a little lenient with the 5 minutes, but also respectful of all your time for being here and having so much of it already pass by.

We have a policy in this committee to swear all our witnesses in. So if all of you would please rise and raise your right hands.

[Witnesses sworn.]

Mr. TIERNEY. The record will reflect that all the panelists have answered in the affirmative. I thank you for that.

Ambassador Dobbins.

STATEMENTS OF AMBASSADOR JAMES DOBBINS, DIRECTOR, INTERNATIONAL SECURITY AND DEFENSE POLICY CENTER, RAND CORP.; HILLARY MANN LEVERETT, PRINCIPAL AND CEO, STRATEGIC ENERGY AND GLOBAL ANALYSIS, LLC; FLYNT LEVERETT, SENIOR FELLOW, DIRECTOR, GEOPOLITICS OF ENERGY INITIATIVE, NEW AMERICA FOUNDATION; LAWRENCE J. HAAS, VICE PRESIDENT, COMMITTEE ON THE PRESENT DANGER; AND SUZANNE MALONEY, SENIOR FELLOW, THE SABAN CENTER FOR MIDDLE EAST POLICY, BROOKINGS INSTITUTION

STATEMENT OF AMBASSADOR JAMES DOBBINS

Ambassador DOBBINS. Thank you, Mr. Chairman, and thank you for holding these important hearings.

There is a popular perception in the United States that in the aftermath of 9/11, the United States formed a coalition and overthrew the Taliban. That is wrong. In the aftermath of 9/11, the United States joined an existing coalition, which had been trying to overthrow the Taliban for most of a decade. That coalition consisted of India, Russia, Iran, and the Northern Alliance. It was with the additional assistance of American air power that coalition succeeded in ousting the Taliban.

That coalition, along with Pakistan, was also very important to the success that the United States enjoyed in replacing the Taliban within a matter of weeks with a moderate, broadly representative government in Kabul, which relieved the United States of the necessity of itself occupying and trying to govern Afghanistan. All of those countries, and in particular given the subject of this committee hearing, Iran, were particularly helpful in the diplomacy that led to the creation of the Karzai government. And in my written testimony, I provide some detail and some anecdotes which flesh out the nature of that cooperation and the degree to which it was

indeed critical to the success of American diplomacy in the last months of 2001.

In January 2002, the President in his inaugural address included Iran in what he characterized as an axis of evil. Despite that, the Iranians persisted for a number of months in offering significant cooperation to the United States. For instance, in March 2002, the Iranian delegation asked to meet with me on the fringes of an international meeting in Geneva that I was chairing on assistance to Afghanistan. They introduced me to an Iranian general in full uniform who had been the commander of their security assistance efforts to the Northern Alliance throughout the war.

The general said that Iran was willing to contribute to an American-led program to build the new Afghan national army. "We are prepared to house and train up to 20,000 troops in a broader program under American leadership," the general offered. "Well, if you train some Afghan troops and we train some, might they not end up having incompatible doctrines?" I responded somewhat skeptically. The general just laughed. He said, "Don't worry, we are still using the manuals you left behind in 1979."

I said, "OK, well, they might have compatible doctrines, but might they not have conflicting loyalties?" "Well," he responded, "we trained, we equipped, and by the way, we are still the ones who are paying the Afghan troops you are using in southern Afghanistan to chase down the remaining Taliban and al Qaeda elements. Are you having any difficulty with their loyalty?" I acknowledged that insofar as I was aware, we did not, and I said I would report the offer back to Washington.

Now, this offer struck me as problematic in detail but promising in overall implications. Despite the general's assurances, I could foresee problems in having Iran and the United States both training different components of the same Afghan army. On the other hand, Iranian participation under American leadership in a joint program of this sort would be a breathtaking departure after more than 20 years of mutual hostility. It also represented a significant step beyond the quiet diplomatic cooperation we had already achieved. Clearly, despite having been relegated by President Bush to the access of evil, the Hatami government wanted to deepen its cooperation with Washington and was willing to do so in the most overt and public manner.

I went back, I reported these overtures to Washington. There was no apparent interest in discussing them, and as far as I am aware, the Iranians never got a response. There were, however, continued discussions with the Iranians, and a year later, in the aftermath of the American invasion of Iraq, the Iranian government again came forward with an even more sweeping offer, one that the witness sitting next to me will, I think, be able to talk about in a little more detail.

Now, it is not a coincidence that both of these Iranian overtures came in the aftermath of an American intervention on their borders. In both cases, those American moves left the Iranian regime both grateful and fearful. They were grateful that the United States had taken down two of their principal regional antagonists. And they were fearful that they might be next, seeing as they did American troops to their north, based in central Asia, to their east

in Afghanistan, to their south in the Gulf and to the west in Iraq. They were surrounded.

Unfortunately, if the Iranian regime was feeling grateful and fearful, the American Government, and frankly not just the Government, people, Congress as a whole, were feeling supremely self-confident. In late 2001, we had overthrown Mullah Omar in a lightning campaign and then in 2003, we had done the same thing with Saddam. We were on a roll, acutely conscious of being the world's only superpower. There seemed nothing America could not accomplish. I suspect that the administration, therefore, saw no rush in responding to these Iranian overtures.

As Afghanistan was stabilized and Iraq was democratized, the American position could only grow stronger. In good time, Washington could deal with the Iranian regime. Tehran's offers were becoming steadily better; why not wait for another year or two? Of course, events did not move in that direction. Since the last Iranian overtures of 2002, it is Tehran's position that has strengthened and hardened. In contrast, Washington's position has weakened and hardened. America's difficulties in Iraq are the principal cause of this shift.

Americans are fond of chararacterizing the Iranian regime as a fundamentalist theocracy. The truth is more complex. Iran isn't Switzerland, but it is rather more democratic than Egypt and less fundamentalist than Saudi Arabia, two of America's most important allies in the region. Iranian women vote, drive automobiles, attend university in large numbers and lead successful professional lives. Iran's parliament and president are popularly elected. Elections take place on schedule. The outcomes are not fore-ordained. The results do make a difference, perhaps not as much of a difference as we would like, but enough to make the process worth understanding a good deal better than we do.

Even the supreme leader is elected to a fixed, renewable term by a council of clerics who are in turn popularly elected by universal adult suffrage. The last election to that body was a setback for President Ahmadinejad. Presidential elections produce even more meaningful swings as can those in the parliament. Yes, the system is rigged, but not to the point that it becomes a complete sham, as in the case with many other Middle Eastern elections when such are held at all.

In my judgment, Mr. Chairman, it is time to apply to Iran the policies which won the cold war, liberated the Warsaw Pact and reunited Europe; policies of detente and containment, communication where possible and confrontation whenever necessary. We spoke to Stalin's Russia; we spoke to Mao's China. In both cases, greater mutual exposure changed their system, not ours. It is time to speak to Iran, unconditionally and comprehensively.

Thank you.

[The prepared statement of Ambassador Dobbins follows:]

9

TESTIMONY

Negotiating with Iran

JAMES DOBBINS

CT-293

November 2007

Testimony presented before the House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs on November 7, 2007

This product is part of the RAND Corporation testimony series. RAND testimonies record testimony presented by RAND associates to federal, state, or local legislative committees; government-appointed commissions and panels; and private review and oversight bodies. The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND®** is a registered trademark.

RAND

Published 2007 by the RAND Corporation
1776 Main Street, P.O. Box 2138, Santa Monica, CA 90407-2138
1200 South Hayes Street, Arlington, VA 22202-5050
4570 Fifth Avenue, Suite 600, Pittsburgh, PA 15213
RAND URL: http://www.rand.org/
To order RAND documents or to obtain additional information, contact
Distribution Services: Telephone: (310) 451-7002;
Fax: (310) 451-6915; Email: order@rand.org

Statement of James Dobbins[1]
The RAND Corporation

Negotiating with Iran[2]

Before the Committee on Oversight and Government Reform
Subcommittee on National Security and Foreign Affairs
United States House of Representatives

November 7, 2007

There is a popular perception in the United States that in the aftermath of 9/11, the United States formed a coalition and overthrew the Taliban. Wrong. In the aftermath of 9/11, the United States joined an existing coalition which had been trying to overthrow the Taliban for much of a decade. The coalition consisted of India, Russia, Iran and the Northern Alliance. And with the addition of American airpower, that coalition succeeded in ousting the Taliban.

The success in quickly forming a successor regime was also thanks to this coalition. As the American representative to the Afghan opposition, I represented the US at the Bonn conference that met for that purpose. The conference had representation from all of the major elements of the Afghan opposition and from all of the principal regional states—the countries that had been playing the great game and tearing Afghanistan apart for 20 years—Russia, India, Pakistan, Iran, and of course the United States..

At one point the U.N. had circulated the first draft of the Bonn declaration, which was to serve as Afghanistan's interim constitution. It was the Iranian envoy, Deputy Foreign Minister Javad Zarif who noted that this document made no mention of democratic elections. "Don't you think that the new Afghan regime should be committed to hold democratic elections?"

I allowed that this seemed reasonable suggestion. Washington was not on a democracy campaign at this point in time. My job was to get an agreement, and almost any agreement would do, so long as it resulted in an Afghan government that could replace the Taliban, unite the opposition, secure international support, cooperate in hunting down Al Qaeda remnants, and relieve the United States of the need to occupy and run the country.

---

[1] The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of RAND or any of the sponsors of its research. This product is part of the RAND Corporation testimony series. RAND testimonies record testimony presented by RAND associates to federal, state, or local legislative committees; government-appointed commissions and panels; and private review and oversight bodies. The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.
[2] This testimony is available for free download at http://www.rand.org/pubs/testimonies/CT293.

It was also the Iranians delegation that proposed that the document should commit the Afghans to cooperate against international terrorism.

At one point, I reproached my Iranian colleague because his foreign minister had been quoted the day before as saying that he didn't think any peacekeeping troops were necessary for Kabul. "You and I have agreed that we really need a peacekeeping force in Kabul, I said. Why is your foreign minister being quoted to the contrary?"

"You can consider my Minister's statement a gesture of solidarity with Don Rumsfeld," Zarif replied with a grin, it then being generally known that Secretary Rumsfeld was unenthusiastic about deploying peacekeepers to Afghanistan.

"After all Jim, you and I are both way out in front of our instructions on this one, aren't we?" I had to admit this was true.

On the last night of the conference we'd agreed on everything except who was going to govern Afghanistan. We had the interim constitution, but we were still arguing about who was going to govern Afghanistan. The Northern Alliance was insisting upon occupying 18 of the 26 ministries and everyone else agreed that was too many. It wasn't going to be broadly based if the Northern Alliance, which represented maybe 30 or 40% of the population, got 75% of the ministries. German Chancellor Gerhard Schroeder was due to arrive at 9am for the closing ceremony, but we had no agreement to sign.

And so at my suggestion Lakhdar Brahimi, the UN negotiator, got together all of the foreign representatives who were still awake—it was about 2 in the morning. We eventually assembled with the Russian, Indian, German and Iranian delegates, along with Brahimi and me. For two hours this group worked over the Northern Alliance representative, Younnis Qanooni, each of us arguing, in turn, that he should agree to give up several Ministries. He remained obdurate. Finally. Zarif took him aside and whispering to him for a few moments, following which the Northern Alliance envoy returned to the table and said, "Okay, I agree. The other factions can have two more ministries. And we can create three more, which they can also have." We had a deal. Zarif had achieved the final breakthrough without which the Karzai government might never have been formed.

Four hours later the German Chancellor arrived and the Bonn agreement was signed.

My final report to the State Department read, "The late night session that preceded the successful conclusion of the Bonn conference underscored why the conference ultimately worked. Neighboring states, Western governments and the UN worked in tandem to be helpful at this meeting. Their combined weight, operating for the first time in a cohesive effort, succeeded in pushing the Afghans together."

Iran's positive contribution to stability in Afghanistan did not end with the Bonn Conference. Iran sent the most senior delegation at Karzai's inauguration. Their foreign minister came. There had been some doubt about whether Ismail Khan, a warlord in the area closest to Iran, was going to support this settlement. The Iranian foreign minister landed in Herat, picked Khan up, put him on the plane and brought him to Kabul just to make sure no one doubted that he was going to support the Karzai.

At the Tokyo donors conference that came a few weeks later, Iran pledged $500 million in assistance to Afghanistan, assistance which they've since delivered, which is a staggering amount for a non first-world country. The American pledge, by comparison, was all of $290 million, little more than half that of Iran.

Several of the Iranian diplomats who had been in Bonn were with us again in Tokyo. Emerging from a larger gathering, one of them took me aside to reaffirm his governments desire to continue to cooperate on Afghanistan. I agreed that this would be desirable, but warned that Iranian behavior in other areas represented an obstacle to cooperation.

"We would like to discuss the other issues with you also" he replied.

"My brief only extends to Afghanistan", I cautioned.

"We know that. We would like to work on these other issues with the appropriate people in your government"

"The Karine A incident was not helpful", I said, referring to a Palestinian ship intercepted a few days earlier by the Israeli Navy on its way to Gaza loaded with several tons of Iranian origin weapons.

"We too are concerned about this", my Iranian interlocutor said. "President Khatemi met earlier this week with the National Security Council. He asked whether any of the agency representatives present knew anything about this shipment. All of them denied any knowledge of

it. If your government has any information to the contrary it can provide us, that would be most helpful."

On returning to Washington, I reported this conversation. In so far as I am aware, there was no response to the Iranian request for information. One week later, in a state of the Union address, President Bush included Iran, along with its arch enemy, Iraq in what he termed an "axis of evil", implicitly threatening all both states, along with North Korea, with preemptive military action intended to halt their acquisition of weapons of mass destruction.

Two months later in Geneva, the Iranians asked to see me on the fringes of another multilateral meeting we were having about Afghanistan. They introduced me to an Iranian general, in full uniform, who had been the commander of their security assistance efforts for the Northern Alliance throughout the war. The General said that Iran was willing to contribute to an American led program to build a new Afghan National Army.

"We're prepared to house and train up to 20,000 troops in a broader program under American leadership," the General offered.

"Well, if you train some Afghan troops and we train some, might they not end up having incompatible military doctrine," I responded, somewhat dubiously.

The general just laughed and he said, "Don't worry; we're still using the manuals you left behind in 1979."

"Okay, so maybe they might have compatible doctrines but might they not have conflicting loyalties," I responded, still not entirely convinced.

"Well, we trained, we equipped, and, by the way, we're the ones who are still paying for the Afghan troops you're still using in the southern part of the country to go after Taliban and Al Qaeda elements,." the General replied. "Are you having any difficulty with their loyalty?"

I acknowledged that, insofar as I was aware, we were not. I said I would report the offer to Washington.

The Iranian proposal struck me as problematic in detail, but promising in its overall implications. Despite the General's assurances, I could foresee problems in having Iran and the United States training different components of a new Afghan army. On the other hand, Iranian participation,

under American leadership, in a joint program of this sort would be a breathtaking departure after more than twenty years mutual hostility. It also represented a significant step beyond the quiet diplomatic cooperation we had achieved so far. Clearly, despite having been relegated by President Bush to the "axis of evil", the Khatemi government wanted to deepen its cooperation with Washington, and was prepared to do so in a most overt and public manner.

Back home, I immediately went to see Secretary Powell.

"Very interesting," he responded to my account of this conversation. "You need to brief Condi."

And so I went to see Rice.

"Very interesting," she said. "You need to talk to Don."

Several days later Rice called a meeting with Secretaries Rumsfeld and Powell, among others. When we came to this item on the agenda, I again recounted my conversation with the Iranians. When I finished, there were no comments and no questions. After a brief pause, seeing no one ready to take up the issue, the meeting moved on to the next item on its agenda. Insofar as I am aware, the issue was never again discussed, and the Iranians never received a response.

A year later, in the aftermath of the American invasion of Iraq the Iranians came forward with an even more sweeping offer, one that other witnesses here today are in a better position than I to detail.

It is no coincidence that both these Iranian overtures came in the aftermath of an American intervention on their borders. In both cases, those American moves left the Iranian regime grateful and fearful. They were grateful that the United States had taken down their two principal regional opponents, and they were fearful that they might be next, seeing as they did, American troops to their North, in Central Asia, East, in Afghanistan, South, in the Gulf and West, in Iraq. They were surrounded.

Unfortunately, if the Iranian regime was feeling grateful and fearful, the American government, and not just the government, but the country as a whole was feeling supremely confident. In late 2001, we had overthrown Mullah Omar in a lightning campaign, and then in 2003 had done the same with Saddam. We were on a role, acutely conscious of being the world's only superpower. There seemed nothing America could not accomplish. I suspect that the Administration therefore saw no rush in responding to Iranian overtures. As Afghanistan was stabilized and Iraq

democratized, the American position could only grow stronger. In good time, Washington could deal with the Iranian regime. Teheran's offers were becoming steadily better. Why not wait a while longer?

Of course, events did not move in that direction. Since the last Iranian overtures of 2003, it is Teheran's position that has strengthened, and hardened. In contrast Washington's position has weakened and hardened. American difficulties in Iraq are the principal cause of this shift.

Iran and other neighboring states bear some responsibility for the current conflict in Iraq, but the United States bears even greater responsibility for thinking that the influence of these countries could be safely ignored. If a decade of nation building experience should have taught anything, it was the impossibility of holding together disintegrating societies without the cooperation of adjoining states. Neighboring states simply enjoy too much access and too much influence, by reason of proximity, personal relationships and cultural affinity, to be ignored. Neither can these governments be persuaded to eschew interference. After all, it is they, not more distant countries like the United States that will get the refugees, the crime, the terrorism, the endemic disease, and the economic disruption caused by having a failed state on their doorstep. Neighboring states cannot afford to remain uninvolved, and they will not.

Unfortunately, left to their own devices, neighboring governments will tend to exacerbate the disintegration they would generally prefer to avoid. In any failing state, all claimants for power seek foreign sponsors, and all neighboring states tend to back favorites in this contest. In backing rival factions, regional governments feed the conflict and accelerate a breakup they do not seek. This can be prevented only if neighboring governments can be persuaded to exert their influence along convergent, rather then divergent lines, pressing the local political leaders to coalesce rather than to fight.

American success in ending the Bosnian civil war in 1995 depended upon bringing its neighbors, Serbia and Croatia, who were fighting a proxy war there, into the negotiating process. Those states, and their leaders, were guilty of the genocide America was trying to stop. Yet Washington engaged these leaders, gave them a privileged status in the negotiations, and then worked with them to implement the peace agreement. President Milosevic and Tudjman both won subsequent elections, based in part on the prestige they had garnered through this American connection. Had the Clinton Administration not been willing to pay that price, however, the war in Bosnia would have continued.

America's rapid success in toppling the Taliban and replacing it with a broadly based, moderate successor also depended heavily upon the support American military and diplomatic efforts received from all the neighboring states, notably Iran. There was no attempt to replicate this in Iraq, and to be truthful, there was no possibility of so doing, given broader American intentions in the region.

The United States had not invaded Afghanistan with the intention of making it a model for Central Asia, with the objective of thereby undermining the legitimacy of neighboring governments and ultimately seeing them replaced. Had that been America's goal in Afghanistan, we never would have been offered bases in Uzbekistan and Tajikistan, over flight rights from Pakistan, and Russian and Iranian diplomatic support at the Bonn Conference. By contrast, the United States did invade Iraq with the stated intention of turning it into a model for the Middle East, thereby undermining domestic support for all the neighboring regimes in the hope of their ultimate demise. This was not a project any of those governments was likely to buy into. And none of them have, not even our democratic ally, Turkey.

American military power may prevent the situation in Iraq and Afghanistan from getting much worse, but only diplomacy is going to make it dramatically better. Iran is not the only key to regional support, but it is an essential one.

Unfortunately, the relationship between the United States and Iran bears an enormous historical burden. If there are two countries in the world with good reason to hate each other, it is Iran and America. Twenty-seven years ago Iranian revolutionaries seized the American Embassy in Teheran and held its staff hostage for fifteen months. The revolutionary Iranian regime has subsequently been implicated in the 1983 attack upon a Marine encampment in Beirut that killed 242 American servicemen. In 1996 Iran was again implicated in the bombing of a US Army barracks in Saudi Arabia that had killed 19 and injured 500. Iran has continued to provide support to groups in Lebanon and occupied Palestine that conduct attacks on Israel. More recently, Iran has been arming militia and insurgent groups in Iraq and Afghanistan.

Iranians, for their part, have an imposing set of grievances. In 1953 the CIA helped instigate a coup against the democratically elected government of Mohammed Mossadeq, installing in its place the autocratic regime of Shah Reza Pahlavi. After the 1979 revolution overthrew the Shah, the United States imposed an embargo on trade with Iran. In 1980 Saddam Hussein launched an invasion of Iran. That war lasted eight years and killed some 500,000 Iranians. The United States worked with Sunni states of the region that were providing various forms of support to Iraq, the aggressor state. Saddam's forces used poison gas against Iranian troops. The United States

voiced no protest. In 1988 the U.S. Navy shot down an Iranian civil airliner flying over the Persian Gulf, killing 290 innocent crew and passengers.

Twenty seven years of non-communication has embedded this sense of mutual grievance more deeply in the Iranian and American national psyches. It is thus unrealistic to expect that our differences can be overcome in a single comprehensive breakthrough. It is even more foolish to believe that non-communication can advance that process, that somehow, if we just hold our breadth long enough, the Iranians will finally give in. Those who argue against establishing normal communications between Washington and Teheran often maintain that contacts would be fruitless. The real concern, however, is just the reverse, that communication would produce accommodation. Hard liners in Iran fear that normal relations with Washington would cause a decline in revolutionary fervor, thereby undermining the legitimacy of their regime, which rests heavily upon its anti-American credentials. Conversely, opponents of normalization in the United States fear this would legitimize the regime in Teheran, and make its demise less likely.

Americans are fond of characterizing the Iranian regime as a fundamentalist theocracy. The truth is more complex. Iran isn't Switzerland, but it is rather more democratic than Egypt and less fundamentalist than Saudi Arabia, two of America's most important allies in the region. Iranian women vote, drive automobiles, attend university in large numbers, and lead successful professional lives. Iran's Parliament and President are popularly elected. Elections take place on schedule, the outcomes are not foreordained, and the results do make a difference, perhaps not as much of a difference as we would like, but enough to make the process worth understanding a good deal better than we do. Even the Supreme leader is elected to a fixed (renewable) term by a council of clerics who are in turn popularly elected by universal adult suffrage. The last election to that body was a setback to Ahmedinijad. Presidential elections produce even more meaningful swings, as can those to the parliament. Yes the system is rigged, but not the point where it becomes a complete sham, as is the case in many other Middle Eastern elections, when such are held at all.

It is time to apply to Iran the policies which won the Cold War, liberated the Warsaw Pact, and reunited Europe: détente and containment, communication whenever possible, and confrontation whenever necessary. We spoke to Stalin's Russia. We spoke to Mao's China. In both cases, greater mutual exposure changed their system, not ours. It's time to speak to Iran, unconditionally, and comprehensively.

Mr. TIERNEY. Thank you, Ambassador.

Our second witness, Ms. Hillary Mann Leverett, directly participated in negotiations with Iran on behalf of the U.S. Government from 2001 to 2003. Shortly after 9/11/2001, she was tapped to serve as the Iran expert on the National Security Council. She is a career Foreign Service officer. Her service includes positions at the National Security Council with the U.S. mission to the United States and as special assistant to the U.S. Ambassador in Cairo, Egypt. From 1996 to 1998, she was a terrorism fellow at the Washington Institute of Near East Policy and has in the past been a Fulbright scholar and a Watson fellow. She speaks Arabic and has a great academic background as well.

Ms. Leverett, would you care to address us for 5 minutes? Ms. Leverett, just before you start, I am going to ask unanimous consent of the committee that Mr. McDermott be allowed to sit in and participate under the committee's rules as well. Without objection, so ordered. Thank you.

STATEMENT OF HILLARY MANN LEVERETT

Ms. MANN LEVERETT. Thank you, Mr. Chairman. Thank you for inviting me here today.

Iran's geo-strategic location, at the crossroads of the Middle East and Central Asia, and in the heart of the Persian Gulf, enormous hydrocarbon resources and historic role, make it a critical country for U.S. interests. However, since the advent of the Islamic Republic in 1979, Iran has worked against U.S. interests on a number of fronts. As a result, every U.S. administration since 1979 has sought to isolate and contain Iran.

Yet Iran's undeniable importance in the Middle Eastern balance of power and in many areas of importance to the United States has prompted every U.S. administration—Reagan, George H.W. Bush, Clinton, and George W. Bush administrations—to explore some kind of opening to Iran, either through tactical cooperation or by testing the waters publicly. I was directly involved in the Bush administration's efforts to engage Iran over Afghanistan, al Qaeda and Iraq, both shortly before and after the 9/11 attacks. I will get to that in a moment.

What I want to emphasize at the outset of my testimony is that Iran's tactical cooperation with every U.S. administration since 1980 was fundamentally positive in character. Iran delivered much, not all, but much of what we asked. Furthermore, and especially with regard to post 9/11 cooperation over Afghanistan, Iran hoped and anticipated that tactical cooperation with the United States would led to a genuine strategic opening between our two countries. In most cases, however, it was the United States that was unwilling to sustain and buildupon tactical cooperation to pursue true strategic rapprochement.

