

HEARING OF THE SENATE COMMITTEE ON FOREIGN RELATIONS

**SUBJECT: IRANIAN POLITICAL AND NUCLEAR REALITIES AND U.S. POLICY
OPTIONS**

CHAired BY: SENATOR JOHN F. KERRY (D-MA)

WITNESSES:

**FRANK G. WISNER II, FORMER U.S. AMBASSADOR TO ZAMBIA, EGYPT, THE
PHILIPPINES AND INDIA**

RICHARD N. HAASS, PRESIDENT, COUNCIL ON FOREIGN RELATIONS

**MARK FITZPATRICK, SENIOR FELLOW FOR NONPROLIFERATION,
INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES**

**KARIM SADJADPOUR, ASSOCIATE, CARNEGIE ENDOWMENT FOR
INTERNATIONAL PEACE**

**419 DIRKSEN SENATE OFFICE BUILDING, WASHINGTON, D.C., TUESDAY,
MARCH 3, 2009
10:00 A.M. EST**

***Transcript by
Federal News Service
Washington, DC***

SEN. KERRY: Thank you very much to join us here today. And we're very pleased to welcome an outstanding panel of witnesses for this hearing. These witnesses, frankly, have a tall order today because we've asked them to help us understand the way forward in dealing with one of the most urgent challenges that currently faces all of us. I can't imagine a better group to kick off the first of three days of public and classified briefings, hearings on Iran's nuclear program and the policy options facing us.

I'm particularly happy to welcome back a couple of very familiar faces, Ambassador Frank Wisner, who's been here many times in many capacities.

And, Frank, we appreciate your willingness to share the insights you've gained from a very long and distinguished career in public service.

MR. WISNER: Thank you, sir.

SEN. KERRY: I'm pleased also to have Richard Haass here across the table from us once again. There are few people better qualified to provide us with a strong perspective on where Iran fits into the world's geopolitical map.

And we appreciate your leadership on the Council on Foreign Relations.

Mark, thank you also for joining us here. You bring a long experience in the field of nonproliferation and an analyst's keen eye on just how far down the road Iran has gotten since its secret nuclear program was exposed six and a half years ago.

Nobody has to emphasize, but I suppose we ought to restate that we are living through a very difficult and uncertain time and we are rightly focused heavily on the state of our economy. But as a nation, and particularly on this committee, we cannot afford to ignore the challenges outside of our borders.

Right near the top of that list of challenges is Iran and its troubling nuclear program. The impact of Iran's steady nuclear progress is real. When I was in the Middle East just a few days ago, I encountered deep worries in every Arab capital about Iran's ascendancy and the possibility that it will build an atomic weapon. And, of course, in Israel, the anxiety is not just high, it is an existential threat.

What we know about Iran's nuclear missile progress raises grave concerns for us and our allies. Iran has built a uranium enrichment plant approximately 75 feet underground at Natanz, where nearly 4,000 centrifuges are spinning away enriching uranium with hundreds more centrifuges apparently ready to start up soon. Just two weeks ago, the International Atomic Energy Agency reported that the plant has enriched enough reactor-grade uranium to theoretically allow Iran to make an atomic bomb.

On Sunday, Admiral Mike Mullen, chairman of the Joint Chiefs of Staff, confirmed the IAEA report, saying publicly that the U.S. believes Iran has amassed enough uranium to build an atomic bomb if its leaders were to take the reckless step of further enriching that stockpile to weapons grade. We are determined, and I believe it is the appropriate policy, to stop Iran from taking that very dangerous next step.

At the same time, Iran continues to defy the United Nations Security Council by constructing a reactor at Iraq that, if it were completed, looks to be very well suited for producing weapons-grade plutonium. The IAEA reports that Iran has recently impeded its access to this facility. And Iran continues to test ballistic missiles and to launch so-called space launch vehicles that Iran can learn from to expand its ballistic missile capability.

But what we do not know about Iran's program is even more alarming. For six years, the IAEA has been asking Iran to answer questions about the possible military dimensions of its nuclear program. The questions have grown more substantive and pointed as time has passed and Iran has grown more defiant, ignoring sanctions by the U.N. Security Council and obstructing the IAEA.

Because of its history of concealment and deception, we cannot afford to take Iran at its word that its nuclear ambitions are solely civilian. Its leaders must answer the IAEA's questions fully and quickly and to comply, as other nations have complied that are

signatories to the NPT. These gaps in what we know about Iran's nuclear program are significant and they are dangerous. I hope our witnesses will help fill some of them in.

For me, some of the most troubling unanswered questions were raised in documents that were reportedly found on a laptop computer obtained by the CIA in 2004. Among the thousands of pages of data from that computer are, according to press reports, documents that appear to show blueprints for a nuclear warhead and designs for missiles to carry it. One of those designs apparently tracked the flight of the missile and showed the detonation of its explosives 600 meters above the ground. Well, folks, that's a lousy height for a conventional weapon but it's a devastating altitude for a nuclear weapon intended to wipe out a city.

Iran has refused to answer the toughest of these questions, and just last week, a U.N. official acknowledged to my staff that talks between the IAEA and Tehran have reached an impasse. The official said he didn't know what comes next. Well, we do know what comes next. The Obama administration has said that it wants to open direct talks with Iran. This is the right first step and I applaud the president for taking it.

But we also need to be honest with ourselves. Just talking will not solve this problem, even direct talks between Washington and Tehran. While Iran was just talking to the IAEA and the Europeans, it deftly sidestepped every red line laid down by the international community. While Iran was just talking to the world, it moved to the threshold of becoming a nuclear state. I point this out not to lay blame. I point this out because we cannot move forward to a solution without understanding how we got to this dangerous juncture in history.

The time for incremental steps and unanswered questions is over. Talking with Iran is the right starting point. I have supported this idea for many years and I'm glad that the day is coming. But the fact is that the United States must open these talks from a position of strength.

The president's recent announcement of a responsible redeployment plan for Iraq is a step in the right direction, but we need the full backing of our allies in Europe, as well as Russia, China and other countries, as we sit down across the table from the Iranians. This is not just an American problem and it will not be just an American solution. Our friends and allies need to understand this.

And Iran needs to understand that these will not be drawn-out negotiations. That's a scenario that would give Tehran a green light for more progress on enrichment and other nuclear projects, some still being carried out in the dark. We need to set a timetable for substantive progress and we need to make sure that Iran's leaders understand that the full weight of the international community will come down on them if this issue is not resolved. And by full weight, I mean tougher economic sanctions, further restrictions on trade and finance which will apply meaningful pressure on the Iranian regime at a time when oil prices have plummeted and its economy is hurting.

The solution to this problem does lie within our reach. With our friends and allies, we need to act boldly and wisely to engage Iran, backed by real consequences, for its continued noncompliance. I look forward to the guidance that we're going to receive from our distinguished panel this morning and from General Brent Scowcroft and Zbigniew Brzezinski on Thursday morning.

And let me welcome now our one other witness who is here, Karim Sadjadpour, now an associate at the Carnegie Endowment for International Peace, whose intimate knowledge of Iran's senior officials, clerics and dissidents offers the committee a genuine insider's perspective.

Frankly, we've operated frequently without understanding fully the realities on the other side of this critical issue and I think we welcome your contribution to that.

With that, let me turn now to Senator Lugar.

SEN. RICHARD G. LUGAR (R-IN): Why, thank you, Mr. Chairman, for holding this important hearing on our policy towards Iran.

Two weeks ago, as you pointed out, the International Atomic Energy Agency released a report on Iran and it reached four major conclusions. First, the report said that, quote, "There remains a number of outstanding issues which give rise to concerns about the existence of possible military dimensions to Iran's military program," end of quote. The second, Iran has refused to permit IAEA inspectors access to additional locations related to the manufacture of centrifuges, research and development on uranium enrichment, and uranium mining and milling. Third, unless Iran implements transparency measures and the additional protocol, the IAEA will not be in a position to provide credible assurance about the absence of undeclared nuclear material and activities in Iran. Lastly, the report said Iran has not suspended its enrichment-related activities or its work on heavy water-related projects.

The exact status of Iran's nuclear program and the degree of progress Iran has made toward a potential nuclear weapon have been debated extensively, but, as the IAEA report underscores, Tehran clearly is not complying with international nonproliferation regime, and there is widespread agreement that Iran has not been truthful about its nuclear program or its missile development.

Its decision to move ahead with uranium enrichment was condemned by the international community. Iran's intransigence has triggered United Nations Security Council sanctions on three occasions. In recent weeks, Tehran announced the launching of its first domestically produced satellite into space. Iran has also announced that the Russian-built nuclear power plant at Bushehr will undergo testing prior to beginning operations this year.

Despite these steps, the international community's leverage with regard to Iran has increased significantly in recent months. The Iranian regime is under economic pressure

due to falling oil prices and multilateral sanctions. Iran's isolation has contributed to lagging investments in its oil and natural gas industries. The National Academy of Science speculates that this trend could lead to sharply lower Iranian energy exports by 2015.

The United Nations sanctions have also encouraged foreign governments and banks to curtail or end commercial ties to Iran. It is clear that Tehran would like to split the international community or at least delay concerted action. The task for American diplomats continues to be to solidify an international consensus in favor of a plan that presents the Iranian regime with a stark choice between the benefits of accepting a verifiable limitation on its nuclear program and the detriments of proceeding along the current course.

And even as we pursue sanctions or other joint action, it is important that we continue to explore potential diplomatic openings with Iran. I strongly supported the Bush administration's decision to send Undersecretary of State Bill Burns to participate in negotiations hosted by our European allies with Iran's chief nuclear negotiator -- the so-called P-5 plus one.

I believe we must be open to some level of direct communication with Iran. Even if such efforts do not produce agreements, they may reduce risks of miscalculation, improve our ability to interpret what is going on in Iran, and dispel anti-American rumors among the Iranian people and strengthen our efforts to enlist the support of key nations in responding to Iranian threats.

Despite the Iranian government's provocative policies, the young and educated people of Iran are among the most pro-American populations in the Middle East. Most Iranians favor greater economic and social integration with the rest of the world, access to technological advancements and a more open political system.

Positive transformation in Iran is inhibited by the lack of accurate information reaching the Iranian people about what their government is doing and about the international community's efforts to resolve the current crisis.

The United States and other nations must work to broaden the information available to Iranians. Among other steps, the possibility of establishing a U.S. visa office or some similar diplomatic presence in Iran should be on the table. And such an outpost would facilitate more exchange and outreach with the Iranian people.

Regardless of its precise strategy on Iran, the Obama administration must make execution of an Iran policy a priority. And this will require focused diplomacy with European allies and with other partners on constructing a multilateral program that intensifies the costs to Tehran if it resists transparency and continues its nuclear weapons activities.

I welcome along with our chairman the distinguished witnesses that we have before us and look forward to their testimony. Thank you.

SEN. KERRY: Thanks so much, Senator Lugar. I appreciate, without collaboration, the synchronicity of our comments, and I think it's important.

