

**CENTER FOR STRATEGIC
AND INTERNATIONAL STUDIES**

**IRAN'S NUCLEAR AMBITIONS:
QUESTIONS THAT DEMAND ANSWERS**

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COMMENTARY AND INTRODUCTION:
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SPEAKERS:
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DR. JON ALTERMAN: Good morning. My name is Jon Alterman. I'm the director of the Middle East program at CSIS, and it's a real pleasure to welcome you all here today. We'd like to do two things here this morning. One is to hear from two very distinguished members of Congress who have taken a leading role considering issues relating to Iran, and the other is to introduce you to a new document that CSIS has just put out today, entitled "Judging the Iranian Threat: 20 Questions that We Need to Answer." Please allow me to say just a few words about the document, and then we'll hear from the congressmen.

There is an increasingly robust debate in this country and around the world about the Iranian government and its actions, especially in the nuclear field. That debate has become more urgent with the belligerent and often hateful statements uttered by Iran's president Mahmoud Ahmadinejad. After a long period of transition in which Iran seemed to be morphing into a status-quo power, that shift now seems to be in doubt. There is an urgent need in this country to have a discussion about Iran, but before that discussion can be about what we should do about Iran, we need to have a much deeper conversation that explores assessments, judgments, and the likely outcomes of action.

Quite frankly, when we here at CSIS thought about that task, we thought there were few places that could do this as well as we could. We have here under this roof a remarkable array of expertise on issues that range from energy to proliferation to counterterrorism. We have regional experts. We have functional experts. And if there is an institution outside the federal government that could bring all these different pieces together, we thought we were the best ones to do it.

What we did then was work together to come up with a broad array of questions. We came up with 20 that need to be answered before one can be said to have thought through a policy toward Iran. And let me say a word now about our experts. Many of them have strong views about Iran, and I'm one of them. But rather than force through a consensus at this point, what we decided to do instead was something else, and that is to show diversity. We decided to use our strength to show the wide range of ways that people can approach the wide array of issues related to U.S. policy toward Iran. Each question, as you can see in this document, has two opposing answers. If we had a vote here on which answer is right to all the questions, I'm not sure that any two of our experts would agree on all the answers to all the questions. But that being said, this isn't a parlor game to try to figure out which CSIS expert wrote which answer to which question, because the fact is, I wrote all of them. But we worked with all the experts, and our goal was to capture different parts of arguments to frame it, to array different ways of choosing different choices that people have as they're thinking through these issues. This can be a frustrating document for people who are looking for easy answers. But the fact is, there aren't easy answers. You need to be frustrated about policy toward Iran. It's a really hard problem. The problems are real, and the threats are real as well.

The bottom line is that we're not trying to control the debate about Iran; we're trying to frame the debate along constructive lines that will serve American interests. In

addition, the answers are all short so they're more digestible, but they also are not as in-depth as they certainly need to be. There is a lot more to say about all these things. There is a lot more to study. And that's something we hope to do with you in the coming weeks and months.

With that introduction, I want to turn to two men who have been studying this issue for some time with great effort and seriousness. Congressman Jim Saxton has served in the U.S. House of Representatives for New Jersey's third congressional district since 1984, covering parts of south-central New Jersey and the northern part of the Jersey shore. Currently, he is the fourth-ranking member on the House Armed Services Committee. In 2005, he was reappointed the chairman of the Armed Services Committee Terrorism, Unconventional Threats, and Capabilities Subcommittee, which he helped convince the House leadership to create. Because of his fifteen-year career to bring terrorism issues to the attention of Congress, the Speaker of the House elected him in the year 2000 to be chairman of the House Special Oversight Panel on Terrorism, which addressed threats to the United States and its allies from weapons of mass destruction, such as bioterrorism and cyber-terrorism. Congressman Saxton is also a member of the House Iran Study Group, which is one of the things that brings us here. Congressman Andrews is the co-chair of that group. Congressman Saxton.

REPRESENTATIVE JIM SAXTON (R-NJ): Well, Jon, thank you very much. And let me thank CSIS for hosting this event and thank you for the spark that you provided to make this program happen. I thank all of you for being here. And my friend Rob Andrews who I not only sit next to, but our districts adjoin each other back in New Jersey. And I like to fashion ourselves as two people who look at issues from an objective point of view, sometimes as Republicans and Democrats, but more often as people who look at things from an objective point of view.