I will spell out this argument through the prism of my own experience in the current Bush administration. In late spring 2001, I was a U.S. Foreign Service officer at the U.S. mission to the U.N. in New York responsible for dealing with Afghanistan. In that capacity, I was authorized to work with my Iranian counterpart as part of the Six Plus Two diplomatic process that had been set up by the United States to deal with the threats Afghanistan posed to

the international community, even before 9/11. My Iranian counterpart and I worked openly and constructively on a wide range of Afghan-related issues, including the enforcement of an arms embargo on the Taliban regime, counter-narcotics initiatives and humanitarian relief for Afghan refugees, 2 million of whom were in Iran.

On 9/11, I was scheduled to meet with my Iranian counterpart to discuss how to make sure that counter-terrorism was the centerpiece of a draft statement of principles for an upcoming Six Plus Two Foreign Ministers meeting at the U.N. in New York. Instead, the World Trade Center was attacked, and I was evacuated from my office at the U.S. mission. My Iranian counterpart called to express, in his words, his horror at what he thought was an al Qaeda terrorist attack on the United States. Without hesitation, he said the Iranian people and the Iranian government would be condemning this horrible attack on the United States and the entire civilized world.

Within days, the Iranian government did come out to strongly condemn the attack, and thousands of Iranians took to the streets in Tehran in candlelight vigils to mourn those who had perished in the United States. Even Iran's supreme leader, Ali Khamenei, took the extraordinary step of unequivocally condemning al Qaeda and its attack on the United States in a Friday prayer sermon that was broadcast to tens of millions of Iranians and Shiite followers throughout the Middle East.

For the first 2 months after 9/11, I worked openly and intensively with my Iranian counterpart to establish a framework for U.S.-Iranian cooperation in Afghanistan. My Iranian counterpart said that Iran was prepared to offer unconditional cooperation to the United States. Iran would not ask the United States for anything up front in return for its cooperation with Afghanistan.

As I document in my written testimony, in the months after 9/11, Iran provided tangible support to United States and Coalition military operations in Afghanistan and robust support to U.S. efforts to stand up a post-Taliban political order, culminating in the Bonn Conference, which my colleague, Jim Dobbins, lead the U.S. delegation to. Following the Bonn Conference and my transfer from the U.N. to the National Security Council to become Director for Iran and Afghanistan Affairs, the United States launched an ongoing channel of monthly meetings to coordinate our efforts on Afghanistan and related issues. I was one of two U.S. officials who consistently participated in those discussions, which lasted for 17 months. The other was Ryan Crocker, now Ambassador in Iraq.

As I document in my testimony, the Iranians provided considerable assistance to bolster the pro-American Karzai government in Afghanistan and on counter-terrorism, including deporting hundreds of al Qaeda and Taliban figures seeking to flee Afghanistan to or through Iran. The Iranians skipped one monthly meeting to protest President Bush's public condemnation of Iran as part of the axis of evil in January 2002, but otherwise they came to every monthly meeting over the 17 month course of the talks.

It is important to emphasize that in the monthly meetings, my Iranian counterparts repeatedly raised the prospect of broadening our common agenda, both to achieve a strategic rapprochement between the United States and Iran, as well as to provide tactical

support to a prospective U.S. attack on Saddam's Iraq. The prospect of rapprochement with Iraq had been explicitly rejected by the President and his senior national security team. Whether we could have subsequent discussions to coordinate on Iraq became subject to whether Iran would turn over the remaining handful of al Qaeda operatives they had detained in Iran.

But the Iranians first expressed an inability to find the remaining al Qaeda suspects we identified without any information from us as to their whereabouts. And later, the Iranians expressed an unwillingness to relinquish these last "cards" without assurances from us that we would not use the Iranian opposition group, the MEK, and its armed forces in Iraq, against Iran. Although we provided Iran with assurances about the MEK in January and February 2003, after all, they were a designated terrorist organization by the U.S. Government. The Iranians were still concerned by the words and actions of senior Pentagon officials and later U.S. occupation forces in Iraq who not only refused to disarm MEK forces in Iraq but also designated the United States as protected persons under the Geneva convention in order to prevent their deportation by the Iraqis to Iran, even though the MEK had been designated by us as a foreign terrorist organization.

Therefore, by the spring of 2003, the dialog was at an impasse. It is in this context that one should evaluate the Iranian offer to negotiate a comprehensive resolution of differences with the United States. With the bilateral channel at an impasse, Tehran sent this offer in early May 2003 through Switzerland, the U.S.-protecting power in Iran, as Secretary Rice and former administration officials have acknowledged. In the offer, everything would be on the table, including Iran's material support for Hamas, for PIJ, for Hizballah as well as its nuclear ambitions and role in Iraq. But the Bush administration rejected this proposal out of hand and cutoff the bilateral channel with the Iranians less than 2 weeks later.

From an Iranian perspective, this record shows that Washington will take what it can get from talking to Iran on specific issues, but it is not prepared for real rapprochement. From an American perspective, I believe this record indicates that the Bush administration cavalierly rejected multiple and significant opportunities to put U.S.-Iranian relations on a fundamentally more positive and constructive trajectory. This mishandling of U.S. relations with Iran continues to impose heavy costs on American interests and policy efforts in the Middle East, on the Iranian nuclear issue, nuclear issues in Iraq and Afghanistan and Lebanon and in the Arab-Israeli arena.

I want to note in closing that the White House has gone to extraordinary lengths, including outright abuse of executive powers, to keep me from laying out the full extent of the Bush administration's mishandling of Iran policies since the 9/11 attacks. In December 2006, I co-authored an op-ed for the New York Times on this topic, using material that my co-author had previously cleared through through the CIA and had in fact published with CIA approval in several different places. When we submitted our joint op-ed draft for pre-publication review, my co-author was informed by a member of the CIA's pre-publication review board that the draft, in the CIA's judgment, contained no classified material. Similarly,

I was informed by a career officer at the State Department involved in the review process that in the State Department's judgment, the draft contained no classified information.

However, my co-author and I were told by the CIA and the State Department that the White House had complained about my co-author's previous publications criticizing the Bush administration's Iran policy and insisted in censoring whole paragraphs of the prospective op-ed. The pre-publication review process is supposed to protect classified information, nothing else. But in our case, the White House abused its power to politicize that process, solely in order to silence two former officials who can speak in a uniquely informed way about the Bush administration's strategic blunders toward Iran.

Neither my co-author, who is sitting beside me, and is my husband, nor I will disclose any classified information. I have not done so today and I don't think he will either. But neither will we be intimidated by a White House acting in a fundamentally un-American way to silence criticism of its policies. It is in that spirit that I have come forward to testify before you today.

[The prepared statement of Ms. Mann Leverett follows:]

Hillary Mann*

U.S. Diplomacy With Iran: The Limits of Tactical Engagement

Statement to the Subcommittee on National Security and Foreign Affairs
Committee on Government Oversight and Reform
U.S. House of Representatives
November 7, 2007

Iran's location, size, resource base, and comparatively strong national identity make it an important player in the regional balance of power in the Persian Gulf and the Middle East more generally. Since the advent of the Islamic Republic in 1979, Iran has used its strategic energies in ways that have worked against American interests on a number of fronts. As a result, successive U.S. administrations have sought to contain and isolate Iran in various ways—through sanctions, indirect military pressure, and, it would seem, covert action.

- The Islamic Republic has been on the State Department's list of state sponsors of terrorism since 1979—a status that carries with it the imposition of a specific set of unilateral U.S. sanctions.

- During the 1980s—notwithstanding its opportunistic arms-for-hostages channel—the Reagan Administration indirectly supported Iraq in a brutal war against Iran and, in the later stages of this conflict, committed U.S. naval assets to battle Iranian maritime forces in the Persian Gulf in the so-called Tanker War.

- In the mid 1990s, the Clinton administration significantly toughened U.S. unilateral sanctions against Tehran through the issuance of two executive orders that effectively prohibited any meaningful economic interaction between the United States and Iran.

At the same time, though, Iran's undeniable importance in the regional balance of power means that a strategy of containing and isolating the Islamic Republic is, at best, a "mixed bag" for American interests. Over the long term, such a posture is, ultimately, unsustainable.

---

* Hillary Mann is chief executive officer of Strategic Energy and Global Analysis (STRATEGA), LLC, a political risk consultancy. She served on the State Deparment's Policy Planning Staff in 2003-04, as director of Iran, Afghanistan, and Persian Gulf affairs at the National Security Council in 2001-03, as a political adviser to the U.S. Mission to the United Nations in 2000-01, and at the U.S. Embassy in Egypt in 1998-2000.

For these reasons, the Reagan, George H.W. Bush, Clinton, and George W. Bush administrations all sought to explore possibilities for some kind of opening to Iran, either through limited tactical cooperation on specific issues of mutual interest or by testing the waters publicly. I was directly involved in the Bush Administration's efforts to engage Iran over Afghanistan, *al Qa'ida*, and Iraq, both before and after the 9/11 attacks. I will return to that episode in greater detail. At this point, I think it is important to emphasize that, in all these cases, Iran's tactical cooperation with the United States was fundamentally positive in character. Furthermore, in each case – and especially with regard to post-9/11 cooperation over Afghanistan—Iran hoped and anticipated that tactical cooperation with the United States would lead to a genuine strategic opening between our two countries. In all these cases, however, it was the United States that was unwilling to build on issue-specific tactical cooperation to pursue true strategic rapprochement.

The Reagan administration's engagement with Iran to secure the release of American hostages in Lebanon – where Iranian influence indeed effected the release of several U.S. hostages-- came to grief in the "Iran-Contra" scandal, in which Elliot Abrams and other Reagan Administration officials sought to divert proceeds from the sale of U.S. weapons to Iran to circumvent Congressional restrictions on funding the Nicaraguan contras. The efforts of Abrams other Reagan Administration officials to undermine the Constitution can hardly be characterized as Iranian misbehavior. Nevertheless, the exposure of the Iran-contra scandal in the United States effectively shut down U.S.-Iranian engagement for several years.

The first Bush administration resumed contacts with Tehran to secure the release of the last American hostages in Lebanon – which happened through Iranian intervention – and pledged that "good will would beget good will". A senior Iranian diplomat with whom I negotiated during 2001-2003 told me that this statement that Iran's "good will" would "beget good will" from the United States created an impression in Tehran leadership circles that the United States would reciprocate positive moves by Iran.

- The Islamic Republic – after 1989 under the leadership of President Ali Akhar Hashemi Rafsanjani and the late Ayatollah Khomeini's successor as Supreme Leader, Ayatollah Ali Khamenei -- was studiously neutral during the first Gulf War of 1991, which meant that Tehran committed not to work against U.S. objectives in that campaign.

- Beyond this, Iran provided tactical support to U.S. military efforts in the Gulf – for example, by agreeing to allow U.S. military forces to

enter Iranian territory if necessary to rescue downed American air crews.

However, the first Bush Administration decided to postpone reciprocal steps towards Iran or pursuit of broader rapprochement until after the 1992 presidential election – and the presumptive re-election of the President who had presided over the end of the Cold War and led the United States to victory in the first Gulf War.

During the initial years of the Clinton Administration's tenure, Rafsanjani continued his overtures to the United States, including proposals on Caspian pipelines, Caucasian oil swaps and the participation of U.S. companies in the development of Iran's off-shore oil and gas resources.

- In 1994, the Clinton administration acquiesced to the shipment of Iranian arms to Bosnian Muslims, but the leak of this activity in 1996 and criticism from presumptive Republican presidential nominee Robert Dole shut down possibilities for further U.S.-Iranian cooperation for several years. An Iranian diplomat who had direct contacts with Clinton Administration officials during this episode was another of my interlocutors during our negotiations over Afghanistan from 2001-2003. This diplomat said that while it was worthwhile for Iran to have worked with the United States to forestall further ethnic cleansing in Bosnia, the episode showed once again that the United States was unwilling or unable to sustain cooperation with Iran even when that cooperation was manifestly in America's own interest.

- In 1995, the Clinton Administration responded to Rafsanjani's "provocation" of offering the U.S. energy company Conoco a contract to develop two Iranian oil and gas fields by issuing two executive orders that effectively prohibited any meaningful economic interaction between the United States and Iran. This was followed in 1996 by President Clinton's signature on the Iran-Libya Sanctions Act, the first legislative authorization for Iran-related secondary sanctions. When Secretary of State Madeline Albright subsequently proposed to open a dialogue with the Islamic Republic – with the reformist President Mohammed Khatami then in office—and modified U.S. sanctions to permit the import of pistachios and rugs, Tehran dismissed this as inadequate and insisted on a complete lifting of sanctions before dialogue could begin.

The pattern of abortive tactical engagement continued under the current George W. Bush Administration. In the late Spring of 2001, when I was serving as a U.S. foreign service officer at the U.S. Mission to the United

Nations, I was given responsibility for dealing with the political aspects of the issue of Afghanistan at the United Nations. In this capacity, I was authorized to work with my Iranian counterpart as part of the Six Plus Two diplomatic process that had been established by the United Nations to deal with the multiple threats the situation in Afghanistan posed to international peace and security – even before 9/11. My Iranian counterpart and I worked openly and constructively on a wide range of Afghan-related issues, including:

- enforcement of an arms embargo on the Taliban regime;
- counter-narcotics initiatives; and
- humanitarian relief for Afghan refugees, 2 million of whom were in Iran.

In addition, Iran – though not at the time a Security Council member – expressed support and lobbied for Security Council resolutions condemning the terrorist activities of *al Qa'ida* and the Taliban regime's protection of *al Qa'ida*. Indeed, in August and early September 2001, Iran and Russia worked with the United States to shape an agenda and draft statement of principles for a 6+2 Foreign Ministers meeting scheduled for late September 2001 that obligated Afghanistan's neighbors, including Iran, and Russia and the United States to take concrete actions to deal with the terrorist threat posed by *al Qa'ida* and its Taliban supporters, even before the 9/11 attacks. Ironically, it was our key "ally" Pakistan, supported by China, which worked to limit the agenda to discussion of the humanitarian impact of multilateral sanctions on the Taliban regime, with no consideration of terrorism.

On September 11, 2001, I was scheduled to meet with my Iranian counterpart to discuss how to make sure that terrorism was the centerpiece of the agenda and draft statement of principles for the upcoming 6+2 Foreign Ministers meeting in New York. Instead, the World Trade Center was attacked and I was evacuated from the U.S. Mission to the United Nations. I began walking home. My cell phone rang; I answered it immediately, anticipating that it would be my sister who worked at the World Trade Center. Instead, it was my Iranian counterpart calling to see if I was alright and to express his horror at what he thought was an *al Qa'ida* terrorist attack on the United States. Without hesitation, he said he wanted me to know that the Iranian people and the Iranian government would be condemning this horrible attack on the United States and the entire civilized world. Within days, the Iranian government did come out to strongly condemn the attack and hundreds of Iranians took to the streets of Tehran in candlelight vigils to mourn those who perished in New York, Washington and

Pennsylvania. Even the Supreme Leader, Ali Khamenei, took the extraordinary step of unequivocally condemning al Qaeda and its attack on the United States in his Friday prayer sermon that was broadcast to tens of millions of Iranians around the country.

For the first two months after the 9/11 attacks, I worked openly and intensively with my Iranian counterpart to establish a framework for U.S.-Iranian cooperation on Afghanistan. My Iranian counterpart said that the Islamic Republic was prepared to offer unconditional cooperation to the United States – in contrast to Tehran's diffident response to Secretary Albright's proposal for dialogue, the Islamic Republic would not ask the United States for anything up front in return for Iranian cooperation with regard to Afghanistan.

- In the run-up to Operation Enduring Freedom, Iran – as it had during the first Gulf War, gave permission for U.S. military forces to conduct search and rescue missions on Iranian territory. At one meeting we had with the Iranians, they identified on a map Taliban positions in Afghanistan which they believed were particularly important to target as part of the coalition's air operations.

- Tehran also committed to establish a humanitarian corridor for the flow of relief supplies from Iran into Afghanistan. This was important because it allowed the United States and its coalition partners to respond to international demands that the United States "pause" its air operations in Afghanistan to allow relief supplies to enter the country.

- Iranian officials pledged cooperation with the United States to set up a post-Taliban political order in Afghanistan, using whatever statistics regarding the ethnic and sectarian composition of Afghanistan's population that the U.S. government preferred – including, in the words of one senior Iranian diplomat, the figures presented in the CIA's World Factbook.

- When the 6+2 Foreign Ministers, including the Iranian Foreign Minister and U.S. Secretary of State Colin Powell, finally met in New York in November 2001, Iran was critical to the adoption of ministerial statement of principles that committed the parties to combat terrorism and take all necessary steps to ensure that Afghanistan would not again become a launching ground for *al Qa'ida*.

- In the middle of the Foreign Ministers meeting, reports of the crash of a commercial airliner in Queens raised concerns that the United

States was once again under terrorist attack. As reports of the Queens crash came in, Iranian Foreign Minister Kamal Kharrazi added a statement to his prepared remarks that the government of Iran stood with the United States against terrorism and expressed his sorrow at the loss of American life. Kharrazi took a pen and added this sentence to his prepared text with his own hand. He then had one of his deputies bring that copy of his text to me; I passed it to Secretary Powell.

- When Iranian President Mohammed Khatami came to New York in November for the United Nations General Assembly, he asked to visit Ground Zero in order to offer prayers and light a candle – as the Iranian people had done in processions in Tehran—in tribute to the victims of the 9/11 attacks.

- Tehran offered to include, as part of President Khatami's delegation to the UN meetings in New York, Iranian counterterrorism experts who would be prepared to open a counterterrorism dialogue with the United States. However, the Bush Administration declined this offer.

At the Bonn conference in December 2001, Iranian cooperation was important to standing up a post-Taliban political order in Afghanistan, as James Dobbins and other former U.S. officials have documented. Following the Bonn conference – and my transfer from the U.S. Mission to the United Nations to a position as Director of Iran and Afghanistan Affairs at the National Security Council – the United States and Iran launched an ongoing channel of monthly meetings in Europe to coordinate our efforts on Afghanistan and related issues. I was one of two U.S. officials who consistently participated in these discussions; the other was Ryan Crocker, currently the U.S. ambassador to Iraq. Other U.S. officials periodically attended these meetings, which were held in either Geneva or Paris and went on for seventeen months. During this period, there were other contacts between U.S. and Iranian officials – James Dobbins, for example, met with Iranian counterparts at an Afghan Donors Conference in March 2002—but these monthly meetings were the most regular channel for direct communication between the United States and Iran from the overthrow of the Taliban regime in Afghanistan until the overthrow of Saddam Hussein in Iraq.

- In December 2001, Tehran agreed to keep Gulbuddin Hekmatyar, the brutal pro-Taliban warlord, from returning to Afghanistan to lead jihadist resistance there so long as the Bush administration did not criticize it for harboring terrorists. But, in his January 2002 State of the Union address, President Bush did just that in labeling Iran part

of the "axis of evil." Unsurprisingly, Hekmatyar managed to leave Iran in short order after the speech.

- We provided the Iranians with a list of names of individuals associated with *al Qa'ida* or the Taliban whom we believed were seeking to flee Afghanistan into Iran. Iranian officials apprehend and returned some of them to Afghan authorities. In addition, Tehran provided copies of the passports of more than 200 *al Qa'ida* and Taliban associates taken into Iranian custody. The copied passports were passed to U.S. authorities through the Secretary General of the United Nations. Iran also deported several dozen *al Qa'ida* and Taliban associates in Iranian custody to their countries of origin and said that it was prepared to either put on trial or discuss with other relevant parties what to do with detainees whose country of origin would not accept them.

- To support the Afghan Loya Jirga, scheduled for June 2002, Iran coordinated with us to use its influence over various regional warlords throughout the Spring of 2002 to ensure a successful outcome for President Karzai. In addition, Tehran directed the Seph-e-Mohammed, a anti-Taliban largely Shiite militia group that had been founded, armed and funded by the Islamic Republic among the Afghan refugees in Iran before the overthrow of the Taliban, to become part of and loyal to the U.S. sponsored new Afghan national military.

- Following the June 2002 Afghan Loya Jirga, U.S.-Iranian discussions grew progressively less productive. Iranian representatives continued to try to discuss Afghan developments but, the United States was increasingly focused on the upcoming invasion of Iraq. Iranian diplomats indicated in the monthly meetings that they wanted to broaden the agenda for discussion. However, our agenda in the monthly meetings with the Iranians became increasingly narrow, focused on the issue of *al Qa'ida* operatives that had presumably made their way into Iran.

As the dialogue between the United States and Iran over Afghanistan and related issues began to decline, the nature of the dialogue changed in other significant and, from an Iranian perspective, negative ways. In March 2003, I left my position at the National Security Council and went back to the State Department, where I did not continue my participation in the dialogue with Iran. Similarly, Ryan Crocker was deployed to Iraq, which ended his involvement in diplomatic dialogue with Iran, at least until very recently. On the American side, Zalmay Khalilzad became involved in the channel, but he was also focused primarily on Iraq at the time. Thus, from an Iranian

perspective, the bilateral channel between the United States and Iran was becoming less functional, even before Washington cut it off in May 2003.

It is in this context that one should evaluate the Iranian offer to negotiate a comprehensive resolution of differences between the United States and the Islamic Republic. With the bilateral channel in decline, Tehran sent this offer in early May 2003 through Switzerland, the U.S. protecting power in Iran, as Secretary Rice and former Administration officials have acknowledged. Everything would be on the table, including Iran's support for Hizballah as well as its nuclear ambitions and role in Iraq. But the Bush administration rejected this proposal out of hand. Less than two weeks later, Washington cut off the bilateral channel with Iran on Afghanistan and *al-Qa'ida* over questionable and never substantiated allegations linking Tehran to the May 12, 2003 bombing in Riyadh, Saudi Arabia.

From an Iranian perspective, this record shows that Washington will take what it can get from talking to Iran on specific issues but is not prepared for real rapprochement. From an American perspective, I believe that this record indicates that the Bush Administration cavalierly rejected multiple and significant opportunities to put U.S.-Iranian relations on a fundamentally more positive and constructive trajectory. This mishandling of U.S. relations with Iran continues to impose heavy costs on American interests and policy efforts in the Middle East – on the Iranian nuclear issue, in Iraq, in Afghanistan, in Lebanon, and in the Arab-Israeli arena.

I want to note in closing that the White House has gone to extraordinary lengths, including outright abuse of executive powers, to keep me from revealing the full extent of the Bush Administration's mishandling of Iran policy since the 9/11 attacks. In December 2006, I co-authored an op-ed for *The New York Times* on this topic using material that my co-author—my husband and former NSC colleague Flynt Leverett—had previously cleared through the CIA for publication in other Op Eds and a longer monograph on U.S. diplomatic options for dealing with Iran. When we submitted our joint Op Ed draft for pre-publication review, my co-author was informed by a member of the Agency's Prepublication Review Board that the draft, in the Agency's judgment, contained no classified material. Similarly, I was informed by a career officer in the State Department involved in the review process that, in the State Department's judgment, the draft contained no classified information. However, my co-author and I were told separately by the CIA and the State Department that the White House had complained about my husband's previous publications criticizing the Bush Administration's Iran policy and insisted on participating in the review process for our Op Ed. Political appointees at the White House insisted that

whole paragraphs of the Op Ed be censored, even though these passages contained either material that my husband had already cleared for publication or that other current and former officials—including Secretary Rice and former Secretary Powell—had already discussed publicly.

The prepublication review process is supposed to protect classified information—nothing else. But, in our case, the White House abused its power to politicize that process, solely in order to silence two former officials who can speak in a uniquely informed way about the Bush Administration's strategic blunders toward Iran. Neither my husband nor I would disclose classified information. We have not done so today. But neither will we be intimidated by a White House acting in a fundamentally un-American way to silence criticism of its policies. It is in that spirit that we have come before the subcommittee today.

Since we are appearing before a subcommittee of the House Committee on Government Oversight and Reform, I want to close by highlighting one aspect of the politicization of the prepublication review process for our Op Ed that should, in my judgment, be of concern to Congress. On December 15, 2006, the State Department sent me a fax of the draft op-ed where it proposed to allow publication of the fact that Secretary of State Rice and former officials had seen and rejected the Iranian proposal for comprehensive talks on the condition that I describe it as a proposal for "one on one talks." However, Secretary Rice told Congress that she had never seen the offer. The language proposed by the State Department, that then National Security Adviser Rice had seen and rejected the Iranian proposal, and Secretary Rice's statement that she had never seen the offer, are not consistent.

Mr. TIERNEY. And I think it took some courage on your behalf to do that, and I appreciate it. The committee appreciates it and we want to thank you for that.

Our next witness is Dr. Flynt Leverett, who served as Senior Director of Middle East Affairs at the National Security Council from March 2002 to March 2003. He has also served as the Middle East expert on the Secretary of State's policy planning staff and was a Senior Analyst at the Central Intelligence Agency, focusing on the Middle East for 9 years. Currently, he also publishes articles on the strategic implications of energy market trends, particularly in the Middle East, and studies the implications of structural shifts in global energy markets and develops analytical frameworks for thinking about energy as a foreign policy issue.

