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Chairman Royce, Ranking Member Engel, Members of the Committee, thank you for inviting me today to discuss the strategic implications of the Obama administration's efforts to achieve a comprehensive nuclear agreement with Iran. With your permission, I will focus my remarks on the perceptions of America's Middle Eastern allies.

For decades, our partners in the region have been divided among themselves on many consequential issues, but on one fundamental point they have all agreed: the importance of the United States as the guarantor of the regional order. For the last thirty-six years, they have also assumed that a primary duty of the guarantor was to orchestrate the containment of the Islamic Republic of Iran. However, President Obama's pursuit of the nuclear accord has convinced our allies that he has shed that duty. They believe not only that he has no inclination to contain an expansionist Iran, but even worse, that he might be supportive of Iran's ascendancy.

Of course the president is well acquainted with the sore feelings of the allies. In recent months, therefore, he and his staff have labored intensively to convince them that the nuclear accord is in fact in their interests—the Gulf Cooperation Council (GCC) summit at Camp David being the prime example of these efforts. Our allies, however, have found the administration's arguments utterly unpersuasive.

Mr. Chairman, it is my intention here to do three things: to sketch some of the key concerns of our allies; to describe some of the arguments that the administration has made to meet those concerns; and then to explain why those arguments fall flat.

While many actors on the American domestic scene are claiming that we can't evaluate the agreement until we see every detail, our Middle Eastern allies passed judgment on it a long time ago. It is, in their eyes, a very bad deal. Israeli Prime Minister Benjamin Netanyahu has been uniquely vocal in expressing his disapproval, but his view is widely shared by his neighbors, who also feel abandoned and betrayed. One can argue that their feelings are an overreaction, but one cannot deny that they are based on a reading of four very real trends in President Obama's Iran diplomacy. Those trends are as follows.

First, our allies complain about the persistent failure of the United States to stand its ground in the face of Iranian intransigence. At every stage of the negotiations, the Obama administration has retreated: on the number of centrifuges, on the underground bunker at Fordow, on "anytime, anywhere" inspections at military facilities—on all of these issues and many more. For our allies, the American concessions have certainly resulted in a bad agreement, but equally disturbing to them is the spectacle of retreat itself. The sight of a backpedaling America raises fears that the United States will not be there in a pinch. The allies ask themselves, "If the Americans are prepared to whittle away their own demands, how will they behave when one of us gets into a fight with Iran? Will they rush to our side? Or will they whittle us down too?"

Second, by agreeing from the beginning to insert a "sunset clause" in the nuclear agreement, President Obama has signaled his belief in the inevitable rise of Iran as a nuclear-capable state. This belief, when held by the leader of the world's only superpower, is a self-fulfilling prophecy. When all is said and done, President Obama is agreeing to dismantle the sanctions regime—permanently. In return, Tehran is agreeing to slow the development of its nuclear program—temporarily. Seeing that the United States has opted to manage Iran's rise rather than to contain it, many other countries are now jockeying for position so that they, too, can benefit from Iran's ascendance. From the perspective of our allies, Tehran is growing stronger by the minute, even before the deal has been signed. Much to their disappointment, America is helping Iran gain momentum.

Third, U.S. relations with close allies such as Israel and Saudi Arabia have grown increasingly strained over the last year; meanwhile, relations with Iran have become surprisingly friendly. Insisting that the nuclear negotiations are nothing more than an initiative to reach an arms control agreement, the Obama administration denies that it is seeking a broader détente with Tehran. Yet thanks to the nuclear negotiations, the scope of engagement between the two has increased significantly. It has become commonplace to hear of backchannel discussions about problems such as combatting the Islamic State or stabilizing Syria and Yemen. The positive tone that has crept into this engagement unnerves America's allies. Israeli Defense Minister Moshe Ya'alon spoke for all of them when he recently lamented that the United States sees Iran as part of the solution, not the problem.

