

# Tehran and Washington A Motionless Relationship?

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*Abstract: Following the attacks of 9/11, American and Iranian interests converged on the Afghan question. Washington and Tehran established a fruitful cooperation, which ended with George W. Bush's Freedom Agenda and the revelation of an Iranian nuclear program. If Barack Obama had wanted to hold a hand out to Iranian leaders in the beginning of his first term as president, he has lately become a more traditional politician, using sanctions to make Tehran cooperate.*

In the aftermath of the unthinkable, almost anything seemed possible – even, however briefly, the unlikely possibility that the worst terrorist attack in American history might somehow heal the breach between the United States and the regime it had repeatedly labeled as the world's foremost sponsor of terror, the Islamic Republic of Iran. In the aftermath of the attacks, the Iranian public responded with sympathy and their government with something resembling prudence. Tehran was the scene of spontaneous candlelight vigils by ordinary Iranians and a temporary suspension of the weekly chants of “death to America” by its official clergy. An array of Iranian officials, many with reformist political leanings, offered seemingly heartfelt condolences to the American people, and even the hardest-line elements of Iran's leadership briefly summoned the moral decency to denounce Al Qaeda and the use of terrorism against Americans. Over the course of subsequent weeks and months, Tehran provided crucial logistical assistance to the U.S. campaign against the Taliban and cooperated closely with Washington in establishing a new Afghan government. For a short time, a pathway for resolving the bitter estrangement between the two countries and for Iran's return to the community of nations seemed for the first time within sight.

A decade later, any such optimism has been rather emphatically scuttled. The post-attack spirit of reconciliation between Tehran and Washington proved predictably fleeting. The early inroads at cooperation foundered and mutual mistrust and antagonism intensified.

Iran's internal politics regressed ever further into paranoia and repression, even as Washington saw a shift in partisan dominance and, more importantly, in the tone if not as much in the substance of its approach to Tehran. This was only the most recent missed opportunity in more than three decades of fruitless efforts to resolve an estrangement that has riven the Middle East and raised the prospects of another military conflict in a perennially turbulent region. The September 11 attacks truly changed everything for Washington; this was a transformative event whose imprint on American politics, bureaucracy, economy and view of the world continues to be felt. And yet, in many ways, the U.S.-Iranian relationship, and the dynamics that govern it, remains very much the same as it ever was, a seemingly perpetual low-intensity conflict whose prospects for resolution appear worse today than even a decade before. This article examines the forces that conspired to keep Washington and Tehran trapped in conflict, and offers a forecast on the future evolution of the standoff in the wake of epic change unfolding across the Middle East.

## ***U.S. Policy toward Iran Since 9/11***

There is a persistent misconception that U.S. policy toward the Islamic Republic has been rigid and unchanging over the past three decades. It is true that the contours of the bilateral relationship have demonstrated considerable consistency since the November 1979 seizure of the U.S. Embassy in Tehran and ensuing 14-month hostage crisis. And Washington has relied heavily on a small array of policy instruments to influence Iran's policies and options, in particular economic sanctions. Still, over the course of the past three decades, the United States has experimented with a variety of different tactics to persuade Tehran to alter its policies, ranging all the way from back-channel inducements to undeclared warfare. Washington's periodic tactical shifts reflect cyclical changes in the philosophical, partisan and practical considerations that shape its approach to Iran.

