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COUNTERING PROLIFERATION: THE CHALLENGE OF THE NUCLEAR ROGUES

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P R O C E E D I N G S

MR. PIFER: Okay, good morning. I'm Steven Pifer. I'm a senior fellow and the director of the Arms Control Initiative here at Brookings. And welcome to our panel discussion on "Countering Proliferation: The Challenge of the Nuclear Rogues."

If you look back to the end of the Cold War, since then the issue of preventing the spread of nuclear weapons really has been at the top of Washington's agenda. I think if you were to ask either of the Bush administrations, the Obama administration, or the Clinton administration to list their top 10 security challenges, you'd find in each case nuclear proliferation would be in the top 3 or 4. And in the context of the last two decades, the two biggest challenges have been those posed by North Korea and Iran.

If you look at, for example, the American relationship with Russia, going back to the 1990s, Iran has always figured as a big issue on that just as in the U.S. relationship with China, North Korea, and its nuclear program has been a major issue for almost 20 years now. And U.S. policy is really focused on how can you hinder, slow, stop, prevent these countries from moving forward with their nuclear weapons programs?

Well, in the case of Iran, there's been some success perhaps in slowing it, though I think we've seen that in both cases those countries have moved forward. North Korea tested a nuclear device in 2006, then again in 2009. And although the U.S. Government has not yet come to a firm conclusion whether Iran, in fact, seeks to have a ready-made nuclear weapon, there is no doubt that Iran has made significant progress in its effort to acquire the capability to produce a nuclear weapon, particularly with regards to enrichment.

So this is going to be a challenge. It will be a challenge for the President, whoever that is in 2013, and we have an excellent panel here today to talk

about these questions. You have the program, so you have the full bios. I'm going to just give a brief introduction and lay out the plan for our discussion, and then open it up.

We'll start with Jonathan Pollack who's a senior fellow here at the Thornton China Center, but a long-time expert on North Korea. Of course with North Korea there was news on Wednesday that the North Koreans have agreed to a moratorium on testing on enrichment and also on testing of long-range missiles. I think Jonathan's going to put that in context, so the very difficult history that we've had with North Korea on these questions, as well as talk a little bit about what the transition from Kim Jong-il to Kim Jong-un might mean.

Our second panelist is Suzanne Maloney, who's a senior fellow in the Saban Center on Middle East Studies, and she's going to talk about Iran. And there's, of course -- Iran is in the news now in a couple of ways. Today, their parliamentary elections taking place in Iran. And, of course, for the last six or eight weeks there's been a lot of speculation in the media about whether Iran is reaching that point where the Israelis decide that they're going to go ahead and conduct a military strike against Iranian nuclear facilities. So she'll describe what's going on in Iran with that nuclear programs effort.

Our third speaker is Robert Gallucci. He is the president of the MacArthur Foundation, and spent a lot of time in the U.S. Government in the '90s working on these issues, including as assistant secretary of state for political-military affairs, but was very much involved in working on the agreed framework with North Korea in 1994. And after Jonathan and Suzanne lay out the problems, he's going to give us some advice on how to fix the problems and what should be U.S. policy in terms of addressing these questions. There's a price for sitting in that middle chair.

And finally batting cleanup, we have Strobe Talbott, who's president of

the Brookings Foundation. He also grappled with these issues in the 1990s as deputy secretary of state, and he's going to address two questions. One is: what do these two cases say about the ability of the global order to deal with these kinds of security threats? And second, how do these kinds of questions play into politics here in the United States in what is going to be a very political year?

So with that introduction and layout, Jonathan, let me start with you.

MR. POLLACK: Thank you, Steve. We meet propitiously in the aftermaths of simultaneous announcements from the Ministry of Foreign Affairs in Pyongyang and from the State Department on not so much an agreement, but parallel understandings about how in the near term it might be possible to proceed ahead and to resume some form of talks, if not outright negotiation, between North Korea and the United States. So amidst the quiet encouragement of the moment, I thought it would be useful at first to briefly review some of the history, how we find ourselves at this point as we enter, frankly, for the United States, a third decade of negotiations with North Korea over their nuclear weapons activities. We can't undo the history, but it's very, very important to understand better where we are at and what needs to be done.

It's now nearly 20 years since Bob Gallucci first sat down with North Korean counterparts, and indeed today some of the same counterparts are still the negotiators, and many, many of the issues are very much the same. It's now almost 10 years since the intelligence community determined that North Korea had underway a covert, highly enriched uranium program, which led to the breakdown of the agreed framework early in the Bush administration and triggered North Korea's immediate resumption of its plutonium-based nuclear weapons program that was followed soon thereafter by North Korea's withdrawal from the NPT, North Korea being the only state that has ever withdrawn from the Non-Proliferation Treaty. It's been eight years since

North Korea took Sig Hecker -- Dr. Sigfried Hecker -- from Stanford University to the Yongbyon reactor, and where he was able to handle a significant piece of plutonium metal deriving from -- they were processing at Yongbyon.

A year later, North Korea declared that it had manufactured nuclear weapons. And a year after that, indeed it tested a nuclear device for the first time. It's been almost three years now since North Korea in the opening months of the Obama administration, despite President Obama's persistent plea that he would shake an adversary's hand if they would unclench their fist, North Korea determined and stated that it would renege on every denuclearization agreement it had ever signed and it would resume nuclear testing. It threatened the launching of an ICBM and it said that it would start an enrichment program that it had long insisted it had never done in the first place. And remarkably enough, in the following year, again with Sigfried Hecker, Sig was shown the early results of what North Korea claims had been a kind of on-the-spot decision to undertake enrichment activity. Of course, what he saw was a very, very modern uranium enrichment facility at Yongbyon with about 2,000 centrifuges seemingly in operation, which does not happen, shall we say, overnight or even on a short-term basis.

So it's now 10 weeks since the death of Kim Jong-il. And Kim Jong-il, in many ways even more than his father, Kim Il-sung, is identified with a formal consummation of the nuclear weapons activities in North Korea that, in fact, really go back many, many decades, well before the United States ever sat down to negotiate with North Korea. North Korea at this time has declared, as Steve noted, that they would undertake a moratorium on additional nuclear weapons testing, long-range missile tests, and would also cease enrichment activities underway at Yongbyon provided that there were "productive talks underway between the United States and North Korea."

So they would also consent, although it's a little ambiguous in the

statement, but that they would consent as well to the return of International Atomic Energy Agency inspectors to Yongbyon, where they have been absent since 2008. But -- and one other encouraging sign, North Korea did assent in its statement, claimed that it would accept the 1953 armistice accord as the interim basis for the peace and stability on the Korean Peninsula. The "cornerstone" even was the word used. And since North Korea over the last five or more years has regularly trashed the armistice accord, we can take this as something of a positive sign.

So North Korea has claimed that yet again it is prepared to discuss denuclearization through a process of dialogue and negotiation. But I think it's safe to say that this is a bit like *Groundhog Day*, the movie. We've seen the movie before; the question is whether the ending would be any different this time around.