Dr. Leverett, we would benefit from 5 minutes of your testimony as well.

STATEMENT OF FLYNT LEVERETT

Mr. LEVERETT. Thank you very much, Mr. Chairman, Mr. Shays, for the chance to speak to the subcommittee today.

As you were kind enough to allude in your introduction, I worked on Middle East issues in the U.S. Government for 11 years, from 1992, the last year of the George H.W. Bush administration, until 2003, the year in which the United States, under the current Bush administration, invaded Iraq. During those 11 years, I watched U.S. standing and influence in the Middle East decline from the dominant, indeed hegemonic position that we enjoyed in the region after the first Gulf war to the, I would say, floundering and ineffective position that we occupy today.

There are many reasons for the decline in America's standing and influence in what is arguably the world's most strategically critical region. Since walking out of the Bush White House in disgust in 2003, I have said and written publicly that I believe the Bush administration has made profound strategic blunders in its conduct of the war on terror, blunders for which we will continue to pay a price in the Middle East for many years to come.

But I also believe that the Clinton administration, during its tenure, made profound strategic mistakes that contribute to our current rather parlous strategic condition in the Middle East. And I would note for the record, I am not working for anyone's Presidential campaign in this electoral cycle.

While there are many factors that contribute to the decline of American standing and influence in the Middle East over the last 15 years, as I look at the record during that period, it seems to me that perhaps the single most important factor for our decline in this part of the world is a policy framework toward the Islamic Republic of Iran that is dysfunctional for U.S. interests on virtually all of the region's key security, political and economic challenges. Getting Iran policy right will not fix everything that is wrong with America's position in the Middle East. But I would argue that if we don't get Iran policy right, there is going to be little or no strategic recovery for the United States in this strategically vital region.

Over the last couple of years, I would say there has been a growing recognition that our current policy toward Iran is dysfunctional,

that we need to step up engagement with Iran. A growing body of politicians, distinguished foreign policy experts, and eminent persons groups like the Iraq Study Group, have all made this argument.

In almost all these instances, recommendations for stepping up engagement with Iran take what I would call an incremental approach. In this approach, the United States would identify particular areas where American interests presumably overlap with those of Iran, such as post-conflict stabilization in Iraq, and would engage Tehran on those specific issues. If things went well, and a certain level of confidence were established, the range of issues under discussion could be gradually expanded.

That kind of incremental approach seems prudent and relatively non-controversial, except perhaps to those, I would call them strategically autistic opponents, of any kind of engagement with Iran. Unfortunately, incrementalism is not going to work at this point to produce sustained, engaged improvement in U.S.-Iranian relations. Advocates of incrementalism ignore an almost 20 year history of issues-specific engagement between the United States and the Islamic Republic, as my wife and former NSC colleague, Hillary Mann, documents in her testimony.

In each case where issue-specific engagement was tried, it has essentially been the United States which declined to sustain that cooperation or to use that cooperation to explore possibilities for broad-based strategic opening with the Islamic Republic. Today the United States is pursuing extremely tentative issue-specific engagement with Iran over Iraq. The Bush administration has also indicated a highly conditional willingness to engage in multilateral talks with Tehran over Iranian nuclear activities.

However, given the record of U.S.-Iranian tactical engagements since the late 1980's, at this point Iran is not going to offer significant cooperation to the United States, whether with regard to Iraq or the nuclear issue or anything else, except as part of a broader rapprochement with the United States that addresses Tehran's core concerns. This would require the United States to be willing, as part of an overall settlement, to extend a security guarantee to the Islamic Republic of Iran, effectively, an American commitment not to use force to change the borders or the form of government of the Islamic Republic, and to bolster such a contingent commitment with the prospect of lifting U.S. unilateral sanctions and normalizing bilateral relations.

This is something no American administration has ever offered, and it is something that the Bush administration has explicitly refused to consider. I should note in this regard that some Iranian diplomats and academics say both publicly and privately that the Islamic Republic does not need security guarantees from the United States. However, when one asks those diplomats and academics what the Islamic Republic does require from the United States, they routinely talk about American acceptance of the Islamic Republic and recognition of a legitimate Iranian role in the region. It is precisely American acceptance of the Islamic Republic and recognition of legitimate Iranian interests that is the core of what I mean by a security guarantee.

From an American perspective, it has to be acknowledged that no administration of either party would be able to provide a security guarantee to the Islamic Republic unless U.S. concerns about Iran's nuclear activities, its regional role and its support for terrorist organizations were definitively addressed. Addressing only one or some of these issues would not provide a politically sustainable basis for real rapprochement between the United States and Iran. That is why at this juncture resolving any of the significant bilateral differences between the United States and the Islamic Republic inevitably requires resolving all of them.

Incrementalism will not work. A comprehensive approach aimed at negotiating what I and others describe as a grand bargain between Washington and Tehran in which all the major differences between the United States and Iran would be resolved in a package is the only strategy that might produce meaningful results. Implementing the reciprocal commitments entailed in a U.S.-Iranian grand bargain would almost certainly not be implemented al at once. But the commitments would have to be all agreed up front as a package, so that both sides would know what they were getting.

Really what we need at this point is a reorientation of American policy toward the Islamic Republic of Iran that will be as fundamental and comprehensive as the reorientation of U.S. policy toward the People's Republic of China that took place in the early 1970's under President Nixon. Barring that, any kind of incremental diplomatic effort that is not cast on that kind of scale will fail, and U.S.-Iranian relations will continue in their current dysfunctional condition and indeed on their current trajectory. I would suggest that without that kind of fundamental improvement, we are looking at an eventual military confrontation between the United States and the Islamic Republic of Iran.

This is really a time when sound policy requires fundamental rethinking. It is really a case, at this point, of all or nothing. Ether we are prepared to put everything on the table with Iran and negotiate or else we are headed, at some point in the near to medium term, to some kind of military confrontation. I believe that the biggest loser in that confrontation in terms of strategic standing in the Middle East would be the United States, and not the Islamic Republic of Iran.

Thank you very much.

[The prepared statement of Mr. Leverett follows:]

Flynt Leverett*

All or Nothing: The Case for a U.S.-Iranian "Grand Bargain"

Statement to the Subcommittee on National Security and Foreign Affairs
Committee on Government Oversight and Reform
U.S. House of Representatives
November 7, 2007

It is becoming increasingly clear that the Bush Administration's refusal to pursue comprehensive, strategic engagement with the Islamic Republic of Iran is profoundly misguided, and is imposing real costs on American interests in the Middle East and the war on terror. In recent years, a growing body of politicians, distinguished foreign policy hands, and eminent persons' groups—including a Council on Foreign Relations Task Force and the Iraq Study Group—has advocated more sustained U.S. diplomatic engagement with Iran.

In almost all instances, recommendations for diplomatic engagement with Iran take an incremental approach. In this approach, the United States would identify particular areas where American and Iranian interests presumably overlap—e.g., post-conflict stabilization in Iraq or counter-narcotics initiatives in Afghanistan—and engage Tehran on those specific issues. Assuming that Washington and Tehran were able to cooperate productively on those issues, establishing a minimum level of "confidence", the range of issues under discussion could be gradually expanded.

This kind of incremental approach seems prudent and relatively uncontroversial—except to the strategically autistic opponents of any engagement with Iran. Unfortunately, incrementalism will not work to produce sustained improvement in U.S.-Iranian relations. Advocates of incrementalism ignore an almost 20-year history of issue-specific engagement between the United States and the Islamic Republic: regarding Lebanon, Bosnia, and Afghanistan following the 9/11 attacks. In each case, as my wife and former NSC colleague Hillary Mann documents in her testimony, it has been the United States which declined to expand tactical cooperation on

---

* Flynt Leverett is Senior Fellow and Director of the Geopolitics of Energy Initiative at the New America Foundation. He served as senior director for Middle East affairs at the National Security Council in 2002-03, on the State Department's Policy Planning Staff in 2001-02, and as a senior analyst at the Central Intelligence Agency in 1992-2001.

specific issues to explore possibilities for a broad-based strategic opening between our two countries.[1]

Today, the United States is pursuing extremely tentative issue-specific engagement with Iran regarding Iraq. The Bush Administration has also indicated a highly conditional willingness to engage in multilateral talks with Tehran over Iranian nuclear activities.

However, given the record of U.S.-Iranian tactical engagement since the late 1980s, at this point Iran is unlikely to offer significant cooperation to the United States—whether with regard to Iraq or on the nuclear issue—except as part of a broader rapprochement with Washington that addresses Tehran's core concerns. This would require the United States to be willing, as part of an overall settlement, to extend a security guarantee to Iran—effectively, an American commitment not to use force to change the borders or form of government of the Islamic Republic—and to bolster such a contingent commitment with the prospect of lifting U.S. unilateral sanctions and normalizing bilateral relations.

This is something no American administration has ever offered, and that the Bush Administration has explicitly refused to consider.[2] I should note, in this regard, that some Iranian diplomats and academics have said, both publicly and privately, that the Islamic Republic does not need "security guarantees" from the United States. However, when one asks Iranian diplomats, academics and officials what is required from the United States to condition a fundamental improvement in U.S.-Iranian relations, these Iranian interlocutors routinely talk about American acceptance of the Islamic Republic and recognition of a legitimate Iranian role in the region—and it is precisely American acceptance of the Islamic Republic and recognition of

---

[1] See Hillary Mann, "U.S. Diplomacy With Iran: The Limits of Tactical Engagement", Testimony to the Subcommittee on National Security and Foreign Affairs, Committee on Government Oversight and Reform, U.S. House of Representatives, November 7, 2007.

[2] In this regard, it is revealing to compare the nuclear incentives package presented to Iran by the permanent members of the United Nations—including the United States—and Germany in June 2006 with the incentives package presented to Iran by the European Union in August 2005. The portions of the two packages dealing with economic and technological cooperation with Iran are very similar—in some passages almost word-for-word identical. The biggest differences between the two packages come in the portions dealing with regional security issues. In this regard, the August 2005 package offers a number of prospective commitments amounting to an effective security guarantee for the Islamic Republic. However, because these prospective commitments came only from Europe, they were strategically meaningless from an Iranian perspective. According to European diplomats, the Bush Administration refused to sign onto the June 2006 package until all language dealing with explicit or implicit security guarantees for the Islamic Republic was removed; as a result, the June 2006 package does not address Iranian security interests in any meaningful way.

legitimate Iranian interests that is the core of what I describe as a "security guarantee".

From an American perspective, it must be acknowledged that no administration would be able to provide a security guarantee to the Islamic Republic unless U.S. concerns about Iran's nuclear activities, regional role, and support for terrorist organizations were definitively addressed. Addressing only some of those issues would not provide a politically sustainable basis for real rapprochement between the United States and Iran.

- That is why, at this juncture, resolving any of the significant bilateral differences between the United States and the Islamic Republic inevitably requires resolving all of them.

- Incrementalism will not work; a comprehensive approach, aimed at negotiating a "grand bargain" between Washington and Tehran—in which all of the major differences between the United States and Iran would be resolved in a package—is the only strategy that might produce meaningful results.

Implementing the reciprocal commitments entailed in a U.S.-Iranian grand bargain would almost certainly play out over time and in phases, but all of the commitments would be agreed up front as a package, so that both sides would know what they were getting. But striking a grand bargain must start with the definition of a strategic framework for improving relations between the United States and the Islamic Republic—in effect, an analogue to the Shanghai Communique as the foundational document that conditioned strategic rapprochement between the United States and China in the 1970s.[3] To meet both sides' strategic needs in a genuinely comprehensive manner, a framework structuring a U.S.-Iranian grand bargain must address at least three sets of issues:

- Iran's security interests, perceived threats, and place in the regional and international order;

- U.S. security interests, including stopping what Washington sees as Iran's pursuit of weapons of mass destruction and its support for terrorism; and

- developing a cooperative approach to regional security.

---

[3] This description of a possible "grand bargain" between the United States and Iran is adapted from my *Dealing With Tehran: Assessing U.S. Diplomatic Options Toward Iran* (New York: The Century Foundation, 2006).

As noted earlier, from an Iranian perspective, one of the essential foundations for a U.S.-Iranian grand bargain is the U.S. attitude toward the Islamic Republic. For a grand bargain to be possible, the United States should clarify that it is not seeking a change in the nature of the Iranian regime, but rather changes in Iranian behavior and policies that Washington considers problematic. To that end, the United States should be prepared to put forward the following assurances about its posture toward Iran:

1. *As part of a strategic understanding addressing all issues of concern to the two parties, the United States would commit not to use force to change the borders or form of government of the Islamic Republic of Iran.* (This is the essential substance of a U.S. security guarantee.[4])

2. *Assuming that U.S. concerns about Iranian pursuit of weapons of mass destruction and opposition to a negotiated settlement to the Arab-Israeli conflict were addressed satisfactorily and that Tehran terminated its provision of military equipment and training to terrorist organizations, the United States would commit to ending unilateral sanctions against the Islamic Republic imposed by executive orders, reestablishing diplomatic relations and reaching a settlement of other bilateral claims.* (These commitments add credibility to the basic security guarantee and turn U.S.-Iranian relations in a fundamentally positive direction. The formulation on weapons of mass destruction leaves open questions of what would constitute satisfactory limits on Iran's nuclear activities, as well as limits on the Islamic Republic's missile programs and activities raising concerns about proliferation of biological and chemical weapons.)

3. *Under the same conditions, the United States would also commit to working with Iran to enhance its future prosperity and pursue common economic interests. Under this rubric, the United States would encourage Iran's peaceful technological development and the involvement of U.S. corporations in Iran's economy, including the investment of capital and provision of expertise. In addition, the United States would commit to supporting Iran's application for accession to the World Trade Organization and to other measures intended to facilitate the Islamic Republic's deeper integration into the*

[4] Providing such a security guarantee would not contravene the Iran Freedom Support Act, passed by Congress and signed by President Bush in September 2006. With regard to promoting democracy in Iran, the Act notes that it is the policy of the United States to "support efforts by the people of Iran to exercise self-determination over the form of government in their country" and to "support independent human rights and peaceful pro-democracy forces in Iran", but also says explicitly that nothing in the Act should be construed as authorizing the use of force. Further, the Act authorizes the president to provide assistance to human rights groups and peaceful pro-democracy forces but does not mandate specific initiatives.

international economy. (These commitments reinforce the basic security guarantee and the positive turn in U.S.-Iranian relations. They also bolster the credibility of America's commitment to the implementation of the incentives package presented to Iran by the P-5 and Germany, assuming a satisfactory resolution of the nuclear issue.)

4. *Assuming Iran ended its financial support for terrorist organizations, in addition to fulfilling the conditions described in item #2 above, the United States would commit to terminating the Islamic Republic's designation as a state sponsor of terror. To facilitate this step by Iran, the United States would commit to the establishment of international steering groups to manage and distribute flows of financial assistance for humanitarian relief and economic reconstruction to Lebanon and to the Palestinian territories, with full Iranian representation and participation in these bodies.* (There is a precedent for a phased approach to implementing a U.S. commitment to lifting unilateral sanctions in exchange for the reduction and eventual elimination of a state sponsor's ties to terrorist organizations in the way that the United States pursued rapprochement with Libya.[5])

5. *The United States would agree to the commencement of an ongoing strategic dialogue with the Islamic Republic as a forum for assessing each sides' implementation of its commitments to the other and for addressing the two sides' mutual security interests and concerns.* (This initiative would operationalize the American commitment to an ongoing improvement in U.S.-Iranian relations.)

From an American perspective, an essential foundation for a U.S.-Iranian grand bargain is the definitive resolution of U.S. concerns about Iran's pursuit of WMD and its support for terrorist organizations. To that end, the Islamic Republic of Iran should be prepared to undertake the following commitments:

---

[5] By 2003, Libya had largely terminated its ties to terrorist organizations, satisfying the conditions spelled out by the United States and the United Kingdom for a lifting of multilateral sanctions imposed by the United Nations over Libyan complicity in the Pan Am 103/Lockerbie case. At that point, U.S. and British officials commenced a dialogue with Libya aimed at addressing Western concerns about Libyan pursuit of weapons of mass destruction. At the end of 2003, an agreement was announced by President Bush and British Prime Minister Tony Blair, under which Libya agreed to abandon verifiably its weapons of mass destruction programs. As this agreement was implemented during 2004, the United States suspended and eventually terminated unilateral sanctions against Libya imposed through executive orders and restored diplomatic relations. When residual concerns about Libya's past terrorist involvements were resolved to U.S. satisfaction in 2005, the Bush administration began the process of terminating Libya's designation as a state sponsor of terror.

1. *Iran would carry out measures –negotiated with the United States, other states, and the International Atomic Energy Agency-- definitively addressing concerns about Iran's fuel cycle activities. Iran would also carry out measures—negotiated with the United States, other states, and relevant international organizations—providing full transparency that the Islamic Republic is not developing or in possession of other types of weapons of mass destruction (biological or chemical). Additionally, and pursuant to the initial agreement reached in October 2003 between the foreign ministers of Britain, France, Germany, and the Islamic Republic, and following on Iran's signature of the Additional Protocol to the Nuclear Nonproliferation Treaty, Iran will ratify and implement the Additional Protocol.* (This commitment would address U.S. concerns about Iran's pursuit of weapons of mass destruction capabilities.)

2. *The Islamic Republic would issue a statement expressing support for a just and lasting settlement to the Arab-Israeli conflict, based on United Nations Security Council Resolutions 242 and 338. This statement would also incorporate affirmation of a two-state solution to the Israeli-Palestinian conflict as expressed in United Nations Security Council Resolution 1397 and acknowledge positively the Arab League's contingent commitment to full normalization of relations with Israel following the negotiation of final peace agreements between Israel and the Palestinians and Israel and Syria.* (This commitment would address U.S. concerns about Iranian opposition to a negotiated settlement of the Arab-Israeli conflict.)

3. *Pursuant to this statement, the Islamic Republic would commit to work for Hizballah's transformation into an exclusively political and social organization and to press Palestinian opposition groups to stop violent action. In particular, the Islamic Republic would commit to stopping the provision of training, supplies, and funds to organizations designated as terrorist organizations by the United States, including Hizballah, HAMAS, and Islamic Jihad.* (This commitment would address U.S. concerns about Iranian support for terrorism.)

4. *To facilitate the implementation of internationally recognized human rights conventions and in parallel with Iran's human rights dialogue with the European Union, the Islamic Republic would commit to the commencement of an ongoing human rights dialogue with the United States, including representatives from non-governmental organizations in both countries.* (This commitment would help build popular support for U.S.-Iranian rapprochement among important constituencies in both the United States.)

5. *The Islamic Republic would commit to working with the United States to ensure the emergence of a stable, unitary, and democratic political order in Iraq.* (This initiative would begin to operationalize an Iranian commitment to contribute to regional stability. In this context, the United States and Iran might usefully explore the creation of an analogue, for Iraq, to the "6+2" multilateral framework for dealing with Afghanistan-related issues and problems established under UN auspices.)

To reinforce their commitments to one another, the United States and the Islamic Republic might also agree to cooperate in dealing with problems of regional security, broadly defined. As mentioned above, the two countries could start work on a more cooperative approach to regional security by collaborating in the creation of a multilateral diplomatic framework for dealing with post-conflict stabilization in Iraq. But such a framework, to be maximally fruitful, should extend beyond Iraq—effectively becoming a rough analogue to the Organization for Security and Cooperation in Europe for the Persian Gulf and Middle East more broadly.[6]

A more cooperative approach to regional security might usefully be conceived as a series of three concentric circles.

- In the innermost circle, the states of the Gulf Cooperation Council and Iraq would work with Iran and the United States to develop a forum for dealing with pressing security and political issues hampering better relations with these states.

- In the next circle, Turkey and Afghanistan would be added to the states in the innermost circle. In this broader setting, participants would deal not only with immediately pressing security and political issues, but also with longer term challenges of energy security, economic cooperation and development, social questions (i.e., education), and resource and water issues.

- Finally, in the outermost circle, the United States, Iran, and other regional and international players would cooperate to establish a regional security mechanism that was truly comprehensive in its substance and membership. At a minimum, such a mechanism should encompass—in addition to the states captured in the two inner

[6] For further elaboration of the argument for creation of a cooperative regional security framework for the Middle East, see Flynt Leverett, "The Gulf Between Us", *The New York Times*, January 24, 2006 and Leverett, "The Middle East: Thinking Big," *The American Prospect* (March 2005).

circles—the states of the Arab League not captured in the previous two levels and Israel. The United States would be a sponsoring party for the mechanism, along with the European Union, Russia, and China; the United Nations and affiliated international agencies might also play roles.

Participating states and sponsoring parties would commit themselves, in their relations with one another, to abide by recognized international norms regarding respect for other states' sovereignty and inviolability of borders by force. Participating states and sponsoring parties would also commit to observing international conventions and instruments concerning economic relations, human rights, and nonproliferation as well as relevant Security Council Resolutions concerning terrorism and conflict resolution. The ultimate goals of this mechanism would be an environment in which all participants had normalized relations amongst themselves and could deal constructively with both the remaining differences dividing them and the long-term challenges of economic and political development.

Creating such a regional security framework would reinforce U.S.-Iranian rapprochement in a number of important ways. By symbolically acknowledging Iran's important role in the region, establishment of the framework could facilitate Iranian commitments to nuclear restraint and rolling back ties to terrorist organizations. A regional security framework could also provide useful multilateral cover for formal promulgation of a security guarantee by the United States.

Whether supported by a regional security framework or not, the foregoing analysis lays out the essential features of a U.S.-Iranian grand bargain. If Washington does not begin to pursue such an arrangement vigorously and soon, the window for this kind of strategic understanding between the United States and the Islamic Republic is likely to close. Under these circumstances, Iran's development of at least a nuclear weapons "option" in the next few years is highly likely. If it does not pursue a grand bargain with Tehran, the United States will almost certainly have to take up the more daunting and less potentially satisfying challenges of coping with a nuclear-capable Iran. And the standing of the United States in the world's most strategically critical region will continue its already disturbing decline.

Mr. TIERNEY. Thank you, Doctor. We appreciate your testimony.

Our next witness is Lawrence J. Haas. He is the vice president of the Committee on Present Danger. He also served as a visiting senior fellow at Georgetown University's Government Affairs Institute. He was the White House communications strategist, an award-winning journalist, has been a communications director and press secretary for Vice President Al Gore. He previously was communications director for the White House Office of Management and Budget. He served for 2 years as director of public affairs and special assistant to the president of Yale University, where he led Yale's communication efforts. And from 2001 to 2005, he was senior vice president and director of public affairs at Manning, Selvage and Lee, one of the world's largest public relations firms.

Mr. Haas.

STATEMENT OF LAWRENCE J. HAAS

Mr. HAAS. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member Shays, members of the subcommittee, thank you very much for the opportunity to appear before you today. I appreciate the fact that my full prepared testimony will be inserted into the record, because I feel like in the 5-minutes allotted, I am going to go over it far too superficially. But perhaps we can get into more depth during the question and answer period.

As you will see, I have a different view of things. Part of it has to do with a different interpretation of some recent events. But really, more of it has to do with a different focus that I want to take, so let me get to it.

Mr. Chairman, I understand the desire to strike a grand bargain with Iran, as Flynt just mentioned, alluded to. I just don't think such a deal is there. Moreover, our efforts to strike one could hurt our national security, enabling Tehran to make more progress on its nuclear program while we negotiate, and driving away an Iranian population that hates the regime, supports democratic reform and thinks favorably of America. We are in the 28th year of our crisis with Iran. Perhaps we all agree on that. During that time, the regime has not changed in any significant way. It is aggressive, expansionist and rabidly anti-Western, and a growing threat to the security of the United States and its allies. In fact, it is growing more extreme.

President Ahmadinejad subscribes to a radical strain of Islamic ideology that predicts the return of the 12th Imam, the so-called Mahdi, a Messianic figure from the ninth century who supposedly will reappear to signal the end of history and bring Islamic justice to the world. Ahmadinejad and others believe a violent confrontation with the west will be a harbinger of the Mahdi's return, and that Iran can speed that return by provoking that confrontation. This ideology, by the way, is shared by many hard liners in his cabinet, across the government and, very importantly, in the Islamic Revolutionary Guard Corps. I need not tell you what the implications of this would be were Iran ever to be able to develop nuclear weapons, of which I will talk about in another moment or two.

Now, advocates of a grand bargain, as we hear, often say, and I think I heard an allusion to this a few moments ago, often say

we can apply the cold war's containment policy against Iran. But containment assumes that the two sides at that time share the desire for life over death. That analogy makes no sense with a regime that seeks a violent confrontation with the West to bring about the end of the world. The fact is, Iran has been at war with the United States, which it calls the Great Satan, for 28 years. Rabid hostility is built into the DNA of the regime, serving almost as its raison d'etre. Iran's history of murder and mayhem against Americans directly or through its terrorist clients continues to this day, with Iran responsible for a growing share of American deaths in Iraq and Afghanistan. There is more detail of that in my prepared testimony.

