

**PREPARED TESTIMONY OF**

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**SENATE FOREIGN RELATIONS COMMITTEE  
MAY 18, 2006**

**IRAN'S POLITICAL/NUCLEAR AMBITIONS AND  
U.S. POLICY OPTIONS**

Mr. Chairman and Senator Biden, thank you for allowing me, on behalf of the International Crisis Group, the privilege to discuss before you the fate and relationship of the two countries which I care most deeply about, the United States and Iran.

Mr. Chairman and Senator Biden, I fear we are on a collision course with decidedly devastating consequences for the future of the U.S.'s international standing, nuclear non-proliferation, Middle East peace and security, and Iran's evolution toward a society which respects the human rights and civil liberties of its citizens. What was once described as a game of chess has evolved into a game of chicken: The United States and Iran are like two cars moving head on with increasing velocity. Most concerning is that neither side believes that it serves its interests to slow down or get out of the way.

The policy stances of both sides have the merit of being clear: Washington sincerely doubts that Tehran's intentions are peaceful, and refuses to "reward bad behavior" or "confer legitimacy" on the Iranian regime by talking to it. Tehran, meanwhile, believes that the nuclear issue is simply a pretext used by the U.S. to cover its regime change ambitions, and that agreeing to compromise on its "legal NPT rights" would not allay US pressure, but on the contrary be perceived by Washington as a sign of weakness that would only invite further pressure. Operating under this premise, Iran's leadership believes it must not relent from its position, especially when oil prices soar, its hand in Iraq is strong, and there is still no indication that a more conciliatory Iranian approach would beget a more conciliatory US response.

I do not believe that a nuclear-armed Iran is inevitable. Nor do I believe that a firm decision has been made in Tehran to pursue the acquisition of a nuclear weapon. Despite current ominous trends I remain hopeful that the Iranian people's aspirations to live in a more open society at peace with the outside world is a worthy goal which will one day be realized. But I believe the probability of achieving either of these two salient goals—preventing a nuclear-armed Iran and forwarding the cause of Iranian democracy—is highly unlikely in the context of current US policy toward Iran.

Over three decades of U.S. attempts to change Iranian behavior by isolating it politically and economically have borne little fruit: 27 years after the 1979 revolution, Iran continues to sit atop the State Department's list of the world's state sponsors of terror, continues to play an unconstructive role in the Israeli-Palestinian conflict, continues to expand its military arsenal, and continues to repress its own population. If US policy toward Iran were a business model, it would have been scrapped long ago for failing to achieve its bottom line.

## **I. TEHRAN'S CALCULATIONS: THE INTERNAL NUCLEAR DEBATE**

Iran's senior leadership has always attempted to project a unified mindset regarding the nuclear issue, but in reality the country's ruling elites are divided into three broad categories: those who favor pursuit of the nuclear project at all costs; those who wish to pursue it without sacrificing diplomatic interests; and those who argue for a suspension of activities to build trust and allow for a full fuel cycle down the road. Understanding and exploiting these differences should be a key component of any diplomatic approach.

The first group, sympathizers of President Mahmoud Ahmadi-Nejad, comprises ideologues and confrontationists who romanticize the defiance of the revolution's early days. They believe that former President Mohammed Khatami's "détente" foreign policy projected an image of weakness while achieving little for Tehran other than membership in the "Axis of Evil". In contrast, they favor an uncompromising approach, in some cases going as far as to advocate that Iran withdraw from the NPT, unequivocally pursue its nuclear ambitions, and dare the international community to react. This group advocates measures such as withholding oil exports and cutting diplomatic ties with countries that side against Iran, confident that "the West needs Iran more than we need them". While two to three years ago such views were on the fringe, with the recent elections they have gained increased relevance and credibility.

Like the confrontationists, the second group is highly cynical of Western (particularly US) intentions, and argues that Iran is "bound by national duty" to pursue its "inalienable" right to enrich uranium. Unlike them, however, they favor working within an international framework. Iran's lead nuclear negotiator Ali Larijani is perhaps the best representative of this group, arguing simultaneously, perhaps inconsistently, that Iran must neither succumb to "Western double standards" nor abandon diplomacy. "The West wants two classes of nations," Larijani frequently says. "Those that have nuclear technology and can be advanced, and nations that must be restricted to produce only tomato juice and air conditioners...[But] a country's survival depends on its political and diplomatic ties. You can't live in isolation."