We can all concede that with North Korea all prices are subject to change without notice. But nonetheless, in the context of the passage of power from Kim Jong-il to his son Kim Jong-un, this is at least a small window into post Kim Jong-il North Korea, and whether or not on that basis we might see any kind of a revisiting of their strategies and policies.

That said, the caution is appropriate that North Korea has regularly and repeatedly declared that it is a fully developed nuclear weapons state, that it's nuclear weapons and missiles are part of Kim Jong-il's legacy that he leaves behind, and that more to the point, that North Korea expects to be treated on an equal level with a recognition of its standing as a state in possession of nuclear weapons.

All of this, of course, North Korea has undertaken in the face of acute international pressures from its allies, former allies, from its adversaries, from the International Atomic Energy Agency; all of this in the face of extreme economic privation and international isolation. So it's a commitment that they take seriously.

Now, the United States and other affected powers have no illusions about where matters stand. North Korea to this day, despite decades of negotiation, has never forgone any of the technical or material assets that it regards as critical to the sustaining of a nuclear weapons program. It deems itself an arrived nuclear power and expects to be treated as such.

It does receive heightened political and economic support from China, which has diminished the presumed pressure on North Korea to shelve, let alone to unravel, its nuclear weapons activities. And despite the statement of two days ago, North Korea has at various junctures threatened to test yet again, presumably this time with a highly enriched uranium device rather than a plutonium device.

So we remain, I think, although we find ourselves perhaps under circumstances where we ought to at least sustain discussions with North Korea, certainly -- particularly if there is anything that would delay or impede their additional testing, but ample caution needs to be recognized in this process. The United States does not and will not accept the legitimacy or permanence of North Korea's nuclear weapons assets. The U.S. has not waivered at all from its commitment to the cessation of all these nuclear weapons activities and to their ultimate elimination, without which a normal relationship between North Korea and the United States and the wider outside world is simply not going to be possible.

So all of this is in the face of North Korea's efforts to pocket and retain its nuclear advances and to assert that any effort at building and improving bilateral relations with North Korea must begin with the acceptance of the North as a weapons state outside the NPT, not unlike India, Pakistan, and Israel.

Now, the Obama administration continues to advocate what it has called strategic patience vis-à-vis the North. And the hopes of building a common front among

Japan, the Republic of Korea, China, and Russia are kind of a common framework within which the process of nuclearization can be impeded and then pulled back. And indeed, without which there can't be any lasting stability on the Peninsula or beyond.

Now, North Korea may well believe that the outside world is essentially inured to the existence of these capabilities. It is, after all, now almost six years since North Korea tested a weapon for the first time. And that North Korea may well believe that the outside world is somehow prepared to live with these capabilities, wearing down others, if you will, through its grim persistence and its attachment to these capabilities. But I think the persistence of their efforts ought to caution us about any kind of expectations for an easy or a rapid breakthrough.

Without engaging in magical thinking, we can look upon Wednesday's announcements as a tentative first step. But whether it really implies or suggests any kind of a near-term cessation of their nuclear weapons activities, it seems to me it's far more problematic.

That said, we have to be mindful that North Korea often negotiates for tactical reasons. There are a couple of immediate reasons coming up. That in April, there will be National Assembly elections in South Korea. In December, there will be a presidential election in South Korea, and clearly the North hopes to get a president more to its liking. And I think it's safe to say that if North Korea restrains its activities for the near term, the odds of them getting an outcome that they would like will improve. At the same time, North Korea is approaching on April 15 what it hopes will be a grand celebration of the 100th anniversary of the birth of Kim Il Sung, the founder of the North Korean state. So this may also be part of what is ongoing right now. But I think, frankly, we can't always understand or shouldn't pretend that we understand North Korean motivations, but certainly we should be mindful of the fact that North Korea is not forgoing

its nuclear weapons capabilities and interests simply for the provision of American food assistance. We should not delude ourselves, it seems to me, into thinking that we have a genuine understanding of what animates decision making in the North, but the tests will have to be in North Korean actions more than in words to see whether there is indeed any longer term way out of this extraordinary and very, very troubling nuclear history. The implications of this obviously go well beyond North Korea and well beyond East Asian security, and with that I will turn it over to Suzanne. Thank you.

MS. MALONEY: It seems somehow appropriate that on a glorious spring morning we started with the encouraging case, although Jonathan has injected I think an appropriate note of caution in whatever encouragement we may find from the announcement earlier this week. It is, of course, necessary given the topic at hand to move to the less encouraging case. In fact the case we are on, which at this stage has reached I think a state of deep disquiet both here as well as in a number of other allied capitals, in particular Israel.

I wanted to start off by just saying a few words about the state of play within Iran, particularly on the nuclear issue, and then perhaps raise a few issues for discussion. I think what you'll hear is a certain degree of commonality as well as important distinctions between the Iranian and North Korean cases. And I'm looking forward to the comments of our fellow panelists who will knit these cases together in terms of U.S. strategy.

What we know in terms of Iran's nuclear program has been once again confirmed by the latest IAEA report, which is the long history of a lack of transparency on the part of the Iranian regime with respect to its nuclear activities, continues to this day. The difficulty in ascertaining with complete certainty that the program does not have military aspects becomes greater with every passing month. And the extension and in

fact the intensification of Iran's production of low enriched uranium and now the increasing stockpile of uranium enriched to nearly 20 percent is proving to be a considerable worry for the international community. With that the launch of enrichment activities in deep underground fortified sites, which may or may not, if one reads the *Washington Post*, be invulnerable to even the most powerful U.S. bunker-busting bombs, is a factor which is influencing the timeline and the sense of urgency which seems to have infected the body politic here in Washington and, of course, in Israel.

Add to all of this a regional environment of deep flux in which Iran is both increasingly under threat and isolated from its neighbors, but also increasingly assertive in testing the opportunities that might be available to it as a result of the changing political dynamics of the Arab Spring. And one has, I think, the recipe of great tension and great urgency within the region, which we're seeing on an almost daily basis in the newspapers.

Of course, today in Iran is an important day. It is the first time that Iranians will go to the polls for a national election since the 2009 presidential election, which produced dramatic upheaval both on the streets with sustained protests in response to the dubious declaration of Ahmadinejad's reelection to the presidency at that time, but also a schism within the conservative political elite along the lines of which I think we have not seen even in Iran's deeply fractious three decades of post-revolutionary history.

Let me say that I think today's elections are tremendously important for Iran's long-term future. The simple act of mobilizing Iranians to articulate their political preferences is one that has deep meaning. The parliament is at this stage the only bulwark against the wholesale consolidation of power under the auspices of the Supreme Leader. And it has always served as a real venue for day-to-day pork barrel politics in

Iran that has long-term meaning for Iran's democratic development. But with that caveat, I'll say that I can almost predict the outcome of today's elections and the lack of the impact on the nuclear decision making. The regime will tout the outcome today, the respectable level of turnout, as a sort of endorsement of their popular mandate and a slap in the face, to use the charming phrase of Ayatollah Khamenei to the United States and the western states that have been engaged in an increasing program of sanctions, that are having real reach into the Iranian public. And the fractiousness between Ahmadinejad and the Supreme Leader will continue and probably play itself out in a more public fashion as we come closer to the presidential elections of next year. But ultimately the regime sees itself and sees its fate and its survival as deeply caught up in this nuclear program. And the set of circumstances that we find ourselves in, both with the tenor of threats in the international community, the fears and war jitters that are dominating as I said here and elsewhere, and the level of sanctions and the type of sanctions I think are making it ever more difficult to see a sort of functional negotiating process come out of the current set of circumstances.