I'd like to just start my remarks, if I may, by laying out my personal assumptions about Iran and state clearly that my views on the nature of the regime and the threat Iran poses. It's on the basis of my basic assumptions about Iran that I come to, perhaps, some conclusions, at least for myself. My thinking on this subject, as Jon pointed, out goes back quite some time, and I'd like to tell you how I got involved in this subject. In 1987, I was on my second trip to Israel. And on the way to Israel, I picked up a *Time* magazine and there was an article about Hamas. And in 1987, I had never heard of Hamas before. It was a new name to me, and in fact, was a new organization at the time. So on we went to Jerusalem, and as is usually the case with congressional delegations, we had an opportunity to go and visit the prime minister, who at the time was Prime Minister Shamir, and I asked him about Hamas. And he talked about his view of that organization for a few minutes. And then, he said to me, would you like to know more? You seem pretty interested. And so, I left the delegation and I spent a significant amount of time during the rest of that stay with the IDF people who were responsible for knowing about and dealing with Hamas back at that time.

When I rejoined the delegation, I said to my friends, someday this is going to be a huge problem, not only here in Israel, but in the United States and other parts of the

world. I didn't know at the time that it might not be Hamas. I didn't know whether it would be Hezbollah, and at the time, of course, had never heard of al Qaeda. But I came back to this country and joined a group that was called the Taskforce on Unconventional Threats, and began to study the situation and the players in the Middle East who were involved in one way or another with this subject. So my thinking on this subject goes back a ways. I have tried to be studious about the subject in the meantime, and of course, was not surprised but disappointed when 9/11 occurred. Disappointed in that it occurred, but I was also disappointed in perhaps myself and my institution for not being able to better understand that the threat was real. And I make the case today that there are many Americans who perhaps don't understand the threat as I think I understand it today. So as soon as I continued to study and think about Iran over the years using the tools of congressional oversight, public hearings, classified briefings and travel to further develop my understanding and grasp of the subject, and I believe the threat is real as I'm sure most everybody here does.

I believe Iran is on the rise. No other country in the region can rival it as Iran's influence is very strong. Iran has taken full advantage of the breakup of the Soviet Union and the void left in central Asia while consolidating its power under the Ayatollahs. And Iran promotes radicalism and terrorism by exploiting the power vacuum left in Afghanistan. To the west, they have found, trained, and equipped insurgents in Iraq. And in the Levant, they stoke the fire of the Israeli-Palestinian conflict. The Ayatollahs use surrogate terrorist organizations like Hezbollah and Hamas to spread terror while striving to avoid direct links to these activities themselves.

Add to that the growing likelihood of Iran possessing nuclear weapons in the foreseeable future and one begins to understand the catastrophic nature of the threat posed by an unchecked Iran. I believe that the ideology that governs Iran is as noxious as the radicalism that it fuels, which fuels al Qaeda. That, together with a strong nationalistic tendency based in a theocracy must cause great concern for the international community. The resurgence of the spirit of the revolution and President Ahmadinejad's commitment to exporting the revolution make me question whether we can expect a nuclear Iran to be a rational state actor or perhaps if it would be disciplined by the deterrent of doctrines such as mutually assured destruction, which worked in another situation.

Well, no one truly knows if a nuclear Iran would target Israel in a nuclear strike though President Ahmadinejad continues to give credence to this assumption. I am convinced that a nuclear Iran will mean an emboldened Iran. That, to me, is without question. Proxy wars like this summer's battles between Hezbollah and Israel will become the rule not the exception, as the Ayatollahs pursue Shi'a dominance extending from the Gulf through the region and beyond. Moreover, I would expect increased proxy conflicts between Iranian trained and equipped non-state actors and U.S. troops akin to what is currently taking place in Iraq. In short, a nuclear Iran translates into a bellicose Iran, which, given the assumptions about the intention of the Iranian regime, poses a direct threat to the United States' national security.

The important question is what brand of U.S. policy should we craft to deal with this threat? Given the ominous trajectory I believe Iran is on, what should the U.S. be doing? On the diplomatic track, presently the administration's Iranian policy is one-dimensional, both in terms of the threat it addresses and in terms of the strategy it pursues. The threat is Iran's nuclear program, and the strategy is diplomacy in the United Nations. The U.S., as a result, is forced to traverse the hurdle, which is the hurdle-laden terrain of the diplomatic consensus building for the purpose of garnering international support and the Security Council blessing for sanctions against Iran that may or may not have an effect on Iran's nuclear ambitions. The benefit of this strategy is not yet apparent. Foremost, the longer it takes to mobilize the international community, the more time Iran has to refine its own nuclear program. We must remember that time is on Iran's side. The slow slog of executing the diplomatic strategy simply benefits Iran's interests.