The decade that has passed since the September 11 attacks has witnessed significant fluctuations in American policy toward Tehran. At the outset of the administration of President George W. Bush in January 2001, Iran was considered a persistent and troublesome threat, thanks to its long-standing support for terrorism and opposition to American policy in the Middle East. However, Iran had not yet assumed the urgency for a U.S. president still finding his footing in foreign policy that subsequent revelations about its clandestine nuclear program would mandate. In a *Foreign Affairs* essay penned by Condoleezza Rice as a preview of the Bush Administration's international agenda, the future National Security Advisor depicted Iran's objectives in extremist terms – nothing less than the

establishment of “an international system based on [...] fundamentalist Islam.”<sup>1</sup> However, she also noted that the limits on the influence of the Islamic Republic and suggested the possibility that the reform movement might moderate Iranian foreign policy. Overall, her article underscores that Iran was a lesser priority than North Korea or Iraq, for example, as well as the lack of a conclusive view on Iran among the Bush Administration’s foreign policy strategists.<sup>2</sup>

Rice’s muddled view of Iran as simultaneously bent on establishing an Islamic world order but undergoing meaningful internal change reflected a synthesis of the divisions within the Bush Administration itself. Throughout the Administration, there was a deep distrust of the reform movement, a legacy of the experience of the President’s father, President George H.W. Bush, during his own term in office as well as the Reagan Administration. In this view, Iranian moderates were merely wolves in sheep’s clothing, clever con men who sought to stabilize their failing regime by feigning moderation. Others simply viewed the reformers, and their putative leader President Mohammad Khatami, as a spent force, as powerless as the liberals who staffed the post-revolutionary Provisional Government and were forced out as a result of the 1979 Embassy seizure. This skepticism was compounded by a contempt for the Clinton Administration’s attempts to engage Tehran, such as the March 2000 speech by then-Secretary of State Madeleine Albright in which she expressed regret for a host of prior American policies toward Tehran. This perspective was countered by others within the Bush Administration, notably Secretary of State Colin Powell, who advanced a more nuanced view of a country in the midst of a meaningful and unpredictable transformation.

The early ambivalence of the Bush Administration toward Iran produced some equivocation in its policy toward Tehran. The first test came in July 2001, on the eve of the expiration of the Iran-Libya Sanctions Act of 1996, which had endeavored to strengthen multilateral cooperation on pressuring Iran through the decidedly unpopular mechanism of secondary sanctions, intended to be applied to investors in Iran’s energy sector. The legislation had never been enforced; the Clinton Administration’s single waiver, issued to Total for its investment in the South Pars gas field, offered tacit approval for other foreign investors eyeing Iran’s newly reopened upstream oil and gas industry. There was some expectation that a combination of factors – including the aversion to alienating crucial European allies on Iran, a mounting debate over “smart sanctions” that was largely focused on Iraq and the new Bush Administration’s presumptive close relationship with the U.S. oil industry – might result in either the sun-setting of

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<sup>1</sup> Condoleezza Rice, “Promoting the National Interest,” *Foreign Affairs* 79:1 (January/February 2000), p. 61-62.

<sup>2</sup> Notably, by the time she left office, in a reprisal article published by *Foreign Affairs*, Rice ranked Iran only behind Al-Qaeda in the threats facing Washington. Condoleezza Rice, “Rethinking the National Interest,” *Foreign Affairs* 87: 4, July/August 2008: p. 2-26.

the provisions entirely.<sup>3</sup> Instead, the Administration moved only belatedly to propose a more limited renewal of two years rather than five, but the strong Congressional support for full renewal carried the day.<sup>4</sup>

Less than two months after the renewal of ILSA, the Al Qaeda attacks on the World Trade Center in New York, the Pentagon in Washington, and the failed hijacking that ended tragically in Pennsylvania took place. This epic and awful event forever altered America's view of the world and meant an immediate and far-reaching change in course for the Bush Administration's foreign policy. Overnight, the United States found itself preparing to go to war in the Middle East and equally importantly the administration's framework for dealing with the world underwent a wholesale transformation. The sudden change in the landscape meant that the threat posed by Iran's theocrats was dwarfed by the existential danger of terrorist attacks on the American homeland, and the animosity between the two states required reconsideration in light of post-attack exigencies.

