

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES
(CSIS)**

“ASSESSING U.S. POLICY TOWARD IRAN”

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“FACE THE NATION”**

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JOHN HAMRE: Okay, ladies and gentlemen, welcome. We are delighted that you are here. This – I've lost track – I think this is the fourth or the fifth.

BOB SCHIEFFER: Fifth. Sixth, I believe.

MR. HAMRE: – in the series that we're doing jointly with Texas Christian University's Schieffer School of Journalism and CSIS. They, of course, are celebrating the fact that Bob Schieffer is one of their alums. I would do the same if I were TCU. We're delighted, however, to have this partnership, and the goal is to bring a reasoned, sensible debate in front of the American people.

And, of course, to do that, you have to have first-rate, enormously talented public policy figures and intellects that are going to participate in that discussion. Bob has been leading these and everybody, when we call and ask people to participate, it's never a problem to recruit fine people because they know that he's a fine and fair journalist. And we're going to live up to that great tradition. Bob, I'll turn it to you to introduce our panel. Thank you.

MR. SCHIEFFER: Thank you very much, John. Thank you all and welcome again. As John said, this is the fifth in the series of programs sponsored by CSIS and the journalism school at TCU. Our previous sessions, those of you who have been to some of them, have been about Afghanistan, about Iraq, about the intelligence community. Our last one was very timely because it was about North Korea.

Today, our subject is Iran. What does its government want? Is it determined to develop nuclear weapons or does it want nuclear power for peaceful purposes? And what can or should the United States do about it? What should our policy be toward Iran? We have gathered another distinguished panel, perhaps our most distinguished, I would say as I look here today.

Jon Alterman, director and senior fellow of the CSIS Middle East Program. He has served on the State Department policy planning staff, was an advisor to the Iraq study group, lectures at Johns Hopkins and George Washington University, was an award-winning teacher at Harvard and author, or co-author, of four books on the Middle East.

Elizabeth Cheney, Liz, most recently served in government as principle deputy assistant secretary of state for Near Eastern Affairs. Prior to that, she practiced law in the – excuse me – in the private sector in the International Finance Corporation, which is part of the World Bank group. In 2000, she was director of vice presidential debate preps for the Bush-Cheney campaign, has also served as special assistant to the deputy secretary of state for assistance to the former Soviet Union, and as a USAID officer in Budapest and Warsaw.

Ken Pollack, director of research, senior fellow at the Saban Center for Middle East Policy at Brookings. He served as director of national security studies at the Council on Foreign Relations. He also served on the National Security Council. He's been a research professor at the National Defense University and spent seven years in the CIA.

And then, Robin Wright, one of America's most informed journalists, I would say, on foreign affairs. She is the diplomatic correspondent for The Washington Post, has reported from 130 countries. How many countries are there? (Laughter.) That has to be nearly all of them. She has worked for the Post, the L.A. Times, CBS News, and the Christian Science Monitor, spent five years in the Middle East, two years based in Europe, and seven years in Africa. Her latest book is "Dreams and Shadows: the Future of the Middle East." And, Robin, I think I want to start with you because I think in light of the news on North Korea today, although we're going to focus on Iran, I think we really ought to take some notice of that. What does this mean and what's going to happen now?

ROBIN WRIGHT: Well, the North Koreans provided a declaration on its nuclear program. It does not go far enough. It does not address critical issues, including how many nuclear weapons it has, its uranium enrichment program, and particularly its proliferation, notably to Syria. And so there are a lot of questions that remain. It does not fulfill its obligation as part of the Six-Party Talks.

Clearly, the Bush administration thinks this is an important development because it's a continuation of what happened with Libya getting it to give up its weapons of mass destruction, and has particularly important repercussions for Iran, the kind of thing we'd like to do in reaching out with the world's six major powers and its recent offer this month to get – to begin some kind of dialogue with Iran if it suspends its own uranium enrichment.

MR. SCHIEFFER: I should add, by the way, that Robin went to North Korea and was with Madeleine Albright on a very similar kind of mission, didn't you? Does this – how is this like that trip?

MS. WRIGHT: Well, I often say it's déjà vu because, at the end of the Clinton administration, there was an attempt to get both Middle East peace and a deal with North Korea, and we're finding ourselves in very much the same boat on the same issues eight years later.

MR. SCHIEFFER: Would anyone else on the panel like to talk about this? Liz, what are your thoughts in general on North Korea and this announcement today?

ELIZABETH CHENEY: Well, I think that actually I would agree with much of what Robin said. I think it's concerning for the reasons that Robin mentioned, concerning because, although I'm not sure anybody's actually seen the declaration yet outside of the U.S. government, it looks like there were key pieces of the North Korean

nuclear program that were left out. And so I think that it is a troubling development that we would be taking steps that seem to be significant steps in terms of removing them from the terrorist list and from the Trading with the Enemy Act sanctions in exchange for something that seems to be of questionable value.

MR. SCHIEFFER: One of the things that's not apparently in the list of nuclear activities that they handed over is the number of nuclear weapons that they have. There apparently isn't – that is not included in what we got, the information we got, nor apparently – is this right, Robin? There's no information on what the deal was between North Korea and Syria.

MS. WRIGHT: Yeah, and they have to acknowledge that, for the U.S. to follow through, I think, that's going to continue to be a big issue, particularly on the Hill.

MR. SCHIEFFER: Do you think there's any chance that Secretary of State Rice would go to North Korea now, as Madeleine Albright did at the end of the Clinton administration?

MS. WRIGHT: I think the North Koreans would probably have to do an enormous number of things very quickly in order to get Rice to make a trip. And I think it would probably be very controversial on the Hill and probably some resistance within the administration or lack of enthusiasm, although I will defer to another on this panel who may know more than I do.

MS. CHENEY: I wouldn't be enthused. (Laughter.)

MR. SCHIEFFER: But do you think Condoleezza Rice might be going?

MS. CHENEY: Well, I certainly don't want to speak for Secretary Rice, but I do think – it was interesting. There's been some great reporting in The Post, including by Robin. Secretary Rice last week appeared at the ed board of the Wall Street Journal, and then The Post picked up on her comments there noting that we had found traces of highly enriched uranium on some of the pages of the documents North Korea turned over. So I think it's – (laughter) – one has to wonder.

MR. SCHIEFFER: Oops.

MS. CHENEY: But, again, I commend Robin for some of that great reporting in The Post.

MS. WRIGHT: Can I just make one small point?

MR. SCHIEFFER: All right, sure.

MS. WRIGHT: In terms of the price the United States has to pay taking it off the terrorism list and removing it from the Trading with the Enemies Act, that's not a huge

price to pay, as experts have been telling me all day long, that North Korea, except for the Japanese abductees which is an issue that dates back a long way, North Korea has not been deeply engaged in terrorism for a long time in the kind of way we define terrorism. And there are still so many sanctions imposed on North Korea that lifting these restrictions won't have – it's not going to lead to any major rush in terms of new business with North Korea. There will still be an enormous number of restrictions. So it's not a great price to pay either, and that's – we may be seeing a little bit of bazaarism in – I mean bazaar as in trading bazaar – in trying to get more for what they give up.

MR. SCHIEFFER: Okay. All right, well let's talk about what we came here to talk about, and that is Iran. Ken, how would you – if you just give a picture of where Iran is today, what do you think they're trying to do?

KENNETH POLLACK: You don't mean geographically? (Laughter.)

MR. SCHIEFFER: I think that most of us in this room –

MR. POLLACK: – because I can do that.

MR. SCHIEFFER: – probably know pretty close to where it is, but where do you, what is Iran trying to do today? Are they trying to build a nuclear arsenal? Are they trying to develop nuclear power for peaceful purposes? And if so, why?

MR. POLLACK: The first thing I'd say is I think we need to be very careful about making generalizations about the entire Iranian government right from the get-go. I know it's hard, and especially as we get going, all of us, myself included, are going to say Iran is doing this, Iran is doing that. But we need to keep in mind that Iran has a deeply fragmented political system. And different players within the Iranian political system often have very divergent views. They don't always support the policy being pursued by the government and, oftentimes, what you see the government doing is actually some effort to achieve a balance between very different fronts.