Let me just raise very quickly five issues that I think are relevant for where we go from here on Iran. The first is establishing an effective deterrence with respect to Iran's nuclear program as well as its other provocative activities across the region. There is this sense that pressure works with Iran; that Iran, if it feels its survival is at stake, it will see itself restrained. And we have seen, in fact, in Iranian history evidence that this is, in fact, the case.

And yet it is not clear at this stage whether the threats are sufficiently credible or whether they actually deter Iranian provocative behavior or encourage it. And there is, as we hear talk within the Iranian press, of possibilities of preemptive action, as we see Iran talk openly of meeting threat with threat and potentially carry out those

implications on the streets of various foreign capitals, against Israeli and I would suspect eventually American interests, a real question about how we effectively deter a regime which believes that any sort of concession will be read as weakness and which believes that it cannot simply sit back if it sees itself under threat.

The second issue that I wanted to raise is red lines. We have had an inordinate difficulty with establishing and maintaining red lines with respect to Iran's nuclear activities. As a colleague in the State Department told me during the Bush Administration, the Bush Administration believed at the outset that Iran should not even have nuclear dentistry. And yet as we've seen, Iran has amassed a considerable nuclear program of enrichment and reprocessing and now enrichment up to 20 percent, a deeply worrisome level. How is it, as we know that there is an increasing conversation about establishing and publicly articulating new red lines, that we can make these red lines enforceable, that we ourselves can find ourselves constrained by them, and that we are going to get a sufficient level of buy-in from the international community to, in fact, support them publicly?

The third issue that I wanted to raise is the efficacy of sanctions. Sanctions have been, of course, are a persistent part of our policy toward Iran, and we have seen over the course of the past two years the most robust and meaningful international coalition in terms of exerting international economic pressure on Iran -- Conventional arms ban and U.N. Security Council Resolution 1929 and the agreement by Russia and other countries to even go above and beyond that, the European decision in 2010 and then more recently with the announcement of a voluntary boycott of Iranian crude imports to effectively evacuate the Iranian petroleum sector -- enormous historical importance if one thinks back to prior crises with Iran during which time European trade with Iran actually increased. And yet these sanctions are not having the desired impact.

The reality is that there simply are no knockout punches with respect to the Iranian nuclear program, and there is certainly nothing that is likely to be low cost and high impact as we often have found sanctions to be oversold. Once again we're finding that so long as the international economy is rebounding, demand for energy will remain robust, and the market seems unconvinced that a full scale reduction of Iran's supply can be absorbed without direct implications for the price of oil and the price of gasoline at home. This puts the administration here in a catch 22 during an election year. Increasing implementation of sanctions will have a direct impact on the U.S. economy and potentially the global economy as well, and navigating that balancing act is going to be a very difficult one throughout the course of this year and beyond.

The fourth issue that I simply wanted to raise is the question of how we approach Iran and the nuclear program. We found that incrementalism hasn't worked, trying to build modest confidence-building measures that create a process of trust, simply isn't effective with a regime that is convinced that we are out to remove and end its survival. And given some of the statements that have accompanied the sanctions, the statements from the hill that have described the intent of the latest sanctions as the collapse of the Iranian economy, the paranoia of the Iranian leadership may not be wholly unfounded. How do we move beyond incrementalism when we know that ultimately a grand bargain is unlikely to be realistic under the current set of circumstances? What kind of an approach can we fashion?

And as the fifth and final issue that's sort of a corollary to this, how do we work with our international partners? As I've said, we've had tremendous success over the course of the past three years in maintaining a very robust coalition of the P5+1, but moving well beyond that to encompass a number of European, Asian, and even African states to try to exert new pressure and have a unanimous international approach to Iran.

The level of sanctions and the concerns about military conflict are beginning to fracture that coalition. And I would argue that the key to dealing with Iran over the course of the future is going to be identifying an approach that is viable and maintaining the most robust international coalition that is possible.

I look forward to the discussion. Thanks.

MR. PIFER: Bob?

MR. GALLUCCI: So if it's okay, I would like to start by saying I think we got analyses from two experts, two regional experts, that was subtle, intelligent, balanced, and wise. Now for a prescription.

I think that these two cases are both difficult, but when we are thinking about what we ought to do going forward as a matter of policy, U.S. foreign policy, I see the North Korean case as substantially -- and I put this in quotes -- "easier" than the Iranian case. That is to say, I think the prescription is clear. It used to and it still does seem to me that there are three broad categories for a prescription with North Korea, and it may be with other cases as well. One, there's engagement or negotiation. Two, there is non-engagement sometimes called strategic patience, sometimes called encirclement, various words for essentially doing little to nothing and hoping for the best. And then the third is some sort of armed intervention and there could be a variety. I don't mean to have those subtle categories are even necessarily exhaustive, but that's how discussions have gone.

We have not in a very long time it seems to me gotten to the point of using force against North Korea. And we have swung back and forth between a policy of engagement and a policy that was essentially a standoff with North Korea. It seems to me that engagement when we can do it is the better way to go, that this problem or what happens in North Korea does not improve from our perspective by leaving it alone. The

North Koreans build more stuff. They test stuff. They're provocative in their relations with the Republic of Korea. Things do not get better by ignoring North Korea. So I would generally think when we can, when it's politically plausible, engagement is the way to go; the details of engagement is another matter. So right now I'm pleased, happy. I think we're heading in the right direction in the sense that the North Koreans for whatever their reasons -- Jonathan laid out a couple of them -- wish to engage now. I think that's good. This administration wishes to engage even in an election year. I think that's good. That the Republic of Korea even in an election year is willing to have us engage and eventually become engaged. I think that's good. So generally this is a good news story. It is not the happiest news. The situation hasn't changed dramatically. It's going to take a long time if we want to get to where we want to get to, but right now we're headed in the right direction.

The threat from North Korea, before we get to a little more on this prescription, is analytically again three pieces. First and for me most important, and I want to linger on this point, is a transfer issue. What I'm most concerned about and have always been with North Korea is that they would transfer fissile material, nuclear weapons technology, or nuclear weapons to another country or a non-national entity such as a terrorist group. That as an American is my principle concern -- security concern.

Second is, of course, the impact of what they have done already and might do in the future in terms of the plans of other countries in the region. That is to say, well, you could shorthand that as a domino effect, that over time a robust nuclear weapons program in North Korea with a regime that stays in place may not be tolerable for domestic reasons, either in Seoul or in Tokyo or elsewhere, and it could change the face of Northeast Asia and ultimately cause a rollback in a norm that's very important to the United States and the rest of the world against the proliferation of nuclear weapons.

So, I put that second.