As part of these dramatic shifts, Washington and Tehran suddenly found themselves in unfamiliar territory, with an inadvertent and unexpected alignment of interests in Afghanistan. The Islamic Republic had emerged over the course of the 1990s as one of the leading opponents of the Taliban, whose puritanical interpretation of Sunni Islam inspired vicious hostility toward Shi'a Iran and whose involvement in narcotics production and trade exacerbated Iran's security problems in its eastern and southeastern provinces. For Iran's often-quarreling political elites, the American military intervention in Afghanistan offered a rare opportunity for unity: the reformers, whose domestic position was waning, saw it as potentially redemptive moment and a bridge to rapprochement and all its attendant benefits, while Iran's hard-liners appreciated the chance to eradicate a menace on its borders. Bolstered by the precedent of its positive neutrality during the 1991 Gulf War as well as a history of American and Iranian cooperation in a multilateral forum on Afghanistan, Tehran adopted an even more assertively constructive posture toward the U.S.-launched Operation Enduring Freedom in October 2001.

The initial willingness to cooperate with the U.S. military campaign against the Taliban eventually bloomed into a wide-ranging, historic cooperation between the two old adversaries that included the only sustained, officially sanctioned dialogue since the negotiations of the hostage release in 1981. Logistical cooperation from Tehran facilitated use of Iranian airspace as well as tactical assistance in establishing supply lines. Equally vital was Tehran's political collaboration, as the Iranians had close and long-standing relations with the Taliban's primary domestic opponent, the Northern Alliance. Over the

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<sup>3</sup> Kenneth Katzman, Richard Murphy, Cameron Fraser, Robert Litwak, "The end of dual containment: Iraq, Iran and smart sanctions," *Middle East Policy* 8:3, September 2001, pp. 71-88.

<sup>4</sup> "White House urges shorter Iran, Libya sanctions," *Reuters*, June 29, 2001.

course of the ensuing 18 months, the direct communication between Washington and Tehran on Afghanistan produced valuable tactical Iranian cooperation in Operation Enduring Freedom and the establishment and stabilization of the post-Taliban government in Kabul. According to U.S. interlocutors, Tehran also at various times offered to participate in a U.S.-led training program for the Afghan army and to launch a counter-terrorism dialogue with Washington.<sup>5</sup>

The bilateral dialogue was not especially harmonious, and U.S. requests for Iran to turn over Al Qaeda operatives reportedly were unsuccessful. Nonetheless, even where the results did not fulfill U.S. expectations, the talks provided an indispensable channel. The dialogue entailed the first sustained, officially-sanctioned dialogue between Iranian and American officials since the revolution. Equally importantly, it produced concrete, constructive results that benefited both parties, as well as the people of Afghanistan. One of the U.S. officials who participated has described the talks as “perhaps the most constructive period of U.S.-Iranian diplomacy since the fall of the shah.”<sup>6</sup>

However, even as these unprecedented talks continued, the issue of democracy promotion began to loom larger for Washington. The 9/11 attacks were formative in this respect, prodding an American president who campaigned against ‘nation building’ toward a conviction that only a wholesale transformation of Middle East politics could preserve American security and insulate the world against terrorist violence and extremism. “We understand that history has called us into action, and we are not going to miss that opportunity to make the world more peaceful and more free,” President Bush declared.<sup>7</sup> The increasing focus on democracy and regime character coincided symbiotically with the mounting campaign within the U.S. administration to take military action against Saddam Hussein’s Iraq, a move that was intended to jumpstart a new era of democracy in the region but that, in the short-term at least, had the opposite effect. For U.S. policy toward Iran, the philosophical shift in the strategic framework for U.S. foreign policy effectively doomed any prospect that the emergence of shared security interests and realization of sustained dialogue and coordination might provide an opportunity to resolve the breach between the two old enemies.

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<sup>5</sup> James Dobbins, “Negotiating with Iran,” text accessed at <<http://stinet.dtic.mil/cgi-bin/GetTRDoc?AD=ADA474062&Location=U2&doc=GetTRDoc.pdf>> and Hillary Mann, “U.S. Diplomacy with Iran: The Limits of Tactical Engagement,” text accessed at <<http://nationalsecurity.oversight.house.gov/documents/20071107175322.pdf>>, testimony before the Committee on National Security and Foreign Affairs, Committee on Oversight and Government Reform, U.S. House of Representatives, November 7, 2007.