The third, more conciliatory group, arguably most representative of popular sentiment, is currently the least influential. After months of silence, however, they are increasingly beginning to make their voices heard. Former president Khatami and former lead nuclear negotiator Hassan Rowhani have criticized their successor's disregard for diplomacy, and the country's largest reform party recently urged the government to voluntarily suspend all nuclear fuel cycle work. Believing the costs of nuclear intransigence to be greater than its benefits, they argue that Iran should freeze its enrichment activities in order to build confidence and assuage international concerns. This group welcomes diplomacy and has consistently backed direct talks with the U.S., convinced that the Europeans are incapable of providing the political, economic, and security dividends Iran seeks.

Signing off on all major decision in Iran is Supreme Leader Ayatollah Ali Khamenei, whose 17-year track record suggests a leader who wants neither confrontation nor accommodation with the West. Yet decisions in Iran are made by consensus rather than decree, and at the moment Ayatollah Khamenei appears more influenced by advisors who argue - with some plausibility - that nothing short of regime change will satisfy the U.S., and that retreating on the nuclear question will only display weakness. If there is to be clash with the U.S., Tehran's hard-liners want it to occur on their terms, when oil prices are high and the U.S. is bogged down in Iraq.

## II. AHMADI-NEJAD AND THE STRUGGLE FOR POWER

If Mahmoud Ahmadi-Nejad's election proved anything, it is that the Iranian regime is far from monolithic and Iranian politics are far from predictable. While his triumph last June was widely viewed as a consolidation of power by the nation's conservatives, differences among conservatives have never been greater than today. And though it was widely assumed that he would focus on domestic economic affairs and have minimal influence over Iran's foreign policy, in the nine months since his inauguration Ahmadi-Nejad's impact on Iran's foreign relations has been nothing short of monumental.

Ahmadi-Nejad's assertiveness and outspokenness has surprised many. During his election campaign he criticized Iran's previous nuclear negotiating team for being "frightened", and as president he disbanded it in favor of his own. He is said to have personally authored the provocative speech he delivered at the UN Security Council last September, and to have penned his recent 18-page letter to President Bush. Ahmadi-Nejad also has repeatedly issued provocative, bellicose statements on Israel that go beyond what the Supreme Leader or others in the leadership have pronounced.

By most accounts, the president's style has irked the country's entrenched political elite. Senior officials have complained that he "doesn't play by the rules", and displays a surprising lack of respect for the Islamic Republic's protocols and hierarchy. Rather than defer to the elders of the revolution on matters as significant as the nuclear issue or US-Iran relations, he has tried to present himself as a force that cannot be bypassed. Indeed, political rivalries once kept under wraps are now playing out in the open. Last month, for example, Ahmadi-Nejad's eagerly anticipated announcement that Iran had successfully operated a centrifuge cascade was preemptively leaked by Rafsanjani to the Kuwaiti press. More recently, when news came out that he had written an unprecedented letter to president Bush, former lead nuclear negotiator Hassan Rowhani quickly countered by releasing a concise, two-page compromise proposal to Time magazine -- seemingly sending a message to the West that he is an alternative messenger with an alternative message.

Ahmadi-Nejad's behavior can be explained on two counts. To some extent, it is a function of his ambiguous relationship with Ayatollah Khamenei. The two men have decidedly different post-revolution experiences and responsibilities: Ahmadi-Nejad and his peers' most salient experience was fighting in the battlefields during the Iran-Iraq war whereas Ayatollah Khamenei was serving as president, and faced with the day-to-day dilemmas of governing a country embroiled in a full-blown war and facing near total political, economic, and diplomatic isolation. Wary of repeating this experience, the Supreme Leader has more than once publicly downplayed Ahmadi-Nejad's fiery pronouncements. Yet, at the same time, there is evidence that Khamenei appreciates Ahmadi-Nejad's anti-corruption campaign and his commitment to revolutionary ideals, and finds comfort in working with a junior president who is seemingly loyal to him and at the same time makes him look like a moderate. Moreover, Khamenei judges various government officials by their results: in this case, he may well consider that during his relatively short tenure Ahmadi-Nejad has accomplished more progress on the nuclear file than in the previous two and a half years of negotiations with Europe.