I think it's clear that the Iranians have set themselves on a course that will allow them to have a nuclear weapons capability, the ability to build a nuclear weapon if they choose to do so. I think it's also clear that there are some elements within the Iranian system who would like to have the actual bombs themselves; others who probably think that it would be nice to have the bombs, but it's not a priority for them. And they might actually be willing to give up the capability in return for getting a whole lot of things.

What we often see, at least my read of the Iranians, is that the supreme leader, the most important man, the most important person in the Iranian political system, Ali Khamenei, what he typically tries to do is to kind of satisfy all of the different elements of his political system by giving them a little bit of each. It may be that in 2003 he decided, you know what, we're going to give up this weaponization program, and that's what the NIE said, but we're going to keep the uranium enrichment program going; that's the most important element in achieving this capability. It may also be that they haven't

figured out among themselves whether they actually want the bombs or they just want the capability to build the bombs.

A lot of people have suggested, and including many Iranians, that what they're looking for is what they call a Japan capability, the ability to build bombs quickly, which is certainly what Japan could do. That may or may not be meaningful, depending on exactly how we respond, how the countries of the region respond, but what I think that it does for all of us in the beginning of this conversation is it opens up the probability or the likelihood that we don't know exactly what the Iranians are trying to do. They are trying to acquire a capability that would make a lot of countries very nervous, and I would say they should be very nervous, but I don't think that we have a clear sense of what Iran as a collective has decided they want at the end. It may actually be very responsive to our actions and other countries' actions.

MR. SCHIEFFER: You know, it's very interesting to hear you say that because a diplomat from that part of the world said to me a couple of weeks ago, Iran may not be where they would like us to think they are in all of this. What would you say to that, Jon?

JON ALTERMAN: I agree with Ken. I'd take it back a step. I'm not sure that they've decided what they want to do because they – I'm not sure they've reached a point in their program where they have to make that kind of decision. It seems clear to me that a lot of people in the Iranian government, and I take Ken's point that the Iranian government is not nearly as irrational a beast as the U.S. government – (laughter) – but a lot of people in the Iranian government said, you know, keeping this in play is useful in lots of ways.

It draws attention to Iran. It makes us a powerful country in the Gulf. It brings our Gulf neighbors to talk to us to try to assuage us. I think in many cases a lot of Iranians have written off the U.S. as a country that can never have anything but a hostile relationship with Iran, so they don't really count that as a cost. And they say, you know, having this in play isn't such a bad thing. We'll sort of look at the next president. We'll see how that plays out, and we'll just keep it going.

I think we make a mistake if we assume that there's an underlying goal and that they're all sort of résumé builders racing to get the job at the end of their career they're all trying to get. I think they're in play, and they think having this as an element of being in play, enhances Iran's position in the world, and helps Iran reach what they think is their rightful position as a global power and certainly the biggest and most important power in this very oil-rich part of the world and the Gulf.

MR. SCHIEFFER: Liz, I'm going to guess that you don't exactly agree with that because I just want to have a quote here that someone gave me where you said, "we don't have the luxury to have the debate we've been having about should we talk, should we not talk." The time for diplomacy here is rapidly coming to an end. Is this what you were talking about?

MS. CHENEY: Well, in part. I mean, my sense is that it's dangerous to sort of sit back and say, just because the international community, including the IAEA, has been pretty unified in terms of reporting on Iran's efforts to obtain a nuclear weapon, we ought to just assume, gosh, they're just trying to be in play. I mean, I think that the only responsible position as a nation that we can take is, they actually want what they say they want, which is they want a nuclear weapon. And frankly, as we have gone forward here through an exhaustive round of diplomacy, I think that the costs for the Iranians so far have very clearly not been sufficient to get them off that path.

I think that this quote was really about sort of the current political debate and the issue of do we talk to the Iranians, do we not talk to the Iranians? And my sense of it is that that's really the wrong question, that the real question we have to force ourselves to ask is, can we live with a nuclear-armed Iran? And if we ask ourselves that question, then, you know, two different paths flow from that. And I think that you've got people in different camps in this city, not surprisingly. You've got some people who would say, yeah, we could live with it for a whole range of reasons. They can be contained; sort of the traditional diplomacy can work. We ought to just admit we can live with it and go forward.

I think you've got others at the other end of the spectrum who will say absolutely not, and this is where I am. We can't live with it, that it's an existential threat to Israel. It's a significant threat to American national security. It's not something we can tolerate. I think the problem is you've got people in the middle, and those people in the middle say, we can't live with it, it's true. You ask them and they say it's too dangerous, but they're not really willing then to take a hard look at, well, what does that mean? Has diplomacy worked? Has talking to Iran worked? Is it possible, is it likely, that we're on a course here that will actually lead the Iranian government to disarm?

MR. SCHIEFFER: Well, what does it mean?

MS. CHENEY: You know, I think that we've now seen just in the last few days the Europeans imposed some pretty important sanctions. I'm not ready to say sanctions will not work under any circumstances. I think there are some very tough things that could be done diplomatically. But I think there are two key things that have to happen. One is, I think we need to get some of our Arab partners into this issue in a way that they haven't been. We need to get countries like the Saudis, for example, to say to the world, you know, we'll bank with you but not if you bank with the Iranians. We need there to be some real fundamental pain involved diplomatically for the Iranians to realize it's not worth the cost.

But secondly, I think the Iranians have to believe that we will use force if necessary. And I'm concerned because you had statements for a period of time there from people like the commander in CENTCOM, who has since been relieved, suggesting that force was off the table. And the problems is whenever you've got statements like that, in my view it actually makes the potential of having to use force greater because people will think, well, the Americans aren't serious about using force. There's no

reason for us to participate diplomatically. And frankly, it convinces the Europeans that they maybe don't have to be as tough as we need them to be.

MR. SCHIEFFER: Response?

MR. ALTERMAN: The more we talk about force, I think the less likely you are to get Gulf ally cooperation on precisely the kinds of issues you're talking about. They are terrified. Their worst case scenario is the U.S. goes in. Their second worst case scenario is Iranians get the bomb. Their best case scenario is that we manage this stuff. I think the other part of this is if the goal of the diplomacy is to get an Iranian surrender, to get the Iranians to say, you're right, we're wrong, we're just going to turn it all over, I think that's a real steep price for diplomacy. I think it's going to be really hard to get a country like Iran to do it.

We got Libya to do it, but I think it's going to be awfully hard to get Iran. If we can find a way to have something that's, I wouldn't say face-saving, but easier for the Iranians to swallow which makes it easier to deal with Iran in the region, I think it's a much more likely path for successful diplomacy than saying either, you pull a Libya or we're going to bomb you because I think they'll say, go ahead.

MS. CHENEY: Well, I don't think anybody – yeah, but two things on that first. You and I have a fundamental disagreement about where our Gulf allies are on this issue, and I guess we're talking to different people. But I think that you've got for the first time

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MR. ALTERMAN: Or the same people are telling us different things.
(Laughter.)

MS. CHENEY: That could be too. But I think you've got for the first time in a long time frankly a convergence of interests between Israel and some of the Arab neighbors. I think actually a nuclear-armed Iran is a much worse nightmare for a country like Saudi Arabia, frankly, than it sounds like you perceive it to be. But secondly, nobody is saying, Libya or we'll bomb you.

I mean, we've now had at least since 2005 significant, aggressive diplomacy. And if anything, we've had a situation where, just in the last couple of months, the Iranians are in a position where sort of they're not meeting any of the deadlines. They're not doing any of the things they're supposed to do and the EU goes to them with a new basket of incentives. So I'd say, nobody is actually pursuing the policy that you're suggesting; if anything in fact, the Iranians are being offered carrots repeatedly and learning a lesson from it, which is not an irrational lesson, which is, why step off the track if we're going to get more carrots for staying on the track?