On Tuesday, I heard a high-ranking U.S. official say that Iran will not have a bomb for several years, so we have time. This statement may be incorrect because we do not know when they will have a bomb. And it is certainly incorrect, because the solution will take time. So I believe that the solution should be sought in a serious way now.

Second, in an effort to work in concert with the permanent five members of the Security Council and Germany, P-5 plus 1, the administration offered Iran a package of incentives in exchange for Iran halting its nuclear program. The offer marked a fundamental shift in the administration's Iranian policy by offering U.S. assistance to Iran's civilian nuclear program. This significant concession on the part of the administration was given to Iran at no cost to them. While I think it is vital that the U.S. continue to pursue action in the United Nations Security Council, I believe that the administration needs to make clear to Iran that the packages of incentives is now off the table.

Security Council Resolution 1696 made it clear that Iran needed to accept the package of incentives by August 31st or face the consequences of sanctions. Incentives to leave the table to talk are still on the table and should be removed. Our diplomacy must force Iran's hands to make a choice and to make Iran understand that there are consequences for flouting Security Council resolutions. By pursuing sanctions and taking the incentive package off the table, Iran will experience the costs of its delay and deceive diplomatic strategy.

I also believe that we need to increase the breadth of our diplomatic efforts. Iran's intransigence over the nuclear weapons program is just one symptom of a regime replete with conduct that defies the norms and values, which underline the international community and threatens the U.S. national security. Focusing exclusively on the nuclear issue may distract the international community from the litany of security concerns posed by Teheran, most alarmingly, its brazen use of terrorism through groups like Hezbollah.

It amazes me that our Defense department can spend billions of dollars in the fight against terrorism, but our diplomatic arm is unable to spend diplomatic capital on making the United Nations confront states like Iran that support terrorism. To be fair, the

United Nations' record in fighting terrorism is mixed. The U.S. leadership in the fight against terrorism needs to have an address in the United Nations. Certainly, member states recognize the threat posed by al Qaeda, but the UN has not been willing to take the member states that support Teheran. I believe therefore that any discussion of Iran in the UN Security Council or any incentive package offered by Iran must also address the problem as a central issue that is terrorism. This is not a single focus issue. It is a set of issues involving a regime with an unenviable record – a record involving its involvement in terrorism, asymmetric warfare, stated hate of others, as well as a country's desire of clear weapons, a serious situation.

Let me talk for a minute about regional security in that region of the world. The conflict between Israel and Hezbollah revealed a reality in the region that many suspected. The Arab world, particularly the Gulf States – Egypt, Jordan and Saudi Arabia – do not want a nuclear Iran and fear a regional hegemony. The prospect of a powerful Lebanese Hezbollah taking its cue from Teheran, willing to destabilize the region, threatens the security of Arab states, particularly those Gulf States. Moreover, it reaffirmed for Arab states that the Shi'a state in the region with a nuclear bomb is an untenable state of affairs. The U.S. must exploit Arab anxiety about Iran's nuclear program and increase our participation in Gulf regional security.

To its credit, the Bush administration has been working toward a Gulf Security Dialogue—GSD—that if implemented, execute an Iranian contingency strategy for the Gulf States. A successful Gulf regional security program – in my opinion – should assist the Gulf States in three ways and they are important. It should create a missile defense architecture in the Gulf. Second, it should facilitate a Proliferation Security Initiative—known as PSI—and it exercises in training of forces in the Gulf states. And third it should assist the Gulf States in protecting their critical infrastructure.

If the Gulf security dialogue were to incorporate these three elements – missile defense, PSI, and critical infrastructure – it will have a three-fold benefit. One – improving our ties with the Gulf States, an important objective. Two – deterring Gulf States from pursuing their own nuclear program, again, an important objective. And third – sending a message to Teheran that its pursuit of regional hegemony will be contested. Moreover, increasing our partnerships with the Gulf states will find greater resonance as other terrorist organizations like al Qaeda—as reported just last week by the way—plan on targeting the Gulf States. The Gulf States are wrestling with the threat of radicalism, and the GSD will go a long way in combating its spread.

Dealing with Iran is a complex problem that requires a multi-faceted solution. The Gulf Security Dialogue is a sound policy initiative that needs to command the attention of policymakers at the highest levels of our government and the United Nations.