While Ahmadi-Nejad's behavior has caused disquiet among the political elite, his standing on the Iranian street is more difficult to assess. On one hand he has failed to deliver on his core electoral promise, namely that he would "put the oil money on people's dinner tables"; since his inauguration last August the country has experienced massive capital flight, foreign investment has dropped precipitously, and Tehran's stock exchange has lost nearly a third of its value. Most

noticeably for the Iranian people, inflation has increased dramatically, and unemployment has also risen.

Still, Ahmadi-Nejad continues to enjoy some backing, a result of his populist rhetoric, pious ways, humble lifestyle, and fiery nationalism. Aware that he lacks support among the urban middle and upper classes, he instead has courted economically disenfranchised Iranians in smaller towns and far-off provinces, promising loans and debt-relief. Realizing that he lacks favor among the country's top elite--technocrats, business managers, journalists, academics and even senior clerics—he curries favor with the country's paramilitary groups, such as the *bassij*; has attempted to co-opt the country's military forces by providing numerous projects in the construction and development sector to Revolutionary Guard commanders; and has formed close alliances with powerful hard-line clerics in Qom, such as Ayatollah Mesbah Yazdi. All in all, he has managed through his nationalist rhetoric and postures to set the tone for Iranian foreign policy in a way that few had anticipated beforehand.

### III. IRAN'S DOMESTIC EVOLUTION

Despite concerns about Ahmadi-Nejad and his team's desires to return to the early days of the revolution, societal reform in Iran is a train that has left the tracks. While it may be slowed down at times, and will certainly face delays and obstacles, it is process that will be near impossible to reverse, for sheer demographic reasons: Two thirds of Iranians are under 33-years-old; they increasingly are connected to the outside world via satellite television and the internet; and they have no special affinity for a revolution they did not experience and a revolutionary government which has not been able to meet their economic expectations.

Indeed, for the vast majority of Iranians the priority is economic rather than political deliverance. This is not to say that democracy and human rights are not important concerns, but that for a majority of Iranians they come second. As a Tehran laborer once explained to me, "When you're stomach is empty you don't cry for democracy, you cry for bread!"

While throughout the country Iranians' sense of alienation vis-à-vis their leaders is palpable, despite these socio-economic discontents people have become increasingly disillusioned with politics. In 1997, 2000, and 2001 they went to the polls in overwhelming numbers, twice to elect President Khatami and once to elect a reform-minded parliament, yet saw insufficient returns on their civic investments. As a Tehran-based intellectual once told me, "People's political frustration is to be expected. It's like exercising every day for six years and not seeing any results. Soon you are going to stop going to the gym."

What's more, without a clear alternative model or alternative leadership, the deep-seated desire for economic, political, and social reform among many Iranians is tempered by a strong aversion to unrest, uncertainty, and insecurity. Having already experienced one tumultuous revolution (or in the case of Iran's youth, the aftermath of one tumultuous revolution) and a brutal eight-year war with Iraq, Iranians have few concrete ideas as to how change should take place other than it ought to occur *bedun-e khoonrizi* – "without bloodshed."

The post-war turbulence and insecurity in next-door neighbor Iraq has made Iranians even wearier about the prospects of a sudden political upheaval or a quick-fix solution. As opposed to the aftermath of the U.S. removal of the Taliban in Afghanistan, when some Iranians could be heard naively romanticizing about the prospects of a swift U.S. intervention in Tehran, today it is rare to find any Iranians who see Iraq as a model for change, or look to their Western neighbor with envy. In the widely echoed words of one middle class, middle-aged Tehran resident, "When

we look at what's going on in Iraq, it seems that the real choice is not one between democracy or authoritarianism, but between stability or unrest. People may not be happy in Iran, but no one wants unrest.”

