

Center for American Progress



THE
CENTURY
FOUNDATION

SPECIAL PRESENTATION

**“AMERICA IN THE WORLD: FORGING A NEW VISION
FOR FOREIGN POLICY AND INTERNATIONAL
SECURITY.”**

KEYNOTE SPEAKER:

SENATOR GORDON SMITH (R-OR)

**10:50 AM – 11:20 AM
TUESDAY, JUNE 12, 2007**

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MS. WINNIE STACHELBERG: Good morning. My name is Winnie Stachelberg and I'm the senior vice president for external affairs at the Center for American Progress, and I'm honored to introduce our next speaker.

I met Gordon Smith 10 years ago when President Clinton nominated Jim Hormel to be ambassador to Luxemburg. What should have been a routine confirmation process turned into an 18-month ordeal, a bitter and at times ugly fight. Senator Smith rejected the attacks and stood up for what was fair and for what was right. That was 1997 and in the 10 years since, while there have been times that the senator and I have disagreed, I have come to value Gordon's authenticity, his decency, and his willingness to listen and to learn.

As a second term senator, Gordon Smith has built a strong reputation as an independent thinker and a consensus builder. His bipartisanship has earned him high praise from colleagues on both sides of the aisle and broad support all across Oregon. Given his wide ranging experience and proven leadership in foreign affairs, it is no surprise that he has also taken the lead in confronting one of the most pressing issues of our time: Iran.

Senator Smith has been deeply involved in policy aimed at containing the Iranian nuclear program. He has introduced SR 970, the Iran Counter-Proliferation Act of 2007 that would impose sanctions on Iran and other countries assisting in Iran's nuclear program or investing in Iran's petroleum industry. The bill would also give Congress a much needed new National Intelligence Estimate of Iran's capabilities. The legislation would also make contributions to the International Atomic Energy Agency for the establishment of an international nuclear fuel bank.

Finally, and most importantly, Senator Smith's bill would encourage increased U.S. engagement with Iran by authorizing the president to carry out exchange programs with the people of Iran. This provision speaks to the kind of man Gordon Smith is: engagement, discussion, and dialogue. The bill now enjoys wide bipartisan support from 54 cosponsors.

Just recently, Senator Smith returned from a visit to the Middle East where he participated in several high level meetings including discussions with a senior Iranian nuclear negotiator. I hope we will hear about those conversations today. Senator Smith's internationalist outlook, coupled with his pragmatic policy approaches at home, is just the kind of leadership that we need at this time.

Jane O'Reilly wrote recently: "maybe the greatest challenge now is to find a way to keep independence while also committing ourselves to the ties that bind people, families, and ultimately societies together." During these challenging times, as we work to defend ourselves while also balancing our need to live up to our most basic standards of decency and fairness, we need more leaders like Gordon Smith.

It is with great pleasure that I introduce to you a great senator and a good friend, Gordon Smith.

(Applause.)

SENATOR GORDON SMITH (R-OR): Thank you very much, Winnie. Ladies and gentlemen, I'm honored to be with you to discuss an issue of enormous gravity to the safety of our country and to the future of the world. Let me begin by quoting, or at least paraphrasing, Winston Churchill, who in the run up to the Second World War as he was spending most of his time in Washington, he assured his countrymen that – not to worry, that America could be counted on to do the right thing after it had exhausted all other options. (Laughter.)

We're not a warlike people, even though we are called to be in so many conflicts and in so many places around the globe, and the reason is simple: we are strong and we have values that the world trusts, and we have shown a willingness to fight for those values. I remember when I was a little boy my mother had told me explicitly not to do a particular thing, and some friends and I went ahead and did it anyway. I remember she paddled me pretty hard, and I cried out to her, "Mamma, don't you love me anymore?" And she said, "Son, I will always love you, but remember, it is better to be trusted than to be loved." And I think that that is – in a way encapsulates where America finds itself in the world today. We're not loved everywhere, and one of the greatest disappointments I have had in my 11 years in the United States Senate is how often we are viewed with envy and suspicion, and the people – the same people who envy us and have suspicion of us are the same ones that line up outside my office door asking for aid, trade, and military alliance. Why do they come? Again, because we are trusted and they see us willing to fight for values that they yearn to have in their own lives as well.