And third, of course, is use. I would be very concerned about the use of a nuclear weapon by North Korea. I consider that very unlikely. I do believe that when nations are dealing with nations, general deterrence works and I think it will work in the case of North Korea. But I don't want to exclude that, because, as we all know, deterrence is a psychological phenomenon, it is not a physical phenomenon, and as a psychological phenomenon we can get that wrong. And when you're dealing with regimes that have different kinds of calculations than we may have, you've got to be particularly careful.

But those are the concerns. For me now there are two things to watch out for with respect to North Korea. One is that North Korea understands that this would be a bad time to do anything provocative with respect to South Korea. In other words, sinking ships or shelling islands is sort of not on. And Jonathan pointed out the reasons why the North Koreans would well understand this, but I would think it would be a good idea for us to underline that in our discussions with North Koreans, that that would queer the deal for negotiations for a while and we'd get back to another mode.

Second point -- and this is a tad more controversial, I guess -- I think we failed to do something we should have done in 2007, and that is we failed to tell the North Koreans that they crossed an old-fashioned red line. An old-fashioned red line is a red line that if you cross, you pay a consequence for having crossed. A new red line is a red line that you cross and nothing happens. So, I'm talking about an old red line.

And in the old red line I would like to have drawn now -- we missed this opportunity in 2007 -- North Korea is told in a very high and a very direct way that the transfer of fissile material, nuclear weapons technology or equipment, or nuclear weapons anywhere would lead to catastrophic consequences for the North. The

construction of a plutonium production reactor in Syria was an incredible move. We would talk about whether it was plausible when I was in government that a country transferring fissile material from one country to another, material that would fit in this glass that could destroy a city -- would a country do that. North Korea was nearing completion of a plutonium production reactor in Syria. The consequences, as best I know, for that behavior was that Israelis executed their version of a nonproliferation policy. (Laughter) But nothing that I know of, and I may not know of it -- I was not in government, still not in government -- was said or done to North Korea for that. And I think that was a mistake. And I think the message needs to go that that is a principal concern of ours and the rest of the international community, and it's a nonacceptable act. So, I put that out there.

And finally, final point -- and then I'll go to Iran -- I believe, having noted that, I think it is a good thing that the American administration is prepared to engage in these talks, even in an election season. The election season has also been called a silly season in the United States, and there's a reason for that, some of you may have noticed.

So, I hope that we can avoid -- though I don't expect necessarily to avoid -- references to appeasement or naiveté or other efforts to undercut a serious national security initiative in the interest of making this into a domestic issue in which the backbone or courage or clear thinking or whatever it wants to be, the absence of attributed to one candidate or another, turns out to be a part of the political exchange. It wouldn't be good for the national security. I don't think it's the high road, and I hope we can avoid that.

So, Iran. The harder, as I said, maybe of the two cases. I'll make a few points off that I assume people will accept.

The first is that there is a nuclear weapons program in Iran, that there should be no ambiguity about there being a -- it is a classic nuclear weapons program. There are centrifuges for the purpose of producing enriched uranium and with a capacity to produce highly enriched uranium and moving now by uranium emission to 20 percent enriched uranium and the isotope uranium 235. So, there's an enrichment program. There is a plutonium program with the construction of a heavy-water moderator reactor and already a heavy-water production facility at Arak in Iran. Both routes to fissile material are being pursued in addition to all the necessary work to construct the triggering package for the fissile material, that is to say, the actual nuclear weapons package. So, this is a nuclear weapons program in Iran, and a robust one I would say at that.

Second point is I don't know -- and I don't even know whether Iranian leadership knows -- when they would decide to test a nuclear weapon, build a nuclear weapon, or produce fissile material, either separated plutonium or highly enriched uranium. I would suggest to you on point 2, though, that we may not know when that happens and, therefore, you can't wait for positive confirmation if you wish to do something before it happened.

And the second point is the trigger here, in my mind, is the production of fissile material. It is not the testing of a nuclear weapon, the construction of a weapon, or the construction of a stockpile of weapons. It is the production of fissile material. Because if you recall the threat as I laid it out it the North Korea case, I said transfer was first, dominoes was second, and use was third. I have the same lineup for Iran. My principal concern is transfer; that Iran -- which I suppose if you ask the Department of State or the intelligence community in the United States what country on the planet is responsible for the transfer of more conventional weapons to groups we regard as terrorists, the answer would be Iran. So, you give that country fissile material and you

should begin to worry about the transfer of that fissile material or technology or actual weapons.

But I start with the fissile material. So, one, I don't when it will be produced. We may not know when it is produced. But it is the production of the fissile material that, to me, is the key issue, much more so than what will happen further downstream.

The third point here is that as we look at what we might do in this situation, we go right to prescription. I have been very impressed with the creativity, energy, intelligence of the sanctions regime and the political will that has eventually gotten implemented in attempting to do something about the Iranian program, which I regard as inconsistent with their MPT, inconsistent with the IAEA undertakings, and, therefore, subject to all kinds of sanctions. But I have no confidence that any degree of sanctions will actually stop the Iranian nuclear weapons program. I think the sanctions were the right policy. I certainly wish they were tougher earlier, but I have no confidence, given the robust character of the weapons program, that they will succeed in stopping a nuclear weapons program in Iran.

Second, I tend to think that the only way we could be confident of stopping the program, short of a change in internally produced change in regime in Iran -- I'm not talking about externally imposed, but an internal change in regime in which a new regime decided to go in another direction -- short of that, I think of the use of force and the repeated use of force as the only way in which we could be confident of stopping the weapons program.

That said, I don't actually know the details of the military calculation. I don't know about the capacity of either of the two air forces to act against those facilities, how often, with what degrading impact on the program. I just simply don't know.

I don't know whether there are other options. I can say where it's like special operations forces, because everybody knows about this capability in both these countries -- I'm talking about the United States and Israel, obviously -- but I just have no way of assessing our capacity to be successful at that. But I don't think I have much confidence, as I said, in stopping the program short of a successful use of force. That means over the long term it might mean living with or managing this situation, and that seems to me a very challenging prospect indeed.

So, I think I will stop there.

MR. PIFER: Strobe.

MR. TALBOTT: At Steve's suggestion, I'm going to offer a few thoughts on two bits of context here. One is the very specific or pair of specific problems that we're talking about here in the context of the global political order, and the other is to pick up a little bit on what Bob has already put onto the table about the context of American politics and policy.

With regard to the global order, I think we can all recognize and stipulate and welcome but need not go into too much detail on progress that has been made in recent years and recent decades. There's a lot, and it's manifested in the fact that, among other things, none of the major powers on the planet are at war with each other or in any likelihood of being at war with each other.

A number of institutions have been expanded and made more efficacious in some ways, but with regard to the two existential threats that could turn this into a really lousy century for us in the remainder of our lives and our children and grandchildren, it's not going very well. And I'm referring, of course, to climate change, which is another panel and another lunch, and nonproliferation, which is today's panel. And maybe it'll even continue over lunch for some of us.