Iran is planning much more. Chants of "death to America" pervade its parliament and speeches by its top officials. Ahmadinejad has spoken of a world without America that is "attainable and surely can be achieved." I would just ask the members of the subcommittee to remember the words of Abba Eban, the former Israeli diplomat, who said "It is our experience that political leaders do not always mean the opposite of what they say." Those who advocate a grand bargain should explain, with all due respect, why earlier efforts failed so miserably. Every White House, as we have heard, has sought to normalize relations with Tehran.

But also, Great Britain, France and Germany spent 3 years negotiating with Iran over its nuclear program, offering a host of economic incentives. That is between 2003 and 2006. Iran is not interested in economic carrots or normalization, I would submit. Now we are in a race against time. Ahmadinejad has just announced, and I mean just within the last 24 hours announced, that Iran has 3,000 uranium enrichment centrifuges running at Natants. The continual running of those centrifuges for 1 year will produce enough enriched uranium for one nuclear bomb, which means that Iran could have a bomb by next fall.

Fortunately, the story need not end there or with the choice between acquiescing in an Iran with nuclear weapons or military action to destroy or slow its program. We have other options. Iran's leaders are vulnerable economically in at least three ways. First, Iran has loads of oil, but it can't refine enough to fulfill its needs. It imports 40 percent of its annual gasoline consumption. We surely can squeeze the regime through tactics such as an embargo on gasoline imports.

Second, Tehran requires $1 billion a year of foreign direct investment just to maintain the refining capacity it has. We should make it harder, as we are trying to do, for Iran to find that investment. Third, economic power resides most prominently with the extended family of former President Rasfanjani, with the foundations run by the supreme leader and with the Islamic Revolutionary Guard Corps. Sanctions can restrict their ability to participate in the global marketplace, and of course, we have gone somewhat down the road in that strategy as well.

Iran's leaders, I also would like to point out, are vulnerable politically. Seventy percent of Iranians, according to a poll, favor better relations with the West. Two-thirds of Iranians are under the age of 35. They are restive and dissatisfied, and they can bring democratic change to Iran. There is plenty of stirring of democratic

activism in Iran under horrendous conditions. We must strengthen our ties to these young activists, this younger generation, as we pressure the regime.

And by the way, a grand bargain with the regime, in the unlikely event that we could secure one, I would suggest to you would move us in exactly the wrong direction when it comes to this next generation. They would view it as a U.S. betrayal of their hopes for a democratic future. We must not forget the long-term consequences of our activities.

So we need a strategy that capitalizes on public disgust with Iran's regime, the vulnerability of its economy and our potential partnership with the Iranian people. While tightening the economic noose on the regime, we should talk directly to the Iranian people through TV, radio, the internet and other means of communication. I want to emphasize that I am separating our treatment of the regime from our outreach to the Iranian people.

And one final point: many policymakers express alarm about tougher U.S-led sanctions because they view them as a precursor to war with Iran, and we saw that with the recent round of unilateral sanctions announced by the Bush administration. I have a different view. Sanctions are not a precursor to war if done correctly. They are an alternative to war. If we want to avert military action, and I think we all do, we must give a comprehensive program of economic pressure on the one hand and public outreach to the Iranian people on the other hand a chance to work.

Mr. Chairman, Mr. Ranking Member, members of the subcommittee, that concludes my testimony. I look forward to the questions and answers at the appropriate time.

[The prepared statement of Mr. Haas follows:]

TESTIMONY OF
LAWENCE J. HAAS
VICE PRESIDENT
COMMITTEE ON THE PRESENT DANGER

TO THE HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM

SUBCOMMITTEE ON
NATIONAL SECURITY AND FOREIGN AFFAIRS

"IRAN: REALITY, OPTIONS, AND CONSEQUENCES.
PART 2 – NEGOTIATING WITH THE IRANIANS:
MISSED OPPORTUNITIES AND PATHS FORWARD"

November 7, 2007

Mr. Chairman, Ranking Member Shays, Members of the Subcommittee, thank you for the opportunity to appear before you today to speak about a subject of great urgency to U.S. national security – America's relations with the Islamic Republic of Iran, both now and in the future. I am genuinely honored to be here.

I am Lawrence J. Haas, Vice President of the Committee on the Present Danger. We are a non-partisan organization with one goal – to stiffen American resolve to confront the challenge presented by terrorism and the ideologies that drive it. The Committee includes over 100 former White House officials, Ambassadors, Cabinet Secretaries, academics, writers, and other foreign policy experts. Its Co-Chairmen are the Honorable George Shultz, Secretary of State under President Reagan, and R. James Woolsey, Director of the CIA under President Clinton. Senators Joe Lieberman and Jon Kyl serve as Honorary Co-Chairs.

I am proud to be affiliated with the Committee, but let me be clear. While our members share the goal, as stated above, of stiffening American resolve to confront the challenge presented by terrorism and the ideologies that drive it, they have a variety of views about how to achieve it. So we do not, for instance, have an organizational position on the strategies and tactics that the United States should use with regard to the Islamic Republic of Iran. With that in mind, while I believe that my views align closely with those of our leadership and many of our members, I should stipulate that I am speaking here as an individual.

Thoughts About a "Grand Bargain"

Mr. Chairman, I recognize the desire of many policymakers and experts to calm the seas of hostility between the United States and the Islamic Republic of Iran and, in turn, to push

for the two nations to strike a "grand bargain." Under such a deal, as I understand it, the United States would assure the regime in Tehran that it will not work for "regime change" and, in return, the regime will abandon its nuclear weapons program, dispense with state-sponsored terrorism, and cooperate with the United States in bringing stability to Iraq and the region in general.

I share that desire. But, I don't think such a deal is there for the taking. And, to be clear, the problem lies not with the United States, but with the Islamic Republic – in particular, its governing ideology and the short- and long-term goals that derive from it. Moreover, U.S. efforts to strike such a bargain could have deleterious effects on U.S. security. They could enable Tehran to make more progress on its nuclear program while we negotiate with the regime, and they also would demoralize and drive away an Iranian population that hates the regime, supports democratic reform, and thinks favorably of the United States.

The Nature of the Problem

I will begin with a line for which I cannot claim credit. As R. James Woolsey, the former CIA Director, and others have noted, the United States is in the 28th year of its crisis with the Islamic Republic of Iran. Furthermore, over the course of every administration in Tehran since the Islamic Revolution of 1979, the radical regime has not changed in any significant way. The regime is aggressive, expansionist, and rabidly anti-Western, and it represents a growing threat to the security of the United States and its allies.

A longing for the apocalypse

If anything, the regime is growing more extreme. Its firebrand President, Mahmoud Ahmadinejad, subscribes to a radical strain of Islamic ideology, propagated most prominently by Ayatollah Mohammad Taqi Mesbah-Yazdi, that predicts the coming return of the so-called "12th Imam," or "Mahdi," a messianic figure from the 9th Century who supposedly will reappear to signal the end of history and bring about Islamic justice across the globe.

What makes Mesbah-Yazdi and his devotees so dangerous is *not* that they believe in their messiah. Most Shia Muslims expect the eventual return of the Mahdi (and other religions, of course, have their own messiahs). What makes them dangerous, instead, is the operational nature of their ideology. They believe a violent confrontation with the West will be a harbinger of the Mahdi's return – and that the Islamic Republic can help speed the Mahdi's return by provoking this confrontation. Needless to say, an Iran equipped with nuclear weapons would be able to provoke a confrontation of almost unthinkable magnitude.

This ideology is not limited to a fringe element of Iran's regime. Quite the contrary, it pervades the thinking of many hard-liners in Ahmadinejad's cabinet and across the government, as well as a broad cross-section of the powerful military arm known as the Islamic Revolutionary Guard Corps. Even former President Akbar Hashemi Rafsanjani,

the supposed "moderate" alternative to Ahmadinejad among Iran's leaders, has adopted such rhetoric.

We in the West are tempted to dismiss such ideology because it conflicts with our own belief system. But we do so at our peril. The evidence suggests Ahmadinejad and others believe it, have acted on it, and plan to do so more in the future. As Tehran's mayor, a post he held before winning the presidency in 2005, Ahmadinejad ordered an urban reconstruction project to make the city more amenable for the Mahdi's return. As President, Ahmadinejad has provided nearly $20 million to the mosque from which the Mahdi supposedly will emerge. In late 2005, he told national religious leaders, "Today, we should define our economic, cultural, and political policies based on the policy of Imam Mahdi's return."[1]

In his memoirs, France's Foreign Minister, Philippe Douste-Blazy, provides a telling anecdote about the depths of Ahmadinejad's beliefs. Meeting with European foreign ministers, the Iranian President asked, "Do you know why we wish to have chaos at any price?" Upon hearing no answer, he said, "Because, after the chaos, we shall see the greatness of Allah."[2]

Lest you think that the United States and its allies are reading too much into such statements, consider the reactions of Iran's neighbors to its burgeoning nuclear weapons program. For decades, Middle Eastern nations have assumed that Israel had nuclear weapons and, other than Iraq, none of them felt the need to develop its own nuclear program in response. Why? Because no nation believed Tel Aviv would order a nuclear strike.

But those nations are reacting much differently to Iran's program. At least 10 of them, including Egypt, Saudi Arabia, Jordan, and Turkey, have announced plans to develop their own nuclear programs. While each nation professes that its program is designed to develop nuclear energy, not weapons, the region's huge oil supplies make a mockery of such pronouncements. Clearly, Iran's neighbors are launching nuclear weapons programs in response to Tehran.

A culture of death

With a desire for chaos comes a culture of death. In mid-2005, Ahmadinejad mused on Iranian TV, "Is there art that is more beautiful, more divine, and more eternal than the art of martyrdom. A nation with martyrdom knows no captivity."[3]

Here, too, we see not just ideology that we can dismiss, but the merging of ideology with governmental action. Ahmadinejad subsequently launched an organization, the "Lovers of Martyrdom," and recruited tens of thousands of men and women for suicide operations. Mohammad Ali Samadi, its spokesman, said, "We have brothers who are ready to sacrifice their lives for the triumph of Islam in Great Britain, France, Belgium, Spain, Italy, the Netherlands and also the United States."[4]

In late 2006, Iranian TV tried to recruit children – children! – to be suicide bombers through an animated movie. Today, according to a report by the Center for Monitoring the Impact of Peace, Iranian school textbooks are preparing students for the coming war with the United States.

An ill-advised analogy to the Cold War

To be sure, the Islamic Republic is not the only regime in history to combine threatening rhetoric, expansionist goals, and the desire for nuclear weaponry. Advocates of a "grand bargain" often point to the Cold War, concluding we can achieve a rapprochement with Tehran as we did with Moscow and apply the Cold War-era policy of "containment" to throttle Iran's expansionist designs.

But "containment" assumed that, for all the hostility between Washington and Moscow, the two sides shared a basic desire for life over death. That, in essence, lay at the heart of "mutually assured destruction," or "MAD," the doctrine that neither side would start a nuclear war because of the likelihood that neither would survive. The analogy, however, does not fit the current situation. A longing to speed the Mahdi's return, a love of martyrdom, and a desire for death on the part of Iran's radical leadership make a mockery of "containment" theory.

As Bernard Lewis, the world's foremost authority on Islam and the Middle East, has said of MAD, "Both sides had nuclear weapons. Neither side used them, because both sides knew the other would retaliate in kind. This will not work with a religious fanatic [like Ahmadinejad]. For him, mutual assured destruction is not a deterrent, it is an inducement."[5]

The Iranian policy of war

Iran has been at war with the United States (a.k.a., the "Great Satan") for 28 years. Rabid hostility towards, and conflict with, the United States is less a policy choice than an inherent attribute of the Islamic Republic. It is built into the DNA of the regime, serving almost as its *raison detre*.

- The first overt act was the takeover of our embassy in Tehran in 1979 and holding of our hostages for 444 days. The regime may not have ordered the student action but, upon seeing that Washington would not respond in kind, it soon adopted the takeover as its own.

- Iran claimed credit for the 1983 truck bombing of our embassy in Beirut by Hezbollah, its most powerful and important terrorist client, killing 241 U.S. marines.

- Iran was likely behind the 1996 bombing of Khobar Towers in Saudi Arabia, which killed 19 Americans.

Today, Iran remains "the most active state sponsor of terrorism," according to the State Department's latest annual report. Its Islamic Revolutionary Guard Corps and Ministry of Intelligence and Security plan and support terrorist acts and encourage groups to use terrorism to achieve their goals. Ahmadinejad and Iran's Supreme Leader, Ayatollah Sayyid Ali Khamenei, praise terrorist activities, and Tehran provides significant funding, training, and weapons to such terrorist groups as Hezbollah, Hamas, Palestinian Islamic Jihad, the al-Aqsa Martyrs Brigade, and the Popular Front for the Liberation of Palestine-General Command

Furthermore, Iran is responsible for a growing share of U.S. deaths in Iraq and Afghanistan. In the former, Iran is providing Shiite militias and insurgents with armor-piercing munitions, "explosively formed penetrators," surface-to-air missiles, and other sophisticated weaponry. In the latter, U.S. forces recently intercepted an Iranian shipment of explosive devices to insurgents, which marks the third such interception by coalition forces, and Iran is flooding Afghanistan with spies while its helicopters violate Afghan air space.

When it comes to the United States, Iran is planning much, much more. And no one in Tehran is particularly secretive about it. Chants of "death to America" are heard in Iran's Parliament and in speeches by senior Iranian officials across the nation. Ahmadinejad has spoken of a "world without America" that is "attainable" and "surely can be achieved." In this context, I would ask you to remember the words of Abba Eban, who once said, "It is our experience that political leaders do not always mean the opposite of what they say."[6]

As for coming Iranian operations, consider what Hassan Abbassi, a top advisor to Iran's Supreme Leader, said at Tehran's Al-Hussein University in 2004: "We have a strategy drawn up for the destruction of Anglo-Saxon civilization and for the uprooting of the Americans and the English. The global infidel front is a front against Allah and the Muslims, and we must make use of everything we have at hand to strike at this front, by means of our suicide operations and by means of our missiles. There are 29 sensitive sites in the U.S. and the West. We have already spied on these sites and we know how we are going to attack them."[7]

The lost cause of negotiations

Those who advocate a "grand bargain" to eliminate the tensions between the United States and Iran have a large hurdle to overcome – to explain why earlier efforts have failed so miserably. For nearly three decades, every White House, Democratic and Republican, has sought a path to normalizing relations with Tehran, using front or back channels. Tehran has no interest in normalization, so Iranian leaders have dismissed such efforts.

Perhaps more telling is Europe's recent effort to entice Iran back into the community of nations. Soon after a dissident group revealed in 2002 that Iran had been operating a clandestine nuclear program for 18 years, European leaders convinced the United States to give negotiations a chance. As a result, the EU-3 (Great Britain, France, and Germany) conducted three years of negotiations with Iran, offering economic incentives in exchange

for Tehran opening its nuclear program to full international inspection and, if not ending that program, at least demonstrating that Tehran had no aspirations for nuclear weaponry.

The talks failed, and not because the EU-3 did not try hard enough. In the end, Iran was not interested in the economic carrots, or at least not interested enough to drop its efforts to develop nuclear weapons. But through three years, Tehran always reassured the British, French, and German diplomats that they were, in fact, interested in negotiations. In a sense, they played Lucy to Europe's Charlie Brown, always offering the football of negotiations, and also taking it away when the time came to actually cut a deal. And all the while, Iran made progress on its nuclear program, driving ever closer to developing a weapon.

Now, on the nuclear front, the United States and its allies find themselves in a race against time. The International Atomic Energy Agency recently predicted that, by the end of last month, Iran would have nearly 3,000 uranium enrichment centrifuges running. The continuing running of 3,000 centrifuges for one year will produce enough enriched uranium for one nuclear bomb, according to nuclear experts. That means Tehran could have a bomb by next fall. It is an ominous scenario for anyone who understands the nature of the Iranian regime, the ideology to which it subscribes, and its designs for the future.

The Elements of a Solution

Fortunately, the story need not end there. And it need not end, I hasten to add, with the unenviable choice between acquiescing in an Iran with nuclear weapons and the resort to military action to destroy or slow Iran's nuclear program. Fortunately, we have other options at our disposal – strategies and tactics that, if applied forcefully, have a real chance of success. They are rooted in Iran's politics and economics, and in the demographic realities that are shaping both.

Economic vulnerability

As we all know, Iran has loads of oil. It lacks, however, the capacity to refine enough to feed its domestic appetite. As a result, the Islamic Republic imports about 40 percent of its annual gasoline consumption. And it maintains only about a 45-day supply of gasoline, leaving it very vulnerable to a disruption of supplies from abroad. As a result, the United States surely has the capacity to squeeze the regime by imposing an embargo on gasoline imports.

In addition, Tehran is dependent on the outside world just to maintain the refining capacity that it has, requiring an estimated $1 billion per year of foreign direct investment. Two rounds of economic sanctions by the United Nations Security Council, along with aggressive efforts by the United States to rally Western nations, banks, and corporations not to invest in Iran, have taken their toll, making it harder for Tehran to find the investment it needs. Washington's more recent round of unilateral economic sanctions

should exacerbate those problems. So, too, should growing efforts at the state level to prohibit public pension funds from investing in companies that do business with Tehran.

The concentration of wealth in Iran represents another area of significant vulnerability for Tehran. Economic power resides, most prominently, with the extended family of Ali Akbar Hashemi Rafsanjani, (the former President who now runs the Assembly of Experts), with the foundations run by the Supreme Leader, and with the Islamic Revolutionary Guard Corps (IRGC). Targeted financial sanctions that restrict the ability of these individuals and groups to participate in the global market-place would reach the highest echelons of power in Tehran. Here, too, Washington's recent unilateral sanctions take a step or two in this direction by targeting not just financial institutions but also the IRGC and its Quds Force.

Political vulnerability

Iran's leaders are vulnerable politically as well. While the regime is rabidly anti-American, the Iranian people are anything but. In a recent poll, 70 percent said they favor improved relations with the West.[8] The Iranian people are potentially our partners. They can bring democratic change to Iran and create an Iran of the future that can rejoin the international community. We must be smart enough to strengthen our ties to them as we pressure the regime.

Moreover, two thirds of Iranians are below the age of 35, meaning that, for the most part, they have known life only under the Islamic Republic. They are restive and dissatisfied. Iran's weak economy gives them too few opportunities. The regime increasingly cracks down on dissent, further implanting the seeds of discord that show no signs of abating. Workers strike and students demonstrate loudly against Ahmadinejad when he speaks on college campuses, even though the regime often responds by throwing labor and student leaders in prison. This young cohort of Iranians represents the Iran of tomorrow, and this is the Iran to which we need to provide encouragement through an aggressive program of public diplomacy.

By the way, a "grand bargain" with the regime (even in the unlikely event we could secure one) would move us in exactly the wrong direction when it comes to this next generation of Iranians. They would view it as a U.S. betrayal of not only our best ideals, but of their hopes for a democratic future. We must not forget the long-term consequences of our actions.

Steps Forward

What we need, in essence, is a strategy that capitalizes on the public disgust with Iran's regime, the vulnerability of its economy, and our potential partnership with the Iranian people. In whatever we do, we need to make clear that our problems are with the regime, not the people of Iran. We must explain to average Iranians that we seek stronger ties to them and that, in imposing tighter economic sanctions, we seek to isolate the regime, not hurt the nation as a whole. To do that, we should invest more in TV, radio, the Internet

and other free means of communications, and we should focus our public tools of communications, such as the VOA's Persian Service, more on supporting democratic change.

Certainly, we want to do whatever we can in concert with the international community. But we must not let international institutions serve as a straitjacket to our efforts. If Russia and China will not agree to tougher Security Council sanctions because of their own ties to Tehran or other geopolitical calculations, we must work more closely with our European allies. And if some of them will not go along, we must work with as many others as we can.

One final point: many policymakers and experts express alarm at the prospect of a U.S.-led effort at tough sanctions, viewing them as a precursor, or a run-up, to war with Iran. Quite the contrary, sanctions are an alternative to war, a tool to avert the necessity of military action. If we want to avert military action, if we want to avoid the simple choice between accepting a nuclear Iran and military strikes to prevent it, we must give a comprehensive program of economic pressure and public outreach to the Iranian people a chance to work.

Conclusion

Mr. Chairman, Ranking Member Shays, Members of the Subcommittee, that concludes my testimony. I would be delighted to take any questions that you may have.

---

[1] Berman, Ilan, "Understanding Ahmadinejad," American Foreign Policy Council *Iran Strategy Brief* no. 1 (June 2006).
[2] *Al-Sharq Al-Awsat*, February 2, 2007, as reported by "The MEMRI Blog, Middle East Media Research Institute, www.memri.org, February 2, 2007.
[3] "Iran's New President Glorifies Martyrdom," Middle East Media Research Institute, www.memri.org, July 29, 2005.
[4] Rafat, Ahmad, "Europe a Target of Iranian Suicide Bombers," *Adnkronos International*, May 26, 2006, posted by the Student Movement Coordination Committee for Democracy in Iran, at www.daneshjoo.org.
[5] Lewis, Bernard, quoted in Podhoretz, Norman, "The Case for Bombing Iran," *Commentary*, June 2007, p. 19.
[6] Eban, Abba, quoted in *The Observer* (London), December 5, 1971.
[7] Berman, Ilan, Tehran Rising (Lanham: Rowman & Littlefield Publishers), 2005, p. 28.
[8] Woolsey, R. James, "Iran Divestment," Testimony to the Ohio House of Representatives, Committee on Financial Institutions, Real Estate and Securities, May 3, 2007.

Mr. TIERNEY. Thank you, Mr. Haas. Thank you very much.

The ranking member gives his apologies, he had to leave to go to the floor and speak, but he will be back. He apologizes to you for missing a part of your remarks, and to Dr. Maloney as well.

Dr. Maloney has served as a public policy planning staff member at the U.S. Department of State from 2005 to 2007. She also was Project Director on the Independent Task Force on U.S.-Iran Relations on the Council on Foreign Relations from 2003 to 2004, and Middle East advisor to ExxonMobil from 2001 to 2004. Dr. Maloney, can we please hear your testimony?

STATEMENT OF SUZANNE MALONEY

Ms. MALONEY. Thank you, Mr. Chairman, members of the committee. Thanks very much for the opportunity to participate in this discussion today on what I think is a very important issue. I think this is a rare opportunity to have a serious and probing discussion on an issue that is too often the subject of a lot of tough talk, all heat and no light. So I am glad to be here and glad to have the opportunity to talk to you today.

Since 2005, the administration has sought to devise a comprehensive approach toward Iran to deal with multiple areas of U.S. concern. The U.S. strategy was intended to present Tehran with a stark choice between moderation and isolation. Until relatively recently, Washington enjoyed unprecedented success in persuading a wide coalition of allies and international actors to support its efforts. Iran, of course, greatly contributed to uniting the world against it, particularly since the election of Mahmoud Ahmadinejad in 2005.

Despite achieving this unprecedented international consensus, the latest U.S. strategy on Iran has borne very little fruit. More than anything, the failure of the current U.S. approach to Iran to achieve its aims reflects how complex and intractable this problem is. It has frustrated American officials from both sides of the political aisle for nearly 30 years.

But the failure is also a product of the disastrous diplomacy of the Bush administration toward Iran and toward the broader Middle East, informed by a set of mistaken assumptions. Understanding where we have miscalculated and more importantly, why it is important to ensuring that we avoid repeating or perpetuating flawed policies.

Chief among the issues that have frustrated our strategy is its inherent inconsistency, particularly since 2005 and the beginning of this overture to negotiate with Iran over its nuclear program. The administration's efforts have been sabotaged by the impossibility of balancing this belated interest in diplomacy with a fundamental rejection of the Iranian regime's legitimacy. The bottom line is that no regime is likely to bargain away its ultimate deterrent capability so long as it perceives that the ultimate objective of those negotiations is its own eradication.

In reviewing some of the missed opportunities that my colleagues here have discussed, I think it is important that we avoid constructing a narrative that places responsibility solely on Washington or even this administration for the perpetuation of the estrangement between the two countries. Engagement can be a pow-

erful tool for dealing with Iran, but there is really no evidence at this time that Iranian leaders have ever been prepared, fully and authoritatively, to make epic concessions on key areas of U.S. concern.

It is also important that we not perpetuate the idea that U.S. policy bears responsibility for the rise of Ahmadinejad and the other unfortunate trends that we have seen within Iran domestically over the past few years. We couldn't have saved the reform movement from itself. Really, Iranian hard liners are responsible for its ejection from the front lines of Iranian policy. Ultimately, American policy can't transform political dynamics within Iran today.

But with the wisdom of hindsight, it is very clear that the Bush administration's miscalculations that have been based on a misreading of Iran's internal dynamics have forfeited perhaps the best opportunity in history to generate real momentum for at least beginning to solve some of the deep differences in the problems that we have with Iranian policy and actions. These miscalculations continue today.

The key, as I said before, is this idea that the regime is either on the verge of crumbling, or that we, through our efforts, our diplomacy, our programming, have some capacity to take it down. It is an understandable presumption, and I am happy to get into some of the reasons why I believe it not to be the case. But I think we have certainly seen it borne out. Every time we expect the next revolution is imminent, we find ourselves disappointed yet again here in Washington. This idea that the regime was on its last legs I think has informed a number of the episodes that have been discussed today. Specifically, the administration's decision in May 2003 to suspend its dialog with Iran over Afghanistan that, as I understand it, had begun to deal with issues involving Iraq as well. It also informed the decision not to pursue the facts to offer a grand bargain that appeared to be an overture for mid-ranking Iranian officials that came somewhere around the same time in 2003.