Let me speak for a minute about the subject of terrorism. In addition to confronting Iran diplomatically and regionally, I believe we must begin preparing to confront Iranian terrorism. Notice I refer to Iranian terrorism without the objective – without the adjective support or sponsored. Quite simply, Iran engages in terrorism. One

need look no further than Iraq where Iran's Qods Forces operate in Lebanon where members of the Iranian Revolutionary Guard corps were imbedded with Hezbollah units fighting against Israel, both in Iraq and in northern Israel and southern Lebanon. One anecdote that conveys the point, which I heard from Israeli contacts, is that when Israeli defense forces captured a Hezbollah unit, they realized they needed a translator who spoke Persian, not Arabic. My point is simple – Iran was directly involved.

Yesterday, I had the opportunity to address another group similar to this. We were talking about UAV (unmanned aerial vehicles) technology. You may have heard that Hezbollah used UAVs. Israel captured one. It was an Iranian UAV. My point is simple – the United States needs to be ready to fight Hezbollah or any other version of Iranian terrorism. While at the moment, Iranian terrorist groups have avoided direct confrontation with U.S. troops in Iraq or elsewhere, I do not believe this strategic avoidance will remain true going forward. A nuclear-armed Iran will mean an emboldened Hezbollah that has cells proliferating in many parts of the world.

It is in confronting this threat – Iranian-funded, trained, and equipped terrorist organizations – that the U.S. is unprepared. Today, our strategy to combat terrorism is only really a strategy to combat al Qaeda. We are not prepared to deal in the event of hostilities occur with terrorist organizations that are built differently like Hezbollah. The national security strategy of 2006, which Rob and I heard about yesterday, focuses almost exclusively on al Qaeda as the dominant national threat to our national security. Hezbollah is only indirectly referenced, and this mention focuses more on Hezbollah's state sponsor, Iran, than it does on the present danger. While al Qaeda and Hezbollah are similar in that they exploit Islam and use terrorism for ideological ends, their ways and means are entirely different. Nowhere is there a strategy for confronting terrorism organizations on Hezbollah's ilk, a terrorism organization with a strong state patron that exploits the democratic system of the host nation.

Placing Hezbollah on the State Department's Foreign Terrorist Organization list does not constitute a strategy. Let me be clear – I am not advocating that the U.S. begin targeting Hezbollah. What I am saying is that our policymakers, counterterrorism experts, and military planners need to be serious about getting prepared for combating these groups in the future. Let me offer an analogy. Though we are not at war with China, the military has and continues to refine contingency plans in dealing with a crisis on the Taiwan Straits. Similarly, the military has a contingency plan for responding to the Iranian blockade on the streets of Hormuz, even though there are no signs of a blockade at this time. These are plans put in place for these potential contingencies. Are the chances of the U.S. being targeted by Hezbollah that remote that a Hezbollah contingency plan isn't necessary? In my opinion, when Hezbollah terrorists chant death to America, there is no reason to suspect it is said with less conviction or represents less of a threat than the members of al Qaeda who uttered the same ominous slogan. Do we have any reason not to take Hezbollah's leader, Nasrallah, seriously, when he states death to America was, is, and will be our slogan? Every bit as serious as Taiwan or the Straits of Hormuz.

Let me just conclude with this – I believe that Iran represents all the threats we see in al Qaeda, for example, with the added concern that this is a state power on the brink of obtaining nuclear capability. Like the war on terrorism, I believe that dealing with Iran requires that we apply all of the elements of our national power. This means mounting a diplomatic effort that addresses Iran's nuclear program as well as the Iranian terrorism. It requires national security leaders to engage with the Gulf States and create a containment strategy that stems Iranian hegemony in the Gulf and prevents further nuclear proliferation. And it demands that our military and security agencies develop a strategic plan for dealing with Iranian terrorist proxies.

As Ronald Reagan said, quote, "History teaches us that conflicts begin when governments believe that the price of aggression is cheap." The price of Iranian aggression seems to be getting cheaper. U.S. policy towards Iran must ensure that the price Iran will pay for aggression, aggression direct or indirect, will always be a price they cannot afford. Thank you.

DR. ALTERMAN: Thank you very much. I'm now pleased to turn to Congressman Rob Andrews, serving his ninth term in Congress, representing the first congressional district of New Jersey. That's Camden and the Philadelphia suburbs of New Jersey. He concentrates his legislative efforts on promoting fiscal restraint, education, and national defense. He is the co-chair and co-founder of the House Iran Working Group. He's worked to secure federal defense funding to help create over 540 hi-tech jobs in Camden and protect 4,700 good jobs at Lockheed Martin. He is the son and grandson of shipyard workers, first in his family to attend college, graduated summa cum laude, Phi Beta Kappa from Bucknell, went to Cornell law school where he was on law review, and other than that, not much, you know -- (chuckles). He has been at the lead articulating, thinking about Iran, policy about Iran, and studying Iran with his working group. Congressman Andrews, thank you for being with us.

