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Chairman Dodd, Senator Shelby and members of the committee, thank you for the invitation to testify today on United States policy toward Iran.

I have had the pleasure of testifying to this committee in the past as a government official. This is my first appearance as a private citizen. The views that follow are entirely my own.

One of the most important diplomatic challenges facing the United States is what we should do about an aggressive, reactionary and truculent government in Iran. After four years in power, it is clear that the Ahmadinejad government is seeking a dominant role in the Middle East. It is pursuing with great energy a future nuclear weapons capability that would threaten Israel and our Arab partners. It continues to support the most destructive and vile terrorist groups in the region. It plays an influential role in both Iraq and Afghanistan, often in direct opposition to the United States.

Given Iran's confrontational policies on issues that are vital for American interests, we are, in many ways, on a collision course with its government.

In the short-term, we must assume that relations between our two governments will remain poor. We have had no sustained and meaningful diplomatic contacts in thirty years since the Iranian revolution.

Given the lethal nature of Iran's challenge to the U.S., our government must respond to it with toughness and strength but

also with ingenuity. One of our highest priorities should be to maintain America's leadership role in the Middle East and to deflect Ahmadinejad's own quest for regional supremacy.

But, we must also recognize that the near total absence of communication between our two governments is no longer to our advantage. We know very little about a government that exerts such a negative influence in the Middle East. President Obama has gone further than any of his predecessors in offering negotiations with the Iranian regime. I believe his instincts have been right in positioning the U.S. to regain the upper hand with Iran in the international arena. President Obama's outreach to Moslems worldwide in his Cairo speech, his video message to the Iranian people and his pledge that the U.S. would participate in the Perm-Five Group nuclear talks with Iran have put us on the diplomatic offensive.

The result has been telling. The Iranian government has had no effective or coherent response to these overtures. It is now Iran,

rather than the U.S., that is considered internationally to be the party preventing the resolution of the nuclear issue.

This is not an insignificant accomplishment. Unfortunately, many in the Moslem world saw the U.S., incorrectly, as the aggressor in the conflict with Iran in past years. President Obama has managed to shift global opinion. The U.S. is now in a stronger position to argue convincingly for a more tough-minded international approach to the Iran nuclear issue.

Given these developments, I believe that the best course for the United States is to continue to offer two paths to the Iranian authorities.

The first is the possibility of international negotiations over the nuclear issue. The U.S. and the other countries have declared their readiness to talk. The aim of these talks should be to convince Iran to cease its illegal nuclear research efforts. Should Iran not respond seriously and convincingly to this international offer by the autumn, the U.S. should turn to the second path by

moving quickly and decisively with its key international partners to place very tough economic and financial sanctions on the Iranian government.

U.S. policy, in short, should be to increase pressure on the Iranian government at a time when it finds itself an international pariah with vastly reduced credibility around the world.

In many ways, Iran is now far weaker than it was before its June 12 elections and the subsequent revolt on the streets of Tehran and other major cities.

It is highly probable that the government's cynical and corrupt handling of the elections is a fundamental turning point in the history of the country. The demonstrations that followed the government's transparent intervention in the ballot counting represented the most critical assault on the credibility of the Supreme Leader and the government in the thirty-year history of the Islamic Republic. The reform movement that surged onto the streets was the strongest such protest movement in this entire period, representative of all age and ethnic groups and classes. And, while the government's brutal and anti-democratic actions on the streets appear to have been effective in quelling the demonstrations in the short-term, the reformers are unlikely to go away. It is more likely that the deep divisions created by the stolen election will be a major force in Iranian politics and society for some time to come.

Despite the relative quiet on the streets of Iran today, tensions and fundamental disagreements about the future of the government are simmering just below the surface. The situation in Iran will remain for some time to come highly volatile and unpredictable. Some experts on Iran believe the regime has retaken control of the streets for good and will continue to rule essentially unchallenged. But, many others believe that there is an equally good chance that the country will remain roiled by instability and division for months to come.