I would also suggest that this belief in regime change informed the administration's decision slowly but very dramatically in the past 2 years to embrace a very high profile program for democracy support in Iran that has proven to be very ineffective and in fact, has been resented by many of the Iranian advocates who it is intended to support.

I will not spend an inordinate amount of time on the specific historical episodes. My colleagues on this panel were there and participated in them and I think have already spoken in depth about those episodes. But I would highlight this Geneva track, or the dialog on Afghanistan, as potentially the most important miscalculation that the Bush administration committed. These talks were really unprecedented and important on two distinct levels. This was the first sustained officially sanctioned dialog between American and Iranian officials since the revolution. Second, as my colleagues have suggested, they really did produce some concrete results. This path, it seems to me, might have offered the best prospect for moving forward toward a less contentious relationship between Washington and Tehran in dealing with many of the key issues of our concern.

It is tempting to talk mainly about the past here. But I would like to spend a few moments focused on the path forward. Because ultimately, that is really the challenge before us today. While I don't have a fully comprehensive offer, and I tend to be a skeptic on the issue of the possibility of pursuing a grand bargain, I would like to lay out a couple of principles that I think can usefully inform a future policy toward Iran that may bring us more benefits than what we have seen from the Bush administration's approach to date.

First, I think we have to start with the acknowledgement that diplomacy is our only effective tool. We simply do not have viable military options toward Tehran, either in dealing with its nuclear program or eliminating this regime. Anything that we might attempt would certainly do more to undermine our interests across the Middle East than it would to advance them.

Starting with that, I think it is important to reaffirm the importance of engagement as an appropriate and effective tool for addressing our differences with Tehran. Many of those who favored engagement have become a little less vocal in recent years. It was a lot easier to talk about engaging with Tehran when the people that you were talking about talking to were potentially more palatable individuals than a man who denies the Holocaust and threatens to wipe the State of Israel off the map.

And yet I think the best argument for engagement never constituted one that focused on who we might be talking to, but really, one that focuses on the seriousness of the issues at stake between us. The aim of diplomacy is to advance the interests, not to make friends or endorse enemies. Engagement with Tehran is not an automatic path to rapprochement, nor should it involve a unilateral offer of a grand bargain. But it would simply return to the long-held position that really was axiomatic in American policy until 2003 that the United States is prepared to talk with Iranian leaders in a serious and sustained way in any authoritative dialog as a means of addressing the profound issues of concern that we have with Iranian policy.

Let me also just speak, third, to another principle that I think is important that we appreciate when we look toward formulating an effective policy toward Tehran. And this is that modest steps are unlikely to bring about revolutionary changes in Iranian policy. I say this because everywhere I go these days, there is a lot of interest in the financial measures that the administration has taken, particularly the banking restrictions that have begun to constrict Iranian access to the international financial system as a whole.

We know these measures have had some bite and have caused great inconvenience to Tehran and raised the cost of doing business. They can potentially begin to change the strategic calculus. They will not produce a u-turn, and certainly will not do so in the near or medium term, simply because Iran, so long as it continues to export oil, will bring in approximately $70 billion a year in revenues. That is enough to cushion this regime for the foreseeable future. So while I think it is important to look toward what incremental steps we can take to pressure the regime, we should be careful not to put our eggs in a basket that is unlikely to produce the result we are looking for.

Fourth principle is simply that we need a broad coalition for dealing with Tehran. This gets back to many of the other steps that some of my fellow panelists here have proposed. There is often a debate about whether sanctions that are applied narrowly but that are stiffer are more valuable than those that are applied broadly but might be of a lesser common denominator value. I would suggest that Iranians are very averse to being isolated, and they feel the nature of their isolation very keenly. At this stage, those sanctions that involve only the departure of European companies, even Europeans, the Japanese and others, only create new opportunities for actors from particularly China and Russia to fill that gap. So I would suggest that measures that sustain the international coalition, rather than those like the designation of the Revolutionary Guard Corps, that are likely to create new frictions with our allies in China and Moscow on this issue are the ones we have to be pursuing.

Finally, and here I set myself apart from my neighbor here, I would argue that containment is a viable alternative strategy. Of course, it is second best. But no careful study of Iranian foreign policy would suggest that Iran is somehow a suicidal state. And containment promises the considerable virtue of being an achievable aim of U.S. policy. We have in fact contained Iran over the past 28 years, except insofar as where we have created opportunities, particularly in Iraq, for Iran to expand its influence, simply because it was very well predisposed and pre-positioned to do so.

I think the prospective choice for the international community, as articulated recently by French President Nicholas Sarkozy between an Iranian bomb and bombing Iran is a false one. That kind of rhetoric only obscures the dimensions of this critical dilemma and narrows our options unnecessarily. The real challenge for Washington is devising a strategy that maximizes our leverage for negotiating with Tehran, while restoring confidence in our capacity and that of our allies to manage the Iranian regional challenge.

Thank you.

[The prepared statement of Ms. Maloney follows:]

Written Testimony of Suzanne Maloney
Senior Fellow, The Saban Center for Middle East Policy at the Brookings Institution

House Committee on Oversight and Government Reform
National Security and Foreign Affairs Subcommittee
November 7, 2007

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to talk with you today about U.S. diplomacy toward Iran. It is a privilege to participate in a serious discussion of this vital and complex issue, and the Committee is performing an important service by convening this ongoing series of conversations about the political dynamics in Iran today, U.S. policy options, and the possible ramifications.

Today Iran is a front-and-center political issue and ranks among the top concerns of U.S. policymakers. Unfortunately, however, the debate over Iran policy has involved a great deal of heat and very little light. There is no shortage of tough talk on Tehran in Washington, from both the Administration as well as its critics. But given how little we know about Iran, and given the almost inevitably reactive nature of U.S. policy on this issue, there has been too little informed analysis and reasoned discussion underlying either American rhetoric or actions. For this reason, the Committee's broad scope and the timing of this discussion should prove particularly valuable.

I hope to offer some background on where and why we may have missed prior windows of opportunity for advancing a diplomatic solution to the Iranian challenge, and provide some thoughts on constructing an approach to our pressing concerns on Iran that might, over time, produce some real results.

Opportunity Lost

Since 2005, the Administration has sought to devise a comprehensive approach toward Tehran to deal with the multiple issues of U.S. concern, including Iran's nuclear ambitions, its bankrolling of terrorism, its bid to assert itself as a regional hegemon, and its repression of its own citizenry. The U.S. strategy was intended to present Iranian leaders with a stark choice between moderation or isolation, and for a period Washington enjoyed unprecedented success in persuading a wide coalition of allies and international actors to support its efforts. Iran itself contributed greatly to uniting the world against it, with the provocative rhetoric and policies associated with President Mahmoud Ahmadinejad since his 2005 election.

Despite achieving unprecedented international consensus, the latest U.S. strategy on Iran has borne little fruit. Iran spurned an incentives package that included an offer of direct negotiations with Washington, put forward in 2006 in exchange for Iran's agreement to relinquish the uranium enrichment and reprocessing activities that could enable it to produce material for a nuclear bomb. Tehran has flouted subsequent similar demands from the United Nations Security Council, and its challenge to American interests across the region has only

intensified, particularly in Iraq where the U.S. military has blamed Iran for the supplying munitions that have killed American soldiers.

More than anything, the failure of the current U.S. approach to Iran to achieve its aims reflects the complexity and intractability of this problem, which has frustrated American officials from both sides of the political aisle for nearly 30 years. However, the failure is also the product of several years of disastrous diplomacy toward Iran and the broader Middle East, informed by a set of mistaken assumptions, by the Bush Administration. Understanding where we have miscalculated – and more importantly why – is important to ensuring that we avoid repeating or perpetuating flawed policies. As discussed in detail below, chief among the issues that has frustrated the U.S. strategy is its inherent inconsistency. The Administration's efforts on Iran have been sabotaged by the impossibility of balancing its belated interest in negotiating with Tehran with a fundamental rejection of the Iranian regime's legitimacy. The bottom line is that no regime is likely to bargain away its ultimate deterrent capability so long as it perceives the ultimate objective is its own eradication.

In reviewing the missed opportunities, however, we also need to be careful to avoid a narrative that places responsibility for the perpetuation of the estrangement and the intensification of the Iranian challenge solely on the misjudgments of this Administration or the U.S. alone. Engagement can be a powerful tool for dealing with Iran, but there is simply no that Iranian leaders have ever been prepared, fully and authoritatively, to make epic concessions on the key areas of U.S. concern. Any prospects of such a deal moving forward were always incredibly limited, as much because of ideological and bureaucratic constraints on the Iranian side as our own.

It is also important to counter any implication that U.S. policy bears responsibility for the unfortunate trends that have overtaken Iranian policy over the past several years. We could not have saved the reform movement from its slow-moving ejection from the frontlines of Iranian politics – Iranian hardliners deserve full credit for that, along with a series of miscalculations by the reformists themselves. Nor is it likely that any American policy truly can transform the dynamics of political life in Iran today. Ultimately, given our troubled historical relationship and our limited constructive leverage today, the U.S. tends to have only the most limited capacity to advance the cause of moderation within Iran, and a powerful if inadvertent capacity for helping out the hardliners.

Nonetheless, with the wisdom of hindsight, it is clear that the Bush Administration's miscalculations – based in part on a wholesale misreading of Iran's internal political dynamics – by the Bush Administration forfeited perhaps the best opportunity in recent history to generate real momentum for solving at least some of our problems with Iran. Those miscalculations continue to shape and ultimately undermine American diplomacy on Iran today.

The primary American miscalculation stemmed from the conviction that the Iranian regime is on the verge of collapse or revolutionary upheaval. This presumption, while deeply flawed, was understandably tempting. Superficially, Iran demonstrates all the risk factors for a revolutionary break: a disproportionately young population; restive ethnic minority populations;

a distorted, inefficient economy; and a regime mired in an obsolescent ideology, riven by factional feuds, and reliant on repression to maintain its hold on power.

But the reality is that the Iranian regime has survived everything short of the plague: war, isolation, instability, terrorist attacks, leadership transition, drought, and earthquakes. This does not imply that the regime is impregnable, nor that its leaders view it as such. Rather the endurance of the Islamic Republic through multiple crises is a testament to the adaptive capacity of the system and its leaders, and the lack of any alternative power center. Rampant popular dissatisfaction has never evolved into an organized opposition, and there remains no coherent challenge to the Iranian system.

None of this was apparent to the Bush Administration, however, for whom Iran – like its neighbor – was *terra incognito* and for that reason the object of enduring irrational fantasies. After an initial muddle, the Bush Administration began framing its policy around the fallacy of the regime's anticipated demise, first with the inclusion of Iran as a member of the "axis of evil" in the President's January 2002 State of the Union address. This message was reinforced through a statement issued by the White House in July 2002 marking the anniversary of student demonstrations that had rocked Iran three years earlier. The statement lamented the fact that Iranians' "voices are not being listened to by the unelected people who are the real rulers" and promising that "(a)s Iran's people move towards a future defined by greater freedom, they will have no better friend" than Washington.

The Administration used this episode to signal its rejection of the faltering reform movement and its shift toward a strategy focused on galvanizing popular opposition to the regime as a whole. This across-the board repudiation of Iran's ruling elites and the conscious embrace of the generic 'Iranian people' has shaped Bush Administration policy toward Iran for the past five years. In particular, this determination informed the Administration's decision in 2003 to cut off its quiet dialogue with Tehran and eschew any further contacts, a move that contradicted prior U.S. policy and mirrored Iran's own ideologically-imposed constraints on its dealings with Washington. At the same time, the U.S. effectively dismissed a back-channel overture from mid-ranking Iranian officials to explore the possibilities for a 'grand bargain' between the two governments.

In tandem with the refusal to engage with the regime, Washington began seeking new means to expedite political change inside the country. The Administration's early efforts were mostly comic fumbling, including the Pentagon's public flirtation with a reviled opposition group on the U.S. terrorist list and the renewal of contacts with a discredited figure from the Iran-contra episode. Having used the White House bully pulpit to reach out to the Iranian people to little effect, the Administration – supported and even pushed on this issue by many within the Congress – chose to embrace a high-profile effort to identify, cultivate and fund opponents of the regime. The centerpiece of this policy was the February 2006 announcement of a $75 million fund to promote democracy in Iran, an initiative that, in light of the history of American-Iranian relations, was destined to be interpreted by Tehran as an explicit endorsement of regime change.

The purported 'grand bargain' offer in 2003 has generated a considerable amount of media and political interest. The prevailing interpretation suggests that ideological obstinacy

within neoconservative corners of the Bush Administration was the primary factor in the decision not to pursue this potential trial balloon. In fact, from my inherently limited knowledge of this episode, a variety of factors were at play, including the somewhat problematic involvement of the Swiss ambassador and the lack of compelling evidence of that the overture had been endorsed by senior Iranian officials. Should the Administration have tested this overture and explored the possibility – small but nonetheless real – that it represented the consensus position of the Iranian leadership? Absolutely. And while it is by no means certain that the overture itself would have inevitably produced a viable path forward toward a full resolution of the issues between the two countries, it is absolutely clear that engagement with those Iranians who were interested in bridging our differences would have proven a major asset.

Examining this critical moment in U.S. policy toward Iran and the region, however, suggests that the more momentous American misstep was the decision to suspend 'Geneva channel' dialogue with Tehran. The stated rationale for this decision was the bombing of a Riyadh housing compound for expatriates that the U.S. attributed to Al Qaeda operatives who had sought refuge in Iran. Unstated but obvious, however, was the impact of the early successes of the U.S. military campaign to oust Saddam Hussein in neighboring Iraq on the Administration's ambitions and decision-making toward Iran. Its proponents saw Iraq's liberation as the death knell for its neighboring regime. They scorned the utility as well as the morality of dealing with Tehran on the eve of its presumptive collapse, and events inside Iran, such as the serious student unrest that erupted in June 2003, appeared to confirm their expectations. In the aftermath of Saddam's defeat, any contact with official Iran was viewed as tantamount to 'legitimizing' the Iranian regime – and thus taboo for Washington.

Unlike the 'grand bargain' offer, the Geneva track had the advantage of tangible evidence of Iranian commitment at the highest level, as demonstrated by the specific assistance provided by Tehran in some of the logistical backdrop of Operation Enduring Freedom as well as the establishment of the Karzai government in Kabul. These talks were unprecedented and important on two distinct levels: one, they entailed the first sustained, officially sanctioned process of dialogue between Iranian and American officials since the revolution; and two, they produced concrete, constructive results that benefited both parties, as well as the people of Afghanistan. Had this path been pursued, it would have offered the best prospect for moving toward a less contentious relationship between Washington and Tehran and the most effective means of mitigating the elements of Iranian policy that concern us most today, particularly its involvement with terrorism. Specifically, had we continued and strengthened this dialogue and the on-the-ground cooperation in Afghanistan, we might have precluded Iran's current efforts in Afghanistan and Iraq, progress that would have enabled us to address Iran's nuclear program at a time when its leadership was prepared to suspend enrichment activities.

The decision to curtail any direct contact with the Iranian government cemented a new red line in U.S. politics – the blanket refusal to engage across the board on any issue with Tehran. This represents a critical repudiation of all prior U.S. policy, under both Republican and Democratic administrations, which had been consistently predicated on a readiness to talk to Tehran on issues of mutual concern so long as the dialogue was clearly authorized. The Bush Administration's decision to tie the hands of American diplomacy imposed unprecedented constraints on our leverage vis-à-vis Iran.

The categorical rejection of talking to Tehran remained firmly in place from May 2003 until the May 2006 American offer to join direct negotiations with Tehran on the nuclear issue. Just as the consequences of the 2003 decision to suspend the Geneva Track are too little appreciated by the Administration, the significance of the May 2006 proposal by Secretary of State Condoleezza Rice has been dismissed too quickly by the Administration's critics. This was a serious, sincere offer, one that finally married the U.S. position on Iran's nuclear program with that of the international community and one that put forward a remarkable American concession – the end of U.S. opposition to a civil nuclear program. The insistence on the suspension of enrichment as a precondition for beginning the dialogue was not, as some conspiracy theorists have alleged, a deliberate American effort to sabotage any diplomatic process and ensure a steady path toward military action but rather a simple repetition of the existing stipulations articulated by both the International Atomic Energy Agency and the EU-3.

Despite the dramatic reversal that it represented, the P5+1 offer was significantly undercut by the Bush Administration's track record on Iran as well as its internal contradictions, particularly the continuing internal reluctance to deal with a regime that American officials find distasteful. As a result, even as Secretary of State Condoleezza Rice launched the 2006 offer for nuclear negotiations, she adamantly rejected any prospect of broader engagement with Tehran. Indeed while the incentives package itself appeared to presuppose a broad discussion of outstanding grievances, Rice and other officials insisted that any dialogue with Tehran would be narrowly constrained to the nuclear question itself. Moreover, in the effort to gain internal consensus on reversing American refusal to talk to Tehran, the Administration remained very much hamstrung by its essential aversion to dialogue with the Iranian regime. This context helped shape the absurd U.S. reluctance to schedule discussions with Iran over the deteriorating situation in Iraq – despite the fact that the U.S. ambassador in Baghdad had standing authorization to engage with his counterpart. In fact, after an orchestrated campaign by the most senior Iranian officials pressing for direct dialogue on issues related to Iraq in March 2006, the Administration reacted dismissively, and 14 months passed before talks took place. Unsurprisingly, with intensified tensions between the two countries and even greater chaos in Iraq by this time, the Baghdad dialogue produced little beyond mutual recriminations.

Beyond the internal contradictions that have undermined American diplomacy toward Iran, U.S. policy is greatly complicated by the limitations on our understanding of the country, as Secretary Rice herself has acknowledged. Asked in June 2006 about Iran's pattern of defying both logic and American expectations, Rice conceded that the Islamic Republic is "a political system I don't understand very well," adding that "one of the downsides of not having been in Iran in – for 27 years as a government is that we don't really have people who know Iran inside our own system...We're also operating from something of a disadvantage in that we don't really have very good veracity or a feel for the place."

The absence of normal diplomatic contacts is a far greater impediment to policymaking than is generally understood or acknowledged. Without eyes and ears on the ground, the U.S. Government across the board is deprived of the basic understanding that normal interactions of an Embassy and its staff provide: the sense of political dynamics; the historical knowledge; the routine business that provides irreplaceable insights. After a three-decade absence, the U.S.

government is singularly uninformed about the country's political culture and day-to-day dynamics.

This lack of understanding of Iran has played out directly on our strategy. There is a great deal of talk among American officials, particularly since Ahmadinejad's ascendance, about splintering the regime, but we know so little about the shape and nature of power in Iran today that State Department officials were forced to rely on a Google search to identify potential subjects for United Nations sanctions in 2006. The belief that we can leverage whatever differences exist within the regime seems rather far-fetched given our inability to even anticipate the rise of the reform movement or the ascension of a new generation of hard-liners as epitomized by President Mahmoud Ahmadinejad. Presence does not always imply prescience, as the failure of Washington to anticipate the revolution itself might suggest, but American capacity to undertake effective policy toward Tehran must recognize the severe restrictions under which we operate.

A Diplomatic Path Forward

It would be tempting to devote the bulk of this discussion to past mistakes; after all, retrospective history is much easier, in part because our miscalculations in Iraq and across the region more broadly have bequeathed a far more complex and challenging strategic context. Ultimately, however, the real purpose of any discussion of the past must be to shape an approach that offers a better prospect for addressing our most serious concerns about Iranian policies. The context for improvement is incredibly challenging: both countries are already engaged in long political campaigns that may not be conducive to a serious consideration of realistic policy options. Moreover, Iran's nuclear program is advancing at a frenetic pace and Iraq and Afghanistan have become key flashpoints not simply between American and Iranian interests but directly between their military forces as well. There is no simple formula for mitigating the challenge that Iran poses to U.S. interests, reducing tensions, or ending the estrangement between the two capitals. However, there are a series of general principles that should frame our strategy if we are to be successful.

First, and most importantly, a successful American approach to Iran must acknowledge that diplomacy is the only alternative available to U.S. policymakers. We simply do not have a viable military option available to us that would generate a better outcome for our interests across the Middle East. Any resort to force to address our concerns about Iran's nuclear program or its involvement in terrorism would significantly harm all of our primary objectives in the region. Iranian leaders learned from Iraq's Osirak experience, and as a result their nuclear installations are hardened, dispersed, and located near population centers. Moreover, given the failures of American intelligence in Iraq, there is little reason for confidence that any American strike would conclusively incapacitate Iran's nuclear program.

Whatever limited benefits in terms of delaying Iran's capacity to cross the nuclear threshold would be overwhelmingly offset by a wide range of negative consequences. A strike would galvanize Iran's profoundly nationalistic population, and thoroughly consolidate public support for their unpopular government. The regime's retaliatory reach would be felt throughout the region, particularly by American allies, and the aftermath would almost surely doom any

prospects for revitalizing the peace process or wresting a stable outcome from Iraq. The sole beneficiaries from a military conflict between Washington and Tehran would be the forces of radical anti-Americanism throughout the Islamic world.

It has become axiomatic among U.S. officials and politicians that the military option does and should remain on the table for dealing with Tehran. This conventional wisdom warrants questioning. It is not clear that such vague warnings carry significant credibility in Tehran given the logistical and policy constraints that stem from our involvements elsewhere in the region. Moreover, embellished by references to "World War Three" and "nuclear holocaust" by senior U.S. officials, such rhetoric serves only to strengthen Iranian hard-liners and reinforce the most paranoid fears of a leadership already steeped in suspicion of American motives and objectives.

Second, diplomatic engagement is an appropriate and potentially effective tool for addressing our deep differences with Tehran. As Iran's politics have shifted in a more radical right-wing direction, the appeal of engagement might seem to have diminished even to those who advocated it during the brief advent of a reformist president and parliament during the late 1990s. However, the best argument for engaging with Iran was never predicated on the relative palatability of our potential interlocutors, but on the seriousness of the differences between our governments and the centrality of the U.S. interests at stake. The international reprobation aimed at Ahmadinejad and his clique is well earned, and yet it is ultimately an insufficient excuse for constraining our own tools for dealing with Tehran.

The aim of diplomacy is to advance interests, not to make friends or endorse enemies. A serious diplomatic approach to Iran would recognize that Washington's May 2006 offer to negotiate on the nuclear program misfired, but would not continue to hold American interests hostage to the conditions of that particular proposal, specifically the requirement that Iran suspend its uranium enrichment and reprocessing activities. Through the UN Security Council and its existing and potentially future sanctions, the international community has a vehicle to impress its objections to Iran's nuclear ambitions on its leadership.

Engagement with Iran is not an automatic path to rapprochement, nor should it imply a unilateral offer of a 'grand bargain.' Rather it would entail a return to the long-held position that we are prepared to talk with Iranian leaders, in a serious and sustained way, in any authoritative dialogue as a means of addressing the profound concerns that its policies pose for U.S interests and allies. A commitment to engagement with Iran should also incorporate the designation of an authorized and empowered negotiator, and outline a diplomatic process for making progress on the discrete but complex array of issues at stake. One possible mechanism worth pursuing derives from a 2004 Council on Foreign Relations Task Force chaired by former national security advisor Zbigniew Brzezinski and Defense Secretary Robert Gates, serving at the time as president of Texas A&M University. The Task Force recommended outlining a basic statement of principles, along the lines of the 1972 Shanghai Communiqué signed by the United States and China, to provide the parameters for U.S.-Iranian engagement and establish the overarching objectives for dialogue.

It is equally important to note that in the absence of any purposeful commitment to engaging with Iran, the Bush Administration's overreliance on sticks has inevitably proven

ineffective as a means of altering Iran's behavior. Incremental international pressure, particularly while the costs are generally bearable, is more likely to consolidate the regime than splinter it, and Iran is more likely to escalate than concede when backed into a corner. Ultimately, the failure of the Administration's diplomatic initiative should not discredit diplomacy as a tool for dealing with Tehran. In fact, it is the Administration's early experience with the Geneva Track dialogue with Tehran that should prove instructive about the potential payoffs of a serious effort to engage Iran.

Engaging with the Iranian regime does not imply forsaking our vocal commitment to criticizing Tehran's abuses of its citizens' rights. We can and should speak out in favor of greater social, political, and economic liberalization in Iran, and we should press vigorously against the regime's repression – greatly increased in recent months – of dissidents, activists and students. In lieu of our high-profile, low-impact democracy program, we should dramatically expand opportunities for Iranians to interact with the rest of the world through exchange programs, scholarships and enhanced access to visas.

Third, modest pressure is unlikely to produce dramatic changes in Iranian policy or its leadership's strategic calculus. Despite the prevailing perceptions and its leadership's relentless sloganeering, Iran and its policies are not immutable. Since the revolution, Iran has evolved dramatically, in part as a result of its young population and the ongoing generational shift in leadership. And the regime's policies have been forced to change as well, as evidenced on a number of domestic issues as well as its international approach. This evolution continues even as the domestic environment has regressed, for example with the unprecedented 2006 endorsement by Iran's supreme leader of dialogue with Washington – a position that only a few years before risked a prison term when voiced by dissidents.