Before I get to my remarks on Iran, I would note for your edification that I traveled to Iraq two and a half weeks ago, went there and spent two days there with Senator Orrin Hatch, Congresswoman Jane Harman. We went to participate in the Davos Economic Forum held at the Dead Sea, and we went to Iraq first.

The experience there is both inspiring and disappointing. Inspiring when you meet with our troops, when you see their esprit de corps, when you see the tremendous effort that they are expending to do the mission that they have been assigned.

Discouraging when you meet with Iraqi political leaders, who seem more bent on revenge than reconciliation. We met with each of the parties, the three major parties representing Kurd, Sunnis and Shias. I would tell them that while I recognize they needed recesses, too, in their parliament just as we have them in Congress, and that I wanted them to take a recess, I wanted them to finish their essential work first, such as an oil revenue sharing law, such as establishing constitutional reforms that will provide reconciliation, and all they wanted to do is talk about how they could get better revenge on the people that were trying to hurt them on the other side of the city. That was discouraging.

I met with an Oregon soldier who was on this third tour of duty as I recall. He trains Iraqi policemen. He said that one of his trainers, his fellow teachers, was Iraqi and

a Catholic. When the students found out that this Iraqi police officer was a Catholic, after their graduation they stoned him to death. Somehow, that story encapsulates our problem there: how Iraq is the confluence of all the turmoil of the Middle East. That genie is out of the bottle and it is not easily put back in, but I think Baker-Hamilton got it more right than wrong. And I think if we're to continue to be trusted in the world, we need to follow the blueprint that they gave for coming home honorably and trustworthily.

We'll be there for 100 years under President Bush's formulation that we'll stand down when they stand up. I now see it in just the reverse. They will not stand up until we begin standing down.

(Applause.)

In my experience in working with two administrations, President Clinton's, President Bush, I want you to know that as an American, not as a Republican, I found patriots in both. I found people who were trying to do America's bidding, trying to serve America's values, trying to protect the American people, and while Republicans and Democrats have differences as to ways in which that may be accomplished, my own experience is that they were patriots. And if we can remember that, we can continue working together to try to resolve some of the continuing pressing concerns coming down upon our country, concerns from which we retreat at the peril of our own lives.

That brings me to the question of Iran. I'm not going to do what my colleague Joe Lieberman suggested, that we just attack – (laughter) – but nor do I take that off the table. Iran's dogged pursuit of nuclear weapons capability has the potential to radicalize the Middle East. It will start a new arms race, an arms race between Sunnis and Shi'a with Israel caught in between.

When we were at this Davos Conference, King Abdullah invited Senator Hatch, Congresswoman Harman, and myself to have dinner with him at this event; it was a very small group – the three of us, President Karzai and some others whose names I forget, but who were Middle Eastern scholars. He expressed to us his gravest concerns about the mischief of Iran, and how this has the potential to destabilize the Middle East in a permanent and dangerous way.

Indications are now growing that the flow of Iranian arms – excuse me, I've got to put these on. I'm losing my eyesight in the service of my country. (Laughter.) Indications are growing that the flow of Iranian-made arms to the insurgencies in both Iraq and Afghanistan are increasing. There can be no doubt about that. While in Baghdad, I spoke with Ambassador Crocker, General Petraeus, both of whom emphasized the destructive role Iran was playing in Iraq. Our soldiers expressed to me their horror at the Iranian bombs that are now being used to explode their vehicles. We have no defense against those.

We have solid evidence that Iranians are supplying arms to Iraqi militant groups despite Tehran's denial. Winnie indicated we met and were on a panel with the Iranian foreign minister. He looked at us, Senator Hatch and I, Congresswoman Harman, on this

panel, and denied everything that we had seen with our own eyes in Iraq that were Iranian. Some of the new weaponry that they have are long-range rockets being used to strike targets inside the green zone. And in Afghanistan, U.S. and British forces are reporting a seizure of Iranian-made arms including mortars, rockets, propelled grenades and roadside bombs of the most deadly type. And although it is unclear whether this is being directed by the Iranian regime, the presence of these weapons in Afghanistan and Iraq is deeply troubling and incredibly deadly.