What is the proper way for the United States to respond to this potentially explosive situation?

First, I continue to believe that President Obama was correct to not inject the U.S. into the middle of the Iranian domestic crisis right after the elections. Had he done otherwise, it would have given the most reactionary Iranian leaders, such as Ahmadinejad, the excuse to charge that the U.S. was intervening unjustly in the domestic affairs of a proud country. By tempering U.S. statements and actions in the days following the election, I believe President Obama succeeded in keeping the international spotlight on Ahmadinejad rather than the U.S. government.

Second, the U.S. and other governments around the world now face a highly difficult and complex situation in Iran. Inaction or choosing to ignore or isolate the Iranian government would allow Ahmadinejad to continue unfettered the nuclear research that the International Atomic Energy Agency believes continues unabated. Allowing the Iranian government to continue to build a nuclear capability with no effective international opposition is definitely not in the U.S. interest. Refusing to negotiate would weaken the potential for effective international action to pressure the regime. The right policy for the U.S., in my judgment, is thus to stand by the invitation for international discussions between the Permanent Five countries (the U.S., France, the UK, Russia, China and also Germany) and Iran on the nuclear issue and to combine it with the threat of strong and immediate sanctions should Tehran refuse to negotiate seriously.

But, the offer for such discussions should not be open-ended. The offer to negotiate has been on the table for months. It would thus be reasonable to give Iran a deadline of this autumn to reply. If no serious response is forthcoming by then, the U.S. and the other countries would have every right to turn to draconian economic and financial sanctions.

Some will argue that any willingness by the Obama Administration to talk to Iran would legitimize the Iranian government and would be an affront to the courageous Iranians who took to the streets in opposition. They say we should either do nothing or move directly to sanctions.

I think the issues at the core of this dilemma are much more complex. The entire democratic world was outraged by the brutal actions of the Iranian government in the wake of the failed elections. The Iranian regime was seen for what it really is—a ruthless group of leaders who have used the power of the military and security services to terrorize their own population. The Iranian government deserves the most severe criticism for its mistreatment of the Iranian people.

While it may serve our collective sense of outrage and frustration to stonewall the Tehran government, that kind of policy is not likely to serve our core American interest—finding a way to prevent Iran from becoming a nuclear weapons power. By supporting the international offer for negotiations, the Obama Administration is building credibility with countries important for any future negotiation or sanctions effort—Russia, China, the Gulf states, Japan, South Korea, Germany and other European countries. If the U.S. refused to negotiate, we would likely have little subsequent international credibility to argue for tough sanctions. But, if we offer to negotiate and the talks fail, we will be in a much better position to assemble a stronger international effort to apply tough sanctions on Iran.

My best judgment is that, even if negotiations are held this autumn, they will fail due to the predictably unreasonable and inflexible attitudes of Ahmadinejad and his colleagues. It is highly likely, for example, that the Iranian government will not agree at the negotiating table to cease its enrichment of uranium as the United Nations Security Council has demanded in successive sanctions resolutions passed during the last three years.

The most important decision facing the U.S. and other countries is thus to decide what kind of sanctions would have the most significant impact on the Iranian authorities. In other words, our primary goal must be to find the most effective strategy toward Iran that will resolve the crisis on our terms and peacefully. There are proposals for sanctions resolutions being debated in the Congress and wider public. I agree that the time has come for the U.S. and others to threaten much tougher sanctions on the Iranian regime.

My main recommendation for this committee and the Congress, however, is to permit the President maximum flexibility and maneuverability as he deals with an extraordinarily difficult and complex situation in Iran and in discussions with the international group of countries considering sanctions. It would be unwise to tie the President's hands in legislation when it is impossible to know how the situation will develop in the coming months. The most effective sanctions against Iran, in my view, would be those that are multilateral and not unilateral and those that the President could decide to either implement or waive, depending on events during the coming months. The most powerful signal to Ahmadinejad would be for Moscow and Beijing to stand alongside the U.S. in imposing collective sanctions rather than have the U.S. adopt its own way forward, absent consultation and agreement with our international partners.