However, we need to be clear about the conditions under which comprehensive reversals on key positions, such as the nuclear issue, are likely to occur. Financial sanctions, particularly the banking restrictions and moral suasion toward third-country institutions that has prompted many to retrench or eliminate their dealings with Iran, are much in vogue these days. It is incontrovertible that the increasing impediments to any interaction between Iran and the dollar-based international financial system as a result of these measures has posed considerable costs and inconvenience for Tehran. Ultimately, however, as long as Iran continues to export oil, the government will be cushioned by vast financial reserves – somewhere in the range of $70 billion for the current year alone. The U.S. can make it more costly for Iran to do business, but short of multilateral sanctions that target Iran's oil exports – unlikely at the current price or political environment – Iran will continue to do business.

Moreover, the expectation that we can splinter the regime through economic pressures may be overstated or even wholly inaccurate. Tehran appears to have correctly calculated that the regime can withstand the costs of whatever modest economic penalties the international community can agree upon. Ironically, internal dissatisfaction within Iran today derives not from financial restrictions or the economic cost to the regime or the people of Iranian foreign policy, but rather from the profusion of revenues, and the resulting reckless spending and other disastrous economic policies launched by Ahmadinejad.

Fourth, a broad international coalition is the best vehicle for exerting external influence on Iran. Mobilizing the international community to deal with Iran presents Washington with a perennial dilemma of bridging the disparities between the interests and approach of American allies and partners. International consensus on Iran is broad, but ultimately not terribly deep; while there is a shared aversion to an Iranian nuclear capability, there is much greater disparity about the urgency of the threat. In seeking to apply the most robust penalties to Tehran for its noncompliance with IAEA and UN mandates, Washington has struggled to maintain consensus, with Germany, Russia and China proving particularly reluctant. That struggle appears to have been compounded by recent unilateral American steps, including the decision to levy new sanctions against the Revolutionary Guard Corps and its subsidiary Quds Force that will complicate Russia and China's political and commercial relations with Iran.

The Administration's aversion to "lowest common denominator" steps is understandable, but it also is misguided. Iran has withstood various degrees of unilateral measures from Washington since 1979, and while it has undoubtedly hampered the economy, the regime has survived and even strengthened its hold on power as a result of these constraints. In a competitive international marketplace, measures imposed by a narrow "coalition of the willing" – even one that includes traditional Iranian trade partners such as the U.K., France and Japan – only create new opportunities for new players on the Iranian economic scene, particularly those from Russia and China. Conversely, the Administration's success in gaining near unanimous support with the IAEA and UN for more strenuous pressure on Tehran represented the first time in its history that the Islamic Republic has faced sustained pressure from such a broad-based array of international capitals. Most Iranian leaders – with the possible exception of Ahmadinejad and his relatively narrow power base – are disinclined to see the country return to the autarkic conditions of the 1980s, and the Iranian population resents any prospect of its creeping return to isolation. An expansive international coalition may prove unwieldy to work with, but its existence sends a stronger signal to Tehran than any set of partially-subscribed sanctions.

Fifth, containment is a viable alternative strategy, if ultimately second-best. In the absence of better diplomatic or military options, Washington can and should revert to containment, the old stand-by of American policy toward Tehran. It is undoubtedly a second-best approach, relative to the prospect of some dramatic initiative that would provide a conclusive resolution of the Iranian challenge; however, containment promises the considerable virtue of being an achievable aim of U.S. policy. By rebalancing U.S. security relationships with the Persian Gulf states, and prioritizing some sustainable posture leading to an exit strategy from Iraq, Washington can check Iran's capacity for regional trouble-making and begin to shift the burden of any future sectarian instability onto Tehran. Effective containment of Iran must begin in the Persian Gulf, not with the sort of massive arms package put forward by the Administration in response to regional uncertainty, but rather through cooperation with the Gulf states in shaping a framework for long-term regional security. This effort should incorporate a credible vision for America's inevitably downsized role in Iraq as a means of restoring some confidence among our regional allies.

Containment also offers the advantage of creating space over the longer term for a more nimble diplomacy to have some impact. Patience can be a policy virtue, both in terms of

achieving broad international consensus and dealing with an unpredictable leadership. Iranian politics remain in a near-constant state of flux, and in the lead-up to March 2008 parliamentary elections and presidential balloting the following year, Tehran appears poised to shift toward the center in a potentially decisive fashion. Moreover, in spite of the prevailing recalcitrance of the Ahmadinejad era, it has also produced for the first time in Iran's post-revolutionary history public commitments by the entire spectrum of the Iranian leadership in favor of dialogue with Washington.

As Washington also looks toward a new political era, the prospect for building new avenues of cooperation with Tehran in a post-Iraq future should not be discounted. The prospective choice for the international community, as articulated recently by French President Nicolas Sarkozy, between an Iranian bomb and bombing Iran is ultimately a false one. Such rhetoric only obscures the true dimensions of this critical dilemma, and narrows our options unnecessarily. The real challenge for Washington and its allies will be to devise a strategy that maximizes multilateral diplomatic leverage for negotiating with Tehran, while restoring confidence in the capacity of the U.S. and its allies to manage Iranian regional ambitions and impact.

Mr. TIERNEY. Thank you very much.

I want to thank all of you for your testimony. I think it really crystallizes the history but also what we are looking at here and what the choices are.

I am going to start the questioning. I have three areas that I am probably not going to get to finish in my short time, but hopefully we will get another run at this. I want to talk about a little of the history and the lost opportunity, because I think there are some issues I want to flesh out. I want to talk about going forward, the use of sanctions and whether or not we ought to focus intently on Mr. Ahmadinejad as opposed to Iranian people who might be in that position from time to time. Then I want to talk a little bit, Ms. Leverett, about the White House politicization of some of the things around that op-ed. I think that is important for us to get into.

Let me start, Ms. Leverett, by asking you, on page 6 of your testimony, you give a little bit of history, you go from page 5 to 6, which I thought was fascinating, of all the opportunities that you experienced in your own life of ways that we might have reached out or accepted a hand that was reached out to us on that. On page 6, the one that I think strikes us today, given what is going on in Pakistan, as it impacts Afghanistan, you say that in December 2001, Tehran agreed to keep Gulbuddin Hekmatyar, the brutal pro-Taliban warlord, from returning to Afghanistan to lead jihadist resistance, so long as the Bush administration did not criticize it for harboring terrorists.

But in his January 2002 State of the Union address, President Bush did just that in labeling Iran part of the axis of evil. Unsurprisingly, Hekmatyar managed to leave Iran in short order after the speech. I would just make note that Mr. Hekmatyar is now giving us conniption fits in what he is doing in Afghanistan, and he is a very serious player in Pakistan and Afghanistan right now.

Can you expand on those lists of things that you think were opportunities and the importance that they play? Tell us, I don't think you fleshed out, had the opportunity or time to tell us some of the other things that were possible with the Iranians, give a list of individuals who were associated with al Qaeda and so on.

Ms. MANN LEVERETT. Thank you, Mr. Chairman. That was an important moment. Gulbuddin Hekmatyar is and was a vicious, brutal warlord, anti-American but also anti-Taliban. And because he had been anti-Taliban, he had been allowed to have refuge in Iran. But the Iranians were never comfortable with his presence there, and did assure us that they would prevent him from going back to Afghanistan, as long as we didn't accuse Iran of harboring terrorists. Because he certainly would be considered one.

That was a serious miscalculation on our part, in my view. The Iranians not only seemed interested and willing to cooperate and coordinate with us with the likes of Hekmatyar, but other people that were seeking to come into Iran. The border between Iran and Afghanistan, or the triangular area between Iran, Afghanistan and Pakistan is porous, it is infested with criminal gangs, drug traffickers, all sorts of terrorists and spies from the various countries. It is a pretty lawless area. Iran frequently told us that it was difficult for them to patrol that area, but that in the interest of working

with us and in support of the United States after the 9/11 attacks, they would do what they could to patrol that border.

And in February 2002, the then-Deputy Foreign Minister of Iran presented the U.N. Secretary General with copies of 200 passports of suspected al Qaeda suspects that had come into Iran, that Iran had picked up and deported. Iran was interested in talking to whoever would talk to them about others that had come into Iran but that Iran did not have a relationship with the country of origin for some of those terrorists. Let me give you an example, more of a theoretical example here, that Iran and Egypt don't have diplomatic relations, and they don't have intelligence cooperation or any kind of contacts in that regard and certainly didn't then.

Many of these, or some of these, people could have been from Egypt, and Iran did not have a way to deport them to Egypt. But they did deport others: the Saudi foreign minister and interior minister came out in June 2002 and publicly said that Iran had deported suspected al Qaeda suspects of Saudi origin to Saudi Arabia. So there is also public documentation of those.

Mr. TIERNEY. Thank you.

Ambassador, on page 5 of your testimony that you didn't have a chance to speak to orally, you tell, I think, of an interesting meeting. You had a conversation with Secretary Powell about your experiences and the overtures made through you. Secretary Powell suggested you bring that to then-National Security Advisor Rice, who then held a meeting with you, Secretary Powell, National Security Advisor Rice and Secretary Rumsfeld. Would you go into that a little bit in detail?

Ambassador DOBBINS. I was asked to recount my conversations with the Iranians, which I did very much along the lines that I have recounted them here, their offer to participate in an American-led program to train and equip the new Afghan army, clearly under an overall American umbrella. After a few minutes of silence at the end of my presentation, nobody took up the issue. And as far as I know, the Iranians never received a response.

Mr. TIERNEY. Go ahead, Ms. Leverett.

Ms. MANN LEVERETT. I just wanted to come back again to the issue of al Qaeda. Because I think in particular Dr. Maloney has testified that she thinks that the continuation of the dialog of Afghanistan to expand into other areas would have been useful. The al Qaeda issue is critical in that regard. The Iranians did do a lot on the al Qaeda issue, they did deport, or they presented evidence of deporting hundreds, 200 al Qaeda operatives. We then had the public confirmation from other countries like the Saudis. But we did claim that there were a handful of al Qaeda operatives that were still in Iran. And we made that a test of the dialog, for it to continue and for it to move into cooperation and coordination on Iraq.

Whether or not the Iranians could or didn't want to meet that test is an open question. First they said that they couldn't meet that test, because as I laid out, this area was not only porous, criminals, drug traffickers, anti-Iranian government elements in this area, but they said that it was hard for them to track down really a lot of people in that area, and they needed help from us.

They needed more information from us, any information from us that was not forthcoming from our side.

We took it as a test. If they were really serious, they would send in whoever they needed to send in to ferret out those guys and hand it over.

My view was that we should have, and we could have, provided some information to them, or whatever they needed to make them successful in fighting al Qaeda. But instead, we decided to turn it into a test, and that is the problem with pursuing this kind of tactical operation on very narrow issues, that you can get bogged down, as every instance has, since the Reagan administration, every one of these Presidents has tried an opening, has tried tactical cooperation and has gotten bogged down on an important issue. Here the dialog was at an impasse. We could not get past the issue of whether or not Iran was just unwilling or unable to hand over the remaining al Qaeda operatives.

Mr. TIERNEY. Thank you very much.

Mr. Platts.

Mr. PLATTS. Thank you, Mr. Chairman. I thank all the witnesses for being here and participating in this important hearing, and thank the chairman for continuing the process of reviewing our Nation's best approach with Iran.

I want to start with a question that we talked about in our hearing last week regarding the designation of the Iranian Revolutionary Guard as a terrorist group and the Senate vote. I think I am correct in saying, Dr. Leverett and Ms. Mann Leverett, that you both believe that would be, is an error for us to do so. Is that correct?

Mr. LEVERETT. I certainly think it is counter-productive as a matter of policy. It is not going to accomplish anything constructive for U.S. interests. I think it will make it harder down the road to engage Iran seriously. The Revolutionary Guard is roughly 125,000, 130,000 people. If you count their families you are probably easily talking more than a half a million people. It is in many ways fairly broadly representative of Iranian society. Singling them out for this kind of treatment is not going to make it easier for the United States to engage Iran.

Mr. PLATTS. So it is not that you don't think they are a terrorist group to meet the definition, but how it impacts our broader negotiations with Iran, is that accurate?

Mr. LEVERETT. That is right. I think in too many instances, we impose unilateral sanctions on Iran, not because it is actually going to help us achieve some policy objective, but because it makes us feel good to do that. There is no evidence that these kinds of unilateral designations will do anything to advance our policy agenda toward Iran.

Mr. PLATTS. Does that apply then to other terrorist organizations around the world, or other nations that are sponsoring terrorism, that it is meaningless and actually hurts our interest to properly designate an entity that is engaged in supporting terrorism?

Ms. MANN LEVERETT. Let me say, I think it is analogous in some ways to the decision to disband the Iraqi military after the overthrow of Saddam Hussein. In this situation, you are talking about at least 125,000 armed, trained, well-funded people in Iran, and

their extended families, who are dependent upon these Rev Guard members for their entire livelihood. We want something from them. They are not like al Qaeda that we don't want something from. We want something from the Rev Guard. We want them to deliver in Iraq so that our soldiers are protected and so that we can succeed in Iraq. We want them to deliver on the nuclear issue, to be able to come clean and at least have that program fully monitored, if not disbanded. We want them to deliver in terms of their support or their connections to Hamas and the Islamic jihad. We actually want something from them.

So it is analogous to disbanding the Iraqi military under Saddam Hussein. I wouldn't have said, I don't think many people would have said, that these are nice people or good people. But we needed that military force in Iraq after 2003, just like we are going to need to work with the Revolutionary Guard if there is going to be any kind of resolution to our disputes with Iran.

Mr. PLATTS. But there certainly—I am trying to get what approach we should take of when we should designate an entity a terrorist group, when we shouldn't. And there are others that we want something from in the sense of changing their actions to improve peace in a region or directly with us that are either sponsoring terrorism, or again, terrorist organizations themselves. It seems that we should not designate anyone a terrorist group or a terror-sponsoring nation, because that may make us feel good, in your words, but it is not going to help us achieve a broader good.

Mr. LEVERETT. There may be practical reasons to designate nonstate organizations as terrorist organizations in order to help with various kinds of enforcement efforts against them. I would say, in terms of the state-sponsored designation, I can't think of a single instance in which designating a state as a state sponsor of terrorism has actually helped to get that state out of the terrorism business except possibly in the case of Libya, where we were prepared to put it on the table that if you were willing to get yourself out of the terrorism business, this designation could be removed. We have never made that kind of offer to the Islamic Republic of Iran. We have never made it to Syria. It is hard to see what that designation is actually accomplishing in terms of advancing American interests.

In the case of the Rev Guard designation, I would suggest this is the first time that we have designated part of a sovereign government not just as a sponsor of terrorism, but actually as a designated global terrorist. If you believe that is going to advance our agenda, that is fine.

Mr. PLATTS. And I don't mean to cut you off, because we are given 5 minutes, Mr. Chairman, can Mr. Haas respond to that same question? If that is OK. Thank you.

Mr. HAAS. We have been, through the State Department, designating state sponsors of terrorism for quite some number of years. I think there is a certain value in clarity. I think it is important that the State Department tells the American people who is doing what around the world. It is the case that the Islamic Revolutionary Guard Corps is an arm of the Iranian government. It is at this very moment supplying the weaponry that is killing our soldiers in Iraq.

To the extent that we have an ability, through designation and then followup steps to put pressure on the IRGC and try to convince them to move in a different direction, I think that is something that we should try. I think the problem, frankly, with a lot of what we have tried to do is that we have had, as I think Ms. Maloney said before, a kind of disjointed effort where we have been only partially serious when we have tried to do something. We have moved through pressure to diplomacy to pressure to diplomacy.

But I must say, I am, No. 1, not morally offended by the idea of designating states or groups that do things and clarify what it is they do. And I am not terribly sympathetic with the idea that this Corps of 125,000 people, which is right now engaged in killing American soldiers, should somehow take a back seat to the fact that if we designate them, they won't be able to feed their families.

Mr. TIERNEY. I don't think that was an acceptable response, what he said about feeding their families or whatever, but that is just one person's impression on that.

Mr. PLATTS. Well, Mr. Chairman, it was repeated by both witnesses who answered that was part of the reason we shouldn't, the impact on the families that provide their total livelihood——

Mr. LEVERETT. The issue is what will work and what won't.

Mr. TIERNEY. I am sorry, Dr. Leverett, what?

Mr. LEVERETT. The issue was not one of feeding families. The issue is, what is the impact of this designation going to be inside Iran and is this going to increase the chances that we will be able to advance our policy agenda, or will it in fact decrease the chances that we can advance our policy agenda. It is not about whether this is morally justified or not. The issue is what is going to work for American interests.

Mr. TIERNEY. Ambassador.

Ambassador DOBBINS. If the Revolutionary Guard were a rogue force that you wanted to single out, if it was a rogue force that was acting independently, then there would be a logic to singling them out, because otherwise they wouldn't be covered. We have already singled out Iran. The Revolutionary Guard is acting, not as a rogue force, but as an instrument of Iran.

Mr. PLATTS. Not according to the government of Iran. They are not acknowledging that they are part of their government in the terrorist-supporting activities.

Ambassador DOBBINS. But they are also arguing that they are not doing it. So I mean, I think that Iran is not trying to disassociate itself from the Revolutionary Guard. They may be trying to disassociate the Revolutionary Guard from terrorism.

So the issue of whether you need to go beyond designating Iran and also designate a subordinate element of Iran really is a pragmatic one. You have solved your moral problem, you have designated the terrorists. It is the state of Iran. Do you want to go beyond that and sanction a particular component of that government in an effort to affect its policy?

So it is a question of, do you think you are going to get less terrorism or more terrorism as a result of this. Everybody can make their own judgment. As another witness has noted, we are at the

end of 28 years of a policy of sanctions and no or little communication. That particular policy mix hasn't been working very well.

Mr. PLATTS. Thank you, Mr. Chairman.

Mr. TIERNEY. Mr. Yarmuth is recognized for 5 minutes.

Mr. YARMUTH. Thanks, Mr. Chairman, and thanks to all the witnesses.

I mentioned the story in Esquire that featured the two of you last week, so I am very pleased that you are here today.

Something has been troubling me ever since reading the story in Esquire, and I hope somebody can explain this to me. If we are engaged in back-channel communications with a company that we are publicly saying we are not talking to, what is the purpose of saying publicly that we are not talking to them if they know that we are actually behind the scenes talking to them? Who is that aimed at?

Ambassador DOBBINS. In some cases, it can be designed to protect the government. In other words, there have been occasions on which the Iranians wanted to talk to us, but weren't prepared to admit that they were talking to us because of their own domestic opinion. So there have been occasions in which this has been kept quiet in deference to their public opinion, rather than ours. I suspect mostly it has been mutual, though, that is, communication has been controversial in both societies, and therefore both governments had some interest in keeping it out of the newspapers.

Mr. YARMUTH. I guess I would followup, Ms. Leverett, if you are going to answer this, in this particular case, what would have been our Government's purpose in doing that, in maintaining that public posture?

Ms. MANN LEVERETT. First of all, not all the communication was back-channeled. The cooperation and the coordination on Afghanistan, particularly in the Six Plus Two process was open, was public, was constructive. The ministers met, Secretary Powell met with Foreign Minister Harzai as part of the Six Plus Two in November, I think it was November 10, 2001. We were actually, we were in the basement, in a meeting room in the basement of the United Nations when one of, an American airline actually crashed in Queens and there was a lockdown at the U.N.

The Pakistani minister was late, he didn't get there, the building was locked down. We were there with Foreign Minister Harzai, Secretary Powell, Secretary General Annan, Barheimi was there as special representative, Jim Dobbins was there, others were there. Harzai, the Foreign Minister of Iran at the time, had his prepared remarks, but then he hand-wrote into his prepared remarks that he was horrified by what could be yet another attack on the United States and that Iran stood with the American people against this kind of terrorism. One of his aides brought it to me and I had it passed to Powell.

So people saw that. These were things that were open and public. The meetings that we would have with the Iranians in Paris and Geneva were not secret. They weren't advertised, but they weren't secret. Then in terms of why that would be the case, I think that Jim is absolutely correct, that there are a lot of hesitations and divisions on the Iranian side.

But I think even more importantly, they are because of divisions and consternation that would be caused here in the United States.

First and foremost, from what I experienced were divisions within the administration, I think that people at the State Department were much more willing and interested in having clear, transparent talks with the Iranians. But people at the Pentagon and in the Vice President's office were absolutely against it. They thought that even the idea of talks, whether they be back-channel or public, would be some sort of reward for the Islamic Republic, and would put an imprimatur on the Islamic Republic that it was somehow legitimate, that the United States would legitimate this Republic for another generation, and that itself was not moral. I was in the room when the President said that as well, that kind of, that the United States could put that kind of imprimatur on the Islamic Republic and legitimate it. That was not something he was prepared to do publicly.

But then even a little bit more broadly, I think the biggest thing was within the administration, the deep, deep divisions within the administration. But then I think this administration probably, like other administrations that I document in my testimony, this isn't the first time. The Clinton administration had talks also with the Iranians over arming the Bosnian Muslims to prevent ethnic cleansing there.

Similarly, those talks were cutoff when the presumptive candidate Dole in 1996 learned of them and was going to embarrass the administration. We have had this happen, Iran Contras is a famous example of that. Immediately, whenever there is any idea that it could be, the American public could know that the United States may want to engage Iran, the United States cuts those talks off. There is, I think, an idea that within the U.S. body politic, they would not be sustainable. So for very political and in my view crass reasons, every administration, Reagan, Clinton, George H.W. and this George W. Bush have cutoff talks with Iran that could have been productive because of both political reasons here and because there is no broader strategic context to have the talks.

I think for most people to be having talks with Iran or with any group that is actually against U.S. interests, if you are having those talks and then there is a bombing, like there was on May 12, 2003 in Riyadh, Saudi Arabia, and that could somehow be connected to Iran, and we are sitting with them at a table, that is seen as unsavory. You need to have, as Flynt has laid out, the grand bargain in order to have these kind of narrow tactical talks. It is very difficult to be sitting and talking with the Iranians or whoever else it is when there are bombings going on at other places and people could be, rightly or wrongly, accusing the Iranians of being behind those bombings. We need to have the strategic context where we are also talking about terrorism, we are also talking about the nuclear issue, other issues, so that in each one of these narrow dialogs, they are protected from the next suicide bomber who is going to literally drive a truck through those talks.

Mr. TIERNEY. Thank you, Ms. Leverett.

Mr. Lynch you are recognized for 5 minutes.

Mr. LYNCH. Thank you, Mr. Chairman. I want to thank you and the ranking member for putting this together. I want to thank our witnesses for helping the committee out with this problem.

We talked about, I know a number of you mentioned the opportunity to use sanctions might be an alternative to something more serious. I wanted to talk about that. There were some remarks in today's testimony that suggest that the Oil for Food program, which was a sanction, a limited sanction, was a workable model. But to be honest with you, from my standpoint, I know that Saddam ended up with about $8 billion that he should not have had under that sanction.

Looking at Iran, looking at the fact that I think there are 1,700 German companies in there doing business right now, Italy is its third largest trading partner, India has interests there, there are a whole lot of folks that rely heavily on Iranian oil and have other relationships there. The effectiveness of any sanction program will depend on the willingness of our international partners to help us to implement that. I just have great doubt of the effectiveness of a sanction program. I have noted it in several versions of the testimony here today, so I just want to throw that out there. Tell me I am wrong and tell me how we can actually put in an effective program of sanctions that might help bring them to the table.

Mr. LEVERETT. Mr. Lynch, I think your skepticism is very well-founded. As I suggested earlier, I don't think U.S. unilateral sanctions have accomplished anything of strategic significance in regard to Iran, and that would include the more recent rounds of unilateral financial sanctions that have been imposed. I think frankly, the multilateral sanctions that have been imposed through the Security Council so far have also not had any kind of strategic impact on Iranian decisionmaking.

I think you are exactly right, the chances of our managing to muster enough international support for a multilateral sanctions which might in theory put that kind of pressure on the Iranian regime, frankly, I think the 12th Mahdi is more likely to return than for us to get that kind of support for multilateral measures. We have to face the reality that there have been some very, very important changes and structural shifts in global energy markets.

Iran has the second largest proven reserves of conventional crude oil in the world, it has the second largest proven reserves of natural gas in the world. U.S. policy at this point is that oil and gas should stay in the ground until we, for reasons that will have nothing to do with the global energy balance, decide it is OK to bring it out. In this day and age, that position is simply not sustainable. It means that if we think either unilateral or multilateral sanctions will solve this problem for us, we are dreaming.

Ambassador DOBBINS. Could I talk a little bit about that, Mr. Lynch?

Mr. LYNCH. Certainly.

Ambassador DOBBINS. I think the record of sanctions is a little better than Flynt or you have suggested. First of all, the sanctions on Iraq were remarkably effective, probably the most stringent and effective sanctions regime in history, as the administration's own reports done after the invasion have demonstrated. They meant that the Iraqi regime could not reconstitute its WMD programs. They meant that its conventional military became weaker year after year.

