

OPENING STATEMENT OF SENATOR EVAN BAYH

I am pleased to call to order this hearing of the Senate Banking Committee, which will focus on how the United States can use sanctions and other forms of economic pressure to prevent Iran from acquiring a nuclear weapons capability. I want to begin by thanking our Chairman, Senator Dodd, for his assistance in arranging this hearing and for his support and leadership on this important issue. We all know that Senator Dodd has many other demands on his time, and his willingness to schedule this hearing, despite those demands, demonstrates his commitment to confronting this threat.

As we gather here today, there is perhaps no challenge more pressing – or vexing – than Iran’s pursuit of nuclear weapons. The extent of the threat is well documented: the Iranian regime has refused to cease its illicit nuclear activities, in defiance of multiple UN Security Council resolutions; it is the world’s foremost state sponsor of terrorism and has provided arms and training to dangerous terrorist groups in Iraq, Afghanistan, Lebanon, and the Palestinian territories; and – as we have observed so vividly over the past few weeks – it has engaged in the brutal repression of its own citizens. If this regime were allowed to acquire nuclear weapons, it could spark a dangerous arms race in the Middle East, do irreparable damage to the global non-proliferation regime, and pose a serious threat to the security of the U.S. and our allies. In confronting a threat of this magnitude, a sense of urgency is in order.

I know that many Senators share my concerns about Iran, as is evidenced by the legislation this committee has considered over the past several years. Last year, Chairman Dodd put forward a sanctions bill that included some very noteworthy measures. More recently, I introduced legislation with Senators Kyl and Lieberman called the *Iran Refined Petroleum Sanctions Act* (S. 908). This bipartisan bill would give President Obama expanded authority to target what has been described as Iran's Achilles Heel – its dependence on imported refined petroleum products. Our bill has since won the support of 71 Senators from across the ideological spectrum. This hearing, however, will not focus exclusively on any particular legislation. Rather, we will focus more broadly on the relative advantages and disadvantages of different forms of economic pressure.

We are fortunate to have with us today several noted experts, who have agreed to share their views on how the U.S. can best use economic pressure as a tool to advance our interests with respect to Iran. As we consider this question, we should keep in mind that when it comes to Iran's nuclear program, there are no easy answers. Accordingly, all of the different approaches we will explore today are bound to have drawbacks, and we are likely to be faced with a choice from among unpleasant options. I firmly believe, however, that using economic pressure is far superior to the extreme alternatives of standing idly by as Iran goes nuclear, or relying on a military strike, which could have grave consequences and should be contemplated only as a last resort.

As we consider our various options, we do so in cooperation with President Obama's historic outreach to Iran. This outreach has demonstrated to the Iranian people and the international community that the U.S. is prepared to engage in direct dialogue to resolve the differences between our two nations. The President's offer of engagement has also put the regime on the defensive, and made it more difficult for Iran's leaders to blame the West for all of their problems. While I have supported the President's outreach, I believe that he has been wise to set a deadline for Iran to accept his offer. I am also pleased that the Senate last week unanimously adopted a resolution that I put forward – together with Senators Lieberman, McCain, and Kyl – that reinforced this deadline by making it clear to the Iranians that they have until the G-20 Summit at the end of September to agree to negotiations, or else face sanctions.

While I sincerely hope that Iran's leaders seize this historic opportunity for dialogue, I believe that prudence demands that Congress begin to lay the groundwork for a different approach should Iran continue to reject negotiations. Such preparations will demonstrate to Iran's leaders that there will be grave consequences if they do not agree to forgo their drive for a nuclear weapon. To put it even more bluntly: if Iranian officials are unwilling to sit down at the table and negotiate, then Congress is prepared to authorize what Secretary of State Clinton has referred to as "crippling" economic sanctions.

With each day that passes, Iran is installing more centrifuges and producing more fissile material. According to published reports, they have now accumulated enough low-enriched uranium for a nuclear weapon, should the regime decide to develop one, and by next February they will have enough for two weapons. Conversely, our window of opportunity to stop Iran from acquiring nuclear weapons is rapidly closing. The clock is ticking, and at some point it will run out. As we have seen with India, Pakistan, and North Korea, the clock can often run out sooner than we think, with grave consequences for the region and the world. I hope that today's hearing will help underscore the depth of the Senate's concern over Iran's nuclear program and will demonstrate to Iran – and to the international community – that Congress is prepared to act.

As I previously mentioned, we are fortunate to have with us today a distinguished group of panelists. But before we hear from them, I would first like to give my colleagues an opportunity to share their thoughts. We'll begin with our distinguished Ranking Member, Senator Shelby.