MR. SCHIEFFER: How close are we to a nuclear-armed Iran, Ken?

MR. POLLACK: I have no idea. And honestly, I don't think anyone does. The estimates are all over the map. A lot of it is about assumptions about what specific pieces of intelligence means. I'll put it this way: I wouldn't bet that the Iranians will never have a nuclear weapon; I wouldn't bet that they wouldn't have one tomorrow. It's somewhere in between. I think most of the estimates are that it's somewhere, it is several months, probably years, down the road, but I don't think we know. And I think that Liz makes a point that we played out a lot of the clock here. We've lost a lot of time. Personally, I think we still have more.

MS. WRIGHT: One little anecdote that's very telling. I interviewed the minister of defense in Iran not too long ago and he said to me, if only we were as bad as the North Koreans, maybe we'd be getting American aid – (laughter) – which, you know, is their presumption. I want to make a couple of points. I would go one step further than Jon did, and I think there is the danger that the more we threaten force, the more the hardliners in Iran who may back a nuclear program will want it and use that as justification.

I also think we've probably reached the point that I don't think that the military option is really terribly viable for the United States because of Afghanistan and Iraq. And I think that we've looked at this issue just in terms of Iran and the U.S. when the reality is that Iran is, because of Iraq and Afghanistan, it is now the regional superpower. It has enormous leverage that it didn't have four years ago, five years ago, and that any military strike on Iran would have to involve not just whatever the sites we suspect may house a program, but would also have to strike along the border at forward positions because we have to protect our troops in Iraq, that it would end up looking much more like a broader war than just strikes on a military facility or suspected nuclear facilities, and that would backfire. And I think there are a lot of people at the Pentagon who are not terribly enthusiastic about that particular option.

And I also think that because Iran has reached a point where it is so powerful, we may be in a position that we don't particularly like where the diplomatic option of doing, it's often been called the "grand bargain" and so forth, that that may be the only viable option to get them to give up whatever nuclear program they have. I don't think that they are going to suspend uranium enrichment at all. I think if the price, unless they get something huge out of it, they're not going to do it based on what we offered them earlier this month from the Six-Party Dialogue with the United States incentives, membership in the World Trade Organization, some kind of political dialogue, including them in a security forum, that's just not going to interest them.

So that's dead in the water. They are going to wait until the new administration comes in, hoping that they're going to get something better. But I think that even if you got a Barack Obama offering them direct talks, that's still not going to be enough. They want it all on the table and they've got enough chips, unfortunately now, that they can get a lot more than we would ever want to give them.

MR. SCHIEFFER: Go ahead.

MR. POLLACK: If I could just comment on Robin's point. I do think that's been part of what's been missing from our diplomatic efforts with the Iranians. And the simple way to think about it is that what's really been missing is a concerted multilateral effort, a concerted international effort. And I think that Liz would wholly agree with this, that we haven't had a tremendous amount of support. But what I would say about that, and Liz may disagree with this, is that part of the reason for that is we have not been willing to do two things.

First, we have not been willing to put up very big positive incentives for the Iranians in the event that they actually say, yes. We have not been willing to say we will lift our economic sanctions. We will not just bring you into the World Trade Organization; we will provide you with trade credits. We will provide you with investment guarantees. We will help you to address all of the crippling economic problems, which quite frankly, are what really matter most to the Iranians. And I think that's an important thing to have on the table, not just because I think it makes the deal more attractive to the Iranians themselves, but more importantly in many ways, because it makes the deal more attractive to our other allies, to the Europeans, to the Russians, to the Chinese, et cetera.

I think the other part of it is that I don't think that we have been willing to do some real serious horse trading with our allies when it comes to Iran. We have not been willing to go in there and say, Iran is one of our highest priorities and therefore we are willing to bargain with you to get your support on this issue, and in return we are willing to give you something that you want on some other issue. Look at how we have handled the Russians. We have antagonized them on every single issue that matters to them and then asked them to turn around and support us on Iran. I don't think that you can possibly imagine how they would be willing to do so.

I can't tell you exactly what we should be willing to negotiate with the Russians because I'm not a Russia expert, but I think that the next administration is going to have to sit down and decide how important Iran is. And if Iran is one of the most important issues out there, and I believe that it is, we're probably going to have to say to the Russians, all right, here's what we want from you on Iran, and in return here's what we're willing to give you on some things that matter to you. And my first, my top of the list, would be missile defense. For me, missile defense, supposedly about the Iranians, I would give that up in a heartbeat if that would help get the Russians on board for tougher sanctions on Iran.

MS. CHENEY: Can I respond to that?

MR. SCHIEFFER: Yes, ma'am.

MS. CHENEY: I mean, it's striking to me the extent to which the problem always seems to be us. And the problem always seems to be the United States hasn't yet offered up just the right concession or we haven't offered up enough concessions. And if

we would just offer some more concessions, then the Iranians would suddenly – Ahmadinejad would suddenly take more of an interest in the economic situation of his own people than in his nuclear weapons program. And I think it's a fundamental sort of misunderstanding of Ahmadinejad, of his motives, of his intents, of what he wants.

And what concerns me is that, in fact, you're in a situation now where we are about to have a new administration come in. And particularly if it's an Obama administration, the incentive always is, well, gosh, let's just – we'll be nicer. Let's just do some more. And one of the best lessons I learned about this was from Ken Pollack and the opening of Ken Pollack's book about Iran where he talks about his experience helping to draft the speech Madeleine Albright gave after – you can tell this story better than I can.

MR. POLLACK: I hate being quoted back to myself. (Laughter.)

MS. CHENEY: I'm sorry, Ken, but it's a great story.

MR. ALTERMAN: Somebody read the book, Ken. (Laughter.)

MS. CHENEY: It's a great book. I highly recommend it to anybody who hasn't read it.

MS. WRIGHT: Can I just make a quick –

MS. CHENEY: Let me finish. I'll just tell the story. But the Clinton administration was approached numerous times by numerous representatives saying, look, the Iranians want a better relationship with America. We've got a reform-minded president. We want a better relationship, just apologize. Apologize for your support for the shah, apologize for your support for the coup, and we'll be there for you. We'll give you a better relationship.

So we did. We stood up and apologized. And the response was, well, the "Great Satan" has finally admitted that you lied and that you're criminals, so what do you want from us? So I think that we have to be very, very careful, particularly because of the timeframe we're facing here in terms of their progress towards a nuclear weapon, that we don't just sort of fall into, well, gosh, if we just gave them some more, maybe we could get them to turn around.

MS. WRIGHT: Can I just say one thing about Ahmadinejad briefly, and that is I think we all invest far too much. We are the ones who have given Ahmadinejad the kind of status that he has. He is not an important person in Iran when it comes to national security. He is one person on their national security council. It's a different makeup. He is one voice and Khamenei, the supreme leader, is the one who will make the final decision. And talking about the Iranian leader, the president, is, I don't think, very productive when it comes to the debate.

MR. ALTERMAN: Can I point a few?

MR. SCHIEFFER: Jon?

MR. ALTERMAN: First, it seems to me that Ahmadinejad is certainly a rising power vis-à-vis the leader, that he's getting more power. But the other part, and this goes exactly to Ken and Liz's point, our greatest asset in multilateral force in Iran is Ahmadinejad. He is such an outrageous guy that he keeps agitating everybody. He keeps saying stupid things.

If it weren't for Ahmadinejad, if Ahmadinejad doesn't win the presidential elections in June, and instead we have somebody with precisely the same strategic goals, except he can keep his mouth shut, and he understands the Holocaust really did happen, then we have a problem because then everything we have been using to try to get the Gulf allies and the Europeans and everybody else to create a coalition against Iran, to really get them on board for some sort of diplomatic effort, suddenly everybody says, well, the Iranians are less threatening now. We have a president. He smiles more. He's not crazy. And then, suddenly, that whole coalition falls apart. The best advantage we have in this is that they have a president who scares everybody. And if we have to deal with this, the next president has to deal with this, with the president who doesn't scare everybody, he's going to have a heck of a harder time than we have right now.