Normally, by sort of rank, we would start with you, Ambassador Wisner, but we want to, if you don't mind, lay out sort of -- first we're going to ask Mark Fitzpatrick to start with his testimony to look inside. Then we'd like ask Karim Sadjadpour to look inside the nuclear issue and then Karim will sort of lay out. And then both of you can really lay out the policy sort of in response to that. I think it'd be great.

So if we could begin with you, Mark, we'd appreciate it.

MR. FITZPATRICK: Thank you, Mr. Chairman, Senator Lugar, the senators. It's an honor to be asked to testify today on a matter that I've been following for almost 12 years, in and out of government. Iran today has reached a status I have long dreaded. It operates a semi-industrial-scale uranium-enrichment facility and is building up a stockpile of enriched uranium that is of no current use to its civil nuclear energy program but that could be put to weapons purposes.

Meanwhile, Iran is also building a research reactor that will be ideal for producing plutonium, the other path to nuclear weapons. Whether or not Iran chooses to go down the weapons route, its persistence in developing such capabilities could have profoundly disturbing consequences, including by potentially sparking a proliferation cascade in the Middle East and beyond.

The danger is compounded by Iran's failure to cooperate with the International Atomic Energy Agency's investigation of past Iranian nuclear activities and its verification of new undertakings. Iran refuses to answer questions about the strong evidence of past nuclear weapons development work, including, for example, evidence of foreign help with experiments on a detonator suitable for an implosion-type weapon.

Iran has also unilaterally and illegally rejected its treaty obligation to provide advance declarations of new nuclear facilities and to allow inspectors regular access to facilities under construction, such as the research reactor at Iraq. What Iran chooses not to disclose is difficult to discover.

According to the latest IAEA report, as of mid-February, Iran was operating almost 4,000 centrifuges at its underground uranium-enrichment facility at Natanz and was getting ready to begin operating about 2,000 more. The piping is being installed for an additional 9,000 centrifuges, which would bring the total to 15,000 at some unspecified future date. All the centrifuges operating in the underground facility so far are of the P-1 -- that is, Pakistan first-generation model -- although Iran continues to experiment with more efficient later-model centrifuges in an above-ground pilot plant at Natanz.

By the end of January, Iran had produced a metric ton of gasified uranium enriched to the 3.5 percent U-235 isotope level needed to fuel most nuclear power plants. The IAEA estimates that Iran was adding about 100 kilograms a month to its stockpile. If it is

further enriched, and that is a big if, the uranium content of the Natanz production to date is sufficient in principle to provide the fissile material for one nuclear weapon. Iran thus has a latent breakout capability.

The accumulation of this much low-enriched uranium makes the Iran challenge more acute. But several caveats are in order, including the range of uncertainty in the variables that feed into the equation of how much is enough for a weapon. Because the low-enriched uranium is under IAEA surveillance, further enriching it could not be done without tipping off inspectors. And the basic truth bears repeating: that having a stockpile of enriched uranium is not the same as having a bomb.

Treating Iran's enrichment capabilities as equivalent to nuclear weapons status would empower its hard-line leaders and exaggerate the perception of danger among Iran's neighbors, increasing whatever security motivations they may already have for keeping open a nuclear weapons option of their own.

For a weapon, the low-enriched uranium first would have to be further enriched to 90 percent or more. Although it may be counterintuitive, about two-thirds of the effort required to produce weapons-grade uranium has already been expended by the time it is enriched to just 4 percent. Nevertheless, the further enrichment to weapons grade would still take several weeks. Based on public information, it is impossible to say how long it would then take Iran to reconvert the gaseous, highly enriched uranium to metal and fashion a weapon from it. But a rough estimate might assign at least six months or more to the task. Other nations would then have some time to react.

Having just enough enriched uranium for one weapon, even once enriched to weapons grade, cannot be said to confer nuclear-weapons status. A real deterrent capability would require more. Most countries also feel the need for a test to ensure reliability, although this perhaps would not be necessary if Iran received a proven weapons design through the black market. The notorious Pakistani black marketer A.Q. Khan sold a nuclear-weapons design to Libya at the beginning of the decade, and other members of his network made digital copies of the blueprints.

There's no publicly available evidence that Iran obtained a weapons design as well. It is noteworthy, however, that the Libya blueprints have been described as being from the "same family" as the documentation that Iran admitted it did receive from the Khan network in 1987 on the casting of uranium in hemispherical shapes.

As has been widely reported, the U.S. intelligence community assessed that Iran was working on a nuclear weapons development up until late 2003. What has not been reported and is probably unknown is how far Iran got in this research. The publicly available evidence suggests that it was at the developmental, not yet operational, stage.

Whether Iran has actually made a decision to build nuclear weapons is uncertain, but its purpose in pursuing uranium-enrichment clearly seems to have a weapons option for the future. It is hard to reach any other logical conclusion based on the secrecy and deception

behind the program, the military connections, and evidence of weapons development work and economic illogic of investing in these expensive technologies without having any power plants that can use the enriched uranium.

With regard to this last point, for example, the Bushehr reactor that underwent a startup test last week can be run safely only on fuel made in Russia. Iran's claims about the purpose of its enrichment program obfuscate this point.

Iran's main justification has been an argument for self-sufficiency. The argument breaks down on several grounds, however, including that Iran's known uranium reserves are insufficient for the nuclear power program it envisions.

Iran already has exhausted most of its stock of uranium concentrate, known as yellow cake, in order to produce 357 metric tons of uranium hexafluoride at its facility at Isfahan. This is far from sufficient for a power program but is enough feed material for at least three dozen weapons.

A key policy challenge is how to build a barrier between the latent nuclear weapons capability and actual weapons production. This is difficult when, in Iran's case today, the distinction is blurred almost to the point of invisibility.

The United States and its allies do, however, have several policy tools to help keep Iran's enrichment program from unlimited expansion. If Iran continues to defy the Security Council, its enrichment program can be constrained by export controls, sanctions, financial pressure, interdiction and other means of exploiting Iran's vulnerabilities.

Among the dangers presented by Iran's nuclear program is the risk that it will start a domino effect in the region. Many of Iran's neighbors are concerned about its growing weapons capability. For some states, such as its Gulf neighbors, an Iranian nuclear weapon would present a direct and dire threat. For others, such as Egypt and Turkey, the threat is indirect and more tied to concerns about the power balance and loss of relative status and influence in the region. Together these concerns have contributed to a surge of interest in nuclear power in the region, almost certainly in part to signal to Iran and to their own populations that they have a hedging strategy.

Since 2006, 15 countries in the Middle East have announced new or revived plans to explore civilian nuclear energy. They have justified their interest in terms of electricity needs, energy diversification, a desire to conserve oil and gas for export earnings, and the role of nuclear energy in retarding global warming.

They do not talk openly about it in strategic terms and certainly do not say they want nuclear energy as the building block for an atomic bomb, but they do see nuclear energy as a status symbol and a way to keep technological pace with Iran. The question is how to keep this interest confined to purely civilian nuclear programs. Keeping Iran from getting nuclear weapons is the best preventative.

Nuclear power in itself is not a proliferation threat. It can contribute to proliferation risks by providing cover for clandestine activities and an industrial and personnel infrastructure that could be useful to a weapons program.

However, it is only the sensitive areas of the fuel cycle, primarily uranium enrichment and plutonium reprocessing, that represent the problem. If states agreed to forgo these technologies and to accept enforceable transparency measures, then nuclear power can contribute to their economic development without sparking proliferation concerns.

A good example of this is the decision by the United Arab Emirates to forgo enrichment and reprocessing and to accept the IAEA safeguards additional protocol. This sets a positive model for the region and beyond, in stark contrast with Iran. If such a stance helps the UAE to acquire state-of-the-art nuclear technology from the West, the Iranian people might well ask their leaders why they persist with policies that lead to increasing political and economic isolation while their Gulf neighbors can freely enjoy the benefits of peaceful nuclear cooperation.

Mr. Chairman, I'll stop here and submit the rest of my testimony -- prepared remarks.

SEN. KERRY: Well, Mr. Fitzpatrick, thank you. It's very important testimony, very detailed, and we are very, very appreciative for that update and look forward to some questions.

Mr. Sadjadpour?

MR. SADJADPOUR: Thank you very much, Mr. Chairman, Senator Lugar.

It's an honor to be here --

SEN. KERRY: Is your mike on?

MR. SADJADPOUR: I believe it is, yes.

SEN. KERRY: There it is, yeah.

MR. SADJADPOUR: I will speak louder.

I will be uncharacteristically brief for a Persian. I'll be brief in my oral testimony and I've gone into much greater detail in my written.

We're here to talk about the nuclear proliferation threat from Iran today, but I would submit that Iran has a sizable influence on six major U.S. foreign policy challenges.

There's nuclear proliferation, Iraq, Afghanistan, the Arab- Israeli conflict, energy security, and terrorism. And starting with this premise, I would argue, as you said, Mr. Chairman, that shunning Iran is no longer an option. I would argue confronting Iran

militarily will exacerbate each of these issues I just mentioned, and the option we're left with is talking to Iran. But the devil is in the details.

I think the first question which the Obama administration must probe is a seemingly simple one and that is, why does Iran behave the way that it does? Is Iranian behavior driven by this immutable ideology which was born out of the 1979 revolution and is really incapable of changing, or is Iranian behavior somehow a reaction to punitive U.S. measures, meaning could a different approach, namely a diplomatic U.S. approach, beget a more conciliatory Iranian response?

I don't think we know the answers to these questions, but the only way to test these hypotheses is with direct dialogue.

I would argue that the nuclear issue which we're here to talk about today is a symptom of the mistrust between the United States and Iran but is not an underlying cause of tension. And for this reason I don't believe that there exists a technical solution to this nuclear dispute.

If President Ahmadinejad were to announce a press conference tomorrow declaring that Iran has put its nuclear program to rest, no one would believe him, nor should we. And I believe that, again, there does not exist a technical solution to this issue. It will require a broader political accommodation between the United States and Iran whereby Washington reaches a modus vivendi with Tehran and Iran ceases its hostile approach toward Israel. And we can go into more detail about them.

Now, I would make three points with regards to policy recommendations. And the first point is to commence the dialogue with Iran by aiming to build confidence on areas of common interest. And of the six issues that I mentioned initially, I believe that Afghanistan and Iraq are the two best forums in which to build confidence with Iran.

These are two areas where there's broad overlapping interest. There's certainly some competing interest as well, but there are broad overlapping interests between the two countries, namely in Afghanistan. Iran does not want to see a resurgence of the Taliban. It's a Sunni fundamentalist cult which they almost fought a war with less than a decade ago.

Iran, like the United States, wants to see drug trafficking curtailed. And Iran, having received over 2 million Afghan refugees the last few decades, certainly does not want to see continued instability in Afghanistan.

And likewise we have common interests with Iran and Iraq. So I would say the first -- the best step to begin this conversation, after 30 years of mistrust, is to try to allay this mistrust by working on these areas of common interest. And I think those conversations, in and of themselves, could have an impact on Iran's nuclear disposition. If the United States is able to set a new tone and context for the relationship in Afghanistan and

elsewhere, I think that, in and of itself, could change the calculations -- the nuclear calculations -- of Iran's leadership.