## **IMPLICATIONS FOR U.S. POLICY:**

### **1. To effectively counter Tehran’s confrontationists, the US must simultaneously strengthen its pragmatists**

While the U.S. should make clear that a bellicose Iranian policy will not reap rewards, it should also clarify that a conciliatory and compromising Iranian stance would trigger reciprocal steps. A broader diplomatic accommodation - Iran forsaking domestic uranium enrichment and modifying its objectionable domestic and regional behavior in exchange for improved bilateral relations, security assurances, and a lifting of sanctions - is the preferred option. But given the depth of mutual mistrust and ill will, it may not be possible to achieve this at the moment.

A smaller bargain proposed by the International Crisis Group would be to offer Iran a ‘delayed, limited enrichment scheme’, acknowledging its eventual right, after several years of a total freeze, to operate a small-scale uranium enrichment facility under an intrusive inspections regime, making clear that a military program would not be tolerated.

In both instances the logic is similar: to strengthen the hand of Iranians who are pressing for a more accommodating foreign and nuclear policy, they need to have a realistic and appealing alternative to point to.

### **2. Dialogue does not equal appeasement and certainly not indifference to human rights abuses**

It is important that we disabuse ourselves of the notion that dialogue is tantamount to appeasement, or would be "selling out" the Iranian people's aspirations for a more representative government. Quite the contrary: opinion polls suggest that upwards of 75 per cent of Iranians want their government to have relations with the U.S. Iranian democratic activists like female former MP Fatemeh Haghighatjou—currently a fellow at MIT—have long argued that a U.S-Iran diplomatic accommodation is crucial for domestic change to take place in Iran. Embarking on a comprehensive dialogue with Iran would provide the U.S. with the opportunity to match its rhetorical commitment to Iranian democracy and human rights with action, instead of ineffectively, and at times counterproductively, trying to promote it from afar.

Greater economic and cultural contacts with the outside world, combined with continued international insistence on political reform and respect for human rights, would strengthen Iran’s burgeoning civil society not weaken it, and dilute the conservatives’ hold on power rather than fortify it.

### **3. A sudden upheaval or abrupt political change in Iran is unlikely to be for the better.**

John Limbert, the erudite Iran scholar and talented former U.S. diplomat (taken hostage in Iran for 444 days) once reflected on the 1979 Iranian revolution that his liberal-minded Iranian friends “who could write penetrating analyses and biting editorials” lacked the

stomach to “throw acid, break up meetings, beat up opponents, trash opposition newspapers, and organize street gangs....and engage in the brutality that wins revolutions.”

Today we should be similarly sober about the realities of a short-term upheaval in Iran. There currently exists no credible, organized alternative to the status quo whether within Iran or in the diaspora. And despite the fact that a majority of Iranians favor of a more tolerant, democratic system, there is little evidence to believe that in the event of a sudden uprising it would be Iranian democrats who come to power, especially in a country with nearly 150,000 revolutionary guardsmen and 2 million members of the bassij, whose livelihood, in many cases, depends on the continuation of the status quo.

**4. The U.S. should make it clear that it has no intention of undermining Iran’s territorial integrity.**

While a diversity of opinion exists among Iranians regarding the country’s nuclear ambitions, the maintenance of the country’s territorial integrity is an issue which unites the vast majority of countrymen of all ethnic, religious, and political persuasions. Amid widespread concern and rumors in Iran that the U.S. is flirting with a strategy of supporting ethnic Iranian separatists groups, Washington should do its utmost to reassure the Iranian people that such concerns are unfounded.

Mr. Chairman and Senator Biden, I believe there are two equally plausible visions for Iran’s future. One is a hostile, backward-looking nation increasingly isolated from the international community, but with enough oil wealth to fund military and paramilitary groups which repress popular demand for change. Despite popular discontent, such a situation could be sustainable in Iran for years if not decades; an Islamic Cuba, with potentially a nuclear weapon.

The second scenario is of a country which has made amends with the United States, is re-integrated into the international community, experiences large flows of foreign investment, a strengthened middle class, a burgeoning private sector, and a free flow of tourists and members of the Iranian diaspora visiting freely. It is this scenario which will provide fertile ground for Iran’s transition to a more tolerant and democratic system at peace with the international community.