REPRESENTATIVE ROBERT ANDREWS (D-NJ): Thank you, Jon. Good morning, and thank you ladies and gentlemen, for giving us your time today so we can discuss what I think is a grave and imminent issue for the United States and for the world. I also thank my friend and colleague, Jim Saxton, for his collegueship, a relationship where two people can become friends from different political parties, work together on important issues, is becoming too rare, and I hope that it can become more common in the years to come, and I thank Jim for what he's done.

This morning I would like to talk about what I see as the scope of the risk of a nuclear Iran. I'd like to talk about the objectives that I think we need to pursue as an international community in light of that risk, the obstacles that I see to us achieving those objectives, and then some suggestions that I have or a strategy that I have that would help us achieve the objectives. I think it is indisputable that there would be few more destabilizing forces in the Middle Eastern region than an Iran with a nuclear weapon. There is no state in the region that would prosper by such a problem. There are all kinds of negative consequences that I think would inevitably flow from the imbalance of power that would be created if the Revolutionary Council in Iran were to have the ability to

deliver a nuclear weapon. I would focus though on another aspect or dimension of that threat that is quite relevant to Americans. The 9/11 Commission recognized as the chief threat to the security of the United States the prospect of the assembly and use of a small nuclear weapon in the United States. You probably have read their rather colorful but accurate prose that a quantity of highly enriched uranium the size of a grapefruit, if it were used in a bomb assembled that could fit inside of the back of a U-Haul truck, if that truck were detonated in Lower Manhattan, probably everything south of 14th Street would be incinerated. There would be a nuclear 9/11 in Lower Manhattan.

Now, in pursuing, rather unsuccessfully, the solution to this problem, our country has divided the world into several categories when it comes to possessing highly enriched uranium or separated plutonium. There are some countries that are both willing and able to help secure and convert this material to reduce the threat of a nuclear 9/11. There are other countries that are willing but unable to secure this material. And there is yet a third category of countries that have been unwilling to join the international effort to secure highly enriched uranium or separated plutonium. My fear is that a nuclear Iran would add a fourth category to this vector, which would be a country that would willingly and deliberately export quantities of highly enriched uranium or plutonium sufficient to make an explosive.

I think even the most pessimistic analysis of North Korea would conclude that it would be highly improbable that the North Koreans would deliberately transport a quantity of highly enriched uranium or plutonium sufficient to make a bomb that could be assembled in the United States. I think the record is replete with examples that Iran would consider such an option and in fact might execute it. This is an intolerable risk to the United States. It is intolerable. It is an intolerable risk to the rest of the international community. The objective of the international community must be to deny the continued development of a nuclear weapon in Iran, or at the very least, to be sure that the Iranian government is fully in compliance with the NPT and other international standards that would govern the whereabouts and information about such a weapon. It is my strong preference that there never be such a weapon, because I don't believe we could bear such a risk.

I think that in order to achieve this objective, the international community must convince the Revolutionary Council in Iran that it is risking its grip on power if it continues to pursue the development of uranium enrichment, plutonium separation, and the eventual construction of a weapon. The decision makers here are the members of the Revolutionary Council who would decide whether their future is better served by continuing down this path toward weapons development or turning in a different direction. I am unwilling to conclude that we cannot convince them to do so. But I am also unwilling to stop with the assessment that if we are unwilling to convince them to do so, there is nothing else that we can do about it, which leads me to a discussion of what I think the obstacles are to creating the international consensus that would give us a resolution of this problem where the members of the governing Revolutionary Council would decide that it's in their best interest to cease their unlawful development toward the possession of a nuclear weapon.

Now, I want to say emphatically that I believe the record shows that the conduct of the Iranian regime has been outside the law, it has been indefensible, and it's been accompanied by both rhetoric and conduct that should be unacceptable to the international community. Supplying Hezbollah with the rockets that rained down this summer in Israel is unacceptable. The hateful language that we've heard as recently as 24 hours ago from representatives of the Iranian government fuels the problems and certainly does nothing to add to the international discourse of cooperation and coexistence by a long shot.