The second point I would make is to focus on the supreme leader in Iran, Ayatollah Khamenei, not the president, not Mahmoud Ahmadinejad. Ayatollah Khamenei's constitutional authority dwarfs that of the president. He has authority of the main levels of state, the judiciary, the military, the media, and in the last several years he's emerged more powerful than he's ever been.

If you look at the most influential institutions within Iran, the Revolutionary Guards, the Guardian Council, the presidency, the parliament, they're all currently led by individuals who were either directly appointed by Khamenei or unfailingly loyal to him. So I think the focus should be on Ayatollah Khamenei, and I've gone into much greater detail in my testimony, my written testimony, about Khamenei.

But if I had to describe him in one word it would be mistrustful. He is deeply mistrustful of U.S. intentions. He believes that U.S. policy is not behavior change, it's regime change. And he is reluctant to show any type of compromise because he believes that if you compromise you project weakness and it will invite even more pressure. So I think one of the great challenges of the Obama administration will be to, a, deal directly with Khamenei and, b, try to allay this sense of mistrust and see how that might affect Iran's nuclear calculations.

The third point I would make -- and I would share this very much with Senator Lugar's initial comments -- is it's absolutely imperative that we maintain an airtight international approach that includes not only the Europeans but also the Russians, the Chinese and others as well. What's absolutely critical is that each country approach Iran with the same talking points, with the same red lines, because if different countries start to approach Iran with different red lines, I believe the entire international diplomatic approach could unravel. Iran is very adept at exploiting rifts within the international community, and again I believe it's absolutely critical that they receive the same talking points from all of our allies.

Now I see two major obstacles to any type of confidence building or potential thawing in the relationship.

And the first obstacle I would describe as the spoilers, and these are factions, entities, individuals who would not benefit from a warming of the U.S.-Iran relationship. And these are hard-liners in Tehran who thrive in isolation in the sense that they have quasi-monopolies on economic power, on political power, and they recognize that were Iran to open up to the world, it would dilute the hold they have on power now.

And in the past these spoilers have been incredibly adept at sabotaging or torpedoing any type of confidence building. They will send armed shipments meant to be discovered to Hamas, to Hezbollah. They will commit gratuitous human rights abuses. One of my friends, Roxana Saberi, who's an Iranian-American journalist, was imprisoned last month

in Tehran. She's been in Evin prison for the last month, and I believe these types of actions are meant to gratuitously sabotage any hope for confidence building.

And I think we, the United States, should not react by ceasing dialogue with Iran because that's precisely what they're hoping to achieve. And it is going to be tough, but I think we need to continue forward, and the big question is the will and the opinion of Ayatollah Khamenei himself. And despite his hostile rhetoric, we don't know deep down whether he's interested in having an amicable relationship or not with the United States.

But I would argue that if we reach out to Tehran and he rebuffs our overtures, it will create major issues and problems for him in Tehran because as Senator Lugar mentioned early on, he's presiding over a population which is overwhelmingly in favor of a normalization with Iran, and he's also amongst the political elite in Tehran, whom behind closed doors recognize that this "Death to America" culture of 1979 is obsolete in 2009. So I think that even if Iran's senior leadership rebuffs our efforts at overtures, it could create problems for them and could create cleavages in Tehran.

The second big obstacle I see is the Israeli-Palestinian conflict. And I see this as the big point of contention between the United States and Iran, not the nuclear issue. And what I would argue is that some type of a parallel-track negotiation, Arab-Israeli negotiations with Senator Mitchell, could do a great deal in forwarding U.S.-Iran confidence building.

And Iran's position toward Israel is incredibly rigid; I don't see them changing that position any time soon. But the important caveat is that Iran's leadership has long said that they will accept any agreement which the Palestinians themselves accept. And I think forward progress on the Arab-Israeli peace front could do wonders for U.S.-Iran confidence building.

The last point I'll end on is human rights and democracy, because I think there's a valid concern among some that if we talk to the Iranian regime we're somehow selling out the demands of the Iranian people, or dealing with the Iranian regime, engagement with the Iranian regime will be at the expense of the Iranian people.

And I would simply defer to Iran's human rights activists themselves and democratic activists themselves, namely Nobel Peace laureate Shirin Ebadi, who argues that allaying the threat perception of the regime in Tehran and trying to reintegrate Iran into the international global economy will really expedite political reform, economic reform in Iran. And it will simply create more fertile ground for democracy and human rights. Thank you very much.

SEN. KERRY: Thank you very much, Mr. Sadjadpour. It was a very interesting testimony. I know there will be considerable follow-up.

Ambassador Wisner, I should introduce you probably as ambassador to everywhere.

MR. WISNER: (Laughs.)

SEN. KERRY: You have had as many ambassadorships as anybody I know.

MR. WISNER: Mr. Chairman, Senator Lugar, gentlemen, I am, as my colleagues on the dais are here today, extremely pleased to return to the committee and have a chance to engage with you on this extraordinarily important subject. Like my colleagues, I too will enter my written testimony for the record and give you instead a brief summary of the principal points I made and address in addition the nuclear issue and its effect on the region and the international community, the principal focus of your hearing.

I am going to start, however, roughly in the same direction that Karim Sadjadpour just undertook to provide a political context, for if we do not figure out exactly where we are and where we're headed, then engaging on the nuclear question is a much more complicated exercise.

So first let me open with a core contention -- Senator Kerry, it matches your opening remarks -- and that is Iran is important, Iran is dangerous, Iran is urgent and we have no choice but to deal with Iran despite the negatives, for Iran is vitally important to the region, it touches on every issue that we face in the Middle East and every interest of every one of our friends and allies.

In short, if we're to make any progress with the questions we face in Iraq, Afghanistan, over the nuclear question, energy issues, Israel, Palestine, we have to be able to take Iran into account and deal with it. I reached that conclusion over a decade ago when I was sent to deal with the Russians on the question of nuclear technology flight to Iran. I haven't budged for a moment since. Engaging Iran diplomatically, not just plain talking but engaging and finding grounds for negotiations, is a political imperative.

The second point I would make is similar as well to my colleagues and that is I do not believe in a military option. I have grave questions about its utility in the nuclear case and I believe in all the other issues that we would face, we face with Iran, there is no room for a military response. In fact, the opposite is true. The engagement on a military option with Iran would set us back not only with Iran and our ability to make progress on the many issues with which we need traction but beyond Iran throughout the Muslim world.

My third point is that I am a relative optimist about the possibility of political engagement with Iran, including on the nuclear issue. I don't limit my remarks to my sense of the situation to recent signals received from the leadership in Tehran or other Iranian diplomatic representatives, nor do I limit myself to the generally favorable reaction our new president has had after his advent in the White House throughout the region. I look more closely at the enormous vulnerabilities that Iran has today: her political isolation, the weakness of her economy, her internal political divisions. But I look further than that at the long traditions of Iranian statecraft, which are based on realism, a sense that Iran has got to survive in a very difficult world and that Iran is a nation that must manage its national security. And that is its overwhelming imperative.

It's those issues, the issues of national survival, that are first and foremost on Iran's mind and that gives me some hope that we can get traction if we choose to engage and engage fully. But I won't pretend for a moment that dealing with the Iranians will not be extremely tough. There will be many setbacks, many deceptions. Iran is a tough adversary across any negotiating table.

My fifth point is that I personally welcome, as I'm certain all of us do, the appointment of a new special representative to take a hard look at Iran and our foreign policy in Dennis Ross, a man with great experience in the region and an expert in the field of statecraft, and I can only wish him well. But as we approach the question of engagement with Iran, I think there are some questions we've got to keep in mind. So let me add a few thoughts to the list my colleagues have already outlined.

I believe that you cannot pick and choose issues with the Iranians and I include the nuclear issue. If you try to take one issue out of the cherry pie, you will not succeed in addressing it. We must have a global approach to the questions we deal with Iran. All are related to Iranian perceptions of national dignity and national security.

Second, I believe that it is vitally important to get the political context right at the top. If you don't have the ayatollah or the supreme leader engaged with the president of the United States in agreement on what constitutes the terrain of engagement, you won't be able to engage on any single issue, including the nuclear issue. In short, and I cited in my testimony the example of President Nixon and Chairman Mao: If you don't have an understanding at the top of what constitutes an acceptable political engagement, you cannot pick apart the issues and be able to sustain a negotiation.

The third point I'd make is it's a long ways from here to where we need to end up with Iran. The outcome at the end of the day is full restoration of diplomatic relations, but there are many steps along that way. They could start literally very shortly, Senator Kerry, with our diplomats being able to speak to Iranians around the world. That's now not possible.

It can go beyond to very careful reconsideration of the commitments we made in Algiers in 1981 not to interfere in Iran's internal affairs. We could deal with the dangers we face every day in the Gulf, where our Navy and Iranian ships come uncomfortably close to one another. Air flights between the United States and Iran, cooperation on mutual issues like narcotics, diplomatic travel -- all, in my judgment, ways on a way station to build both confidence and create an environment in which we can deal with the tough questions, including the nuclear one.

I further advise great caution in coming close to any question related to Iranian domestic politics. I do not believe our pretensions to regime change have done anything but set the prospect of diplomacy back and created enormous complexities. It shows us, in fact, doubling back on our own word that we struck in 1981. But I don't recommend we make any apologies, either. We don't need to apologize for our past history, and Iran has every reason to stay in the bounds of propriety in speaking about us.

We need not try to figure out who's going to be on top in Iran. Our job is to deal with Iran as a nation. It is not a problem or a cluster of problems but a nation, a country with major regional influence, a nation with which the United States must come to terms.

I finally believe that it is vitally important we broaden our diplomacy. If we engage Iran, we can't do it alone. We've got to be prepared to sit down and do business with Syria, with the Palestinians, with the range of interests we face elsewhere in the Middle East. We also have to take into account the extraordinary sensitivities of those we are close to in the region -- the Sunni Arabs, Israel -- that rightly feels disobliged by the threats that Iran has sent, our European allies, the Russians, the Chinese, Japan. Their interests, in each case, are at play. There is no way we can proceed in any engagement with Iran without great transparency, without making it clear where we're headed and how we're going to go about it. Tactics are a different matter. We can engage in timing and in our meetings on grounds of secrecy, but strategic transparency is vital.

So let me turn then with a couple of thoughts on the nuclear question. I warn, however, in addressing it, not to look at it in isolation, for it is not one issue between the United States and Iran but part of the whole and has to be dealt with in a context. But it is so vitally important. However old and however long-standing the Iranian program is, and, yes, it goes back to the time of the shah, and however worn the Iranian arguments of legality, the Iranian nuclear pretensions are inherently destabilizing. There is so little trust between Iran and ourselves in the region that one can look at it in no other way. No nation in the region is unaffected by what Iran has attempted to do with its nuclear capability, and as we think about the NPT regime, a breakout by Iran is truly worrying.