There have been a number of references, most recently by Bob, of course, to the nonproliferation treaty. The nonproliferation treaty cannot be said to have failed. In fact, it accomplished quite a bit, picking up on its origins in the '50s with Dwight Eisenhower's proposal for an Atoms for Peace program. There are a lot of countries in the world today that could be or could have been nuclear weapon powers and indeed seriously contemplated it and did more than contemplating and are not.

But that takes us back to the four outliers that we now have: India, Pakistan, North Korea, and, presumptively, Israel. And with Iran knocking on the door, we have the very real possibility that the MPT will fail. And there is a much greater possibility of that than any of the four states that I just mentioned coming into the MPT as non-nuclear weapons states. And I would boil the challenge there down to the need for a much more concerted, imaginative, and urgent effort to come up with what I will call generically, or with lowercase letters, a more capacious global nonproliferation regime that would do no harm to the MPT; that, in fact, would include incentives for countries to remain in the MPT and perhaps even some to come back into the MPT, but, at the same time, dealing with the four states that we are talking about.

Just one more point in that regard. I mean, sufficient unto the panel are the number of rogue states we're talking about, which is two. But I do want to say a word about Pakistan, which I think is in something of a special category.

I think Steve is absolutely right not to have included Pakistan as a rogue state for purposes of this discussion today.

However, it is different, and in some ways, more dangerous than, leaving Iran aside, India, North Korea, and Israel. Those are three very different kinds of states. Two of them are democracies, one is emphatically not, but the one that is emphatically not a democracy, which is to say North Korea, is a cohesive state, to a fault, I think you

could say. Whether it is sustainable over the long-term is another matter, but I don't think there's very much concern about who controls the nuclear weapons program in North Korea. And the same is certainly true in India and Israel.

That is not true, however, in Pakistan. Pakistan is shot through with fissures, tensions, ambiguities, some of which are very obvious to us from the headlines. A good deal of Pakistani territory is not under the writ or governance of Islamabad or Rawalpindi, which is the military headquarters.

Pakistan is obsessed with what it thinks or its elite still thinks is an existential threat to itself and that's India, which is not an existential threat to Pakistan. In fact, I would say Pakistan is an existential threat to itself, going back, in some ways, to its very origins. The idea of a secular state for the Muslims of post-British India had tensions built in that broke in favor of Islamism, as we know, under Zia-ul-Haq, and then there's the role of the military and the question, which is either an open question or a question that can be answered alarmingly over the extent to which the military in scenarios that one can imagine would, in a cohesive way from the top down, totally control the nuclear weapons there.

And there is an answered question, I think, or at least a presumptively answered question, about how much civilian control there is of the nuclear weapons program and what the danger is, which I would say is acute, that nuclear technology and materials could, via Pakistan, get into the hands of true rogues.

That could include rogue states, but it could also include rogue non-state actors. So, I think somehow, in this conversation and others that special case needs to be taken into account.

What I would say with regard to the American role in all of this is that historically we have a lot to be proud of. Currently, we have a lot to be concerned about.

Looking to the future, we have a lot to try to avoid.

The United States has been far and away -- I keep waiting for Bob to advertise Bob Kagan's book, go ahead hold it up. I didn't bring it, he did -- that the title is *The World America Made* and sort of a footnote to that title is that an important part of the world America made is a world with an effective global nonproliferation regime. We are losing, as a nation, our ability to maintain the progress that has already been made and to make more progress that is necessary.

And the cardinal examples of that are, I would say, first and foremost, the bizarre and shameful inability and failure of the United States government to get its act together sufficiently so that it could ratify the Comprehensive Test Ban Treaty. We are up to the unlucky number 13. It's been 13 years since the Senate, I think, brought great discredit on itself. And, by the way, it wasn't brilliantly handled by the Executive Branch at the time, and I say that as somebody who was in the Executive Branch at the time, you bore you responsibility for this, Bob, but that is really serious.

And President Obama, to his credit, came in very much hoping to get ratification of the Comprehensive Test Ban Treaty, which would have strengthened leadership on a whole range of issues, including the ones we're talking about here, but he simply couldn't. He got the new START Treaty proposed, ratified. Had he been able to develop momentum from that and get the CTBT done, we would be in a much better position today on everything that we're talking about here, which leads us to what's going to happen later this year.

It's very hard to imagine an outcome in the November elections that will strengthen the possibilities for getting the CTB ratified in 2013 even if President Obama is elected to a second term. In fact, I suppose on the sort of Nixon goes to China principle you could say that President Elect Romney would be in a better position to surprise some

people, many of whom, unpleasantly, by committing himself to CTB ratification.

In any event, that is a melancholy note that I feel should be struck at the end of this conversation before we got to an open discussion.

MR. PIFER: Let me first thank the panel for all of the enthusiasm they shared with us today as we -- and let me now open the floor to questions. Could I ask if you could identify yourself and affiliation and put a short question forward? You should have a microphone coming up.

MR. INDYK: Martin Indyk, the director of the Foreign Policy Program at Brookings. I haven't been drinking this morning but I was sobered up by Suzanne and Bob's analysis of the situation in Iran, which I completely shared, but it really raises the question, one, to Suzanne, which is, is there nothing that can be done on the negotiation front to head off what looks like an inevitable military confrontation? And to Bob, since your judgment was that the only effective way of dealing with Iran's nuclear weapons program is to use force and repeatedly so, if we get to that stage, is it better from a U.S. perspective for Israel to do it or is it better for the United States to do it?

MS. MALONEY: I would tend to be pessimistic with respect to a negotiating process in the short-term but I think it is our only long-term, viable mechanism for dealing with the Iranian nuclear program, which is to say that I do think that we can establish constraints that are sufficiently durable from the perspective of the international community, that we can arrive at a solution that is tolerable to both sides, although not preferable to either side.

There was sufficient evidence in the past that the Iranians have been willing to do that under pressure and there was sufficient evidence in the past that even an administration less predisposed toward engagement was willing to contemplate a negotiating process with Iran.

That said, I think that our difficulty at the moment is the timeframe and the sense of urgency that has infected the discussion. If we are truly in a question of trying to beat the clock with respect to the zone of immunity, I am deeply skeptical that we will be able to bring the Iranians to the table in a sufficiently persuasive fashion over the course of the next six months to extract the level of concessions that we would need from them in order to offer anything in terms of reciprocity from this side. And I think that is -- it is this period that we have to navigate.

Moving forward, negotiations are viable. They would require painstaking effort on our side. I think they almost, at this stage, necessitate the involvement of a third party that could play the same sort of a role that Algeria played during the 1980, 1981 arrival of the Algiers Accords that ended the hostage crisis, interpreting one side's intentions and motivations to the other. And they would require a considerable degree of dialogue with all of our allies in the region and I would expect the extension of specific security guaranties to the Israelis in particular.

That is a long-term prescription that is simply not viable over the course of the next six months.

MR. GALLUCCI: Martin, I worried when I was making my comments that they would be characterized the way you characterized them and I didn't mean them that way, so let me try to pull this back.

Just about 20 years ago I was in government working for Strobe and if I had that responsibility now, in other words, for policy, I would be working very hard on sanctions, on the one hand, and all these creative ideas, and there have been a lot from very smart and able people, to create some sort of option that would meet, you know, Iranian needs for face-saving stuff, for real fuel.