Finally, our allies have noted the lack of concern in Washington as Iran has flexed its muscles in Syria, Iraq, and Yemen. Not only have President Obama and his advisors shown no inclination to impose costs on Iran for this behavior, they have often seemed to welcome Iranian intervention in regional wars. When, for example, Secretary of State John Kerry characterized Iranian combat sorties in Iraq as "a good thing," his words were greeted with shock and anger throughout the Gulf.

Taken together, these four trends paint a picture that is susceptible to two interpretations. Either President Obama is inaugurating a new friendship with Iran, or he is pulling the United States back from the Middle East while Iran fills the resulting power vacuum. Both interpretations play on the worst fears of allies, regardless of whether we are talking about Saudi Arabia and Israel, who see Iran as an existential threat, or about Turkey and Jordan, who strongly oppose the role that Iran is playing in Iraq and Syria.

Of course President Obama is well aware of the fears that his policies are generating, and he and his advisors have crafted a number of arguments to quell them. These arguments, however, fail to address the primary concerns of the allies.

The president's best argument is that the deal itself will prevent Iran from developing a nuclear weapon for ten to fifteen years—an advantageous outcome for everyone. The allies, however, do not believe this claim. They supported President Obama's engagement of Iran when they thought it might force Iran to make a stark choice: either give up your nuclear aspirations, or face economic ruin—or worse. President Obama, however, has allowed the Iranians to avoid making a clear choice. He has agreed to provide Iran with sanctions relief while allowing it to remain a nuclear threshold power. The allies believe, therefore, that the Iranians will pocket the enormous benefits that are frontloaded into the agreement and then, two years from now, they will renew their march toward a bomb. The next president of the United States, the allies believe, will be forced to buy the pony all over again.

President Obama counters such skepticism by claiming that, despite the ambiguity, Iran is indeed making a strategic choice to moderate its behavior. He points to the election of President Hassan Rouhani in June 2013 as the key that opened the door to negotiations. As President Obama put it recently, "I think the election of Rouhani indicated that there was an appetite among the Iranian people

for a rejoining with the international community … It's not a radical break, but it's one that I think offers us the chance for a different type of relationship, and this nuclear deal, I think, is a potential expression of that."

The allies, however, see the Americans, not the Iranians, as the party that is truly itching for a deal. They believe that President Obama has established a set of perverse incentives that would convince even the most strident of hardliners in Tehran to sit down at the table and agree to temporary restrictions on the nuclear program. For example, the U.S. is effectively paying Iran to negotiate. Since the signing of the interim agreement in November 2013, it has given Iran $700 million in sanctions relief per month. And it is now enticing the Iranians to seal the deal by offering it a signing bonus of between $100 and $150 billion. A readiness to pocket sums of this magnitude, our allies argue, does not indicate that hardliners are going soft.

President Obama responds by saying that, nevertheless, the deal is indeed a poison pill for Iran's hardliners. As the president himself explained, "It is possible that if we sign this nuclear deal, we strengthen the hand of those more moderate forces inside of Iran." Even if the deal seems disadvantageous to the U.S. today, in the long run it will unlock a new relationship. Once international investment begins to flow, and the benefits of cooperation grow tangible, Tehran's hardliners will find themselves enmeshed in a policy of engagement.

Our allies characterize this sort of argument as the worst kind of wishful thinking. Their attitude is much more in tune with Secretaries of State Henry Kissinger and George Shultz who recently asked, "What gives us the confidence that we will prove more astute at predicting Iran's domestic course than Vietnam's, Afghanistan's, Iraq's, Syria's, Egypt's or Libya's?" The Supreme Leader, Ayatollah Khamenei, oversees a ruthless security state that has endured countless challenges, including an eight-year war with Iraq and the Green Revolution of 2009. Time after time, it has squelched domestic dissent. It is highly implausible to believe that the flooding of the country with cash will simply wash the regime away.