It makes sense that the search for an effective sanctions regime should include initiatives (such as energy imports by Iran) that will strike at the heart of the Iranian government's strength. Senator Bayh and others have produced creative ideas for more forceful sanctions against Iran. It stands to reason that a much more aggressive sanctions regime would likely have a more powerful impact on the thinking of the government in Iran in the months ahead.

Still, my strong advice is to give the President the independence and flexibility he will surely need to negotiate successfully the twists and turns of this volatile issue.

As many Congressional leaders have stated, we must negotiate with Iran from a position of strength. The President would be wise to set a limited timetable for any discussions with Iran. He should be ready to walk away if progress is not visible in a reasonable period of time. He should also agree on the automaticity of sanctions with Russia and China, in particular, before any talks begin. In other words, Moscow and Beijing should assure the U.S. that they will sanction if the talks fail. China and Russia have acted unhelpfully by continuing to trade and sell arms to Tehran as it thumbed its nose at the international community. If President Obama is to offer talks to Tehran, it is only reasonable for China and Russia to pledge to join us in draconian sanctions on Iran should the talks break down.

In this charged and unpredictable environment, with the stakes so high for American interests, it will be very important for the U.S. to keep all options on the table—meaning the U.S. should reserve the right to employ every option, including the use of force, to prevent Iran from becoming a nuclear weapons power. This marriage of diplomacy with the threat of force is essential to send a convincing signal to Iran that it must choose to negotiate soon. While there is no guarantee that negotiations will work, the Obama Administration's diplomatic approach has several real advantages for the U.S.

First, it may be the only way we will ever know if there is a reasonable chance for a peaceful outcome to the crisis with Iran. Second, a negotiation may be effective in slowing down Iran's nuclear research as a pause or freeze in uranium enrichment would be a logical demand of the U.S. and its partners if the talks continued for any length of time. Third, negotiations would serve to isolate and pressure the Iranian regime in the international arena. Finally, we will be no worse off if we try diplomacy and fail. In fact, we will be stronger. We will be far more likely to convince China and Russia to join us in sanctions.

I have one final thought to offer to the committee today. We will not be well served if we allow the debate in our own country to be reduced to "negotiation or war" with Iran. Should negotiations fail, stronger sanctions, not war, are the next logical step. And should sanctions fail, President Obama would face a difficult choice between using force or seeking to build a containment regime against Iran. While the stakes are high, there is nothing inevitable about war between the U.S. and Iran.

This is an extraordinary time in the history of the Iran nuclear issue. The Iranian government has been weakened by the national and international furor over its dishonest handling of the elections and the protests that followed. We should seek to weaken it further by the threat of unprecedented sanctions. Those sanctions are most likely to be agreed by the leading nations of the world if we try diplomacy and negotiations first.

What we learned from watching the people of Iran demand more liberty and a better government when they took to the streets is that Iran is not a monolithic country. Instead, it is a remarkably diverse nation in ethnic, religious, regional and ideological terms. Now that it is apparent to the whole world that Iran is a society in crisis and a country fundamentally divided, we should look at our own long-term options in a new light.

We should reflect on the complex set of choices available to us as we seek to prevent a nuclear Iran in the short term and build, at some point in the future, a better and more peaceful relationship with the Iranian people.

Now is therefore not the time, in my judgment, for the U.S. to consider a military approach to this dilemma. Our interests will be far better served if the U.S. uses its diplomatic skill and dexterity to lead an international coalition to make an ultimatum to a weakened and despotic regime—agree to negotiations quickly or face a renewed international sanctions effort that will weaken the regime further.

We have the upper hand with Iran for the time being. We should seek to keep it. And, we should still believe that diplomacy might yet produce an ultimately peaceful resolution of this dispute without recourse to war.