I mean, I've been attracted to the idea of just getting 20 years of fuel

assemblies -- 20 years worth of fuel assemblies and delivering them to Bushehr, put them underground, you know, in one of those -- in granite things -- so it's all there. The fuel supply can't be interrupted, it's all -- how much would that cost compared to the kind of stuff we're talking about?

There it is. Make it 30 years and guaranty that you'll fuel their research reactor that they say they need to produce 20 percent enriched uranium for. Or you've got enrichment schemes with a plant that's somewhere else or multinational -- all kinds of things.

The proposition I was saying to you is, as an outsider not responsible for policy, I look at it and I say, this is not going to work. That's a real nuclear weapons program. They want to have at least a nuclear weapons option and I think more than that.

But if I was in government, I would be doing just what they're doing and I think it's the right thing to do. I just, as an outsider looking in being cold and calculating, I can't say that I would have -- I think the phrase I was groping for was -- much confidence it's going to work. Right?

On the other side, it's not that I think for sure the best way to go, therefore, is a military strike of some kind conducted repeatedly. I'm very concerned about the consequences, you know, the people who would be involved, who would die in the course of that act, the reprisals from the Iranians every place they have assets, and third, of course, what it would do for what I hope is eventually a change in politics within Iran. It may be constructive, but I doubt it. I think the enemy would have been identified and it will be us.

So, really high price to pay for this, plus I tried to underline the fact that I actually don't know the degree of military effectiveness we could have with a strike. It's

just that I don't think there's another course that is open to us, as an outsider looking in, that I would be confident of really slowing the program down.

So, it's that kind of a calculation.

What did you ask me, Martin?

MR. INDYK: The hypothetical, if that was the only alternative to prevent Iran from acquiring nuclear weapons. Would it be better for the United States to --?

MR. GALLUCCI: Oh, the U.S. or Israel. I have -- I read a lot and I have read that we are more capable than Israel of putting aircraft over target -- if it's an aircraft option -- aircraft over target sustaining that for various reasons over time, re-striking, et cetera, and maybe even with respect to munitions themselves. But, like I say, I read a lot; I don't know whether it's true. I'm not the right person to answer that question.

MR. PIERRE: Andrew Pierre, Global Insights. I'm going to ask a very unfashionable question, picking up from some of Bob's remarks. I mean, I interpreted your opening remarks to be moving very close to a military option and crossing that line, basically. I'm old enough to remember our concerns about India when it became a nuclear power and Pakistan and even China a bit. We learned to live with these three countries as nuclear powers essentially through a system of deterrents, a very unfashionable word these days, but I'd like to pick up on that.

Why is it that we seem to close the option of having Iran become a "nuclear power" but not supporting the notion that deterrents might still work in terms of its doing anything? Sure, it might concern the Saudis and others and fundamentally, Israel, but Israel has 80 to 100 nuclear weapons and ultimately, in my judgment, even though it's not formally written, Israel has a U.S. guaranty for its existence and this seems to be discarded in much of the discussion in Washington these days when it seems to be moving for or against a military option, but part of that package very often is that we don't

include the notion that we can deter a nuclear Iran from doing anything which is, you know, fundamentally disastrous for Israel or for the world system. Thank you.

MR. GALLUCCI: So. Andrew, I think we get a lot of that. I think I get a lot of that. I think I said deterrence tends to work with states or sentence -- something like that, if we roll back the tape. So, I believed deterrence tends to work with states, even states we generally regard as somewhat -- let's not even put the word in quotes -- rational than we are. In other words, they have a more, let's say, interesting leadership.

So, from my perspective you're quote correct. If we were to look ahead and say there is no strike and they do develop nuclear weapons and they do what other countries have done and say, okay, yes we have a nuclear weapons problem, you found us out. Okay? And there it is, and we've built nuclear weapons. What will happen? Will the world fall apart?

I said that in my look at the threat the thing I think about is, that's a Persian capability and there are Arabs who will not be pleased with it and put it in those terms. I believe that some other Arab countries who have thought about this before will think about acquiring nuclear weapons themselves and the Middle East will become a more dangerous place than it is now. We could unfold that out a little more, but I think we know what we're talking about here. So, that's the domino issue. I would say also that while I do not believe that Iran would launch an attack with its missiles, should it have missiles that could reach the United States, et cetera, I'm not terribly worried about that.

I do believe that Israel is in a different circumstance. I do believe there is a certain history, there is a certain character of discussion which has been very troubling to me, and I know it is to Israel. So while I was on the edge of discounting North Korean use of nuclear weapons, I'm slightly more guarded in the Iranian case and the Israel case, and the reason why Israel would regard this and they use that -- you know, the various words

that capture the transcendent character of this threat. I can understand that.

But I'm really edging up to a point, which was my first point. I'm concerned about transferring and I'm prepared to embrace deterrence. But let me tell you, if you don't know who whacked you and they think you won't find out who whacked you, it's hard to deter them.

Second, if you're dealing with someone who values your death more than their life, they're hard to deter. We've got two really big kinds of problems with deterrence in a world of nuclear terrorism and so I worry, one, that a country will conclude that transfer will not be discovered, and that our capability to attribute material in a nuclear device, either before it's detonated or after it's detonated, is less than absolute. We have forensic means of doing that, we have all kinds of ways, but we haven't created that in an absolute way so that I can absolutely tell you right now that if anyone transfers anything somewhere else and that somewhere else turns out to be the place where a nuclear weapon is fabricated and then it's detonated in New Jersey, that I'll be able to tell you who did it, I can tell them beforehand, and we can construct a system of deterrence of the kind you talked about.

We're not in that world yet. Maybe we will be, and maybe deterrence can be used against other groups. But right now, there's this whole scenario that I worry about more than any other when I think about nuclear weapons in today's world, and it's a very scary one to me.

So again, I said I don't want what I said to be simplified into I advocate a strike against Iran. I can't say that because I don't know the consequences of a strike against Iran. And not only do I mean by that I don't know what the Iranians would do -- I care about it -- I don't know the consequences in terms of how effective it would be, and I would need to know that, too.

So I am willing to view the other side of it and say I don't know of another way of dissuading this regime from its course.

MR. TALBOTT: Let me just jump in real quickly. I think what I'm going to say is consistent with what Bob put very cautiously, and I'm going to be less cautious.

My biggest problem with the idea of living with a nuclear-armed Iran of course has to do with the pernicious and dangerous nature of the regime itself. But it also has to do -- to take us back to the core word, which is not transfer but proliferation -- with what the effects would be in the region. It's really a different case from North Korea, for example, which is hemmed in, as it were, by a nuclear-armed and NPT nuclear weapons state in Russia, another one in China, and then of course the ROK and Japan, both of which are covered by treaties and nuclear umbrella by the United States. So, it's different from that.

It's also different from India. When the Indians set off their nuclear device in Pokhran that memorable Monday morning in 1998, you know, the sinking feeling a lot of us had was, you know, it's only a matter of days. I think it ended up being 12 days before the Pakistanis did it. We knew that that was going to happen.