As Henry Kissinger is wont to argue, if you think of Russia in the old days and the United States and then China, Russia and the United States and then Europeans, and now India and Pakistan, how many miscalculations each time you increase the circle of nuclear weapons holders can we face without a severe nuclear problem occurring?

So I would prefer, like everyone, not to have a nuclear Iran. But I also believe, as we approach it and try to contain the Iranian issue, we must not break ranks with the Europeans or our Security Council partners the Russians and the Chinese. Getting together and having common points is going to be very tough and it will, by necessity, mean we'll have to water down the lines we use.

Sanctions, of course, have their place. Trade controls, financial controls set a standard of concern about how we see the nuclear issue. But I think, like each one of you, we -- I sense we need a new approach, a different way of looking at the issue. We need to be talking to the Iranians more than the one-off appearance of Bill Burns under the previous administration. We need to be sustained. We have to deal with the Iranians within the strategic situation that they face. And that means we're going to have to manage our relationships with our friends in the region very carefully, including defensive measures. We have to think about enhancing anti-missile systems among our Arab friends. We have to think of security guarantees. We're going to even have to think about the ways, special ways we can deal with Israel's well-founded concerns.

But, in the end, I've come in my own mind to a question that troubles me but it has to be on the table, and that is Iran, for reasons of its own, both reasons of pride and national security, is determined to produce a nuclear weapons capability and it is not going to be dissuaded in any easy manner. I therefore have come to believe that the line of argument Ambassador Leurs and Ambassador Pickering advanced in the New York Review of Books several weeks ago of arguing that we, in the end, have to accept a degree of uranium enrichment inside of Iran. Under nuclear -- under international ownership and supervision, intense IAEA scrutiny is a line of approach that is worth pursuing.

Finally, gentlemen, let me close by noting that I believe it's not only the nuclear issue that drives us to conclude to engage with Iran. We put off the question of dealing with Iran for much too long and the stakes have gone up. The miscalculations that could occur, the possibility of violent confrontation and the opportunities lost by not engaging -- the costs are simply too high. We need a political engagement and we need one that keeps the international community alive to the fact that the United States is capable of conducting diplomacy. And search, search as Iranians are beginning to hint these days, for common ground. Don't know if we'll find it, we won't get there easily, but we have to try.

Thank you.

SEN. KERRY: Thank you, Ambassador.

Ambassador Haass.

MR. HAASS: Thank you, Mr. Chairman, and thank you for inviting me before the Senate Foreign Relations Committee today, where I realize 35 years ago it was here that I had my first job beyond the corner drugstore and Baskin-Robbins. So it's good to be back.

SEN. KERRY: Welcome back. We've still got a few openings. (Laughter.)

MR. HAASS: What I thought I'd focus on in my oral remarks is the prescriptive side of what we're talking about today, in part because it would be so hard to do better than what we've heard analytically.

I agree the United States should offer to talk with the government of Iran, not as a reward but simply a recognition that ignoring it has not weakened it or isolated Iran. To put it bluntly, regime change is a wish, not a strategy, and we need to have a strategy.

In doing that, the United States should resist setting preconditions on Iran's nuclear program or other troubling aspects of its foreign policy or domestic policy. What matters most in a negotiation is not where you begin but where you come out, and we should not lose sight of that.

We should also, and I think here I am seconding my good friend Frank Wisner, resist Iranian calls for preconditions on their part or full apologies by the United States. The

focus of any negotiation, of any talks should be on the present and future, and if the Iranians insist on apologies by the United States, I would simply take it as a sign they are not serious.

It's true that we should have a comprehensive agenda but we -- among the things we should be resisting, I would suggest, is linkage. We should be open to making progress where we can; or to put it another way, we don't have to have progress everywhere in order to have progress anywhere. It may well be that Iraq and Afghanistan are two places the United States and Iran can realize some accommodation, despite the fact that we may well be unable to in the nuclear realm or vis-a-vis, say, Hamas.

My own experience, by the way, after 9/11, when I was put in charge by President Bush of coordinating our policy towards Afghanistan, was that the United States and Iran could make some progress working together in that country.

As others have said and I echo it, U.S. policy needs to be multilateral via with the IAEA, the other major powers or Iran's neighbors. There's no serious unilateral option for the United States and the goal should be to get international agreement on what we want of Iran, what we are prepared to do for Iran, but also what we are prepared to do to Iran if we can't get that agreement.

There's probably a division of labor between what happens bilaterally between the United States and Iran if such talks are undertaken as well as multilaterally. And I would simply say that it then becomes important that the United States make sure the various tracks are coordinated. It's a similar challenge that the United States faces with the North Korean negotiations. It ought not to be insuperable.

Russia will be a particularly important element of any talks. It ought to be a priority of the United States to gain Russian cooperation on Iran, and as has been reported and I support this, the United States should be willing to set aside its plans for missile deployments in central Europe and Eastern Europe if we can gain Russian support for our Iran policy. Foreign policy by the United States needs to be about priorities, and to put it bluntly, the Iran issue is a priority for us.

I would be wary of a containment policy of Iran in the region. It could simply, I believe, reinforce some tensions between Shi'as and Sunnis within countries which would not be in our interest. I believe also that to the extent the choice in the region becomes one of supporting Shi'as in Iran as opposed to Sunnis, the sorts of people will come to the fore in the Sunni world will not be people we are going to applaud or welcome. Sunni extremism, as we have learned the hard way, is just as much a threat to US interests in the region as can be Shi'a extremism or Iranian-backed imperial policies.

Let me turn to the new clear program for a few minutes. There are three choices. There's a military choice, there's the acquiescence choice or there is the diplomatic choice.

The military choice is a classic preventive attack, and I underscore the word preventive. We are not yet at a moment where we would have to contemplate preemptive strikes. No Iranian capability or use of that capability is imminent so the military option that is before the United States is a classic preventive strike to try to stop or interrupt what you might describe as a gathering threat. The question is what such a strike could accomplish. It is impossible to destroy what you don't know about and it's not always possible to destroy what you do know about. So I believe we need to be sober about what a military strike could accomplish.

But secondly and perhaps just as important, whatever it could accomplish we should not delude ourselves that the scenario would stop there. Iran would surely retaliate using tools that are available to it in places where it can exercise or deploy those tools; I would think in Iraq, Afghanistan, also possibly in ways that would dramatically increase the price of energy. And I would simply say coming against the backdrop of where we are economically, we need to think hard about that.

I also believe, based on my own experience, that despite the sometimes whisperings of certain Arab governments that we'd welcome such a strike, I am not persuaded that in reality they would. And one should always be careful about what governments are willing to tell us privately but not said publicly and we should not therefore assume that we would have anything like the widespread support in the Arab world that certain individuals in the Arab world suggest.

And last, the Iranians would then go about reconstructing their nuclear option with even greater determination and greater domestic support to do so and they would probably then go about it in a way where a second preventive strike would be that much more difficult. So at most, even under the most optimistic scenarios, this would be a most -- a successful preventive strike now would not solve the problem by any means, either as regards Iran's nuclear program or its foreign policy more broadly.

So let me turn to the second option, that of tolerating or acquiescing in some type of an Iranian large-scale enrichment capability -- what you might call it a near-nuclear weapons option. Even if it didn't go any farther than that, it would have consequences and costs. I believe it would increase Iranian assertiveness around the region which is already quite great, as we've seen over the last half dozen years. It would prompt other countries to follow suit, as has already been described.

It would also leave Israel and Iran on something of a hair trigger. Imagine if you had the sort of crisis that you had several years in Lebanon between Israel and Hezbollah in a context in which Iran had a near or actual nuclear weapons capability. The potential for instability and conceivably the introduction of nuclear threats or nuclear use into the Middle East I believe could not be dismissed.

More broadly, if Iran developed some sort of a near nuclear capability, we would obviously want to introduce greater sanctions and threats to deter it from crossing red

lines -- for example the red line from going to low-enriched uranium to high-enriched uranium. Weaponization would be yet another red line, as would testing.

We also want to think about setting down certain understandings about transfer of materials or capabilities, and obviously there is the question of use, and that our side, on top of all of that, there are things that we would do to enhance defense in the region. And this would involve such things as missile defense, selective security guarantees to local states, declaratory policy towards Iran about such issues as mobilization of our nuclear forces, crossing various red lines, transfer or use.

Essentially we would be in the business of nuclear management with all the policy elements that that would introduce into our foreign policy. Given that, the best course is obviously one that will lead Iran -- is a diplomatic course that would lead Iran to suspend or, better yet, give up its national enrichment program. We would offer political, economic, energy and strategic incentives for Iran to do so, again, as well as the threats about what would happen if it were not -- if you did not do so. These would, again, be put forward multilaterally.

My own sense is I think it is unlikely that we will succeed down this path given how popular the so-called right to enrich is within Iran and given how far along Iran is. I believe then a negotiation really will need to focus on whether Iran is allowed to have some enrichment activity or, to put it another way, how the right to enrich is defined. What is the scale and what is the degree of transparency? What is the degree of IAEA access? And I would simply say our response ought to be calibrated to this: that sanctions relief, such as it is, would be directly linked to what it was Iran agreed to in terms of scale of a program, state of the program and transparency of a program.

Last two points: the timing all of this; I believe the United States now ought to use the time to put together a preferred national position and then ought to use the next few months to sell it internationally. If there is an effective road to Tehran, it is most certainly through such places as Moscow, London, Paris, Berlin and Beijing. And so it may then actually put moot this question of the timing vis-a-vis when we would put something forward vis-a-vis an Iranian election.

My own sense is this will take several months for us to line up the sort of necessary international support that we would need, and in my own view, this is probably just as well. I am uneasy about introducing new proposals in the context of the Iranian election cycle, though I also totally agree with the dangers of thinking that we can somehow play Iranian politics in ways that will work in our favor. So again, my focus would be on lining up the international support.

Last issue, whatever it is we line up, we ought to do ultimately publicly. It's odd for me to say this because as someone who spent a lot of his career as a diplomat, we like to do things in private, but this ought to be done in public as much as possible, and the reason is twofold. It is important to let the Iranian people see the reasonableness and the

attractiveness of what could be theirs if they agree to play the international game, so to speak, by the rules.

And it's important also that the Iranian government be pressured by the Iranian people to explain why it is they have sacrificed Iran's future, why it is they have compromised what could be Iran's standard of living to pursue this nuclear dream. Let the regime have to justify that against the backdrop of inflation that is above 30 percent, against rising unemployment, against a backdrop of low oil prices. It should be made public to let them explain their choice.

Going public has another advantage. It helps (Shi'a ?) and it helps around the world. If we can demonstrate that what we are offering Iran is reasonable, I would suggest it will make it less difficult for us to rally the sort of international support we want, if it comes to that, for escalation, whether sanctions or what have you. It's important that we in a sense take the high road, that we show that we have passed the reasonable test and it is Iran that has essentially rejected a fair and reasonable course that is put forward to it.

Thanks very much.

SEN. KERRY: Well, thank you all very much. Very complicated questions, obviously; appreciate your testimony enormously.