<sup>6</sup> James Dobbins, “How to Talk to Iran,” *Washington Post*, July 22, 2007, P. B07.

<sup>7</sup> Robert Jervis, “Understanding the Bush Doctrine,” *Political Science Quarterly* (Fall 2003), p. 368.

The first public indication that the importance of the Bush “Freedom Agenda” was beginning to transcend the practical utility of the tacit bilateral cooperation between Washington and Tehran came from one of the world’s most powerful bully pulpits – the U.S. president’s annual “State of the Union” speech. Coming on the heels of the discovery of Iranian arms shipments apparently bound for the Palestinian authority, the 2002 speech represented a forceful declaration of a new U.S. security doctrine. In the speech, President Bush included Iran alongside North Korea and Iraq as part of what he infamously described as “an axis of evil” that he characterized as “a grave and growing danger.” The President dramatically warned the world that “America will do what is necessary to ensure our nation’s security,” adding I will not wait on events while dangers gather. I will not stand by as peril draws closer and closer. The United States of America will not permit the world’s most dangerous regimes to threaten us with the world’s most destructive weapons.”<sup>8</sup>

The “Axis of Evil” speech produced a furious response from Iranian leaders across the political spectrum, and incited a similarly fierce debate in Washington. It did not, however, result in the termination of the bilateral dialogue over Afghanistan, as Tehran demonstrated its capacity to prioritize interests over outrage or ideology. But it marked an across-the board American repudiation of Iran’s ruling elites, one that would become more pronounced over the course of the subsequent year, and a deliberate U.S. embrace of the idea of galvanizing popular opposition against the Iranian regime. In the months that followed the speech, the Bush White House strove to align themselves with regime opponents through public statements and other efforts to expedite political change inside the country.

That same month, the issue of Iran’s nuclear ambitions erupted, as an exile group with links to Saddam Hussein’s regime revealed details of the Islamic Republic’s clandestine effort to master the nuclear fuel cycle. These revelations intensified long-standing American concerns that Iran’s ostensibly civilian nuclear program represented a vehicle for acquiring weapons capability, and the failure to disclose the extensive program represented a violation of Iran’s obligations as a signatory to the Nuclear Non-Proliferation Treaty. The extent of the Iranian cover-up and the sophistication of the program generated an unusual degree of multilateral support for action against Iran, and in the face of steady European pressure, Tehran agreed to significant concessions in October 2003, including commitments for enhanced verification under the NPT’s Additional Protocol and the suspension of uranium enrichment and reprocessing. Three European states negotiated this agreement, as well as a follow-up accord a year later to address continuing concerns about Iran’s activities and its adherence to its commitments. This period

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<sup>8</sup> President Bush’s State of the Union Address to Congress and the Nation, transcript as published in *The New York Times*, January 30, 2002, p. 22.



featured a rolling tug-of-war between Iranian authorities, who seemed determined to retain as much of their nuclear program as possible while wresting as much inducement as possible for any compromises, and European negotiators who were frustrated by Iranian gamesmanship and American obstinacy. Throughout the escalating nuclear crisis, Washington remained at arms' length from the messy business of hashing out concessions from Tehran directly, and continued to press for more forceful measures in particular the referral of the Iranian nuclear issue to the United Nations Security Council.