But if you're talking about Iran, it's a longer list. The Turks have started talking in different ways about their own options here. The UAE has come up, Saudi Arabia has come up. 14 months ago we probably would have put Egypt on the list, and we may some months from now want to keep Egypt on the list of other countries in the region. And then, it's kind of 'Jenny bar the door' as far as the global nuclear proliferation regime.

MR. KUPPER: Ted Kuepper from the International Law Institute. My question is, is Russia on the list? Is the interest of Russia and Iran part of the equation?

MR. TALBOTT: Well, you were looking at me when you asked, but my

colleagues will all have -- I think of course Russia is an important factor and has, from time to time, not as consistently or as fully as we would like, been on the solution end of the spectrum.

The Russians emphatically do not want Iran to be a nuclear weapon state, for all kinds of reasons, including the one I was alluding to a moment ago, what it would do to the region. But also, because in so far as that enhanced or fueled Iran's capability to make trouble in various parts of the culturally-Muslim regions of the Russian Federation, they would be more of a danger.

Now, their behavior has been not consistent and sometimes not helpful, but I don't think there's any question that the Russians hope very much that they can avoid two things. One, Iran becoming a nuclear weapon state and the other is a war in and over Iran. Whether they can have both of those is at the core of what we're talking about here.

MR. PIFER: Strobe, could I follow up? I mean, when I look at the way the Russians look at Iran, I mean, the sort of level of risk that I think the United States or Israel attaches to nuclear-armed Iran -- I think the Russians just feel a lesser sense of urgency, in the sense that maybe they look at a nuclear Iran like a nuclear Pakistan and '98 Israel. We thought, well, it's a bad thing but we can deal with it in a way that we don't look at it. That's, I think, part of the difference here.

MR. TALBOTT: Maybe. I think there's another motive, too. Bob and I and a couple others in the room spent some time on this issue in the '90s when the Russians were materially helping the Iranians, both with their nuclear weapons program and with their ballistic program. And I can remember -- I forget if he was in his capacity as Prime Minister or Foreign Minister, Yevgeny Primakov, saying at the time. He said this is one way we can maintain our leverage with the Iranians. We know that they were

in your camp once upon a time, they had this Shah, the Shah went out, but they're going to be back someday and rapprochement with you, and we want to make sure that we have leverage. I mean, I'm not going to try to either explain or justify the logic of that, but I think that's part of it.

MR. VERDIN: Eric Verdin, the Institute for Foreign Policy Analysis. Bob, you characterized Jonathan's description as balanced, which I won't disagree with except to say that there was a great deal of caution expressed and I wonder what you would think of rather than our thinking caution now, that our thinking may be a reckless effort almost. At least one that's energetic, robust, maybe provocative, urgent -- to use a word -- and maybe a capacious one that maybe even has a chance to bring North Korea back into the NPT, and so forth.

What I'm saying is, shouldn't we be now looking to create opportunities out of what we have? We've seen some positive factors here. Isn't this -- would you describe it as such an urgent issue, one where we pull out the stops and we try to see what we want, and we make it work?

Now I say that to you because I remember you and I have had a conversation about the agreed framework where you said, it may have been flawed but it was the best agreement we could get. That's the other side of this, should we be shooting for what we really want or what we can get?

I also noticed that China was very little mentioned in today's conversation, and that was sort of surprising.

MR. GALLUCCI: Admiral. So, I think that we should be creative, aggressive, et cetera, et cetera, et cetera in a kind of philosophical way. But in terms of politically how we approach these talks, there are at least two good reasons for that not being our body posture -- I think our visible body posture. I'm maybe thinking this way,

and I think we ought to be thinking creatively.

But one, it's the dynamic with North Korea. I always thought and I had reason for thinking that every time the North thought we really wanted something it was a lot harder to get it. I mean, that's true in any negotiation, generally speaking -- but Kan Sek Chu was my negotiating partner. Literally said to me before the Congressional elections in '94 -- and I can't quote, but it's something close to -- I know you need an agreement before your elections. Now, in any negotiation if someone says, I know you need to buy this car, whatever the thing is you're going to say, actually, I don't. I can walk away any time I want. This, to me, was bad news, if he believed it. Certainly it was untrue, and I told him it's untrue. They would have had to have told me this if they wanted me to have an agreement. They didn't, and by the way, American Congressional elections are turning on what happens in North Korea? They don't know where North Korea is. They don't care. (Laughter) So, I tried to deflate this as much as possible.

But what I'm telling you is, I wouldn't want the North Koreans, as they go to this, to think that this is for us, domestically important in kind of a political sense. That we really need this for regional balance and that. There may be some truth on the second part of this, but I worry about how much they think we have invested in it and how much harder that would make the negotiation.

Second, there is that domestic political context. You could leave that out of Syria's foreign policy discussions, but I think at your peril. I've injected it in here because I know it matters in this country and South Korea and other democracies. I worry that -- and in this Administration, you'll notice the way this was -- you know, the way Glenn put it and others have talked and the Secretary have talked about this. Very cautious. They are poor-mouthing that engagement in Beijing to the max. In terms of American domestic politics, I think they have to do that.

Now, these are both comments going to what's visible. Below that, in terms of how we ought to be looking at this, absolutely. I mean, what I was trying to say and I was trying to do it cautiously, that the alternatives really aren't there, right? The only reason you go into that mode of containment is because you don't have the political basis to continue engagement. Right? Because, containment doesn't help you. Containment actually doesn't contain it. They're not bursting out, they're building up inside and containment is not a good strategy. This issue does not age well, it doesn't become fine wine.

So, I'm very much in favor of a very aggressive intellectual approach to this. This is the way to go, and inside government I would definitely be making the case that we need to seize these opportunities and move, but that can't be the presentation of the issue, in my view. For political reasons.

SPEAKER: Transform North Korea.

MR. GALLUCCI: That would be good.

MR. POLLACK: If I could just make an added comment or two. First of all, to endorse everything that Bob just said but add to this the risks. We're dealing with an extraordinarily self-referential system here, to put it mildly, and we can already see in some of the comments even in the context of the announcement on Wednesday that -- granted, North Korea is trying to put, dare I say, its best foot forward. It is being characterized by the North Koreans as indication, you know, the Americans really -- the Americans are really ready to move now and, indeed, for example, in the North Korean rendering on what we just agreed to, they said the United States says it no longer has hostile intent. Every administration has said that. For their own purposes, perhaps, their own obscure domestic purposes, legitimacy purposes, they feel it’s necessary to characterize it in this fashion, but I think I am totally persuaded that the State Department

team that's responsible here is very, very mindful of the risks. They're also trying their levelheaded best to test the possibility that we can make some headway here, but I think for political reasons both here at home and internationally, we have to do this in a very, very prudent manner.

One other thing, Eric, that we must note, when someone asked me the other day well, why can't we move ahead with North Korea here, there, and everywhere, and I reminded someone there are two Korean states, not one, and our primary loyalties and affiliations and interests lie with the Republic of Korea. We should never forget that and should never forget that the North and the South are fighting this six-decade-long battle on who really has a claim to be the legitimate Korean state.