However, I think the principal impediment to the development of an international consensus that would convince the Iranian leadership to back away from the nuclear precipice has been our own clumsy international policy in this country for the last five or six years. And I think we have to look beyond questions of how we've dealt with Iran, because frankly, I think we've had some improvement on that side of the issue. I applaud what I heard from Secretary Rice within the last 72 hours about some possibility of treating a moratorium on uranium enrichment as an opening for negotiations to achieve this result. I think what the secretary said is correct; I support her in what she did; and I think it's a step in the right direction. It is also entirely atypical of this administration.

Our standing in the global community has been diminished, step-by-step, decision by decision, and we are now seeing the consequences of that diminution. The issues that I'm about to talk about are unrelated to the specific question of Iranian nuclear proliferation, but they're absolutely related to the way the rest of the world sees the United States and entertains the possibility of acting in concert with the United States. On the first day of this administration, the very first day, the administration decided to restore the Mexico City language on international family planning, a position, which people have intense positions with in the United States about the consequences of abortion law. But the consequences of this position on the international stage, I believe, was to isolate the United States as being disinterested in dealing with the incredibly important question of the population explosion in less developed countries, and I think it was a mistake.

A few weeks later or a few months later, the administration decided to abandon our efforts with respect to the Kyoto accords. And in a world where essentially every other industrialized nation in the world understood its responsibility to contribute proportionately to the solutions of the global warming problem, our response was to isolate ourselves from that effort. Perhaps the reasons were legitimate; perhaps they were illegitimate from the perspective of domestic politics; but I think it put us in a position where we were saying to the rest of the world that we weren't willing to participate in solving a key international problem.

Shortly thereafter, the administration decided to unilaterally disengage from the Anti-Ballistic Missile Treaty of the early 1970s. Now, I've been one who supported the concept of ballistic missile defense, because I want our country to achieve the protective benefits of a technology if and when it can be achieved. But the destabilizing effect of

making a unilateral decision that had been accepted international doctrine for over three decades yet again sent a signal that the United States was willing – eager – to isolate itself from addressing the international dilemma or international problem of a first-strike by a nuclear power.

This was followed in fairly short order by an abandonment of the negotiation efforts that former Secretary Perry had done so well with respect to North Korean nuclear proliferation. And frankly, the only reason I can tell on the record as to why that decision was made is because it was an initiative of the Clinton administration, so therefore, by definition, it must have been suspect. It's ironic that many of the negotiating strategies that Secretary Perry was pursuing in late 2000 are now once again being pursued wisely by the administration six years later and a deepening of the crisis later. This again was a signal that we are unwilling to look outside of our borders to the resolution of international problems.

Obviously, the key flash point in this litany of international isolationism has been Iraq. I supported the decision to remove Saddam Hussein from power, and I would again. I think the idea of Saddam Hussein sitting with \$30 billion a year of petrodollars flowing into his pocket, and the potential to be a source of disruption and export of weapons and terrorism was a risk the United States could not afford, and I think his removal was the right thing to do. But I think almost everything we've done since then with respect to our lack of enthusiasm for UN involvement in the transition government, with respect to our lack of active engagement and contact with Persian and Arab allies in the region, has put us in a terribly difficult situation, which is quite relevant to the discussion of the emerging and rising power of Iran.

The United States finds ourselves in the situation where we are now saying that there is a legitimate international interest in taking rather urgent action to forestall Iranian nuclear weapons development, a proposition that I think is self-evident. We're also finding ourselves in a position where very few are willing to follow us and very few are willing to engage with us because we have a rather sorry record of isolationism and disengagement over a number of years. So what should we do about that? What's the strategy that would help us succeed?

I emphatically would say that engaging in national self-flagellation or mea culpas is not the way to go. We should not apologize for our intentions, because they are right in most of these cases. I believe that the rest of the world owes many Iraqi citizens an apology for standing by and doing nothing while their dictator murdered and slaughtered and persecuted people. I am not here today to say that the United States must engage in some international act of mea culpa. I am suggesting today that we create a different environment in the way other countries see us so that we will gain credibility in the crucial job of persuading the rest of the world to take significant actions with respect to Iran. I think we need to change our policy on international global warming and rejoin the world. I think we need to change our policy on international family planning and rejoin the world. I think the most fruitful path for us to follow with respect to missile defense is to create an international umbrella organization that would offer the benefits of missile

defense for countries that are willing to engage in a joint international effort aimed at environmental protection, protection of human rights, expansion of trade, expansion of military cooperation, rather than aggression. These are steps that I think are not immediately relevant to this discussion but they are incredibly relevant to the question of how we are perceived among our allies and friends on the Security Council and in the United Nations.