Washington's unwillingness to participate in the early nuclear diplomacy with Tehran reflected a broader Bush Administration decision to reject any direct contact with the Iranian government. This represents a critical repudiation of all prior U.S. policy, under both Republican and Democratic administrations, which had been consistently predicated on a readiness to talk to Tehran on issues of mutual concern so long as the dialogue was clearly authorized. The specific precipitant was the May 2003 attack on an expatriate housing compound in Riyadh that was linked to Al Qaeda operatives who had sought refuge in Iran. Realistically, however, the decision reflected the Administration's broader strategic shift toward a muscular "Freedom Agenda," and the euphoria over early successes of the U.S. military campaign to oust Saddam Hussein in neighboring Iraq. The war's proponents viewed Saddam's ouster as the first stage of a fundamental transformation of the region, and argued that any dialogue with Iranian officials would set back this objective by 'legitimizing' an otherwise imploding Iranian regime.

As a result, the United States curtailed the bilateral talks on Afghanistan in May 2003. Several months later, Deputy Secretary of State Richard Armitage testified dismissively that Washington was prepared "to meet again in the future, but only if that would serve U.S. interests."<sup>9</sup> Around the same time, the U.S. shelved a back-channel overture from mid-ranking Iranian officials who were seeking to explore the possibilities for a 'grand bargain' between the two governments. Whether the overture had the endorsement of Iran's ultimate authorities remains purely speculative, but the dismissive American response offered yet another indication of Washington's disinterest in dealing with the Islamic Republic.

In tandem with the refusal to engage with the theocratic regime, Washington began seeking new ways to reshape the political context in Tehran. Early efforts were mostly comic fumbling, including the Pentagon's public flirtation with a reviled opposition group on the U.S. terrorist list and the renewal of contacts with a discredited figure from the Iran-contra episode. For proponents, the 2005 election of hard-liner Mahmoud Ahmadinejad to the Iranian presidency seemed to simultaneously raise the stakes and open new opportunities for

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<sup>9</sup> Armitage testimony before the Senate Foreign Relations Committee, October 28, 2003 (accessed at <<http://www.state.gov/s/d/former/armitage/remarks/25682.htm>>).

American influence. Having used the White House bully pulpit to reach out to the Iranian people to little effect, the Administration – under some pressure from Congress – chose to embrace a high-profile effort to bankroll a democracy promotion program. The centerpiece of this policy was the February 2006 announcement of a \$75 million fund to promote democracy in Iran, an initiative that, in light of the history of American-Iranian relations, was destined to be interpreted by Tehran as an explicit endorsement of regime change.

Ironically, even as the components of a rigid embrace of regime change were put in place, circumstances were conspiring to force the United States to reconsider once again its approach to Tehran. Escalating instability in Iraq and growing European frustration with American unwillingness to engage directly in the nuclear negotiations with Iran prompted a shift in Washington's posture toward the talks, which since 2003 had bordered on outright hostility. In March 2005, shortly after taking the helm at the State Department, Condoleezza Rice announced that Washington would offer modest incentives, including the sale of embargoed parts for civilian airplanes, as a means of bolstering the European negotiating position. The gesture fell flat; Tehran pocketed the recognition that Washington's nuclear absolutism was not immutable and several months later, on the eve of Ahmadinejad's inauguration, Iran rescinded its voluntary concessions on the nuclear program, and the standoff entered a new and even more deadlocked phase.

A year later, Washington upped the ante, with the June 2006 announcement that the United States would join with the other permanent UNSC member states in a formal dialogue with its old adversary on the nuclear file. Consistent with the requirements of resolutions by the governing board of the International Atomic Energy Agency, the offer was predicated upon Iranian willingness to resume the prior suspension of its enrichment and reprocessing activities. By ending U.S. opposition to an Iranian civil nuclear program, this offer effectively reversed the very position that had been so fiercely defended by the Bush Administration until that moment. Still, this concession was quickly overshadowed by the precondition of suspension and Tehran's absolutist refusal to accept it, and it was undercut by Washington's continuing reluctance to deal with the Islamic Republic. Even as Secretary Rice announced the 2006 offer to negotiate, she adamantly rejected any prospect of broader engagement with Tehran.<sup>10</sup> This context shaped American reluctance to schedule discussions with Iran over the deteriorating situation in Iraq, despite the fact that the U.S. ambassador in Baghdad had standing autho-

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<sup>10</sup> For example, in a May 31, 2006 interview with CBS News, Rice asserted that "this is not a grand bargain. This isn't an offer for somehow to let bygones be bygones and go to normalization of relations." See text at <<http://www.state.gov/secretary/rm/2006/67202.htm>>. She repeated this formulation in many of her interviews on this issue.



rization to engage with his counterpart and that senior Iranian officials were publicly pressing for a dialogue.