What to me is interesting if you think about it is that China and Russia have long since recognized we live in a two-Korea world. China's trade with North Korea last year went to the highest levels, two-way trade, $5.6 billion, historic highs. China's trade with South Korea last year was $220 billion. I'm not saying trade alone is an indicator, but that's an indication that, in part, the challenge here is can North Korea let go or ease what I will call its fundamental nuclear identity that it sees as so integral to the way it proceeds as a state and that it's closely associated with deeply adversarial view of the outside world. That doesn't get overcome in a minute or a year, but that, to me, is the real test, the real challenge yet to come.

MR. PIFER: Our friend right here.

MR. ERICSON: Peter Ericson, U.S. Air Force.

So, I wanted to first start with the whole question that Strobe started out with talking about the Turks, the E.U., and Saudi and possibly Egypt. I would think that if I were an Iranian security planner that I would see that proliferation as a worst world for me, too, and that I would probably be inclined to keep sort of a recessed capability

without moving to weaponization until I had somebody on my doorstep doing that, unless I was feeling directly threatened by the United States or Israel. So, on the one hand, at least I have heard Iran discussing what they see as a security deficit and I have to wonder then if sanctions in particular are not expected to work, and I haven't heard from any of you that there's reason to suspect that they'll work, as they apparently did not with India, and if our strategic competitors think that an eventual approach with Iran is one day inevitable, then what is the sense in slowing down the potential long-term approach with Iran by going with a sanctions regime that we think will not work, will consolidate the regime's hold on their populous, and further distance those that might be sympathetic to us while passing up potential where we could be working on mutual strategic interests and resupply of Afghanistan or a larger security interest in the region, such as the IPI, et cetera?

MR. PIFER: Suzanne, do you want to start?

MS. MALONEY: I'll start. Look, I think I'm the most skeptical about the prospects of these sanctions having an effect during the time period that we need them to have an effect, but I understand the motivation for them and I understand the persistent tendency that we have toward over-optimism, irrational exuberance with our expectations on sanctions. I mean, it was only two years ago that there was talk that the ban on petroleum sales to Iran, which at that time was dependent on imports for about 40 percent of its daily gasoline usage, was going to hit at Iran's Achilles' heel and drive the population to the streets, and, therefore, force the regime to take a much more moderate approach to its foreign policy, in particular the nuclear policy.

All of these expectations have persistently proven untrue, and, yet, you can look back in history and it is quite clear. Former President Rafsanjani says so in his memoirs, that it was the economic constraints that Iran was under that forced Ayatollah

Khomeini to do what he said he would never do, which was to have to cease fire short of total victory over Bagdad. And, so, there is a sort of economic dimension and a rational dimension to Iran's strategic foreign policy, the strategic decision-making which I think underpins the impetus towards sanctions, as well as a desire to see the next step.

The difficulty with the formula that we have applied to Iran is that when we posit that pressure will work, the solution to the failure of pressure is always more pressure, and, so, you have this constant escalation of pressure. And at this stage, we really made it a point where I think there's almost nothing that we can yet throw against the wall other than a wholesale and enforced embargo on Iran's oil exports, which brings us really to a military conflict fairly quickly in any case.

That said, I would argue that these sanctions are not sanctions, which are likely to bring about the administration's stated goal of negotiations. They are sanctions which if left in place over a prolonged period of time will eventually expedite the process of political change, which is omnipresent in Iran and even today during a manipulated electoral process, we see a process and an existence of politics in Iran which is deeper and wider, I think, than almost anywhere else in the region today. And, so, for that reason, I see these sanctions as really sanctions of containment, sanctions that are intended to degrade the capabilities of the regime rather than to bring the regime to the negotiating table and facilitate over what will inevitably be a long period of time for longer than what Israeli and other decision-makers say that we have to affect their calculus, some sort of change in the character of the leadership and in their decision-making on the nuclear issue.

MR. GALLUCI: I wanted to make two points in response. One is the narrative that I preceded with when I think about the Iran Nuclear Weapons Program and the second is what we could on our best day hope for from the current strategy.

On the first point, my narrative begins not with some Iranian government waking up and deciding they were threatened by Qatar. It is born of a desire on the part of the Shah, which as everybody increasing notes and is true when that program began for a Persian position in the region that I think is traditionally called hegemonic and that's what the Nuclear Weapons Program was born off and I believe why it has been pursued. I don't believe that Iran is doing this as a matter of defense, that it feels threatened and the only way to deal with the threat is to have nuclear weapons. I don't believe that for a minute. I do believe this is still a drive for hegemonic position in the region. So, that speaks to part of what you said.

As to where we could end up on our best day, on our best day, what would have to happen is that there'd be palms slapping foreheads in Tehran and they'd say okay, the pain is too much; it's going to cause trouble internally for whatever reasons. We've got to deal with this. We can't give up our enrichment program, but what would we want them to do?

What we'd want them to do is to accept the additional protocol, accept special inspections, and allow the IAEA to ask all its questions, get them all answered, go anywhere it wishes, and, as you know, the IAEA will be somewhat guided by members states as to where they should go and we would flesh this program. We would then inspect the hell out of it and we would be sure that there was no higher levels of enrichment going on.

If they reconciled themselves with the NPT and their IAEA safeguards or agreement obligations pursuant to that treaty, there wouldn't be a very good basis for saying that Iran can't have an enrichment program, as I understand it in legal terms. There would be to say that wait a minute, this is very suspicious and Israel wouldn't like it, we wouldn't like it, it's inconsistent with the nuclear economy of one power reactor, but

okay. That would be the best outcome, an enrichment program that you could reasonably hope for, operating at low levels of enrichment under very, very nearly constant IAEA inspection, access to the country as necessary to ensure that it wasn't a parallel program anywhere, no nuclear weapons development work going on, and then probably something would have to be said about that plutonium production reactor, also known as a research reactor being built at Arak.

So, there's a way out of this without a strike and without a nuclear weapons program in Iran. The problem is getting from here to there and seeing whether those foreheads are going to get slapped by palms who decide that this is just too painful a set of political and economic conditions to live with that we will go and embrace that outcome. That's been there. The Europeans have been ready, the Americans are ready. As Strobe said, the Russians would love it, but we haven't gotten them there and the exquisite comment that Suzanne just made was in the amount of time we have left to have that happen. Hard one.

MR. PIFER: We have time for one last, very short question. Right here. Please short.

MR. HUNTSMAN: Steve Huntsman. I'd like to thank the panel for their insight and just ask a brief question, which is: Are there any useful lessons that we can draw from the South African experience?

MR. TALBOTT: Sanctions work. (Laughter)

MR. GALLUCCI: And so does regime change. (Laughter)

MR. TALBOTT: Yes, right. Yes, right, thank you. Thank you, yes.

MR. PIFER: Okay, good. (Laughter)

MR. GALLUCCI: Short question, short answer, yes.

MR. TALBOTT: Okay, and it looked so complicated 90 minutes ago.

MR. GALLUCCI: That's right.

MR. PIFER: Okay, and just right at time at 11:30. Let me ask you all to join me in thanking the panel for the presentation today.

(Applause)

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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