Let me just begin by asking right up front, what is the appropriate red line? Is there a red line that needs to be drawn? Obviously the Bush administration drew some and we passed by them in sequence so the message is one of ambiguity, if not impotence. And the question now to be asked by a new administration and by us here is, is there a red line? If so, what is it?

MR. HAASS: Is that question to me?

SEN. KERRY: Sure. Ambassador Haass, Ambassador Wisner, and then I'd like --

MR. HAASS: Let me just say one thing, Mr. Chairman, that you understand and I think -
-

SEN. KERRY: Is your mike --

MR. HAASS: Now it is.

Let me say one thing, Mr. Chairman, that's implicit in your question: Red lines have consequences. When the United States says something is a red line -- when the United States says a course of action is unacceptable, those are not words that we ought to use lightly. If we do, we simply devalue the currency and that will have consequences not simply vis-a-vis Iran but vis-a-vis every other thing we do in the world diplomatically.

SEN. KERRY: I couldn't agree with you more, but let me say as a preface to the rest of your answer, many countries, ourselves included, have already made many public declarations about the unacceptability of a nuclear weapon in Iran. And that is the current policy. It's also been adopted by the sanctions regime and otherwise. So the question is, you know, are we prepared to enforce that; if so, how does one?

MR. HAASS: What I would do in this is not explicitly do anything that would undo that. There's no reason to invite or give a green light to Iran going down that path. What I would do, though, is have -- and coming back to something I said before -- a relationship between Iran's progression down a nuclear path and what it would expect were it to cross certain thresholds.

Right now what we have, if you will, is Iran at what you might call industrial-scale low-enriched threshold. It has crossed that threshold or reached that threshold. And if they stay there and do not roll that back, what I would try to do is negotiate an international package of sanctions that would stay in place so long as they stayed at that level and did not roll it back. And I would also make clear what would be the incentives for them to do it.

I would then have additional packages of sanctions and other measures that would be introduced were they to go through other potential steps -- for example, scale -- an even greater scale, as Mark laid out. Or --

SEN. KERRY: There are a series of sanctions, which we've talked about here, that can get much tougher.

MR. HAASS: Right, including, for example, such things as when Iran would -- we would try to get a U.N. security resolution that would call for a ban on the export to Iran of refined petroleum, one of the things that Iran's economy, as you know, needs. And a follow-up to that, almost akin to some of the Iraq resolutions from 1990- 1991, would be to provide the authority for all necessary means to enforce such a ban on petroleum exports to Iran. So I would be prepared to suggest --

SEN. KERRY: You would be prepared to do that notwithstanding whatever potential impact there might be on oil prices?

MR. HAASS: I would think that we would have to -- that's the sort of policy review we should go through domestically and that we should try to sell internationally. And as I say in my written statement, one of the things we've got to do if we're going to go down this path with Iran is you can't do it in isolation from a serious strategy to try to reduce American use of and consumption of oil; to leave ourselves as exposed as we are reduces our ability to do the sort of escalatory measures we're just discussing here.

SEN. KERRY: Mr. Wisner?

MR. WISNER: Senator -- I think my mike's on -- I've followed, as you have, our diplomacy now for a number of years and we have talked throughout about red lines on acceptability. We've set deadlines, we've -- I think frankly, as we look at the next stage, we should start emphasizing the positive. Richard Haass has outlined many steps that we could take; I've tried to indicate the importance of addressing Iran's security circumstances of engaging it more generally, begin to emphasize the positive side of the agenda. That does not mean removing from the table the negative, the negative side, but rather than emphasizing publicly the negative side and then being unable to deliver on it, either in our dealing with the Security Council, notably the Russians and the Chinese, I would prefer to downplay the negative but be very serious about organizing it, to give us --

SEN. KERRY: Well, here's the problem with that, and it's the problem with our overall policy, it's the problem with the road we've traveled. You know, these folks are smart; people know how to read the tea leaves. You either have consequences or you don't in foreign policy, and if people believe that you don't, they're going to make a set of judgments accordingly.

It would be my preference and everybody on this committee's preference that Iran understand, you know, we're not -- regime change isn't on the table; we're not sitting here -- you know, we're looking for a way to engage and to find the positive. But if they continue to try to develop a bomb, which is the judgment most people are making they are doing, well, there's a question whether they're developing the capability or whether they then go to the weaponization.

And so that's sort of part of my question is do we draw a line that we mean something about and then go out to the international community, because either the arms race of the Middle East is unacceptable -- I mean Egypt, Saudi Arabia, if they feel threatened and decide this, then the whole thing begins to unravel. So we have to decide what is the line at which we are serious, at which the world is prepared to take steps. And the Iranians have to understand that, do they not?

MR. WISNER: Senator, you're absolutely right. The red line that I'm suggesting is one we draw internally, but using it to threaten the Iranians, we've seen the consequences --

SEN. KERRY: Doesn't do a lot, I agree.

MR. WISNER: Doesn't do a lot. That we have our own red line, that we organize our diplomacy to meet that red line, I'm fully in support of. I'd want to try to change the approach to the problem so we're trying to engage the Iranians, showing there's flexibility --

SEN. KERRY: Great.

MR. WISNER: -- in our diplomacy, while internally we are very tough about the provisions we put in place --

SEN. KERRY: What we might do. So fair enough.

So, Mr. Sadjadpour, how do we make certain that as we engage in that process the talking, the delay -- the process is not misinterpreted, that there is a clarity to what we believe is real and it's communicated in a way that it isn't a threat, that it's a reality but not a bullying, if you will, not a sort of -- you know, pressure point is just a reality, and we reduce the tensions but they don't misinterpret the fact that we're engaging in the diplomacy is an excuse to then put us in a position where alternatives have been taken away from everybody?

MR. SADJADPOUR: Well, I think it's a delicate balance, Senator Kerry, because as I see it, the short-term tactics and the long-term strategy are at loggerheads in the sense that I think in the short term it's imperative that we make it very clear to the Iranians and to President Ahmadinejad that a belligerent, noncompromising approach is not going to reap rewards. And what we've challenged them with is greater sanctions, greater political and economic isolation.

The problem, as I see it, is that the hardliners in Tehran thrive in isolation. I describe them as weeds that only grow in the dark. So they actually -- it's not a stick to them; in some ways it's a carrot, and ultimately our problem with Iran is the character of the Iranian regime.

As David Frum, President Bush's former speechwriter once said, you can enrich uranium and you can call for Israel to be wiped off the map, but you can't do both at the same time.

So the problem is the character of this regime, and my concern is that the measures we're taking to send the signal to them that their belligerent approach is not going to reap rewards strengthens the individuals we're trying to hurt.

So I've been doing some research in Dubai because Dubai is the place -- Dubai is the arena where Iran is most effectively circumventing the sanctions regime and allaying their economic isolation. And when I talk to businessmen in Dubai -- you run into businessmen who are going back and forth and European businessmen and foreign businessmen who are dealing with Iran -- the recommendations they always have are to have more targeted, effective sanctions targeting senior officials within Tehran, as opposed to kind of these broader sanctions which simply strengthen the regime's hold over the economy and are not conducive to economic and political reform.

SEN. KERRY: Well, my time is up. I want to recognize Senator Lugar, but as I do, let me just say that I agree completely -- I think it was Ambassador Haass who said, you know, I don't think we should pretend that we have the ability to affect the Iranian elections; we don't. But I don't think we should give any read, of any kind of interpretation in the next months that allows anybody to exploit it or play games with it.

And I completely believe that we must be organizing the global, the international community's clear understanding of what this line is or isn't, of what we're prepared to do or not, and then engage in the diplomacy that makes it as attractive and as feasible and as possible to be able to all of us move down a different road.

I was struck by the fact -- I mean, there really is a positive side to what a relationship could produce in terms of Afghanistan, Iraq, energy, any number of other issues. And those are much bigger than any of the other kinds of things that have been allowed to define this. So I hope we'll take advantage of that.

Senator Lugar.

SEN. LUGAR: Well, let me just pick up where you left off, Mr. Chairman, as you've talked about the positive side. I've made notes that I'll want to utilize as we have this dialogue, and one of the positive sides, although it may be superficial, is that there is a new administration; there's a congratulatory letter that's come from the president of Iran to President Obama. Some would say that it may not be complete sincere or what have you. But nevertheless, this is true of many countries around the world, who look for a new policy.

Some of you have suggested that we formulate in the next few weeks a new policy and that we do so publicly; in other words, that the American people have some idea of what the arguments are, as they will listening to our conversation this morning, but even then as people who are very sincere within the administration and the Congress really try to pin down what it is that we want to do.

And it's not a question only of selling it then to the international community, it will be selling it to the American people. We've been on a course, at least some Americans, that starting with the idea of the "axis of evil," that there were three targets and Iran was one of them.

And the regime change idea has been out there and the thought may still be out there that somehow, in fact, people suggest that in a foreign assistance way we try to help various groups within Iran who are democratically inclined and infiltrate the system and this hasn't died altogether. So we really have a debate within our congregation here.

But let us say that we finally decide what this policy is and I think, as you said, Dr. Haass, that this may not come easily for us, quite apart from our explanation to our allies. But let's say we try to sell it to the allies and we have some of the problems that we have had already with Russia and China but likewise with Europeans who have commercial interests and others, not an easy sell to any of the above, so perhaps we understand that, that there are all sorts of agendas.

Now meanwhile, we're busy, all of us, working through the problems of Afghanistan and Pakistan, which we know intersect Iran. As some of you suggested, perhaps some rapport

or (constancy ?) of feeling may occur here; that requires probably at minimum some Americans talking to some Iranians.

So maybe even as we formulate our overall policy, we have some early ideas, maybe points one, two and three. It's okay to talk to Iranians, for example. Might be interesting to find how we ever reached these Iranian students, who we believe have some affinity for us. In other words, how communication with people in Iran produces some results because, as all of you have said, we want the people of Iran to be watching this too, not only our allies and the American people but watching the whole argument, that we really are trying to think about a relationship here in a comprehensive way. And we have differences of opinion within our country but we're trying to resolve those.

Now finally, it seems to me we come, as some of you suggested, where there could be if we get into economic sanctions, some more of them or a different form, all sorts of degrees of this, and one point which is hard for any of us to make because we don't know what the outcome is going to be of 2009 in our own economy, quite apart from the economy of Russia or even China or Iran.

In the past we could not have imagined six, eight, nine months ago what the changes would be in foreign policy created by huge changes in the economies of countries around the world whose banking systems are in jeopardy, whose incomes, coming from oil or other natural resources, have changed markedly. Iran is such a case. As you pointed out, perhaps the ayatollah is unaffected by the economy.

Conceivably the GDP of Iran may sink almost interminably and you would still have religious faith that you're on the right trail, but my guess is if we have been successful in our arguments and the transparency of what we're doing better in our communications so the Iranian people know what we're doing, then the placing of sanctions, the turning of the screws, sort of one ratchet after another, really do have much more consequence as people understand that we are thinking about the Iranian economy, that in the same way we are expressing how our GDP is declining, we have pretty good statistics in our papers of what's happening in Iran so far as we know.