MR. SCHIEFFER: Let me just go around the table here and maybe kind of make short answers to this question. We'll have an election. After the election, should the next president talk to Iran and under what circumstances? Ken?

MR. POLLACK: The next administration absolutely ought to offer to talk to Iran under pretty much any circumstances. I think not making the offer hurts us more than making it. The question is, what do we talk about? What do we ask the Iranians to do? And what are we willing to do?

MR. SCHIEFFER: Robin?

MS. WRIGHT: It's probably something as a journalist I shouldn't answer.

MR. SCHIEFFER: Okay. Liz?

MS. CHENEY: Well, I think there's a myth that we aren't talking to Iran. I mean, I think we've clearly got discussions underway in Iraq, which are supposed to be focused on, and as I – for all I know they are focused on, what Iran is doing in Iraq. But I think it's very important for the next president to recognize that particularly a president himself offering to sit down with a foreign head of state, that conveys a huge amount of legitimacy. And we've seen, again, I feel like I'm a shill here for The Washington Post, but we've seen again great reporting in The Washington Post by Glen Kessler actually about the extent to which the Europeans, who are involved in the EU-3 negotiations, are very nervous about Obama's offer to speak unconditionally to Ahmadinejad. The

European diplomats, who are not often known for the steel in their spine, recognize that in fact this would be a setback, that it would harm the multilateral – excuse me – negotiations that are going on now. So, again, I think it gets us off onto a issue that we shouldn't be focused on because it's a fun one to talk about, I suppose, but the real issue is what are you going to do to prevent them from obtaining a nuclear weapon.

MR. SCHIEFFER: Jon?

MR. ALTERMAN: I want to underline Liz's point that there's a myth that this administration hasn't talked to the Iranians. We talked to the Iranians through and past the Axis of Evil Speech. We've talked to the Iranians about Iraq.

I think this administration has talked to the Iranians more than they've not talked to the Iranians, but it seems to me that the structure of our discussions with the Iranians have too often been trying to take a lesson from the Syria negotiating strategy. And the Syrian negotiating strategy with Israel has been, for four decades, concede everything we're looking for before we get in the room, and then we'll go into the room and have a negotiation.

And I would point out that that negotiating strategy has gotten Syria not a single inch of the Golan back. We have to have discussions with the Iranians. I agree with Liz, you don't start off by saying our opening gambit is the president will come to Tehran, they'll say all the nice things, and then we'll see where we can go. But it seems to me that the structure of our negotiations has to be to be serious, to be meaningful, to have some sort of buildup where's the possibility of actually doing something rather than saying, drop everything we're looking for, and then we'll talk to you.

MR. SCHIEFFER: We want to go to questions from the audience, as we always do, and I'd like to give you a little warning so you can get your questions ready. So I'll ask a couple more questions and then we'll be ready to go to the audience for questions.

You gave some part of an answer to this, but one of the questions I brought here today is why don't the Russians and Chinese do more to stop Iran's nuclear program? Are they just ignoring the threat from Iran? Why are they not on board, recognizing what so many in this country seem to recognize as a real threat?

MR. POLLACK: My conversations with them indicate that, by and large, they just have bigger fish to fry. They will all agree that the Iranians should not be allowed to have this capability, and they don't want the Iranians to have this capability. But they've got other issues on their plate that are more important to them. For the Russians, it's a whole series of things; it's Bosnia and Belarus and Ukraine and Chechnya, and so on down the list – missile defense is mentioned.

For the Chinese, it's energy. And what's interesting with the Chinese is it's not so much energy from Iran per se; it is energy from the Middle East. And they seem to make it clear that they'll take it from anywhere, but they got to get it where they've got it.

Now, unfortunately, they've got a zero-sum idea about energy which is very pernicious, one, and it leaves them to try to buy up oil fields, basically, which is not a very smart way to go about things and it sets them in competition with us. But what they have said to me, at least privately, is, look, if you guys would meet us on our energy needs, we would be glad to help you with Iran because at the end of the day, we're just not that concerned.

MR. SCHIEFFER: But what does that mean? Help us with our – I mean, in how

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MR. POLLACK: I think from their perspective – and it's hard to say, but I think from their perspective right now it's a matter of, the more that the United States made it possible for the Chinese to feel that their energy consumption requirements over the next 10 or 20 years would be accommodated by American actions and other actions, the more that they felt that there was oil and gas out there for them to consume, the more relaxed they would be about these other issues, of which Iran is a part. And again, I think that's one where we could go to the Chinese and need to go to the Chinese, and horse-trade with them. And so what do you need? What can we do to reassure you about energy? And in return, will you join us in getting tough with the Iranians if we do these things for you? Robin?

MS. WRIGHT: Can I just add one small thing? My sense is that the relationship between Iran and China now has evolved to the point that it's not just energy. And it's been very interesting to see Iran. I've been going – traveling there almost every year since 1973, and watching Iran go from a country where, you know, the cars were American, the air conditioners were American, the books, the – you know, the fast-food joints, everything was American. And then, after the '79 revolution, they switched more to the Europeans. And then, as the Europeans began squeezing, then they went – they started buying more Korean and Japanese and so forth. And now it's China, so it's a relationship that I think – because Chinese don't have human rights standards and so forth – that, you know, this is a great relationship for both parties, and that we may find that even if the Saudis were to accommodate the Chinese on energy or others, that it's a relationship that they actually like.

MR. POLLACK: I mean, my sense is that it's a much better relationship for the Iranians than it is for the Chinese.

MS. WRIGHT: But it's a two-way relationship; that was my point.

MR. ALTERMAN: We just came out with a book on China, the Middle East and the United States, which was released on Tuesday.

I've been to Beijing twice; we've spoken to a whole number of people in the government and academia and journalism and elsewhere. My sense of the way the Chinese see all of this is partly, I think the U.S. was going to take care of any real threat coming out of Iran, that they have no interest in really maintaining the security of the Gulf; they are happy for the U.S. to do it. But they're terrified the U.S. is going to start a

war and disrupt their access to energy. They see their capacity to get through instability in the Middle East as much less than the U.S., much more fragile economy, much more dependent on imported oil.

So my sense of what Chinese diplomacy is is, first, they're happy to play for time; they actually prefer to play for time. And where they'll go is the more the Iranians seem to be leaning toward conflict, the more they'll bandwagon with the U.S. And the more they sense the U.S. is leaning toward conflict, the more they'll side with China. Their goal is to not have conflict because I think the Chinese are absolutely agnostic as to who's ruling the government in Iran, to what the government in Iran's doing.

They're trying to get the energy out and they figure anybody there is going to sell them energy. So they don't really care at all. It's a totally unemotional issue. I think it's refreshing for the Iranians to deal with somebody who just wants to make a commercial relationship and doesn't say, well, let's talk about your society. And they are trying to do whatever they can to just keep the energy flowing and not have a battle of any kind.

MR. SCHIEFFER: Okay, Liz, you want to wind this –

MS. CHENEY: Well, I mean, I'd like to actually broaden it up a little bit because this whole issue of sort of, what inspires other governments to join us or not join us, I think, will be a critical one for the next administration. And the calculation in the Arab world is very different, and I think that the calculation there has been very much to watch America and to try to get a read on whether or not we are committed and we are dedicated and we are going to stay the course, both in Iraq and with respect to ensuring the Iranians don't get a nuclear weapon. And I think you see examples across the region. For them, it's not sort of this economic calculus. It's much more a willingness to sort of stick your neck out, a willingness to stand up and say, okay, we're with the Americans, we'll work with you on this, depends very much on knowing that we aren't going to pull the rug out from under them. It depends very much on knowing that, in fact, we will follow through.