Eight billion dollars in assets is certainly a problem. But Iraq exports about $60 billion a year worth of oil, and you had 10 years worth of sanctions. That is $600 billion of which he got $8 million and he didn't get $592 billion. So with oil at $100 a barrel, Iran is going to have a significant degree of latitude. But it is compared to what? In the absence of sanctions, Iran would be enjoying a much higher level of prosperity.

Mr. LYNCH. Ambassador, you have made a fair point. I just don't want it to gobble up all my time. I have one other question, if I may. That is this, well, there are important differences. We went through Iraq pretty thoroughly during the Gulf war. We haven't been through Iran. So I don't think sanctions would work effectively in Iran.

But let me just ask you this. A number of you said about the delicacy of negotiating or even opening a dialog with Iran or moderate elements within Iran. It is a sensitive issue. We have been approached, members of this committee have been approached by members of the Bundestag and some other groups that say, let's start dialog at some level. From your own experience, how the heck does that happen? How do we have a quarantine sort of——

Mr. TIERNEY. Excuse me, which one of the panelists would you like to answer that, because we really——

Mr. LYNCH. Ambassador Dobbins——

Mr. TIERNEY. Ambassador Dobbins, could you respond to that?

Mr. LYNCH. Ms. Leverett actually addressed this point in her remarks, so why don't I ask her. How does that happen, if we are trying to be brought into this dialog, how does that happen?

Ms. MANN LEVERETT. Basically an inter-parliamentarian dialog, essentially, between the House and Senate, House or Senate Members and Iranian parliamentarians. Senator Biden actually proposed that in, I think it was the spring of 2002, and brought it to the White House to see whether he could get some support for it or permission for it or something like that. There was the kind of, by this point, it is probably well known, some ideological opposition in some quarters to that kind of dialog. Then there was just the kind of logistical idea, how could this work, how could it work with visas, how could it work with herding cats, in a sense, was the idea on both sides.

Between 2002 and 2004, I thought it was an incredibly important idea, and I advocated for it within the White House. At that time, actually starting in the year 2000, the Iranian Parliament, between 2000 and 2004, had the freest, most contested elections that it has had in some time. The parliament had a significant number of reformists in it, particularly the committee that dealt with foreign affairs and national security issues was a very robust, vigorous committee.

Let me give you an example. If you recall, in January 2002, right before the President's State of the Union, where he designated Iran as part of the axis of evil, there was an incident called the Karin A shipment, probably about 50 tons of weapons that were said to have shipped from Iran going toward Gaza and headed toward Yasser Arafat. It was a little bit strange, because the Iranians had never supported Yasser Arafat. They have always supported Hamas or PIJ or other Islamist organizations, not Arafat himself.

But still, this was out there, and the President and Secretary of Defense were making public statements about how terrible it was that Iran would be arming, would be trying to get this type of weaponry to Arafat.

This committee in the Iranian parliament looked into this, and they chose to investigate. There were press items at the time coming out of Iran that the committee had hearings, questioned people. One of their findings was that the ports on the coast or Iran were not all that well managed, were not all that well regulated, and perhaps this ship could have left from Iranian waters, even though the Iranian government actually denied that it authorized the shipment. Now, dealing with Iran, this is a really important issue. You have the government of Iran, officials saying we didn't authorize it, it doesn't mean it didn't happen. And we have the same situation today with Iraq, whether they are authorizing IEDs to go into Iraq or not, these weapons are getting there. So this is an important issue.

The parliament and parliamentarians looked into it, and they made their recommendations of perhaps how they could deal with it. It would have been very useful for members of this committee and others to be able to meet with those Iranians and give them the support they needed to take those ideas further. Unfortunately, the new parliament in Iran is not nearly as forward-leaning. But I would still say that as you all know, from being elected, you have constituents at home, I would say that most Iranians probably do not want their country to be attacked. They do not want to have a bad relationship with the United States. It would be something worth pursuing. It is a difficult environment, but I would pursue it if you can.

Mr. TIERNEY. Thank you, Mr. Leverett.

Mr. Shays, you are recognized for 5 minutes.

Mr. SHAYS. I thank you all for being here. I was on the floor because of the debate on the Employment Non-Discrimination Act.

This is a hugely important issue. I sense that we have four people who see one way and one person who sees it a different way who happened to work with Vice President Gore, which makes it all the more interesting. I want to say first, it is a stunning thing that a country would take and seize diplomats and hold them for 444 days. That is a stain on Iran that is palpable. Even in times of war, you exchange your diplomats. And it is palpable to me that Iran basically funds or trains Hamas, funds Hizballah and has been incredibly active in Iraq killing American soldiers.

So I believe in dialog, but I don't want to look like fools in the process. I don't want us to have a view that says the more you attack us and the more you hurt us, the more we want to talk to you. It seems like a strange incentive.

But at the same time, I happen to think there should be embassies at every country. There should have been in Iraq. We should have one in Cuba, we should have one in North Korea and we should have one in Iran. I believe that very strongly.

What I would like to know is, I would like a simple answer from each of you: do you believe, and I will start with you, Ambassador, that Iran is seeking to develop nuclear weapons?

Ambassador DOBBINS. I believe Iran is seeking to develop the capability to develop nuclear weapons, whether they have made a decision to go beyond——

Mr. SHAYS. But the point is, once they have done the capability, they could do it in months if they had the capability.

Ambassador DOBBINS. They would be at the position to——

Mr. SHAYS. So you believe they want to develop the capability for nuclear weapons. I just want to know. I want to know where you are coming from.

Ms. Leverett.

Ms. MANN LEVERETT. I would agree with Jim Dobbins. I do think they are trying to have a breakout capability. I would point out——

Mr. SHAYS. I only have a few minutes and you have had plenty of time to talk. Dr. Leverett.

Mr. LEVERETT. I would agree with Jim Dobbins and my wife.

Mr. SHAYS. Thank you. Mr. Haas.

Mr. HAAS. Well, I absolutely agree, and you may have been out of the room before when I mentioned this, but Ahmadinejad just announced that he has 3,000 centrifuges fully working in Natants, and if those are working and running——

Mr. SHAYS. See, I don't really believe him.

Mr. HAAS. Well, that is fine, but the IAEA also estimated that he would have about 3,000 around this time of year.

Mr. SHAYS. But the bottom line is, you believe he is wanting the capability for nuclear weapons, right?

Mr. HAAS. Not just him. I think the upper echelon of the government of Tehran shares that hope.

Mr. SHAYS. Dr. Maloney.

Ms. MALONEY. Yes, I would agree with all of my fellow panelists that Iran is seeking capability for nuclear weapons. Whether they have made the decision to weaponize at this stage I think remains an open question.

Mr. SHAYS. Let me start with you. Do you believe that Iran is providing IEDs to militia and al Qaeda in Iraq?

Ms. MALONEY. I believe that Iran is supporting Shia and other militias in Iraq with munitions as well as financial support.

Mr. SHAYS. Not IEDs?

Ms. MALONEY. Munitions as well as financial support, yes.

Mr. SHAYS. Mr. Haas.

Mr. HAAS. All sorts of weaponry and funds as well, I agree.

Mr. SHAYS. Dr. Leverett.

Mr. LEVERETT. Iran has been supporting Shia militia groups in Iraq for more than 20 years. I am not surprised they are continuing to do it.

Mr. SHAYS. Is the answer yes?

Mr. LEVERETT. Whether or not it is specifically IEDs, I have seen no public evidence of that.

Mr. SHAYS. You have seen no evidence that the weapons that we have taken apart are not connected? You need to be, it seems to me, as candid with me as you are about things you want to be candid about. You do not believe that Iran has provided IEDs to various elements with Iraq? You do not believe that?

Mr. LEVERETT. I said that Iran has clearly provided munitions and other kinds of support to Shia militia groups. Whether that extends specifically to IEDs, I don't——

Mr. SHAYS. So you don't know if they have provided IEDs?

Mr. LEVERETT. I have not seen what I consider persuasive——

Mr. SHAYS. Do you believe they have or not?

Mr. LEVERETT. It is entirely possible.

Mr. SHAYS. Do you believe they have or not? I want to know what you believe. You either believe they have or you believe they haven't. Which is it?

Mr. LEVERETT. I am saying I don't know whether they have provided IEDs specifically.

Mr. SHAYS. OK. What do you think, Ms. Leverett?

Ms. MANN LEVERETT. I also don't know. I know the history or the 20 years support. So I wouldn't be surprised, but I don't know.

Mr. SHAYS. What do you think, Ambassador?

Ambassador DOBBINS. I think they have. I think it is a small minority of the IEDs we have encountered. But some of the more sophisticated ones——

Mr. SHAYS. Let me explain to you why it wouldn't be the small. There are two types basically. There's just the munitions that they grab up and explode, and then there are munitions, IEDs that they can direct and they are extraordinarily sophisticated and they are made by the Iranians. There is no question in the mind of anyone I have spoken with who cares to know it that they have provided it.

Ambassador DOBBINS. I am not arguing that.

Mr. SHAYS. It is not an argument that we shouldn't have dialog.

Ambassador DOBBINS. Right.

Mr. SHAYS. But it is surprising to me, both Mr. and Ms. Leverett, that you do not have a sense of what they have done and yet you are real experts on Iran. I would think you would care to know. I would think you would seek out to know and it is surprising to me that you don't know.

Now, let me ask you another question. Your basic point is that, with you, Ms. Leverett, that under the Bush administration we missed opportunities. And you said, well, other administrations have as well. Tell me an opportunity the Reagan administration missed, tell me an opportunity the Bush administration, the first, tell me an opportunity the first Clinton administration missed.

Ms. MANN LEVERETT. Sir, I wouldn't necessarily characterize them as opportunities missed. I think that each administration did look for and participate in an opening, trying to have an opening with Iran. Of course, during the Reagan administration, it is well known what came to pass in the Iran Contra scandal. There of course were openings, there were talks, there was a visit to Tehran and there was the sale of missiles to Tehran in order to divert those proceeds to the contras in contravention of Congress. That was during the Reagan administration.

During the first Bush administration, George H.W. Bush, there were contacts in order to get U.S. hostages released from Lebanon. There was a pledge by President Bush at the time that goodwill would beget goodwill. One of the Iranians that I was charged with talking with as part of the dialog under this Bush administration

had a very strong memory of that and had felt that Iran had done what was asked of it and did not receive any reciprocal moves in return from the first Bush administration.

During the Clinton administration, another one of my interlocutors that I was charged with meeting during this Bush administration was a high-ranking Iranian official serving in the Balkans. He said that he had talks with his American counterpart in Bosnia, and that there was an agreement for Iran to be able to get weapons to the Bosnian Muslims to avert further ethnic cleansing. He said that he thought it was worthwhile to have talked to the Americans and to have gotten those weapons to the Bosnian Muslims, but that their talks, that effort was cutoff precipitously in 1996. He took a lesson from that it was hard to deal with the United States. That was the Clinton administration.

Then under this administration——

Mr. SHAYS. Well, I think you were clear, and I am not disagreeing with your points. I wrote down "crazy." I think you saw opportunities that this administration could have seized. I have seen the same thing with Syria. In dialogs that I have had with Syria, it has been a bipartisan kind of craziness, in my judgment, that I think you are very legitimate in sharing with us. The challenge I have is that as we keep waiting to have dialog and things get worse, it almost is a perverse incentive. The more you do, the more terrible things you do to us, the more we should be paying attention to you, and so we are going to start to.

What I sense with this administration, when it was with Syria, they missed an opportunity when there was the opportunity for dialog, and then Syria started to do some things that really were outrageous, in our judgment. I had the Ambassador come to me and plead with me to see if we could have some interaction. I said, well, it is because you are doing things in Iraq. And he said, you know, tell us whatever we are doing wrong, we will stop. Whatever we are doing wrong, we will stop. We said, yes, we know three things you are doing wrong, stop that, we want you to stop the other seven. The problem is, we give grief about what they do and they act like we don't know that they are doing it.

So I mean, what I wrestle with is with this administration having failed to seize the advantage when there was an opportunity and it was lower level, and now things are hotter, do we then say, OK, let's do it because then it seems to me we have just said to them, the more outrageous you become, the more we are going to deal with you.

Maybe, Mr. Haas, and I would have others respond to my point. I wrestle with this.

Ms. MANN LEVERETT. Can I please, I think it is only fair——

Mr. SHAYS. Hold on 1 second. With all due respect.

Mr. TIERNEY. We will see that you get time.

Mr. SHAYS. I will make sure you get time. But I get to decide who answers questions. You have answered most to 90 percent of the questions.

Mr. Haas.

Mr. HAAS. I certainly would not question any of the back and forth that they have been more involved in than I have. But I would suggest to you that there is a very big difference between

temporary marriages of convenience between enemy states who see it within their joint interests to do something together at any one particular moment, like remove the Taliban, for instance, from Afghanistan, clearly in both nation's interests. And this question of a grand bargain, where we both are going to set aside all our differences, I differ, I suspect, with my colleagues, because I go back to those more basic questions of the embassy seizure, the Hizballah bombing of Marine barracks, sanctioned by Iran, Kobar Towers, and things going all the way up to the present with the weapons and the money in Afghanistan.

Mr. SHAYS. But the question that arises, had we jumped in sooner, would those further things have happened? Could we have done something to change the direction of this country?

Mr. HAAS. I believe that the Iranians have taken a series of messages from us that have been unhelpful, not responding as strongly as we might have with regard to the embassy takeover, certainly our response to the Marine barracks bombing, where we redeployed out of Beirut was a signal to the Iranians. I tend to agree with you, I think we are showing great tolerance, although some of the rhetoric has changed, we are showing great tolerance to what the Revolutionary Guard, and I suspect with the approval of the highest level of the government is doing to our troops in Iraq.

Mr. TIERNEY. Thank you. I do want Mr. Welch to get a chance to ask his questions, Mr. Leverett and Ms. Leverett, so would that be fine with you, Mr. Shays? They will respond but then we will move to Mr. Welch.

Mr. SHAYS. Yes. I would like for Dr. Maloney to respond as well.

Mr. TIERNEY. Dr. Leverett.

Mr. LEVERETT. I would like to just ask a question. Let's assume that in fact, everything that is claimed by some is true about the supply of IEDs by Iran to Shia militia groups in Iraq. Let's assume that is true.

Mr. SHAYS. I don't have to assume it. I have seen them.

Mr. LEVERETT. Fine. Then in 1972, when President Nixon made his trip to China, people like Senator Webb in the other House have said that at that time China was supplying weapons to the Viet Cong and to the North Vietnamese army, and that Senator Webb and his comrades were being shot at, hurt and killed by that weaponry. Was President Nixon wrong to go to Beijing under those circumstances?

Mr. SHAYS. No, but he wouldn't have denied that they were doing it. And you would have more credibility with me, both of you, if you had said, of course they are doing that, but we need to deal with it in a different way. That is where you would have had more credibility.

Mr. TIERNEY. Mr. Shays, I am just going to interject for a second. In the hopes of helping us all out here, with respect to that issue, I have somewhat of an advantage, from serving on the Intelligence Committee as well, things that I can't talk about directly. But what I will recommend to you with respect to the certainty or uncertainty of whether or not those IEDs, where they are manufactured, where they are delivered and who is in charge of sending them out, delivering them, I suggest you and I jointly send a letter to CENTCOM at the Department of Defense asking which U.S. cas-

ualties are from IEDs linked to Iran to determine whether or not they actually know.

Mr. SHAYS. And Iraqi——

Mr. TIERNEY. Exactly. But I think it would be instructive and helpful to you on that particular issue, and somewhat I think those questions do exist. I think it is important for everybody to know that.

Ms. Leverett.

Ms. MANN LEVERETT. Thank you. I want to take issue with the idea that I wouldn't care to know. I think that is unfair. I do care to know, I do read and study and watch this very closely. General Peter Pace, for example, someone who I have worked with at the White House, who I have enormous respect for, publicly came out and questioned the administration's case when it was first laid out. I read that and I took it seriously.

People should have had more skepticism as well before we went into Iraq on the issues of whether there were WMD, a nuclear weapons program in Iraq. I don't think it is worthwhile to jump to judgment on something that I don't know, but I don't think it is right to say something about me not caring to know. I certainly do care to know. I take it seriously. Any American soldier who has lost his life because of anything that has to do with Iran I think is wrong.

My policy prescription may or may not be similar to yours, but it is not fair or right to say I don't care.

Mr. SHAYS. Fair enough.

Mr. TIERNEY. Mr. Welch, you are recognized for 5 minutes.

Mr. WELCH. Thank you very much.

I am just reacting to the good grilling that my friend from Connecticut gave everybody and thinking about what your answers would have been in March 2003 when the administration assured us with 100 percent certainty that there were weapons of mass destruction and that was a known fact. So I for one, anyway, appreciate the old Reagan maxim of "trust but verify."

Mr. Haas, I am interested in this question, whether you agree with Dr. Maloney, which I understood your testimony, Dr. Maloney, was that there is an option of dealing with the nuclear proliferation threat in Iran, serious threat, the military force is not a practical option.

Mr. HAAS. I am not a military expert by any stretch of the imagination. But I would suggest that it does depend on what it is you are trying to accomplish through a military option. If I could just stipulate that I am not advocating a military option, if I could please stipulate that, because I know that is a subject of some sensitivity for everyone involved in this debate. I would suggest to you that I don't know that there is a huge amount of doubt that the United States alone or working on concert with its allies could slow the nuclear program down, could complicate the nuclear program in Iran. I don't know that there is great doubt about that.

Now, that leads into questions of regime change, which is not anything that I am advocating. I do think at the end of the day, we are going to have to decide as a country, hopefully after we try all sorts of other things more seriously than we have tried them, like sanctions and public diplomacy and outreach and encourage-

ment of democratic change, we are going to have to decide as a country whether it is more dangerous to acquiesce to an Iran with nuclear weapons or it is more dangerous to actually try to slow or end that program. That is really for you to decide. I do have a perspective. I don't know that I know of anything more dangerous than I can envision as this regime with nuclear weapons.

Mr. WELCH. So the unanswered question, because you say you don't have enough information, is whether the use of military, the military option would be effective?

Mr. HAAS. It would be at least, I am confident that it would be at least somewhat effective in the sense of slowing the program down. I do not know that it would eliminate the program.

Mr. WELCH. And what would be the collateral consequences of a military strike if we were to pursue that as a way of slowing it down?

Mr. HAAS. There is great debate on what the reaction of the Iranian people would be. They clearly do not——

Mr. WELCH. Here is what I want to ask you. We have a problem, and that is, nuclear weapons possibly being in the hands of Iran. That is a threat.

Mr. HAAS. Right.

Mr. WELCH. OK, agreement on that. And this is not a moral or philosophical or theological question. There is a practical decision that has to be made where none of the choices that we will make are particularly good. In this sense, I don't see there to be a difference in you and Dr. Leverett. You might come down on different sides of what is "practical." But everyone up here would prefer to have a non-nuclear Iran.

There is a significant drumbeat that we use the nuclear option to slow or stop the threat to the extent it is there. If you make the decision to move ahead with the military, then you have a responsibility, not you, but all of us, to No. 1, have a very clear and informed conclusion, opinion, really, about will this work. No. 2, what are the consequences. Obviously, people did not go through that process in the whole Iraq war. There were collateral consequences to toppling Saddam that we were not prepared to deal with.

So the question I have is, assuming we did use the military option in some form, and most people are talking about an air strike, what would be the collateral consequences, those being the reaction in the Muslim world, the reaction in Iran, the threat to the security of our troops in Iraq, the intensification of Iran's support for Hamas or other third parties that would attack American interests in other parts of the world? And if you are even, not you individually, but if one is entertaining the military option, I believe you would agree with me that they have to have answers to those questions. I am asking you for your position.

Mr. HAAS. Certainly. Let me say a few things. First, I would agree that to the extent that there is any reluctance on the part of Iran to unleash its terrorist clients in more aggressive ways, I would have to conclude that reluctance would disappear.

Having said that, with regard to the region, I would like to point something out. There is great fear throughout that region about the Iran nuclear program. For many years, those nations in the region assumed that Israel has nuclear weapons. I think there is a

general assumption that it does, although it has not admitted it. None of those countries, other than Iraq, had a nuclear program in the past. Right now, we know that at least 10 nations in that region, including Egypt, Saudi Arabia, Jordan and Turkey, have announced that they will have a nuclear program, although they have said it is for peaceful purposes, but nobody believes it. They are worried about the Iranians.

I would suggest to you that the reaction in the region may be one of quiet relief if we slow down that program. Having said that, I would expect there to be some level of turmoil from the simple fact that there is military action in that region and it is by the United States. I would expect there to be some turmoil. But at the end of the day, Congressman, it is a tradeoff. What is more dangerous, the turmoil that you create or the regime with nuclear weapons? I worry, I suppose, a bit about the latter.

Mr. WELCH. Which we all do.

Mr. TIERNEY. Thank you, Mr. Welch.

Mr. Moran from Virginia, you are recognized for 5 minutes.

Mr. MORAN. Thank you very much, Mr. Tierney.

I would like to focus for the time being on Ambassador Dobbins. I had to go over and speak on the bill on the floor. Has anybody grilled the Ambassador yet?

Mr. TIERNEY. He has gotten off pretty easy, but he has had some good comments to make.

Mr. MORAN. Well, now, it is his turn, then. I know you know, Mr. Chairman, that Ambassador Dobbins has phenomenal experience, they send him to just about every troubled area no one else in their right mind would want to go to: Bosnia, Kosovo, Haiti, Somalia, you name it. And Afghanistan is one of those. I read the article in Esquire by Mr. and Mrs. Leverett, I was extraordinarily impressed. So I don't know that I need to ask them questions.

But I would like to pursue something with Ambassador Dobbins, and I am obviously going on here as I am looking for the right questions. First of all, some yes and no answers would be appropriate. The Northern Alliance were our allies when we went into Afghanistan, in fact, the leader of the Northern Alliance was the guy that we were anticipating working with, because he was very much allied with the United States. Was Iran helping the Northern Alliance?

Ambassador DOBBINS. Yes.

Mr. MORAN. They were? Did Iran contemplate going to war with the Afghani Taliban?

Ambassador DOBBINS. At one point, when some of their diplomats were seized and killed.

Mr. MORAN. So they were in the same position as we were, that the United States was, but before the United States in terms of recognizing the repressive policies of the Taliban. Did our special forces work with Iranian troops or agents in Afghanistan in the Afghan war when we went to war with the Taliban?

Ambassador DOBBINS. Not directly that I know of.

Mr. MORAN. Did they coordinate in any way?

Ambassador DOBBINS. I don't believe that there was good diplomatic coordination. There was some intelligence coordination. I don't believe there was any direct military coordination.

Mr. MORAN. Were they of any consequence in our prevailing in that war against the Taliban?

Ambassador DOBBINS. I think that their contribution was on the one hand, having sustained the Northern Alliance for most of a decade, and continuing to sustain it, to pay it, to train it, to support it during the conflict, including after 9/11, and then directly on the diplomatic side, in which they did collaborate with us quite effectively.

Mr. MORAN. Now, after the major hostilities, and obviously they are still going on, but we needed to put a government together. Iran knew the language, they knew many of the people. They had been involved more, they were a neighbor of Afghanistan. Did they offer to help us put together a stable government that would work with the United States?

Ambassador DOBBINS. They did, and they brokered some of the key compromises that led to the success of the Bonn conference where the Karzai government was selected.

Mr. MORAN. How about putting together the kind of Afghan army that government that we would want to establish would need in order to restore order and maintain order?

Ambassador DOBBINS. They offered cooperation, but the United States didn't pick up the offer.

Mr. MORAN. What was the form of that cooperation, Ambassador? What did they offer to do for the United States?

Ambassador DOBBINS. They said they were prepared to train and equip up to 20,000 Afghan recruits under a program to be directed by the United States.

Mr. MORAN. Did you communicate that to Washington, the decisionmakers in the Bush administration?

Ambassador DOBBINS. Yes.

Mr. MORAN. And what was the response?

Ambassador DOBBINS. There was no interest in picking up the offer.

Mr. MORAN. I guess you wouldn't be necessarily one to ask, but since you are aware of this, which most people don't seem to be, would that have made a material difference in terms of the stabilization of Afghanistan?

Ambassador DOBBINS. I think they could have made a contribution. Our own efforts to train the Afghan national army stumbled rather badly that first year. We had to start all over again a year later.

But I think that the offer was even more important for its symbolism, for a willingness to come out of the closet and work overtly with the United States in a practical way on a military to military level and in a clearly subordinate position.

Mr. MORAN. We went into Afghanistan because al Qaeda attacked us. Did Iran express an interest either by words or by actions in defeating al Qaeda or in showing solidarity with our objectives against al Qaeda?

Ambassador DOBBINS. Yes. They issued supportive statements after 9/11 and indicated a willingness to cooperate with us, both in a military campaign and in diplomacy.

Mr. TIERNEY. Thank you, Mr. Moran.

Mr. MORAN. Thank you, Mr. Tierney. I have one further question.

Mr. TIERNEY. Go ahead.