Equally disturbing is the detention of four Iranian Americans in recent months, two of whom are being held in a notorious prison outside Tehran. Haleh Esfandiari of the Woodrow Wilson Center has been formally charged with trying to topple the government, an absurd allegation against a respected scholar who traveled to Iran to visit her mother. International human rights groups that are following these cases accuse Tehran of trying to instill fear amongst opponents of the regime, including journalists and activists. These charges and the detention of other Iranian Americans are merely the latest example of the abhorrent human right record of the Iranian regime.

Last year, State Department Human Rights report and Religious Freedom report cited Iran for widespread human rights abuses, including summary executions, disappearances, torture, and arbitrary arrest and detention. Sadly, the legitimate aspirations of many Iranians for liberty are being crushed by the Mullahs, intent to preserve the theologically based dictatorship that has ruled for nearly three decades.

Additionally, no discussion about Iran can discount the vicious rhetoric emanating from President Ahmadinejad, and though it is true that Supreme Leader Khamenei is trying to curb Ahmadinejad's authority, I choose to listen to what the Iranian president says rather than what we'd like him to say. The latest outrage came slightly more than a week ago. He boasted that with, quote, "with God's help, the countdown button for the destruction of the Zionist regime has been pushed by the hands of the children of Lebanon and Palestine." Granted, there may be some political posturing in these words, but we ignore these words at our own peril.

Let me now turn to the nuclear question. It is undeniable that Iran's nuclear program is accelerating. The most recent report of the International Atomic Energy Agency issued on May the 23rd stated that Iran is running now at least 1,300 centrifuges which indicates that they have solved some of the technical problems that have caused them difficulty in the past. The IAEA continues to be unable to verify specific aspects relevant to Iran's nuclear program, and I strongly disagree with those who assume that Iran's aims are purely peaceful. Rumors abound of Iranian planning to develop long range missiles, perhaps with the help of North Korea. Tehran's bold disregard of the provisions of relevant UN Security Council resolutions and its refusal to provide the IAEA with the information that agency has sought has placed the international community in a very difficult position.

Of course, Iran hopes to make this about the United States and our refusal to talk. Keep in mind there have been lots of talks with the Iranians over the past four years and just last weekend as well. The EU3 process was predicated on talking and increasing

levels of economic incentives to convince Iran to change its behavior. Just one year ago, Tehran rejected the most generous economic package offered to date, and continued rapidly down the nuclear path.

I feel compelled to point out that there are costs to giving Iran more time to play out the diplomatic process. Negotiations that by their very nature are unable to achieve our core objectives are more than a waste of time for our talented diplomats, they give the Iranians additional opportunity to move their nuclear program forward without incurring a cost by the international community. With that in mind, I believe we need to proceed with a political strategy based on reality, not fantasy.

Our current policy of refusing to negotiate with Tehran on its nuclear program as long as its uranium enrichment continues is correct. Keep in mind, we are not demanding a complete irreversible dismantlement of Iran's nuclear program, although in my view that is our ultimate goal. We're merely asking them to stop enrichment during negotiations, which I believe is an entirely reasonable request. The director general of the IAEA, Mohammed ElBaradei, has urged the West to consider allowing Iran to continue limited amounts of uranium enrichment during discussions with the West. Frankly, this is troubling to me.

The IAEA is an organization upon which we must rely to be able to give us accurate, unvarnished reports about the state of Iran's nuclear program. Any hint of politicization, of omitting information that could be damaging to ElBaradei's stated preferences about how we should proceed, will be deeply harmful to our goals vis-à-vis Iran. It also threatens the IAEA's reputation as a source of impartial knowledge on these important issues. As the United States determines with our allies how best to approach Iran's nuclear ambitions, there are many opportunities for us to increase the cost to Tehran of their decision to proceed with nuclear efforts. This does not mean that we should ignore the effort within the UN to impose additional sanctions on Iran due to its noncompliance, but we must be willing to do more, to go further given the enormous stakes involved.