And I think, you know, while it is certainly the case that no one wants or wishes for conflict, in fact, I think Jon and I have a fundamental disagreement. I think that there are a number of nations in the Gulf for whom the prospect of a nuclear-armed Iran is one that is a much larger danger to them, and something they fear much more than the potential of U.S. military action, or other nation military action, to ensure that program is set back.

MR. ALTERMAN: Well, I mean, first of all, I know exactly the guys you're talking about and I've met them, too.

MS. CHENEY: Well, I think actually you don't know all the guys I talked about, but –

MR. ALTERMAN: Probably not all of them, but a bunch – a bunch of them I do because they've told me.

(Laughter.)

MS. CHENEY: And you believe them?

MR. ALTERMAN: I believe some of them.

But I think the other thing that you said there's a desire to see if the U.S. will follow through, and I think that underlines a really important issue, which I've heard a lot in the Gulf and elsewhere in the Middle East, is it's very important that people have a sense of American reliability, that not only the U.S. will do what it says it will do, but that it will do so successfully. And that, I think, is one of the ways in which Iraq has so much hurt the U.S. in the Gulf, because of a sense that the U.S. isn't reliable, that the outcomes aren't reliable, and that causes people to hedge.

That causes the Saudis to invite Ahmedinejad to Mecca; that causes, I think, the Arabs to be much more cautious and, ultimately, much less comfortable being 100 percent in the boat with us against Iran, and much more saying, well, the Americans will take care of the big stuff with Iran and we'll try to improve the atmosphere. And I think we have to do something to recreate that sense of American reliability in the Middle East, which I think has been damaged over the last five years.

MS. CHENEY: Yeah, I think we do need to sort of get back to a point where people understood that, you know, our enemies should fear us and our friends could count on us. But I think the Iraq effect is a more complicated one. I think that, particularly now that we've seen a success of the surge, you know, the situation now is one in which people are concerned that we will, in fact, leave and not reap the benefits of the success that we've had. And so I think it's not quite correct; it's more complicated than sort of saying because Iraq was harder, because Iraq took longer, nations now say, well, we're not sure we can count on the Americans.

If we had not, in fact, gone through with the surge, if instead we had done what some were arguing then, which was to pull back and not to actually be there to help the Iraqis win, I think that would have sent a hugely detrimental message. And I think that, you know, you see people in the Middle East in particular, but globally following our political debates back here. And often, in fact, not making a distinction between, you know, Senator Biden says he wants to partition Iraq as, you know, often interpreted, particularly in the Arab world, as well, the U.S. government wants to partition Iraq, and not distinguishing between the Congress, the executive branch, sometimes failing to understand, you know, what can be a very muddy and complicated situation.

But surely, the debates that we have here about the extent to which we can walk away from the Middle East have a huge impact and a detrimental impact, in my view, on

getting people around the world to stand up with us for those things we say are very important.

MR. SCHIEFFER: All right, let's take some questions from the audience. I'll start right in the front row.

Q: Hello, my name's Lenny Tiazdi (ph) from the International City Managers Association. The first part of my question is for Ms. Cheney and the rest is probably open to everybody. You mentioned that we should – when the Iranians say they want to develop nuclear weapons, we should listen to them. And I don't – I think it's – I don't know how safe it is to say that anybody in the administration in Iran has expressed a desire like that.

This leads to the second part, which is that every major grand ayatollah in Iran has issued as a standing fatwa banning the development of nuclear weapons, including the supreme leader. This is available on its website in like five different languages, and this has been stated – even Zistani (ph) has issued a statement saying nuclear weapons creation is forbidden in Islam. So I was wondering if this should play a part in our calculus.

MR. SCHIEFFER: Liz, first, for the first part.

MS. CHENEY: Well, I think there's no question but that they've got a nuclear program underway. And I think the question is whether you believe the assertions that it's for peaceful purposes or not. And it's not just the United States asserting that they're developing nuclear weapons; I think you've got the IAEA and others engaged very directly in looking at the uranium enrichment. And looking at the extent to which the Iranians have walked away from offers of deals involving the Russians and others where, if what they really wanted was a peaceful nuclear program, they would have access to that technology and to the materials they needed for such a program, which they don't have.

So, you know, I think that – you know, to me that is a case closed. I don't think there's any question but that they are attempting to develop a nuclear weapon. I think the question is, how far along in the program they are, and whether their efforts will be set back, you know, before they get to the point where they actually have a weapon.

MR. SCHIEFFER: Robin, do you want to take the second part?

MS. WRIGHT: Yeah, no, I think it's a very important point that, given our Iraq experience, we all need to be very careful what we say because, as Ken pointed out, we don't know an enormous amount. We don't know very much at all. The IAEA doesn't either. And I will tell you, I covered the Iran-Iraq War and I saw a lot of the chemical-weapons victims in – from Saddam Hussein's use of a variety of chemical weapons against the Iranians. And there was an enormous debate in Iran about using chemical weapons in return. And, at the end of the day, they didn't, even though the U.N.

documented, year after year after year after year, that Saddam had used chemical weapons.

I think there has been restraint in the past. I mean, I fully understand and I would not be surprised if Iran does have a nuclear program, but I think we have to be very careful as a nation about how much – how far we go in making these proclamations about what they're doing, in part because it is true that they have said, at least publicly, over and over and over, you know, that they're not. And I just think we need to be careful.

MR. SCHIEFFER: Next question, right there.

Q: Thank you. My name is Jay Urwitz. I'm a lawyer at WilmerHale. Are there any elements within Iran whose support or whose success we might engender who are less committed to a nuclear-power program and who might be willing to make trades more easily? And is there a realistic chance of their success?

MS. WRIGHT: Did you mean to say "power?" Did you mean nuclear reactor or nuclear power?

Q: I meant nuclear weaponry.

MR. POLLACK: If I could – look, for me, this is really what the game is about. I would never take the military option off of the table, but I do have a lot more reservations, I think, about it than Liz does. And, in particular, at the end of the day, if you really decide, look, we simply cannot live with Iran with a nuclear weapon, what you're really saying is, you're willing to invade Iran. And I don't think that the American public is ready to invade Iran to prevent it from having a nuclear weapon. So that bounds what I'm willing to do. I will say, I would really prefer that they not have it and I'm willing to go to great length to prevent them from doing so.

But what you're getting at is that, I think, at the end of the day, because I don't think the American public is willing to go there, it's about convincing the Iranians to turn off this program. And that's really, actually, what the Bush administration's policies have been about. I have problems with the tactics, but I understood exactly what they were trying to do and I thought they were right. They were trying to convince the Iranians not to go down this path by creating an incentive structure that would enable those elements within Iran – and there are people within Iran who seem to indicate that they would be willing to give up this program under the right circumstances – to do so, to win the fight against the Ahmedinejads and the other people who don't want to give it up.

And my rationale, my argument has been, all along, that it is going to require a very powerful set of positive incentives and a very powerful set of negative incentives to win that fight. And that is why both strong sanctions and big carrots, big positive incentives, are both going to be necessary.

My final point is that I would disagree with Liz. As brilliant as her point was in quoting me, of course, she was brilliant. (Laughter.) I would disagree with her that I don't think we should see these things as concessions. They're not concessions; they are conditions under which we would – if the Iranians did the right thing – we would in response do the following things.

To go back to the previous question, it is worth always keeping in mind that the Iranian regime is very careful not to describe what they're doing as a nuclear weapons program because I think that they recognize that their people really wouldn't be terribly interested in that. Even though some might, many others would be willing to give it up. They always describe it as about their economy. I think that that reinforces this point that that's their Achilles heel and that's where we can put the greatest pressure. While it's true that Ahmedinejad doesn't seem to care about the economy and the impact that it has on the people, the supreme leader – as Robin pointed out, the man who's really going to make the decision – he does.

MS. CHENEY: I think there's an important sort of point to watch. And this is building on something Ken said, why is, how does the Iranian public feel about the nuclear program? And, you know, there's been conventional wisdom, sort of, you know, I'd say, as long as Ahmedinejad has been in power which is that it's a point of national pride for the Iranian people and that we risk offending that national pride if we assert that Iran doesn't have a right to a nuclear program.