In fact, our allies say, it makes much greater sense to assume that the nuclear agreement's actual, tangible benefits will immediately prop-up Iran's hardliners. Iran's Revolutionary Guard Corps (IRGC)—which acts as the custodian of the 1979 Revolution, both at home and abroad—commands an economic empire whose tentacles reach into the key sectors of the Iranian economy. It will certainly benefit greatly from the lifting of sanctions and the rush of international investments that will follow a nuclear accord. In fact, it is so deeply entrenched in Iran's economy that it will probably profit more than anyone else from the new era of international investment.

In response to this claim, the Obama administration baldly asserts that Iran's terror machine simply will not benefit from the influx of cash. Colin Kahl, the vice president's national security advisor, recently went so far as to say that the Iranians "are not going to spend the vast majority of the money on guns, most of it will go to butter."

This argument is absurd on its face. Over the course of the last thirty-six years, the Islamic Republic has consistently sacrificed a very significant portion of its potential earnings in order to support its terror machine and build a nuclear program. The butter-not-guns argument asks our allies to believe that Iran will suddenly drop its support for terror even though doing so is not a condition of sanctions relief. The guiding assumption here appears to be that neither Iranian rhetoric nor behavior from 1979 up until yesterday has any connection whatsoever to what Iranian leaders will do tomorrow. Who in their right mind would swallow such an assumption? When, in the course of human history, did getting $100 billion at the stroke of a pen ever convince anyone that they have been wrong all along?

Perhaps because it recognizes the inherent weakness of this argument, the Obama administration has developed a secondary line of attack. It claims that a comprehensive nuclear agreement with Iran is

not inconsistent with a policy of countering Iran. In fact, the deal can function as the first step in a new, comprehensive containment strategy. The Camp David summit last month, so the story goes, laid the groundwork for a new strategic partnership with the GCC states—a partnership that will speed arms transfers, and increase cooperation on counter-terrorism, ballistic missile defense, and a host of other cooperative security ventures.

America's Gulf allies have humored President Obama as he has inaugurated a new strategic dialogue, but they have no confidence that he will actually deliver on what they consider to be their vital needs. They are fully aware that his understanding of "Iran containment" and their understanding are entirely different. What they fervently desire from the United States is a policy of rollback—a set of initiatives designed to drive Iran from Syria and Yemen, to challenge Hezbollah's monopoly over politics in Lebanon, and to weaken the role of the Shiite militias in Iraq. They want the United States to lead a regional security system that will counter the IRGC at its favorite game: subversion. By contrast, President Obama is offering tools and initiatives that will help the GCC states maintain stability at home and mount a collective defense against a conventional attack from Iran. The American approach, in other words, simply does not meet the problem as our allies define it. In their eyes, President Obama is like a doctor who is prescribing heart medicine to a patient suffering from cancer.

At the close of the GCC summit, President Obama went out of his way to make sure that his approach to "containment" would not be misunderstood. "I want to be very clear. The purpose of security cooperation is not to perpetuate any long-term confrontation with Iran or even to marginalize Iran." Our allies got the president's message loud and clear: the United States is out of the business of Iran containment as it has been understood in Washington for the last thirty-six years.

Unlike the Israelis, our Gulf allies have chosen not to advertise their sense of abandonment and betrayal. Instead, they have chosen simply to go their own way quietly. For example, Riyadh organized a coalition of Sunni allies and intervened in Yemen in order to counter the Iranian-backed Houthi rebels there. But the intervention was also meant to send a message to President Obama: if you won't organize the region to contain Iran, we will. To drive home the point, the Saudis gave Washington only an hour's notice before commencing the operation.

The Saudis and their closest allies will remain dedicated to contesting Obama's policy, albeit quietly. And they will continue to fight back against Iran and its proxies in Yemen, Syria, and Iraq—not to mention new conflicts that will appear over time. Meanwhile, the Iranians will grow bolder and richer and more prone to intervention. Obama's Iran policy, therefore, will deliver disequilibrium to the Middle East, the exact opposite of what the administration is claiming.

Thank you again for inviting me to testify. It is an honor to speak before this committee on such a consequential topic.