For the moment, we have a superficial idea and we have a feeling it affects the politics of the country, the rural people who may or may not have been very well served, quite apart from students and so forth, but we've really not concentrated in an academic way on what does happen with sanctions in Iran.

And we probably ought to have that as a part of our argument with the international community, because other economies are going to be affected by either turning on or off various situations. But the overall affect of this could be positive, even if there are not decisive steps taken. In other words, the fact that we are engaging within our own population, with the world community, with Iranian public opinion, hopefully with Iranians themselves, as these things are possible, so that we come to the end of the day and we finally do have maybe an argument about how atomic or nuclear strategy ought to proceed in Iran, that the Iranians begin to come to grips with in addition to ourselves.

And I think, you know, you've sort of outlined each of these steps, but in my notes try to make explicit some course because the value of the hearing, it seems to me, is that we inform each other. We're all going to be involved in this argument and the policy formation, some more substantially than others. And before we have any policy, we're going to have to convince our constituency; we're going to have to talk about it in relationship to everything else and you've helped this immeasurably.

Let me just ask if any of you have any reactions to this overall summary that we've tried to give.

Yes, Richard?

MR. HAASS: As I listened to both you and to Senator Kerry and to my colleagues here, I increasingly think for the United States diplomatically the single biggest question in the nuclear realm that will meet us in the next few months is whether we are prepared to accept a limited Iranian right to enrich.

If we basically insist that they have zero enrichment, I believe there is a negligible chance we can ever get them to accept that or that we could ever set in motion a debate in that country where no matter what was offered to them it would be a desirable deal. I also believe a zero-enrichment insistence would make it very difficult for us to build the requisite degree of multilateral international support for the kind of sanctions escalation we're thinking of.

So my own position is that we ought to think very hard about defining what is a limited Iranian enrichment capability. And if we do that and say if you limit it to this, and if you accept this degree of transparency and inspection, we can then offer you the following incentives and we may still keep in place some limited sanctions because our preference would be you go down to zero.

And if you don't accept this, going back to Senator Kerry's question, which is also really in yours, as you go down certain paths here would be the mix of incentives and sanctions would change in a way that would not be to your liking. But I really do believe some willingness to accept the so-called or, quote-unquote, right to enrich is essential both for winning the argument in Iran that what we're offering to them is worth their taking and it's necessary for winning the argument in places like Moscow and Beijing.

And I'm sad to say I think we've reached that point and we can argue whether seven or eight years we might have been able to head off ever reaching to that point, but I believe that is where our foreign policy is now.

SEN. LUGAR: Mr. Sadjadpour?

MR. SADJADPOUR: I would second Dr. Haass's comments and I would say that I would argue we need not concede that right before the negotiations take place, but certainly as part of an end game I think it would be something more palatable to our

allies. I would make a couple points. One is that when the United States prosecuted the Iraq war, we pursued very strong resolutions at the U.N., and therefore we achieved a very weak coalition.

And I think our strategy with regards to Iran need be the opposite in the sense that we pursue initially somewhat weaker resolutions in order to achieve a broad, airtight coalition, because I think what the Iranian leadership fears is not an amplification of existing U.S. sanctions or European sanctions, what they fear is the day when not even the Russians or the Chinese or the Indians are returning their phone calls. This is what I think will concentrate Iranian minds the most.

And the second point is what you mentioned, Senator Lugar, and that's the contraction of oil prices. I once did a study charting the price of oil from 1979 to the present and charting major Iranian foreign policy milestones. And I can tell you it's not coincidental that in 1997 when then-President Khatami first called for a dialogue of civilizations, oil was at \$12 a barrel, and when President Ahmadinejad first denied the Holocaust, oil was at \$80 a barrel. So I think this will be our best weapon in continuing forward with Iran, this contraction of oil prices, coupled with a very airtight multilateral approach.

SEN. LUGAR: My time has expired, but I appreciate almost -- the description of metrics of trying to determine how much enrichment is possible or how we're progressing, on the other hand, how the screws are turned, what they do with regard to this, whether it be the oil prices, the international community and what have you. But it's very helpful.

Thank you, Mr. Chairman.

SEN. KERRY: Thank you, Senator Lugar.

Senator Casey.

SEN. ROBERT P. CASEY JR. (D-PA): Mr. Chairman, thank you very much, and I appreciate this opportunity for us to examine with these experts the national security challenge that we face with regard to Iran and also to explore the options. So thank you for making this opportunity possible; it's a critically important issue.

I wanted to try to get to about three areas, if possible. The first one I wanted to direct Mr. Fitzpatrick's attention to just a very brief background that I'll provide and then also your testimony on some of the technical aspects of this.

For those of us who are not scientists, I'm going to try to achieve some clarity. One of the problems with the question of where Iran is with its nuclear capability, both where they are and what the time frame is, is we get a -- it's almost like we get a continual stream of pronouncements about where they are and what the time frame is and after a while there is kind of a blizzard of facts and seemingly inconsistent assertions about it. Even this weekend we saw Secretary Gates saying something and Admiral Mullen saying something, which seemed to be, if you read it carefully, you can read them together and

may not have an inconsistency, but the way they're -- sometimes the way they're articulated can be confusing.

I'm looking at two descriptions here; one is yours. I'll start with a general summary here of something that isn't in your testimony but I think is consistent, the annual threat assessment presented -- or submitted, I should say to the Senate Committee on Intelligence saying that the key components that Iran had to successfully complete in order to obtain a nuclear weapon are the following: number one, production of fissile material -- we know that; two, effective means for delivery, for weapons delivery; and three, design, weaponization and testing of the warhead.

And I noticed in your testimony -- first of all, it's helpful when you make statements in your testimony like having a stockpile of enriched uranium is not the same thing as having a bomb. In the public press sometimes they get confused. But I was interested in the top of Page 3 of your testimony where you say for a weapon the low- enriched uranium first would have to be further enriched in 90 percent or more, and then you go on from there.

Could you answer the question to as, number one, what are the specific steps the Iranian regime would have to take to reach the point where they could actually launch a nuclear weapon, in other words, the ultimate threat? And number two, what is the time frame that you think within which that could happen? Because we hear all kinds of time frames, 2010 to '15, some say 2013. Just like on the question itself, the time frame is -- has become kind of a blizzard of assertions.

MR. FITZPATRICK: Thank you, Mr. Senator. I'll try to answer the question directly.

The first step Iran would have to enrich further to 90 percent. As I said, most of the work has already been done by the time you get to low enrich, but it will take several weeks to get to highly enriched. They could do that either at Natanz, in which case they would probably have to reconfigure the cascades, or if they had some hidden facility somewhere, which we don't know whether they do or not. But maybe in a worst-case scenario one might think that they might.

SEN. CASEY: That would be step one.

MR. FITZPATRICK: That would be step one, further enriching to HEU.

Step two would be to take this highly enriched gasified uranium, reconvert it to metal form and fashion the metal into a pit for a weapon and then, associated with that, build the weapon itself, the various firing mechanisms and so forth. And all of that kind of work is unclassified and I said in my testimony an estimate might be at least six months or more. A third step would be then --

SEN. CASEY: Six months for that step?

MR. FITZPATRICK: At least six months for that step of weaponization.

Then the third step would be to have some means of delivering the weapon. The means that is usually talked about is a missile, and Iran has been working steadily on missiles and there is evidence that they were trying to design a nose cone that could accommodate a weapon, and that's probably the most likely, but one could also deliver a nuclear weapon in the back of a truck. And so the delivery -- it's a little bit harder to answer that question of how long to build a missile and how far they are in being able to mate the two.

I think the reason that the intelligence community has given this wide range of 2010 to 2015 is because the 2010 is the worst case. If they were to take the uranium they have now, further enrich it to HEU, takes several months, and then at least six months to weaponize it and then maybe they already have a missile they could use, so that's the 2010. But each of those is a lot of big ifs there and therefore it might take longer.

And one should stress, just having one weapon doesn't really -- you know, that's a huge risk for them to take, to try to further enrich it; the inspectors would know. Just to get one weapon, it doesn't seem logical that they would do that. Probably they would want to be able to -- you know, if you're going to take that risk and have more.

SEN. CASEY: Thank you for that, and I wanted to pursue it a little further, but I'll move on because I know we have limited time.

I wanted to move to the question of the relationship between this threat -- and I'm directing my question to Ambassador Wisner and also to Mr. Haass -- the question of this threat that we're here to discuss and the posture that Iran has to Israel, which is obviously extremely adverse and hostile.

And I guess the first question I have is with regard to what's happening right now. Is it your belief that Iran is actively undermining the peace process in the Middle East right now? If that is your belief, what's the evidence of that?

MR. WISNER: Senator, the obvious facts are on the table. The Iranian -- I don't think it comes on --

SEN. CASEY: Now it's on.

MR. WISNER: Senator, the obvious facts are on the table. The Iranians do not recognize the state of Israel. We have in the president of Iran a Holocaust denier. Iran has been a principal source of advice, finance, arms to Hezbollah. Iran is deeply involved with Hamas -- many aspects that you look at with regard to Iranian behavior that are distinctly hostile to the state of Israel.

But I don't think -- and I think your question goes -- whether that's the whole story. I believe the Iranians are ambivalent about Israel. They are realists at heart. They do not

believe that Israel can be eliminated, but they are also determined to make the point that Israel cannot be a launching pad for us or anyone else in a threat to them.

I spent one evening some years ago with former Iranian president and said: "Don't you realize, Mr. President, how dangerous it is, the armaments you're giving to Hezbollah, the militarization of southern Lebanon, the undertakings with Hamas? It can blow Israel at war and Lebanon. It spreads to Syria. We're involved, you're involved."

And Khatami looked back and me and he said, you've got to remember, we plan our defense along external lines; we're trying to keep you from putting your hand around our throat.

Now, I don't ask that you take such a statement at face value. But to try to look at the world that Iran sees from inside of Iran leads me back to the point that Senator Lugar made and that is that it is vitally important we address, we sit down and begin as part of our dialogue an exploration of what is security to Iran and how to deal with the issue of security.

I am enormously taken by what Richard Haass said, Senator Lugar, in talking about finding a way to accept a degree of Iranian enrichment. But I warn Richard, all of us, that if you go too quickly to that conclusion without rooting it in a security understanding with the Iranians, you may have cast over -- cast aside a vitally useful way of settling the nuclear matter, because you won't have dealt with confidence, you won't have dealt with the core issues of Iranian security.

So I like what Richard proposed to you, but I would say careful, don't play that card too quickly.

SEN. CASEY: I think my time's up.

MR. WISNER: Get your hands around the security question. Forgive me for --

SEN. CASEY: That's okay. My time's up, but I wanted to maybe take one minute for -- if it's possible -- Mr. Haass just to respond as well.

MR. HAASS: I don't believe Iran can stop what's probably the most promising possibility for a diplomatic breakthrough between Israel and its neighbors, which is Israel and Syria.