MS. WRIGHT: With their energy program.

MS. CHENEY: Right. But I think that you are seeing a shift even now on, specifically on this nuclear energy program. And there have been some reports recently out of Tehran that you've seen graffiti, for example, playing on Ahmadinejad's famous statement now, which is, "nuclear power is our national right." And in some neighborhoods in Tehran, you've seen graffiti up on the walls saying, you know, "Danish pastries are our national right." (Laughter.) So people really sort of mocking Ahmedinejad and mocking the program.

And my sense is that the Iranian public is sophisticated enough and aware enough of the extent to which their program is causing them to be an international pariah that we shouldn't be too quick to assume that, in fact, you've got sort of a majority of the Iranian public supporting a nuclear program of any kind.

MS. WRIGHT: I disagree. I couldn't disagree more. Every poll that's been taken, including by American groups, using, you know, reliable polls, the right sampling and so forth, show that the overwhelming majority of Iranians believe that nuclear energy is their right. In Iran, they believe that that is the key to development. They think it's a proud culture and that's the only way they can restore their – to develop, to be more than an oil power.

And the fact is that Iran is scheduled to run out of oil in 2025 or run out of exportable oil in 2025. They really do need nuclear energy. So there may be, you know, anecdotal evidence about graffiti and so forth, but, in own experience – and I go to Iran all of the time – is that you find people who loathe the regime who feel fiercely that nuclear energy is the key to their future.

MS. CHENEY: Yeah, but I think – I mean, that's anecdotal also. But my only point would be that in the same way as –

MS. WRIGHT: No, I'm talking about polls, Liz.

MS. CHENEY: Well, right, but polls, particularly I would say polls taken of Iranians by Americans are not always right.

MS. WRIGHT: No, they're not by Americans.

MS. CHENEY: But my point is to say, in the same way that you're making the point that we need to be cautious about what we know and what we assert about their program, I think we need to be cautious and not talk about the Iranian people as all having a nationalistic sense of pride and demanding a nuclear-power program because I don't think it's as simple as that. I don't think it's as clear as that. And I think, particularly, in a time in which the Iranian people are facing increasing difficulties economically, you know, they are not sort of sitting there in a vacuum without access to outside information.

And I think they understand and they can see the extent to which resources are going towards this program, the impact that it's having on Iran economically because of the external sanctions. I just don't think we ought to assume that they all are a monolithic group that has one particular view about the benefits of a nuclear program.

MR. SCHIEFFER: Let's – did you want to say anything. Let's talk a little bit about sanctions, just sanctions in general. Are sanctions the answer here? We talked about the economy and what's important there. Will sanctions make a difference? Are they making a difference now?

MR. ALTERMAN: Sanctions make a difference when they give a clear enough option to get out of them when they are specifically targeted, when they are broadly supported. I think one of the – narrow sanctions often don't work, sanctions with very muddy sorts of conditions, lots of conditions. You have to have a democratic government. Those sorts of things you can't really judge don't work.

But I think the most important part of this is, Iranians have to feel that – or the Iranian government has to feel – that extremely discrete and doable actions will lead to discrete consequences, which can be positive or negative. And it seems to me that a lot of the sanctions that we've been doing have not had that sort of specificity that makes conditionality work. And, Liz, I know that you've probably dealt with conditionality a

lot when you were at IFC. It's something people debate about in the academic literature. It's hard to do and I think we rely on it to do more than often that kind of conditionality can accomplish.

MS. WRIGHT: Can I make a comment? I've been looking at this issue of sanctions because I think it's really interesting. Two points – first of all, I think the banking measures that have been taken over the last two years encouraging international financial institutions to cut off credit, to cut off loans, has really hurt Iran in ways that we don't fully – we don't fully appreciate.

That's probably been far more effective than the kind of sanctions that we've imposed through the United Nations. You can sanction the Revolutionary Guards or Quds force or elements of them and it doesn't really make much tangible impact. It's kind of psychological warfare.

And I also think that sanctions – Iran is a funny place. I lived in Africa during sanctions on Rhodesia and South Africa and so forth and saw, it takes a long, long time to have an impact. And we've had sanctions on Iran – we have now for 30 years. And, yet, you can still get Pampers diapers and Oreo cookies and IBM computers in Iran, you know. And you don't pay top dollar for them. I mean, a lot of stuff gets in. So banking, I think, is what's begun to hurt them in a way that sanctions, the kind of sanctions we traditionally have imposed, have not so far.

MR. POLLACK: But I think there is another cost to it, Bob, which is that, part of it is that Iran's economy, as you know well, Robin, is deeply dysfunctional. And it's kind of impressive that even with 130, \$135-a-barrel oil, they are having such enormous economic problems.

MS. WRIGHT: And they ration their own gas.

MR. POLLACK: Right. Exactly. And the fact of the matter is that a lot of what our sanctions are doing are preventing them from taking advantage of international trade and international investment, international finance, to solve those problems. And I think that's why you're seeing this issue surfacing in the debates among Iranians. And just to go back to my previous point, that's what this is all about. It's not about starving the Iranians to death; nobody wants to do that. It's about convincing the government that its current course is not a productive one and that it would be better for them to do something different.

And, again, however we're hurting their economy – and I'm not convinced that they – I suspect, Robin, you've got a better sense of how the sanctions are hurting their economy than they do. I think, for them, it's much more episodic. It's much more, kind of, ephemeral, atmospheric. But the more that they feel it and the more that they think that their own economic problems and the more that their people think that their economic problems are being caused by the sanctions and therefore want the sanctions

gone as a way of dealing with those problems, that can have the effect that we want. It can provoke the debate that we're trying to get.

MR. SCHIEFFER: Any more questions? Right here.

Q: Jim Norman. I have no particular affiliation at the moment. There seems to be consensus that, at the end of the day, we don't really know the status of Iran's nuclear weapons program. And there has been talk of other nuclear players like Israel, Russia, and China. But no one has mentioned Pakistan or India. And since they're right there in the neighborhood, what impact do they have on any negotiations or any diplomatic strategies that would involve an Iranian nuclear weapons program?

MR. SCHIEFFER: Anybody – who would like to talk about that? Robin? (Chuckles.)

MS. WRIGHT: I'm – not sure all that much. India, because of energy, you know, that's another dynamic that gives Iran a market for its oil.

MR. ALTERMAN: And this might allow the gasoline to Iran.

MS. WRIGHT: Exactly. So it's a two-way, again, it's another two-way economic relationship that's important to both countries. Pakistan –

MR. POLLACK: Has its own problems. (Laughter.)

MS. WRIGHT: Yeah, I'm not sure. I mean, Iran, frankly, lives in a neighborhood – five of the world's eight nuclear powers are nearby, either on its borders or nearby. And that shapes a lot of its thinking more than – that's the most impact I think it has.

MR. SCHIEFFER: Right here. I'm sorry. I didn't mean to call on all men so far, but they're just the first up with their hands.

Q: Taila Risa (ph) from Voice of America. There is call for negotiation with government in Iran. Also, the government of Iran has been called illegitimate, unelected, and has been condemned by the whole world, international human rights section, organizations who are advocates of human rights, and so on. So if you suggesting to talk to Iran, who do you talk to? Ahmedinejad? Khatami? Rafsanjani? Supreme leader? During all of them, there has been so many oppression of the newspapers, violation of human rights and closing of newspapers and media. Who would you talk to?

MR. SCHIEFFER: That's a very good question. Do you want to start? Why don't we just go around here and get the various –

MR. ALTERMAN: You don't start with a cake shaped like a key. (Laughter.)

MR. SCHIEFFER: Am I the only one old enough to – who knows what the key is? (Chuckles.)