Now, with specific reference to what we ought to do if we have succeeded in creating a better environment, I do believe that what Secretary Rice is correct that we should entertain the possibility that a moratorium on uranium enrichment, observable, verifiable, should be treated as a step forward by the United States and I would disagree with my friend in the sense that the incentive package should be taken off the table. I think that if those steps take place that we should pursue those incentive packages carefully, but that they should be pursued. I will tell you I am pessimistic that that will succeed. I don't want to rule out the possibility, but I'm pessimistic that will succeed.

And I think we then begin to need to talk about a significant and effective package of sanctions that could alter the behavior of the Iranian Revolutionary Council. I think we need to be open-minded about this, but I will offer this morning one sanction, which is provocative, but I think powerful. I think any sanction that falls short of altering the thought patterns of the Revolutionary Council will fail. Symbolic pressure will not be sufficient. I believe that we should explore the possibility of a gasoline embargo against Iran. Iran, as an exporter of crude, oddly enough, as many of you in this room know better than I, is an importer of gasoline. About 40 percent of the gasoline consumed in Iran is imported. The price of a gallon of gasoline in Teheran is about 35 cents a gallon. There is an enormous subsidy placed on the price of gasoline because it's so critical to the economic fortunes of Iranian citizens, and therefore the political climate within that country.

This is a provocative step. We're nowhere near achieving it at the Security Council today, but I think that it would be a very effective and meaningful sanction that might well cause the decision makers in Iran to alter their course, which it appears to me to be inexorably marching toward the development of nuclear weapons capability. Perhaps other sanctions are better, but I think we're at the point where we need to start actively considering what an effective sanction would be. By the way, about half of that imported petroleum comes from one enterprise based in the Netherlands, which would appear to be in some way connected to some of the Gulf States as far as where the gasoline is refined and the crude is produced. This is not an easy step to achieve, but I think it would be folly for us to proceed in this discussion without some specific reference to sanctions that would succeed.

I think that what the 9/11 Commission said just a few years ago is correct, and I think the greatest threat to the security of this country is an improvised nuclear device. And obviously, one of the sources that might come would be out of the chaos of the former Soviet Union. But I am deeply concerned that another source from which it might come would be out of an intentional policy choice by a nuclear Iran that reads and

practices its own rhetoric. I think there is an urgent international imperative to achieve an objective that would prevent that from happening. But I think we will not accomplish that international objective until we have an honest and frank reassessment of our own credibility or the lack thereof in the international stage. Thank you.

DR. ALTERMAN: Thank you very much. We have some time for questions. Maybe I could start off by asking you both – a friend of mine with a long career in the Directorate of Operations in the CIA said Washington is comprised of copers and fixers, people who cope and manage problems and people who fix problems. How confident are you that this is a fixable problem and we should take a risk to fix it? And how much do you sense that maybe this is just a coping problem that not only the Bush administration will have to deal with, but presidents and presidents and presidents will be dealing with over time?

REP. SAXTON: I think that's a great question and I think the answer for me is this – I believe that there are opportunities, some of which I referred to in my comments that will permit us to fix the problem rather than to cope with it. I say that because coming to mind is a trip I took a few years ago, which involved a visit in Turkey, a visit in Kuwait, to Bahrain, and to Qatar. Each of the countries I visited had a major concern with a powerful Iranian neighbor. And when I mentioned the possibility of forming a coalition among moderate Arab states who have something very much in common – the concern toward Iran – and I might add that the significant part of the new government in Iraq should be concerned, and I'm sure is concerned about the {break in recording} would even enlist the assertive cooperation of some former Soviet Union countries, particularly Russia. And in that way, because of the high level of concern about Iran, we can come to grips with a solution to the problem rather than to have to cope with it.

REP. ANDREWS: Jon, I think this is a fixable problem, because as Jim says, there is a growing degree of international consensus that everyone is somewhat at risk if there is an Iran with a nuclear weapon. But I'm not confident the problem will be fixed without leadership on the international stage. And I'm not confident that we will be able to provide that leadership until we have made the frank reassessment of our own standing in the world that I talked about this morning. I think we can, but I think we need to.

DR. ALTERMAN: Why don't we turn to the audience? There are three rules. One is that I would ask that you identify yourself. The second is that I would ask that everybody ask only one question. And the third is that you'd ask your question in the form of a question, which does not consist of a long statement ending with, "What do you think?"

REP. ANDREWS: In other words, not like in a Congressional hearing when we ask people questions?

DR. ALTERMAN: I've never seen that before, Congressman. By the way, if people have questions for me about the document or other aspects of what we've done

here, I'd be happy to answer those as well. With that, why don't we go here for the first question?