The Syrian government is in a position if it wants to, and there's some reason to believe it might, to enter into serious negotiations with Israel that could end the state of war between those two countries. Iran wouldn't like it, but I do not believe Iran is in a position to prevent it. And that's by far the most -- of all the situations in the Middle East, it's the one that's the most ripe for diplomatic progress.

Iran has many more cards to play obviously vis-a-vis the Palestinians. But there I'd simply say Iran cannot prevent the United States or the European Union or anybody else from building up Palestinian policing capabilities, improving the economic situation on the West Bank, nor can Iran prevent President Obama, say, from giving a major speech in which he articulates what the United States believes a fair and reasonable Middle East settlement might look like, which in turn might give the moderates in the Palestinian world a powerful argument for explaining to their own people why moderation works and the guys with the guns will get them nowhere.

So yes, Iran has and will continue to try to frustrate the Middle East peace process. But they do not have a veto over what can happen.

SEN. CASEY: Thank you.

SEN. KERRY: Mr. Sadjadpour, I know you want to respond quickly, so why don't you do that? Just keep it tight for Senator Risch, because we --

MR. SADJADPOUR: Okay. I just wanted to -- yeah -- briefly recount an anecdote -- a brief anecdote that will give you an idea of what Iran's vision for the Middle East is. And I once relayed to a senior Iranian diplomat a question which a Shi'ite Lebanese friend of mine once asked me. He said: "Think of all the money Iran has spent over the years on Hezbollah, since Hezbollah's inception in 1982; we could say upwards of \$2 billion. And likewise Hamas. And think of how many Shi'ites Lebanese Iran could have educated to become doctors and lawyers and engineers instead of arming Hezbollah and likewise the Palestinians. And how much better off would those communities be vis- a-vis Israel?"

And his response to me was very telling.

He said, "What good would that have done for Iran?"

I said, "What do you mean?"

He said, "You think had we educated them to become doctors and lawyers and engineers they're going to come back to south Lebanon and Gaza and fight Israel? No, they will remain doctors and lawyers and engineers."

And my point is that Iran is to the Middle East in a way what Rush Limbaugh is to the United States in the sense that they know they can be the champions of the alienated and the dispossessed, but they know they can't be the champions of the upwardly mobile.

And I think the problem with our strategy and Israel's strategy in the Middle East the last several years, if you look at the last three wars which have been prosecuted in the Middle East -- the Iraq war, the 2006 Lebanon war and the recent war in Gaza -- is that we've created -- we've increased the ranks of the alienated and the dispossessed and we've created more fertile ground for Iran's ideology throughout the region.

SEN. CASEY: Thank you.

SEN. KERRY: Thank you, very much.

We're going to resist the temptation to talk about foreign policy and Rush Limbaugh.
(Laughter.)

Senator Risch.

SEN. JAMES E. RISCH (R-ID): Thank you, Mr. Chairman.

First of all, I am a member of the Intelligence Committee and I need to state for the record a disclaimer and that is I want to make certain that -- and state in certain terms that no question I ask should be interpreted to suggest that I am referring to any facts other than those facts that are widely known and are in the public domain. Any suggestion to the contrary would be inaccurate.

Having said that, I'm struck this morning by how parochial this discussion has been. And I've listened to the -- each of you describe the problem and I can't -- until I walked into this hearing this morning, I thought the only two people on the face of this planet that believed that Israel would allow Iran to completely develop a nuclear weapon were the president and the Ayatollah in Iran. But I'm struck that perhaps there's other people that think otherwise.

If you look at the history of this, what Israel has done in the past, particularly in Iraq and secondly, most recently, in Syria and think that that points to anything other than the fact that Israel is not going to allow this to happen regardless of what we do, we say, we hold negotiations or we impose sanctions, seems to me to be incredibly naive.

Certainly their intelligence, one would have to assume, is as good as our intelligence. And although I agree that a military strike will not completely take out all of the nuclear capability, it will certainly destroy links in the chain that will put them off for probably years. It just seems to me that this discussion needs to be -- needs to include, in a lot more focused fashion, what's going to happen when Israel does what I think it inevitably will do to keep the Iranians from completing a nuclear weapon.

And Mr. Wisner, I'd like your response to that.

MR. WISNER: Happy to give it. I have followed, as you have, the signals the Israelis have sent from military exercises to political statements by governments that have been in the past and will in the future be in Israel. And any Iranian who doesn't take very seriously the Israeli threat to an Iranian nuclear capability is misjudging his nation's most vital interest. I have no doubt about that.

But where I depart, Senator, from the thrust of your remarks, if I understand you correctly, is I think an Israeli nuclear response -- an Israeli military response to Iranian nuclear developments is going to put all of us in a really, really, very difficult situation.

First of all, it is not clear to me that we will know and Israel will know when Iran has crossed this red line. There will be a tremendous amount of ambiguity, ambiguity that Israel might accept. It would take a -- not take a chance, but it would put us in terrific harm's way.

Second, I do not believe that you can knock out the Iranian nuclear capability, as my colleagues have asserted. It is -- the nuclear technologies have been indigenized in Iran. The ability to come back very quickly would be on the table.

Third, I believe we will pay the price for an Israeli strike just as much as Israel will and that our other objectives will be compromised. Therefore, I would like to think that the right approach for the United States looking at the anxieties of Israel is to look at Israel's defenses, to talk to Israel in terms of security guarantees, to be able to dialogue with Israel on your overall diplomacy, to open up other ways to consider a response to the Iranian problem that is not purely military.

Otherwise, I suggest, we will fail to stop the nuclear development in Iran and we will further endanger the peace of the region and Israel's own most vital security interests.

SEN. RISCH: Ambassador Wisner, I don't disagree with you and I'm certainly not -- I hope you didn't think that I was suggesting that that was a good thing. I think, however, that given what we know, it seems to me a reasonable conclusion that that's where Israel will wind up on this. If you look at the threat that they felt from, most recently, Syria and before that, some years before that, Iraq, it wasn't nearly the threat that they feel right now with Iran breathing down their neck.

And, with all due respect, regarding your anticipation that Iran would come back very quickly, I would say that I don't think necessarily the Israelis share that conclusion.

And as a result of all that, I think that we need to as we analyze this -- and I think all of you are thinking about this -- we need to factor in that whole scenario, because we're tremendously parochial. We're sitting here talking, "Well, we'll do this; we'll do that; if we do this, the Iranians will do that." We've got to factor in -- if you just put yourself for a moment in the shoes of the leaders of Israel, they look at this entirely differently than we look at it. And having said that, I think that needs to be factored in.

Ambassador Haass, I know you've been wanting to get your two cents worth in.

MR. HAASS: Let me suggest why I don't share your certainty about Israeli behavior.

One is, if you look at some historic Israeli comments about Iran's nuclear program, Iran has already reached the point where some Israelis said would be a red line and would be

unacceptable, which is to have an industrial-strength enrichment program. So all I'm saying is the Israeli debate is somewhat fluid.

Second of all, Israel in the past has acted in certain ways -- has made calculations that we never thought possible. I was involved in one of those incidents, as you will recall, which was 1991, when the Iraq -- when Iraqi missiles struck Israel. And Israel, at the request of the United States, did not exercise its obvious right of self-defense. So again, all I'm saying is I would not assume that Israel has made up its mind on these things.

I also believe, as Ambassador Wisner said, some of the things the United States offers to Israel could affect Israeli calculations in the way of defense, possible contributions to Israel's own capabilities and so forth.

Lastly, though, I think it's a healthy thing that we don't know the answer to the question you've raised and nor do the Iranians. And if I were an Iranian political leader or planner, I sure would not assume or rule out in any way that Israel might not attack. I think there's a decent possibility it could, which is one of the reasons I said in my statement that I believe the most likely scenario is where Iran stops short of getting to a point which would dramatically increase the possibility of the scenario you suggest.

As -- if Iran goes to HEU, to highly enriched uranium, if Iran tests, if it weaponizes, it increases to an unknown degree the probability or possibility of the scenario you are suggesting. I believe as a result it is far more likely that Iran decides for the foreseeable future to park, if you'll pardon the untechnical word, its capability in this region at the level of large-scale low enrichment, and I think, in part, because of the uncertainty about how Israel and the United States might react.

SEN. RISCH: Well, I would just conclude with I think that anyone who thinks that Israel hasn't thought this through and has an idea of where they're going to go with this I think would be very naive. And again, I can't -- I want to urge in the strongest terms that everyone should factor this into our ideas of where we are going with this, because again -- you know, admittedly Israel has not acted to this point, but you remember, they took 4,000 rockets from Hamas before they acted recently in Gaza. And so they are a little bit like us in that they will -- they'll wait and do what they have to do.

But this -- as we know, we watched the Europeans negotiate with Iran for what, five years, five and a half years? And through all those negotiations and through all of this, all they do is put one foot in front of the other, getting towards where I think -- and even Ambassador Wisner has concluded that they will eventually wind up regardless of what we do.

Thank you, Mr. Chairman.

SEN. KERRY: Thank you, Senator Risch, very important line of questioning. Appreciate it.

Senator Kaufmann.

SEN. EDWARD E. KAUFMANN (D-DE): Mr. Chairman, thank you for holding this hearing. I think it's incredibly worthwhile. I think -- to direct my comments by Senator Risch, I think the panel's talked about missed opportunities and I think several of you mentioned that the time is now to operate and I think that Senator Risch's comments are one more in the case that we have to move quickly on this thing and that we have to move carefully and we have to be careful about what we do. But we have used up all of our get out of jail free cards.

Ambassador Haass, you said that you thought -- (inaudible) -- a matter of priority, something I definitely agree with, and you said that therefore we should be thinking about missile defense in our relations with the Russians and how that may be something we trade. Do you have any suggestions -- does anyone on the panel have suggestions of things that might work the same way with China?

MR. HAASS: I'd say two things about China -- well, maybe three. One is China has a different relationship with Iran, as you know, than does Russia. It has a different set of calculations. But one, which is good for us, is that China has no interest in the price of oil going up, as a large importer, which gives China a stake in energy security and the peaceful working out of this issue.

In going back to the previous comments, if China is concerned that certain scenarios could lead to uses of force, I believe it will concentrate some minds in Beijing.

Secondly, I believe China does not want to be the odd man out on the U.N. Security Council. We know -- we have reason to believe we can get the British and the French to line up with us on most approaches. That's why I put such an emphasis, as do others, on Russia. I believe that if we can get Russia to line up, Beijing will be extremely reluctant to be the odd man out.

Thirdly, the United States and China have a developed, shall we say, integrated relationship. And China right now is suffering significantly as a result of the American economic slowdown. Just to give you -- they have, you know, whether it's unemployment rates going up, they've had to essentially stop the movement, the resettlement of people from rural areas into urban areas. They are obviously going to worry about the political consequences of a lack of economic growth, given their last quarter had no economic growth.

All of those argue against Iran scenarios that could place greater stress on the world economy. I think for all of those reasons, it reinforces the argument you've heard today that we ought to take a serious diplomatic effort at bringing the Chinese on board. I'm not suggesting it's going to be easy in any way. And as Frank Wisner said, we may have to dilute what it is we want.