MR. ALTERMAN: I'm old enough. I think you ultimately have to talk to a range of people. And my sense of the way Iran works is that, you know, we have a balance of powers with three branches of government and each one sort of constrains one another and you can actually diagram it. My understanding of Iran, which I'm sure is less sophisticated than your understanding of Iran, is that the balance of powers that everybody has four people in government who are constantly trying to undermine them. And everybody in the government is trying to undermine everybody else.

And to move things forward, I don't think you can just have a single point of contact and a single avenue. My sense of how we have to engage Iran would be to try to engage different groups simultaneously and then bring this together at some point as we moved up the chain.

MR. SCHIEFFER: Does anybody else want to talk about that?

MS. CHENEY: Well, I don't think we should be talking to them, but I do think –

MR. ALTERMAN: Well, we are. (Laughter.)

MS. CHENEY: That doesn't mean we should be.

MR. ALTERMAN: Okay. Just checking.

MS. CHENEY: Although I do think there's a group that's gone unmentioned here, which is the Revolutionary Guard corps. And I think that, you know, there's a real question. If you're going to engage in discussions with a nation like Iran, you know, shouldn't you consider the power that somebody like Sulamani has? And how in the world do you begin to engage in negotiations with somebody like that?

I mean, I think, you know, fundamentally, again, the important point of negotiations is that you negotiate from a position of strength. And it seems to me that, right now, the Iranians have been very clear about exactly what they want, what their objectives are, and it's hard to imagine a scenario in which we as Americans go to them at a time when we have been working to impose these sanctions multilaterally and say, all right, now, forget about everything we said; we want to sit down and talk to you, and that that is perceived as anything but us going to them sort of hat-in-hand from a position of weakness. And my sense is that that could be, in fact, very dangerous.

But I would like to hear from other, you know, Jen and Jon about their view of the Revolutionary Guard corps and the role that it's actually playing in sort of the leadership of the country.

MR. POLLACK: Sure. I'll start by saying that, at the end of the day, the Revolutionary Guard corps will do what Khatami decides – what Khamenei decides. They help shape his attitude; they are part of the discussion. But when he makes a decision, they fall in line. And, again, that's why he is the critical actor. And I think you're right, that they're an obstacle, that part of that group that John was talking about that's constantly trying to undermine everyone else. But I don't think that we should allow them to necessarily dictate our actions.

I would also say that, while it's always nice to negotiate from strength, you don't always have that luxury. And sometimes you just have to negotiate. And I think, for me, what's important is not so much that we're having the conversation, but what we said. And under any sort of circumstances, we don't have to necessarily go into negotiations with the expectation that we're going to cave. We have things we'd like from them; they have things that they probably would like from us. You use the negotiations to see if you can establish that.

And the last point I would make is that I think there's one other group that – I think everyone on the panel will agree – we also need to be talking to, and that's the Iranian public. And I think that we've not done a very good job of engaging them either. And I think that there's a lot of mythology among the Iranian public as to exactly what the United States is and is not trying to do.

And I think we have to do a much better job of actually speaking directly to them and making it clear to them that some of the things that they're hearing from the regime are not true, that we're not trying to overthrow the government, that we're not looking for an excuse to invade them – at least I hope we're not looking for an excuse to invade them – and that we will – we acknowledge that they have legitimate security concerns and we would like to see them brought into the community of nations. And we might even be willing to help them to solve their own economic problems. I think all of that could be very useful.

MR. SCHIEFFER: Liz, let me just say this. May I just follow up on something you said? You said that you don't think we should be talking to them. Just briefly, what do you think we ought to be doing, just exactly what we're doing now? Should we take it somewhere beyond that? What should we do?

MS. CHENEY: Well, you know, I think that we're in a situation now where there are things that we could have done, frankly, previously, particularly with respect to Syria, that I think we failed to do and that would have put us in a stronger position now than we find ourselves in. But I think that, clearly, we need to say to the Iranians, you know, we're not fooling here. And we aren't willing – President Bush is not willing to be the president on whose watch the Iranians obtain a nuclear weapon.

I mean, it seems to me that no president would want that. And so I think that we need to do everything we can to dispel this idea that, somehow, we don't have the capacity militarily to take action if necessary to set back that program. I would disagree

with Robin on that. But I think that the fundamental key at this point, given where I think they are on their program and given how little, frankly, I'm willing to risk in guessing about that, is for them to recognize that, you know, despite what you may be hearing from Congress, despite what you may be hearing from others in the administration who might be saying force isn't on the table, that we're serious.

We will not tolerate a nuclear-armed Iran. And it seems to me that that's the only responsible position for us to take. But it leads to a question that I wanted to ask Ken, which is, would you be willing to enter into negotiations like the ones you're describing if you knew that while those negotiations were underway, you were in fact providing cover for the Iranians to get to the endpoint in their nuclear weapon program, to get enough centrifuges that they could then produce a weapon.

MR. POLLACK: But you've defined the terms in a way that I couldn't possibly agree to, which is providing cover for them to do that. On the other hand, if you're talking about the current circumstances where it's clear that they're going to be moving ahead with their centrifuges, why not? We're not stopping them otherwise. The negotiations might cause them to stop. More important than that, the negotiations might give us leverage with our other allies to help them bring greater pressure to cause the Iranians to stop.

MS. CHENEY: Except what you usually see happen in these circumstances – and I think what the history of this particular diplomacy has shown – is that when the talking is underway, when the diplomacy is underway, it's always a reason not to be too tough. It's always a reason to sort of say, gosh, don't take that step because if you take that step, then the talks are going to fall apart. Now, how do you avoid, in a bureaucracy like ours, the talks becoming the end objective?

MR. POLLACK: I think, as you well know, that is one of the needs, one of the requirements of leadership. You need a president who is willing to step in and say the talks are not an end in themselves; they are a means to an end.

MS. CHENEY: And when would you – I'm sorry, Bob – (laughter).

MR. SCHIEFFER: Go ahead; go ahead.

MR. ALTERMAN: Looking for a second career here.

MS. CHENEY: No, I just – when would you stop the talks? When would you say, okay, that's it. They've run their course. It's clear they're not going to work. That's it.

MR. POLLACK: There are a variety of different circumstances when I think that could be the case. If it becomes clear to us for one reason or another that the Iranians are just trying to buy time, that would be a reason; if the Iranians cross some threshold that we, through the course of the negotiations, had specifically gotten an agreement from

them that they wouldn't do so; when another option opened itself up. All of those, to me, strike me as reasonable reasons to end negotiations.

MS. CHENEY: But they've done all of those things over the course of the last three years anyway.

MR. SCHIEFFER: So let's – let me just interject something here. (Laughter.) Let's just say, for the sake of discussion, that the diplomacy has ended. We're talking about military options should be on the table. What military options?

MS. CHENEY: Well, I'm not an expert on military options and I hesitate to be very specific, given that people may attribute what I say to others.

MR. SCHIEFFER: Yes, but we won't tell.

(Laughter.)

MR. ALTERMAN: Isn't this off the record?

MS. CHENEY: No, look, I mean, I think there are clearly a number of things that we could do that would have an impact in setting the program back. I don't think that it's responsible for anybody to minimize the difficulties involved, to minimize the potential for Iranian retaliation. And it seems to me that's why this issue always fundamentally comes back to, are you willing to accept a nuclear-armed Iran?

And if you lay out sort of the risks that go along with a nuclear-armed Iran, are those more detrimental potentially to the United States and to our allies than the risks of Iranian retaliation?

MR. SCHIEFFER: But it does seem to me that when you talk about, well, we'll just resort to military action, that's a very complicated question to try to answer. I mean, what military action? What would an invasion of Iraq (sic) look like? Or would it be an invasion?

MS. CHENEY: I don't think that – it doesn't have to be an invasion.

MS. WRIGHT: Can I make one point? You think Iraq was complicated or messy and we came up with unexpected obstacles? Iran would be many, many, many, many, many, many, many times more difficult and more complicated, messier, bigger population; I mean, it's just such a nightmare. I find it hard to even fathom that people who know Iran really believe that's a viable option.