One target must be the scope of the foreign investment in Iran. Now, some people when I say this, we can't do economic sanctions that are serious. We just got to talk. Well, the American Enterprise Institute has developed a comprehensive web-based tool that details the global reach and volume of Iran's financial and commercial dealings. This information, all of which was obtained using public sources, shows that in the past six years, more than 300 public and private corporations and government agencies from dozens of countries have conducted transactions with Iran and/or agreed to fund and develop projects within Iran's industrial and commercial sectors.

Since 2003, the start of the EU process with Tehran, the total trade between France and Iran has amounted to over \$13 billion, Germany's trade with them is more than \$14 billion; and Britain's trade, though smaller than its EU3 partners, is still considerable at over \$2.6 billion. The EU as a whole needs to step up and show that it is serious about using all the levers, all the tools in the toolbox to let the Iranian regime know that business as usual cannot continue.

Additionally, the Treasury Department has made an important contribution by convincing European banks to stop providing letters of credit for export to Iran, or to process dollar transactions for Iranian banks.

There's a role for Congress as well. Of course, those of us who serve in Congress usually think this is the case. On March the 22nd, I introduced the Iran Counter-Proliferation Act along with my colleague, Senator Richard Durbin of Illinois. This legislation has 55 cosponsors and is designed to do a number of things, a few of which I want to highlight for you this morning. Again, if we don't want to do military, let's do everything we can diplomatically that includes the toughest of economic sanctions.

First, as I mentioned, it is critically important to increase the cost to Iran of their decision to pursue its nuclear weapons. The bill urges the administration to pursue measures in the international financial sector to restrict financing in Iran and encourage foreign state-owned entities to seize investment in Iran's energy sector. It prohibits all imports from and exports to Iran. It forbids any action that would extend preferential trade treatment to Iran or that would lead to Iranian accession to the WTO. And it freezes assets of senior Iranian officials and their families.

Secondly, the bill singles out Russia, a country that has contributed significantly to the development of Iran's nuclear program and has significant financial ties with Tehran. Among other restrictions, it prevents the United States from moving forward with a multibillion dollar nuclear cooperation agreement with Moscow or agreeing to its accession to the WTO until the president certifies that Russia has suspended its nuclear assistance and transfers of any conventional weapons and missiles to Iran. If Russia wants to be our partner on the war on terror, it needs to cease permanently this assistance. If it chooses another path, then Moscow needs to understand that there are consequences to that decision.

Third, the Iran Counter-Proliferation Act seeks to bring to light the names of companies that continue to feel it as appropriate with Tehran. IAEA has made an enormous contribution on this front, but the more light we can shine on these companies, the more likely it is that their executives will choose another path. The legislation requires a reporting list of any foreign investments in Iran's energy sector, and a determination on whether such investment is sanctionable under the act. And it requires a report listing companies with American operations, whether or not they are incorporated in the United States, which invest in Iran. Making this information public is the first step in curtailing investment that only serves to support the Iranian regime.

As we pursue these options, I feel compelled to stress an important point. The media has been anxiously reporting a split in the Bush administration about how we should address the threat that a nuclear armed Iran would pose to the United States. The secretary of state has made it clear that we are on a diplomatic course. I believe this course should be strengthened with tough, multilateral and unilateral sanctions against Tehran, but we should not take any option off the table. I assume that's what Joe was doing the other day on CBS "This Morning," or whatever it was.

Let me conclude as I have stated now two other times. If we're serious about ceasing an arms race with nuclear weaponry in the Middle East, we must be serious about using all the tools in the toolbox. I do not want another war. I think we can prevent it if we're serious about our diplomacy, and that means economics as well, to raise the cost to Tehran of their deadly designs and their terrible words. I think we have to listen to what they say, take them at their word, plan for the worst, and execute the best we can so we don't end up in another military conflict.

Thank you so very much for having me here.

(Applause.)

MS. STACHELBERG: Please join me in thanking the senator for taking the time this morning. Thank you.

(Applause.)

If I could just have you remain in your seats for just a moment. We are ready for the next panel. Thank you.

(END)