But I believe it is well within the realm of possibility, particularly if the Obama administration makes clear to the Chinese that this is a priority for the United States, and China's behavior on this issue will be at the head of the list of how this administration will come to judge China and its willingness to take our vital national interests into account.

SEN. KAUFMANN: Ambassador Wisner?

MR. WISNER: I like what Richard just said. I'd just add a footnote, and that is the Chinese, in coming to the decision that your -- that he described will arrive at it very painfully. The Chinese have deeply rooted in their view a predisposition against interference in other nation's activities. They are very hard to move and they are very hard to break loose from the Russians. I'm thinking of many examples in recent years that this proved to be the case.

Rationally, Richard put his finger on why there is a reason and an opening. But I come together with him in saying that if there is a chance of moving Chinese diplomacy, it will have to be a very high American priority and be clearly understood by the Chinese to matter to the Obama administration.

SEN. KAUFFMAN: And it's also interesting how often around this town different people want different things to be our number one priority with China. I mean, we've got so many things to talk about China, but I think you make a good point on this being one of our very highest priorities.

Mr. Sadjadpour, on "Meet the Press," Secretary Gates said that he's been searching for 30 years for the elusive Iranian moderate. I know you know a lot about what's going on in Iran. What are the forces of moderation in Iran and do you think they'll have any impact on the June elections? The elections -- what are the forces for moderation in Iran and do you think they'll have any impact on the elections?

MR. SADJADPOUR: I would describe the internal debate in Iran somewhat akin to the debate we have in the United States among scholars of the Constitution between kind of textualists and constructionists, in the sense that you have many Iranians, hard-liners, who believe that anti-Americanism is central to the identity of the Islamic Republic and it was one of the core pillars of the revolution. And if you abandon this anti-Americanism, then what's left of the revolution and what's left of the Islamic Republic?

And I think you have plenty more moderates -- and I would say the vast majority of the population -- who again, understand that it's time to move on, that policies that came into play in 1979 are not constructive in 2009. And I would put, again, the vast majority of the Iranian people in that category and, based on my time in Tehran, the vast majority of the political elite.

At the moment, I think the hard-liners very much benefit from this antagonistic relationship with the United States. And that's why they want to continue to propagate it.

And, you know, it allows them a pretext, this threat perception from the United States, it allows them a pretext to clamp down on the population, to clamp down on political discourse and to, you know, rig the election somewhat.

But I do think, like Ambassador Wisner, having had private conversations with former President Khatami, that he is in the constructionist camp in the sense that he knows very well that it's time for the U.S -- that Iran will never fulfill its enormous potential as long as its relationship with the United States remains adversarial. And I think we should make it clear to the Iranians that when and if they are ready to change their approach, it's a standing offer from the U.S. that we will be ready to reciprocate.

SEN. KAUFMAN: Mr. Fitzpatrick, you talked about domino effect with Iran's nuclear program.

And I noticed your testimony said 15 countries in the Middle East -- I never realized there were that many -- have announced new or revived plans to explore civilian nuclear energy in 2006.

What do you think the regional governments think about Iran's nuclear program?

MR. FITZPATRICK: I think most of them are very concerned about it. In the Gulf region, Bahrain, United Arab Emirates, Saudi Arabia, they see it as a potential direct threat, because they've had, some of them, territorial disputes. They have sectoral disputes. Iran has in the past interfered in their domestic politics.

Other countries a little bit further afield feel that if Iran had a nuclear weapons capability their own status would necessarily decline. Egypt used to be the center of the Muslim world and they see the financial center moving to the Gulf. They see the political center increasingly being encroached upon by Iran and they would worry about that status. Turkey is in a kind of a similar position.

Several of these countries, though, are willing to forgo an enrichment and reprocessing capability. And I think it's a very positive momentum that the United States and its policies can try to promote this positive momentum. It will be very difficult to get Egypt to accept any constraints, as long as Israel doesn't accept any constraints. And that's why a lot of these issues are intertwined. But there is some positive momentum in the region.

SEN. KAUFMANN: All right. Ambassador Haass, you talked about how important public opinion was. Is there anything the U.S. should be doing or could be doing to influence public opinion in Iran, about nuclear especially?

MR. HAASS: I think the best thing we can do, Senator, is to come up with an offer that demonstrates to the Iranian man on the street about how his or her standard of living would go up significantly if Iran accepted the sort of limits the international community wants to place on its nuclear program, that this could be done consistent with Iran's pride, its national honor, or, to put it another way, that their government is following a course, if

they continue down the nuclear path, that is sacrificing the quality of life for every Iranian.

In Iran, it's not a democracy, but there is a degree of open debate. There are democratic elements, if you will, of Iranian society. Iranian -- whether it's contestants for the presidency there or who's ever elected will have to deal with this sort of pressure from below, which is -- again, I think that our public diplomacy ought to be the exact replica of our private diplomacy.

So we shouldn't think of public diplomacy as something different we do. In this case, it ought to be exactly the same as what we say. And I believe that will help us with Iran. And as I said before, I think it will help us here at home and I think it will help us in Moscow and, coming back to your previous question, in Beijing.

SEN. KAUFMANN: Okay. Thank you all.

Thank you, Mr. Chairman.

SEN. KERRY: Thank you very much, Senator Kaufmann.

Let me just say to the panel, we have a vote that's gone off. Senator Menendez will have his full time for questioning and still be able to get over to make the vote. And I will leave it to him to adjourn the hearing.

But I just want to thank you on behalf of the committee. This has been enormously instructive, very, very helpful. There are many other questions. We do -- we are going to leave the record open and we would like to impose on you to submit some questions for the record, if we can. And this is a conversation that will continue. We have several days of hearings, some classified. And subsequently, we'd like to engage as we sort of think about the road forward. But this has been enormously helpful today. We thank you.

Senator Menendez.

SEN. ROBERT MENENDEZ (D-NJ): Thank you, Mr. Chairman.

And thank you all for your testimony. I was grabbing some of it in my office, read some of it along the way. And I have two sets of questions.

One is, there are news reports that came out today that President Obama sent a letter to Russia's president last month suggesting that he would back off deploying a new missile defense system in Eastern Europe if Moscow would help stop Iran from developing the long-range weapons that we are concerned about.

And that letter supposedly further on said the United States would not need to proceed with such an interceptor system, which of course, the Russians have vigorously opposed, if Iran halted any efforts to build nuclear warheads and ballistic missiles.

Do you think that that is a sufficient enough incentive to get the Russians to be engaged in a manner in which we would like to see? And it's open to anyone who'll answer.

MR. HAASS: I would describe it as necessary but possibly not sufficient. There's a logic to it, in any event. I think it was Secretary Gates who has also noted the linkage, and others, that if the missile system is largely designed to counter an Iranian missile that might be carrying a nuclear warhead, if we can get Russian help to place a limit on the Iranian nuclear program, the rationale for the missile program obviously fades significantly.

But I don't think we could probably get what we want from the Russians on this, in isolation from the rest of the U.S.-Russian relationship. And that then returns to something your former colleague Vice President Biden talked about, resetting the button on the U.S.-Russia relationship. And my sense is the administration will have to think about how hard we criticize the Russians over what's going on domestically there, whether we're willing to support WTO accession, the question of how we handle not just Georgia but Georgian and Ukrainian relations or desires to become members of NATO and so forth.

So I think we're going to have to look at this against all those, also the question, say, of U.S.-Russian nuclear negotiations. It's going to have to be done in the fullness of the relationship. But the short answer is, if we were to make clear the linkage with the missile deployment proposal and if it were done in the context of an overall improvement in U.S.-Russian relations, yes, then I think this is manageable.

SEN. MENENDEZ: Anyone have a different view?

MR. WISNER: I don't have a different view, but I would only add one more circle of complexity, and that is it's not just about the U.S. and Russia. We're going to have to be extremely careful how we deal with the Czechs and the Poles and the way we presented the matter to NATO. It's going to have to be an acceptance that the linkage we're talking about in fact effects -- is an effective linkage.

So I think we've only seen -- my sense is we've seen just the tip of the iceberg of what is actually in play and we've got to learn a lot more before we can make a judgment.

SEN. MENENDEZ: Well, it sounds like a much broader agenda in order to get them engaged in the way in which we want.

MR. WISNER: Yeah.

SEN. MENENDEZ: And the clock is ticking. I've heard all of you basically testifying -- let me know if I'm wrong -- that we should be more vigorously engaging Iran. And the P-5 plus one process committed themselves to a dual-track process. But I haven't gotten a sense of what they view that dual process -- the elements of that dual process moving forward. Do you all have ideas about that?

As the same time as we're talking, the clock is also ticking. And so what do you see that dual process being or should it be, in the process, both on the negotiation, engagement side as well as on the sanction side?

MR. FITZPATRICK: Thank you, Senator.

I think everyone engaged in the P-5 process is dedicated to the proposition that Iran should be presented these clear choices of either cooperating with the world and receiving cooperation in exchange or pursuing the path they are on, of obtaining a nuclear weapons capability and the isolation, politically and economically, that goes with that.

And most of the other partners are willing to see some strengthening of both sides of this choice. But there are differences of opinion in the other nations. Sometimes there's a view in this country that the Europeans are united in thinking that we should only pursue engagement and not strengthen the disincentives part of it.

And the Europeans are quite different on that. I work and live in London. The British and French are probably to the right of the United States right now. They're a little worried, frankly, about U.S. policy of unconditional engagement. I think they will follow United States' leadership, but they have some concerns, because their policy had been that if Iran broke the deal with them of suspending its enrichment program that there wouldn't be negotiations on the nuclear front. So we're going to have to work closely with the British and French if the United States embarks on a different policy.

SEN. MENENDEZ: Any other views? Any other views on what the sanction side of this should be as we pursue the negotiation side?

MR. HAASS: Well, I think what's come out of the conversation this morning, Senator, is a general view that both sanctions and incentives ought to be linked fairly directly to Iranian behavior in this area.

You could almost think of it as a sliding scale, that if they continue down the path of, say, continued low enrichment, that there would be one mix of sanctions and if they were to cross certain other thresholds, they would then be met with an escalation of sanctions. And conversely, if they dialed back their capabilities, placed real limits on the scale, accepted intrusive inspections that gave the world confidence, that the mix of benefits and sanctions would return more in the favor of the benefits.

So it's almost useful to think of it as multiple red lines, almost a spectrum, and then a rheostat of approaches that blend this combination of de-sanctioning and sanctioning. I think -- we also think -- I also think such an approach has the advantage also of having at least the potential to garner some international support, which is essential. It might also play well on Iran, because it makes more stark the consequences of policy choices by the Iranian government, and we want them to have to think about those consequences and put them on the defensive and force them to think about in advance the difficulty of defending the choices we don't want them to make.

SEN. MENENDEZ: Well, thank you. I'm going to have to go to this vote, but I appreciate your collective testimony, your answers to my question.

And with that, seeing no other members, the committee is adjourned. Thank you for your testimony. (Sounds gavel.)

MR. WISNER: Thank you.

END.