MS. CHENEY: But that's where you get to. Then you would come down on the side of saying, that entails more risk and more potential harm to our national security than allowing them to obtain a nuclear weapon. I mean, ultimately, you know, if you think the

diplomacy is going to work, then you let that go as far as you can. But, ultimately, you come to that fundamental choice.

MS. WRIGHT: Well, you're talking about a hypothetical. But the fact is, we haven't even tried the direct dialogue negotiation side of it. You know, it's leaping once again to military force without trying other steps along the way.

MR. SCHIEFFER: Does anybody – Ken, you were maybe –

MR. POLLACK: Just a couple things. First, I completely agree with Robin that an invasion of Iran, though I'd like to preface, Iran has three times the population, four times the landmass, and five times the problems of Iraq. I don't think that the American public is gearing up for an invasion of Iran.

MR. SCHIEFFER: Air strikes?

MR. POLLACK: There is the air strikes option. And as an old military analyst, I looked at this in great detail. The problems with the air strikes though really like in the kind of future outcomes. We can obliterate everything in Iran if we choose to do so. Our Air Force and Navy are not bogged down in Iraq. In fact, they're looking for something to do. (Laughter.)

The problem is that when you start looking at, all right, let's assume for a moment that we actually have perfect intelligence, that we actually know where all the Iranian nuclear facilities are, and we obliterate every single one of them. What are you going to get at the end of the day? Chances are you are going to engage Iranian nationalism.

And whatever the right answer is between Liz and Robin at the moment, I think that we can all agree that chances are, if the United States launches an unprovoked war against Iran and obliterates several dozen or several hundred facilities in Iran, that is going to engage Iranian nationalism. And that is going to work very much in the favor of Ahmedinejad and the Revolutionary Guards. They are going to be very much in control.

What's more, I think it's also clear that that will justify building the nuclear program. And they will say, we need a nuclear weapon to prevent the Americans from doing exactly what they just did to us.

MS. WRIGHT: And think what the international reaction would be if we invaded.

MR. SCHIEFFER: Well, let me just this. What would be the reaction in the neighborhood? In the neighborhood, in Iran's neighborhood, what would be the impact on the price of oil, for example?

MR. ALTERMAN: Robin West who knows more about oil markets than I do said today it would – pick a number –

MS. CHENEY: He's here. He was here.

MR. ALTERMAN: Say, pick a number, 200 isn't too high. I mean, it would go up. But I think there is a fundamental issue. And I think Ken and Liz may disagree on this judgment. And the issue is, is Iran merely hostile or is it irrational? If Iran is merely a hostile power, they're a weaker power and we can successfully deter them. If they are a irrational power, there is no set of deterrent forces we can assemble, which can protect the neighborhood from an Iranian strike.

If indeed they are an irrational power, then I think it leads you to Liz's point that an Iranian bomb is an intolerable threat to a very important part of the world. If they are merely a hostile power, as I think comes through in Robin and Ken's analysis, that leads you to a whole different set of outcomes and leads you to how do design a way to deter Iran, because, ultimately, Iran's nuclear arsenal, even if they create one, if they get to that point, how do you manage that given American military capability?

Now, I think Liz is in part coming down on both sides of this because she is saying we should present them with the option. We should give them a clear choice. But that partly depends on a sort of rationality if they will make the right choice.

MR. SCHIEFFER: Do you want to respond? And then we'll go back.

MS. CHENEY: Well, yeah, I think it's dangerous to say, well, gosh they're irrational. I think they are dangerous. And I think they are dangerous for a number of reasons, some of which we haven't talked about – their support for Hezbollah. You know, an Iran armed with a nuclear weapon can make an announcement to the world, we have a Hezbollah cell in Chicago and it's got a nuke. But we're not going to tell you where it is. And unless the United States does the following things immediately, we're setting it off. I mean, the potential for blackmail because of Iran's connection to terrorism, for example, is one of the things that makes Iran a threat with a nuclear weapon and makes me much more skeptical about the ability to contain and deter a nuclear-armed Iran.

Add to that – sorry, just one more point – add to that Iran's constant statements about its ability, its willingness, the need to obliterate Israel. I think one ignores those only if one is sort of fundamentally irresponsible in maintaining our own national security and the national security of one of our greatest allies.

MR. SCHIEFFER: All right, we're coming into the final turn here. There's a gentleman right back here that has had his hand up and tried to ask a question. You sir, would you like –

Q: It's kind of been answered already. I mean, I was going to ask about – (inaudible) – and that's kind of been answered.

MR. SCHIEFFER: All right, then right here.

Q: Yes, Burgess Laird with the Institute for Defense Analysis. To mix metaphors, if the reports of Michael Gordon are an outward and visible sign of something and the words of various Israeli officials are to be believed, we may be dodging an 800-pound wrench here, which is to say, what if Israel takes action first? What then?

MR. SCHIEFFER: That's an excellent question. So we'll start with Ken. We'll just get everybody a chance to –

MR. POLLACK: First, I actually think that the likelihood of Israel – I don't think it's zero; but I don't think it's quite as high as people are getting worked up about. My experience with the Israelis is they know our intelligence capabilities intimately. And we only find out about their exercises when they want us to find out about their exercises. That said, I think that they are trying to signal that we are really concerned about what is going on here. And you guys don't want to let this go too far down the road.

What happens? Look, my guess is if the Israelis actually do something, they are going to provoke an Iranian response. What I don't know is how the Iranians respond. This government has some interesting ideas about Israel and its connection to the United States and other countries in the region. We don't know exactly what is going to happen. It is conceivable to me that they decide to retaliate against us in addition to the Israelis. But my guess is – and I know that this is something that Israelis are concerned about and it is one of the disincentives that they face – is I think the Israelis are very nervous that if they do it, what happens is actually that Hezbollah and Hamas are told, we gave you guys 15,000 rockets for a reason. Use them.

MS. WRIGHT: I think the danger is that any action by Israel will be seen as having not just received an amber light from the United States, but a green light. And would probably have to involve – they will believe – some complicity, whether it's flying over Iraqi airspace, use of some kinds of warplanes or equipment that are supposed to have limits on them – that there will be a perception that this was not an Israeli operation, but an American-Israeli operation.

MR. SCHIEFFER: Liz?

MS. CHENEY: You know, I don't disagree with very much of what they said – of what Robin and Ken said. I mean, I suppose I think that the Israelis mean it when they say that it's an existential threat to them, and that they make calculations accordingly. And I certainly don't think that we should do anything but support them because I think it is an existential threat to them.

MR. SCHIEFFER: Jon.

MR. ALTERMAN: I may agree with everybody. No, I mean, the Israelis are really nervous. And I think the Israelis are genuinely puzzled, both about what the

Iranians are up to and what they can do about it. I imagine that part of this exercise was a signaling exercise to the rest of the world saying, get serious. Partly it was for them to see what they could really do and to make sure that they had that option. But I don't think the Israelis are confident they have that option. The Israelis aren't confident we're going to deal with it for them. And they're not confident the Iranians are going to behave. And if the Iranians don't behave, they're seconds or minutes away from having a nuke on their doorstep at some point in the future. And they don't know when.

MS. WRIGHT: Can I just say one thing? This is not the first time the Israelis have engaged in long-range military exercises like this. They've done it at least a couple of times in previous years. So, you know, it's a signal; but it's also something they want to have the capability to do.

MR. POLLACK: If nothing else, it should underscore the point that Iran's pursuit of this capability, whatever their ultimate goal is, is in and of itself inherently destabilizing, and something which we ought to try to turn off if we possibly can.

MR. SCHIEFFER: All right. Well, ladies and gentlemen, I think we're kind of at the end of this one. I didn't hear many coughs out there today, so I let this one run a little longer than it normally does. You're very attentive. Thank you very much on behalf of TCU – (applause) – and, of course, our partner in all this, CSIS. We're going to take off July and August. But we'll be back, as we say on television, for the new season in September. Thank you all very much.

(END)