Mr. MORAN. Who was aware of the fact that in terms of the decisionmakers, we would recognize who knew that Iran was helping to restrain al Qaeda, to defeat al Qaeda, really?

Ambassador DOBBINS. I believe the administration as a whole was aware of that.

Mr. MORAN. When you say the administration, could you name anybody in particular that you know was briefed on that fact, on Iran's positive role in Afghanistan?

Ambassador DOBBINS. All of the NSC principals, Secretaries of State, Defense, National Security——

Mr. MORAN. Secretary Rumsfeld, Secretary Rice, Secretary Powell?

Ambassador DOBBINS. Yes.

Mr. MORAN. Thank you. Thank you, Mr. Chairman.

Mr. TIERNEY. Thank you, Mr. Moran. Thank you for joining us today.

Mr. McDermott, you are recognized for 5 minutes.

Mr. MCDERMOTT. Thank you, Mr. Chairman, for having this hearing.

In an article on Sunday in the McClatchy Washington Bureau entitled "Experts: No Firm Evidence of Iranian Nuclear Weapons," Mr. ElBaradei is quoted as saying, "I have not received any information that there is concrete activity, active nuclear weapons program going on right now." Now, everyone sort of jumps at that "right now." The press also has been for the last 3 or 4 months, 6 months maybe, carrying reports of special forces operating inside of Iran. Do you know about whether that is true, if it is, under what kind of a finding or what is the basis for us operating in Iran with any kind of military operation?

Ms. MALONEY. Can I just speak to that, as the person who has most recently served, at least at the State Department? I think that is a question that is obviously best asked to the administration and probably in another sort of setting than this one.

Mr. MCDERMOTT. Does anybody have anything to say about it?

Mr. LEVERETT. I won't duck that one, Congressman. I obviously know nothing by way of classified information on this, or I couldn't speak about it in this setting. I, like you, have seen the press reports about U.S. military personnel operating in Afghanistan. It has long been the approach——

Mr. MCDERMOTT. In Afghanistan or Iran?

Mr. LEVERETT. In Iran, I am sorry, I mis-spoke. In Iran. It was certainly the policy of the Defense Department under Secretary Rumsfeld that U.S. military forces could be used for such purposes without requiring the normal kind of covert action finding which would under normal circumstances have to be briefed at least to the oversight committee on the Hill.

Whether that is in fact what is happening in the case of Iran today I don't know what the facts are, but it is certainly plausible to me that U.S. military forces could be operating inside Iran under the rubric of collecting intelligence or some other similar rubric. It

would be the position of the Defense Department, unless policy is changed, that action would not require a covert action finding.

Mr. MCDERMOTT. And who would make that decision, that it didn't require a covert action finding? Would that be the Secretary or the President?

Mr. LEVERETT. I would assume at a minimum that the theater commander and the Secretary of Defense would need to sign off on that. Whether it goes higher, I couldn't say.

Mr. MCDERMOTT. Is there any basis on which they could be in there without the committees of the Congress, the Intelligence Committee or whatever, being made aware that they are collecting data on targets for an air war?

Mr. LEVERETT. I believe that the Defense Department could and might have made a claim that under those circumstances, collecting intelligence, preparing the battlefield, that covert action findings are not required. Therefore, it wouldn't have to be briefed to the oversight committees.

Mr. MCDERMOTT. I ask the question because it is very strange what is going on in Syria, where there was an attack and the American Government doesn't want to say anything and the Syrians don't want to say anything and the Israelis don't want to say anything. But the stories are coming out now that there were in fact operatives on the ground directing the bombing that occurred there. Is that a tactic that is used?

Mr. LEVERETT. Certainly my understanding is that for tactical air operations of that sort, from a military standpoint, the accuracy, the effectiveness of those operations is improved if you can have on-the-ground spotters. Whether or not that is actually what happened in the case of the Israeli air raid on the Syrian target, I couldn't say. It is because I don't know.

Mr. MCDERMOTT. So what they do is they put a laser or something, so that laser-guided bombs will come in exactly on the spot that they want them to?

Mr. LEVERETT. I don't know precisely what technologies are used. My understanding is that it increases the accuracy and effectiveness of those kinds of tactical air operations if you can have people on the ground.

Mr. MCDERMOTT. Would you give us, I would like all the panelists, if they will, to give us a percentage on whether there will be an air attack in the next 9 months. Ambassador.

Ambassador DOBBINS. There is in fact a commercially run pool on this. [Laughter.]

And it was 38 percent, last week, was what it was running, 38 percent that there would be over the next, I think that was over the next 12 months.

I would put it a little lower than that, because it seems so obviously counter-productive. But what do I know? I didn't think they would be foolish enough to go into Iraq. [Laughter.]

Mr. MCDERMOTT. Ms. Leverett.

Ms. MANN LEVERETT. I would put up for a 9-month period, over a 9-month period, I would put it at about 50 percent, and that would be based on my analysis that the diplomatic process is collapsing and the President will be faced with a binary choice.

Mr. LEVERETT. I would agree with that, over 9 months. I don't think it is going to happen tomorrow or next month, but as it continues to play out over a 9-month timeframe, I think the odds will increase. I would put them at about 50/50.

Mr. MCDERMOTT. Mr. Haas.

Mr. HAAS. I don't strongly disagree with that. I was going to say, before they started talking, I was going to say 40 to 50 percent over the next 9 months or so.

Ms. MALONEY. It is good to be in the position of saying something controversial on this discussion. I would put it at about 15 to 20 percent. That is based on my experience in the State Department, working very closely with the Secretary and particularly Under Secretary Burns on Iran. Obviously that is a biased view, because of course, the State Department is in the art of diplomacy.

But I would also argue that if you look at the Bush administration's track record over its now almost two full terms in office, what you see is an increasing reversal in its positions, particularly on the nuclear program. So while the negotiations have obviously gone nowhere, I think it is far more likely that the administration will seek to find some sort of way, desperate way, to get some sort of negotiating track underway.

I would also argue that the administration perceives itself to be far too invested in Iraq and in recent weeks, far too invested in some sort of prospect of restarting the Israeli-Palestinian peace process to go the route of bombing, because of the obvious implications it would have for those two efforts. I say all those, having been someone who in 2002, 2003 was 100 percent sure that the administration would go into Iraq.

Mr. TIERNEY. Thank you very much. Thank you, Mr. McDermott.

Dr. Maloney, you are the one with the most recent insight into this administration, you were a policy planning staff member from 2005 right through 2007. So can you tell us what your confidence level is about the current executive branch policymakers' understanding of Iran?

Ms. MALONEY. I think that is a perennial issue. Unfortunately, because of the lack of contacts, because of the lack of an embassy, we simply have very little ability to understand what is happening inside the country. Secretary Rice has acknowledged that publicly in an interview she gave earlier this year where she said, we just don't know. It was shocking to me to come in in 2005 and realize that there was effectively almost no one in the entire State Department building who spoke Persian who worked on Iran. That effectively remains the case.

I would say that one of the positive things that the administration has done is try to build capabilities in this arena. There has been the establishment of an Office of Iranian Affairs run by competent professionals, Foreign Service officers. And there has been the establishment of an office out in Dubai, led by people who very much do understand Iran and have been working on this issue for quite a long time. That office, unfortunately, described by Under Secretary Burns at one time as a sort of Riga station, which evoked a lot of concern among Iranians, is very much intended to serve in some ways as a shadow embassy. It has political officers, economic

officers, people who do public diplomacy. The officers stationed there try as much as possible to meet with Iranians.

So we are operating at a tremendous disadvantage that is really borne of the lack of contacts and the lack of exposure to Iran. And frankly, the restrictions on Americans traveling to Iran, which are really not within the U.S. Government's purview. I think one of the unfortunate constraints is the restrictions on dialog that have expanded under this administration. But I think any administration for the foreseeable future is going to have a long difficulty building back from this deficit of understanding.

Mr. TIERNEY. Thank you.

I just want to ask, I was listening to a little bit of the back and forth here. Mr. Haas, you indicate that you are not for the military option on this, that is, you are not recommending people go in and bomb or have a military option. But it sounds like you are heavily into the sanctions without discussion mode. I guess if that is the case, you must be thinking that they are going to lead to some sort of regime change, and that is your ulterior motive.

I juxtapose that against what I hear from others who don't discount the sanctions, or at least it seems to me that they don't discount the sanctions, they see them as an effective tool in our tool kit. But you say that they must be amongst other things that we are willing to negotiate about as we try to get some concessions out of the Iranians.

So I just put that to the panel. You should answer first, sir, because I brought your name up first. But I would like to hear from the others as well. Because one of our witnesses last week talked about the importance of Iran to a host of our national security priorities, Afghanistan, Iraq, Pakistan, nuclear non-proliferation, right on down the list.

Mr. HAAS. Well, a few thoughts. First of all, it comes down to what you fear may happen down the road. So I start from the premise that what I fear most is this regime with nuclear weapons. So then dialing back from that, you say, what is it that we can try that perhaps will avert that situation. And I think that we have some tools that we have not used as forcefully as we could. They include carrots and sticks. But I don't think they are carrots to the Iranian regime. Because I don't think we can get a grand bargain with them. I think they are carrots to the Iranian people where we do not have the ties and we are not providing the support that we can.

I would separate, as best we can, the regime from the Iranian people, and I see sanctions and this more comprehensive strategy as an alternative to military action and hopefully it will work if we do it aggressively.

Mr. TIERNEY. Sir, am I correct in characterizing your position that you would use these tools to effect some sort of regime change by moving to the people and getting them to toss them off? That is your end goal of your policy?

Mr. HAAS. Yes, my end goal is to isolate——

Mr. TIERNEY. You don't want to change behavior of the people that are in government now, you just want to change the government, and you want to use sanctions and whatever else you have in your box to do that?

Mr. HAAS. If the sanctions were to lead to a situation where the Iranian people forced behavior change, that would be great.

Mr. TIERNEY. What if they led to a situation where the acting government now said, we will do a behavior change, we will make the grand bargain? Is that out of your—will you say no, because it is you that we don't like? We are not going to tolerate that, we just want to get rid of you?

Mr. HAAS. I am skeptical that will come to pass.

Mr. TIERNEY. I know you are, but what if it happens?

Mr. HAAS. Then, fantastic, if it were to come to pass, obviously——

Mr. TIERNEY. Then you are not that far away from where others are talking about. They are talking about doing the same thing, of using these tools to change the behavior.

Mr. HAAS. Mr. Chairman, I am not for regime change for the sake of regime change.

Mr. TIERNEY. OK, that is not what I am trying to get at.

Mr. HAAS. That is right. I want an end goal. I don't want this regime to have nuclear weapons.

Mr. TIERNEY. Right. That is what I was getting at. I have to tell you, I clearly took your position first to be you just wanted to get rid of them, because you had this belief that they would never change. I wanted to know whether or not in fact if they did change behavior, whether you and those that you associate with and work with or whatever are still saying, not good enough, we just want to get rid of you. I think you have clarified that, and I appreciate it.

Mr. HAAS. OK.

Mr. TIERNEY. The other witnesses may want to make a comment on that, where we are going with this thing in terms of, I don't know that anybody is looking to say that regime change is the idea here, it is behavior change that we want, and there is a role for sanctions to be used as part of the tool kit on that? Am I right in characterizing others' positions? Ambassador.

Ambassador DOBBINS. We have a diplomatic mission in Havana. Cuba has a diplomatic mission in Washington. Why are we talking to Castro and not talking to the Iranian regime? Now, I take Mr. Shays' point that there is a certain loss of face involved, and conceding something now that we were unprepared to concede when they were behaving better. And the lesson I draw from that is, don't put yourself in that position to start with. Don't say, I am going to hold my breath until you agree with me, because it just becomes progressively more difficult to sustain. And it is not likely to make them agree.

I think we need to use the full spectrum of tools available to us. But I don't think we can possibly succeed unless we understand them better, and we are not going to understand them better unless we talk to them.

Mr. TIERNEY. Ms. Leverett.

Ms. MANN LEVERETT. I would point out we have had nearly 30 years of sanctions on the Iranian regime. It has not really worked. It has not been effective to change their behavior. I think part of the problem is, in my experience with dealing with them, both as part of the official dialog from 2001 to 2003, and then after I left

Government and the track two opportunities I have had to see senior Iranians, some senior Iranian officials. The problem with the continuing ratcheting-up of the sanctions is that I think the Iranians also don't think that it will be effective, and it cuts to the core of what they want from us, which is essentially a version of a security guarantee that we are not going to use force to change their form of government or borders.

So the continuing ratcheting-up of the sanctions I think undermines precisely the carrot that they want from us. I don't think that they are all that excited about WTO accession with a U.S. imprimatur on it, or the delivery of airlines parts or other kind of small carrots that this administration has been willing to put forward. That is not enough. What they are looking for from us—and only from us, this is not something they could get from the Europeans—they negotiated with the Europeans on the nuclear issue for 2 years, the Europeans cannot give the security guarantee that they are looking for. Only the United States could do that. And the ratcheting of sanctions, I am not against them per se, but in this case, it undermines the core need that the Iranians are looking to have from us.

Mr. TIERNEY. Dr. Leverett, now that we have sanctions, are they an effective tool in moving forward to the grand bargain or not?

Mr. LEVERETT. No. I don't think they are an effective tool, neither unilateral sanctions nor multilateral sanctions of the degree that we would be able to get agreement on is likely to have any strategic effect on this regime. The only thing that is going to work is to put an offer in front of the Iranians that will actually address core interests that matter to them. We have not done that, no administration has ever done that. This administration has refused to do that.

To document that, I would suggest that you take the incentives package that this administration signed onto last year with the other permanent members of the Security Council in German, put that next to the incentives package that the Europeans on their own offered to the Iranians a year earlier. The language on economic and technological cooperation is very similar. The big differences are on regional security issues. The Europeans on their own were prepared to offer all kinds of implicit, explicit security guarantees for Iran. This administration insisted that those passages in the European draft be taken out before it would sign on.

So Secretary Rice can say the policy is not regime change. But the actions of this administration indicate to the Iranians that the policy is in fact regime change, and the President himself has never been willing to make the statement that Secretary Rice has made about U.S. policy. The only way out of this is to make the Iranians an offer that serves their interests but also serves ours.

Mr. TIERNEY. Thank you. Dr. Maloney, do you want the last word on that? Then I will go to Mr. Shays.

Ms. MALONEY. I would love it, although I think I have lost track of exactly what the question is. The effectiveness of sanctions, I think we have seen over the past 30 years that unilateral sanctions have only moderate effectiveness. What the administration has done in recent months through these financial measures can have some real bite, because it is effectively, forcibly multilateral. Be-

cause third country banks need to engage with the U.S. financial system, therefore they are effectively cooperating and participating in some of the restrictions on the u-turns that would enable Iran to do business in U.S. dollars. That is no longer, increasingly no longer the case and the Iranians are feeling the impact. I don't believe that those sorts of measures are going to create a reversal in the Iranian strategic calculus.

So I think what you have to ask yourself is what will, so long as Iran is getting $70 billion in oil revenues, these sorts of measures can hurt but they can't force a full-fledged change. And we are unlikely to get multilateral consensus around the kind of robust measures that actually would force a change. I think this whole question of regime change, which is to some extent a separate question and gets to Mr. Shays' question about how can we negotiate with this particular set of characters is also an important one. I think the open question about where the administration stands in terms of regime change, the ambiguities that have been left are particularly important and need to be dealt with. The difficulty here is that there still are divisions and also that this is very much a complicated and difficult regime to deal with from their end.

But ultimately, we put the handcuffs on ourselves in refusing to talk to them from 2003 and 2006. We continue to have handcuffs on our engagement with Iran because we are trying to find some way to make this overture with the nuclear program somehow viable. Ultimately, what we need to do at this stage is negotiations on all issues without preconditions. That is not an offer of a grand bargain and it is not necessarily a road to one. But it is a fresh start, a possibility of working on all the issues that we care about.

Mr. TIERNEY. Thank you very much.

Mr. Shays.

Mr. SHAYS. Thank you, Mr. Chairman.

It may not appear this way, but I really enjoy this panel, all of you. I appreciate the incredible experience that each of you have had. I truly wrestle with all the things you are wrestling with, but without the knowledge that you may have.

What I want to ask is this. I had the Israelis say to me, you don't understand the Middle East culture, you have a Western mind set. And for years, I wanted them to get out of Lebanon, and they said, you don't understand. We get out of Lebanon, and it will be a different reaction than you think. Well, they got out of Lebanon, and it was confirmation to Arafat that they could just wear Israel down. It had the exact opposite thing I thought the impact would be. And the Intifada happened, and they just went in that direction convinced, like in Lebanon, they could wear them down.

So I want to ask, is there a Middle East mind set that is different from the Western mind set? And as we dialog about how we should just talk, I don't mean just talk, but have dialog, does it say something different to them than it says to us? And I would like to start with you, Dr. Maloney. You haven't been responding to most questions, but you are the most recent in all this stuff. Then I would like to go to you, Ambassador, and then ask the others.

Ms. MALONEY. I would not purport to suggest that there is a Middle Eastern mind set, or frankly, even an Iranian mind set, which of course would inevitably be, to some extent, distinct from

an Arab or an Israeli mind set. I think what we know about this particular set of leaders in Iran today is that they fear compromise. They fear compromise, and they have said it, publicly, because they see any sort of concession or agreement to deal with the United States or make offers as only the starting point as some sort of future round of new pressures. Senior officials have used the phrase, today it is nuclear rights, tomorrow it will be human rights, the day after that it will be animal rights. Effectively, their fear is regime survival. They are a nasty group of people, there is no question about this.

Mr. SHAYS. When I heard Ms. Mann Leverett basically saying sanctions didn't work, I would agree that unilateral sanctions hardly ever work. But we have never seen true multilateral sanctions. And I am struck by the fact that President Bush, Senator Hillary Clinton, President Nicholas Sarkozy, Chancellor Angela Merkel all said, totally unacceptable for Iran to have nuclear weapons. Well, I don't know what totally unacceptable means. It seems to me you have talk, you use sanctions or you use military. Those are the three options. I have seen nothing that tells me that talk, well, first off, I don't know to what extent we have had—I don't know what works. But it strikes me that talk would work the least. I thought Jimmy Carter did a lot of talking and then I saw Ronald Reagan say, you know, we are going to treat taking embassy employees as an act of war, and they were returned right away. It said to me that they think differently, or maybe the same in some ways.

Ms. MALONEY. I don't think this is a question of their thought process, though. The problem with multilateral sanctions is that we simply can't get agreement on them from our international partners.

Mr. SHAYS. So if we can't get multilateral agreement, in spite of the fact that the Chancellor of Germany and the President of France say, it is unacceptable, well, how the heck do you prevent them from having it? And I just would throw out here, I am stunned by the fact that there was an event in Syria to which Israel appeared to have taken action, since I haven't been briefed on anything, don't know it, I can at least talk about it. I am struck by this fascination that in Syria, something happened. And it wasn't talk.

Ambassador, let me have you respond to this.

Ambassador DOBBINS. In my diplomatic career, I have dealt with Soviet operatives, Somali warlords, Caribbean dictators, Balkan terrorists, Afghan insurgents and Iranian diplomats.

Mr. SHAYS. Do you have a wife? [Laughter.]

Ambassador DOBBINS. Yes, and I see her occasionally.

Of those, I actually found the Iranians the most reasonable.

I guess what I would say is that any negotiation has to proceed from an understanding of the other side's perspectives, history, expectations. And they vary greatly. If you are going to deal with Iran, you will do better if you do have a deep understanding. Some of the points you raise are absolutely valid ones.

On the other hand, I think all negotiations are similar in other respects, which is, they need to be based on a certain degree of mutual respect, a certain agreement about what it is you are negotiat-

ing about, and a shared sense that if you pursue this professionally and seriously, you have a prospect of reaching your common goal.

Mr. SHAYS. Let me just go with you, Ms. Leverett, Dr. Leverett, and then we will end with you, Mr. Haas, then I will conclude.

Ms. MANN LEVERETT. I can say in terms of my experience with the Iranians, negotiating with them in terms of their mentality, that I thought that when we asked them something, it appeared that they tried to deliver on everything that we asked. As I said in the record, their performance was not perfect, but they did deliver much of what we asked.

I don't think that we have tried to have a serious discussion with them about the nuclear issue. I do believe, from what I have been able to ascertain and people I have talked to on the Iranian side, that the pursuit of a nuclear weapons option is based on regime survival. If it is based on regime survival, even if we were to militarily strike it, I think that would further add concern to them that their regime, the regime survival is at risk, and it would harden the mentality and force the program either to go underground or further underground, depending on where you come out in terms of where the program is.

Mr. SHAYS. Just quickly, are sanctions and talk mutually exclusive?

Ms. MANN LEVERETT. What I see as the problem, I wouldn't unilaterally disarm from the United States. I wouldn't say, we are going to lift the sanctions today without having any road map or grand bargain out there on the table.

But ratcheting up the sanctions now, like to designate the Rev Guard, ratcheting up the sanction directly undermines the concern the regime has about its survivability. That is the problem with ratcheting up the unilateral sanctions by the United States at this point.

Mr. SHAYS. Fair enough. Let me have Mr. Haas just respond quickly.

Mr. HAAS. Very quickly to your first question. I do think there is something important that you say about Lebanon. If you read the literature, if you listen to the speeches from that part of the world, you will see leaders in Iran as well as elsewhere talking about the Israelis leaving Lebanon, the Americans re-deploying after Beirut and the Americans in particular leaving Somalia after engagements in which Americans were bloodied. So there is something to what you are saying.

Now, to go to the question about the tactics and the three things that you say, talk, sanctions or military action, I would just like to point out that we have been terribly disjointed in the messages that we have sent. We have said, as you say, that an Iran with nuclear weapons is not acceptable. Our leaders have said it, and at the same time, Secretary Rice, in assuring Western audiences, said Iran is not Iraq, meaning we are not going to use military force.

My colleagues may disagree with me, but I think that when you send a signal to someone who you are trying to get to change in some way that the option that will really hurt them the most is not on the table any more, it seems to me that undercuts your negotiation. I think that we have not done a very good job of making clear that yes, we will talk, absolutely, we will be reasonable, hopefully

we will come to an accommodation that suits both sides. But taking options off the table or being so disjointed about the messages we send I think makes it less effective, less likely that we are going to succeed with those other tools at our disposal.

Mr. YARMUTH [presiding]. Thank you. I have two quick things before we adjourn.

First—I hope this can be quick—is there any example we have in recent, well, not recently, any time during the last 25, 28 years, in which the Iranians have conducted what we would normally regard as normal negotiations, successful negotiations with any other country?

Ms. MALONEY. The Iranians have maintained diplomatic relations with just about every other country in the world. So in terms of normal negotiations, they do that every day. I thin you can find lots of examples of Iran behaving pragmatically in its foreign policy. The primary one that academics like to cite is Saudi Arabia. The relationship between Iran and Saudi Arabia was really bitter and acrimonious, particularly after the first decade of the revolution. Khomeini, in his will, basically castigated King Fahd and the Saudis far more than he did America.

And yet what has happened since 1989 has been a progressive, and even still to this day, devoted effort by the Iranians to try to build a rapprochement with the Saudis that has maintained even with some of the frictions that have been created by Ahmadinejad. So that is an example.

Mr. YARMUTH. Thank you. So they do know how to do it. That is reassuring.

Second, and this is going to be a subject, we are going to pursue this in an additional hearing, according to Chairman Tierney, but with regard to the censorship of your op-ed piece, you submitted the op-ed piece after you had left Government, is that correct?

Ms. MANN LEVERETT. That is correct.

Mr. YARMUTH. Under what basis did the White House censor your piece? What authority did they have to do that?

Mr. LEVERETT. As we said, both the State Department and the CIA told us independently their in-house reviews said this draft contained no classified information, but that the White House was simply asserting that it should be classified.

Mr. YARMUTH. I understand that, but what——

Mr. LEVERETT. There was never any justification that was presented to us.

Mr. YARMUTH. I understand, but you wrote the op-ed piece.

Mr. LEVERETT. Yes.

Mr. YARMUTH. And you were private citizens at that point.

Mr. LEVERETT. Yes.

Mr. YARMUTH. And you could have sent it to the New York Times anyway. Why would the White House, how would the White House be able to prevent you from doing that?

Mr. LEVERETT. In my case, as a former CIA employee, I have a continuing obligation to submit drafts of material that I want to publish that relate to my Government service, to submit those to the agency to ensure, after an agency review, that draft is not disclosing classified information. I have cleared 30 pieces through that process.

Mr. YARMUTH. So in this case, the CIA cleared it, but then the White House said that they wouldn't clear it?

Mr. LEVERETT. And then the White House told the CIA that they had to become involved in the process and that they would not clear it.

Mr. YARMUTH. The chairman has asked me to mention that we would be examining that further.

I also wanted to announce on Chairman Tierney's behalf that we will continue this series of hearings on Iran next Wednesday, November 14th, at 2 p.m. The hearing then will examine the regional and global consequences of U.S. military action in Iran.

With that, I thank the panel very much for their testimony and without objection, the subcommittee stands adjourned.

[Whereupon, at 5:20 p.m., the committee was adjourned.]