Q: Thank you. Fares Braizat from CSIS. My question to the gentlemen is what would your assessment for the role of China? Would China come on board in securing your Security Council resolution against Iran or not? And if not, why is that?

REP. SAXTON: I can only react to the information that we are getting from the U.S. administration. I heard a discussion on this just a few days ago, and the negotiations with both China and Russia are underway, and the type of sanctions that Rob mentioned would likely not be the type of sanctions that the Soviet Union – that the Russians and the Chinese would agree to, and so I think from a realistic point of view, those negotiations are going to have to look at the sanction situation in terms of what is possible to get and perhaps, given those kinds of negotiations, China would come on board.

REP. ANDREWS: I think we will be able to convince the People's Republic of China to come on board if – if – we are able to make the persuasive case that its economic future is more tied to robust access to Western capital, markets, and technology, than it is to the short-run benefit it enjoys from Iranian energy. I'm not suggesting that we should shut the shelves of the Wal-Marts or shut the flow of investment capital to China. That would be counterproductive from our own interest. But I think that our best asset here is the emerging power of the economic relationship between the United States and China, and I think that we need to assert that interest and persuade the Chinese that it is in their best interest to cooperate with the Security Council sanctions.

REP. SAXTON: May I just make one further comment? I think it's important that we continue – is this on – I think it's important that we continue to work through the United Nations on the track of getting the Security Council to take some type of action. But I think it's also – and I don't mean to repeat myself or sound like a broken record – but I think it's also very important to recognize that there are other tracks, such as the organization of concerned neighbors of Iran who have every reason to be cooperative in perhaps a different forum. And I think to those kinds of efforts, progress can be made, given the many questions that are involved with regard to the question of UN sanctions.

DR. ALTERMAN: Let me also add, we had a conference here at CSIS a week ago to kick off our project, "The Vital Triangle: The U.S., China, and the Middle East." We addressed a lot of these kinds of issues in an exploratory way. We should have a write-up from that available on the web early next week for those of you interested in following up on that topic. There is a question there.

Q: Kevin Book from Friedman, Billings, Ramsey. Thank you, Congressmen. Congressman Andrews, you mentioned the idea of embargoing gasoline imports into Iran. The House of Representatives passed a bill called the Iran Freedom Support Act in April, which talked about trying to stop the investment in the energy sector by putting pressure on U.S. financial investors who hold shares of foreign domiciled oil companies.

I was wondering what the status is of that approach, both of you, and also whether or not a similar type of initiative, whether conducted by the Congress or the administration, still seems like a strong potential way to influence Iran? Thank you.

REP. ANDREWS: I supported that legislation and I think that any pressure, which has the promise of changing the opinions of the Revolutionary Council make sense. But I think the deficiency in that approach is because it's U.S. limited, it's U.S. law, it won't be successful. This is an international problem. And I don't think there will be any sanctions effective against the regime unless those sanctions are universally adopted. So although I think that was an appropriate gesture, I don't think it will be an effective one.

DR. ALTERMAN: Edward Luttwak, in the back. Wait for the microphone if you would.

Q: In light of what was just said, your comments on the Treasury sanctions that were just placed, which have, as you know, caused several international banks such as UBS to cut off all dealings with the designated Iranian banks.

REP. ANDREWS: Well, I would simply say again, I support the intention, but I doubt the efficacy of those efforts, because money is fungible. And I just think there will be too many ways around this. So I am convinced that unless there is nearly unanimous participation in sanctions, and therefore internationally sanctioned, they will not be effective.

DR. ALTERMAN: Question right here in the front.

Q: Alex Christian from National Iranian-American Council. Just wondering, neither of you mentioned the possible use of military force. Is that even on the table for either of you, or what are your feelings about that?

REP. SAXTON: Military force is always an option. Certainly, it's on the table. And I suspect that we both put it down the line in terms of our preferences to how to get things done. We know that the Iranian people are very much concerned about the situation in Iran. We know that that is a point that we might want to pursue. And there are many other options, including the activities that are going on today in the United Nations as well as other things that I have mentioned, but I won't go into again that are much preferable to military action. So I would hope that would be an issue that we could avoid.

REP. ANDREWS: No responsible American leader would ever take military action off the table when there is a question of national defense. But I think it's wildly premature and unwise to even speculate about military action by anyone in our government at this point.

DR. ALTERMAN: We have reached the end of our allotted time. I want to thank all of you for your attention. I especially want to thank the two congressmen for refreshing and thoughtful views. Thank you very much for coming and sharing.

(Applause.)

(END)