While the grudging American acceptance of the European negotiating posture toward Tehran may not have generated a productive dialogue, it served its ancillary purpose by facilitating greater common purpose between Europe and Washington on pressuring Tehran. Beginning in December 2006, Washington's new flexibility helped produce four successive sets of UNSC sanctions that have had increasingly costly impact on the Iranian economy. These measures were amplified by the quietly dramatic effects of new American unilateral restrictions on Iranian financial institutions adopted under antiterrorism and counter-proliferation provisions passed in the wake of 9/11. Because of the interconnectedness of the global financial system, these unilateral measures convey implicit obligations on non-American institutions and third countries that have interests in the United States. In this way, post 9/11 American economic measures against Iran have entailed powerful secondary sanctions, with far greater effect and far lesser frictions than the explicitly extraterritorial measures of the 1990s. U.S. officials also undertook an aggressive campaign to highlight the legal risks and reputational concerns inherent in continuing to do business with Iran. After more than two decades of trying to bring the rest of the world on board with American efforts to isolate and pressure Iran, the Bush Administration revived the relevance of U.S. sanctions by capitalizing on the unique role of the U.S. financial system to extend their reach.

For all its emphasis on pressure and the prevailing perception of its dogmatic posture toward Tehran, the Bush Administration's approach to dealing with the Islamic Republic evolved considerably – some might even say erratically – over the course of its eight-year tenure. Moreover, the Administration proved willing to experiment in bold gestures, such as the 2006 offer to join the nuclear negotiations. In fact, during the waning days of the Bush presidency, reports began to circulate of a planned American offer to return diplomatic staff to Tehran for the first time since the hostage crisis.<sup>11</sup> Events such as the Russian intervention in Georgia apparently overtook the momentum for such a move, but the fact remains that Bush diplomacy toward Tehran demonstrated an often-underestimated capacity for innovation.

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<sup>11</sup> Fred Hiatt, "Toehold in Tehran?" *Washington Post*, June 23, 2008, <<http://www.washingtonpost.com/wp-dyn/content/article/2008/06/22/AR2008062201548.html>>.

## ***The Obama Administration and the Art of Engagement***

The Obama Administration placed a high emphasis on a new Iran policy from the earliest days of the campaign, when the now-President promised to meet with any Iranian leader. It was an unusual position in a country where the Islamic Republic remains a reliable villain, but candidate Barack Obama did not backpedal despite some public criticisms and the opposition of his then-rival, now Secretary of State Hillary Clinton. Engaging Iran was billed as an integral component of the new outreach and corresponding influence of an Obama Administration to repair the damage to America's reputation and reach that had been wrought by Bush's hard-charging rhetoric and policies, in particular the Iraq war. Cognizant of the sordid history and uncertain prospects of engagements, the newly-elected President hedged slightly, promising to proceed toward sanctions if engagement had not borne fruit within its first trial year.

Still, true to his word, President Obama moved quickly to assert a new tone toward Tehran, through a videotaped message from the President himself extending greetings to commemorate the Iranian new year in March 2009. While the gesture itself was not truly innovative – the tradition dates back at least to the Clinton Administration – the personal investment of the President himself and the utilization of rhetoric that was clearly designed to appeal to regime elites as well as regular citizens drew considerable positive attention in the media and apparently within Iran as well. Over the course of the next several months, Washington reportedly engaged in other less public overtures toward Iran, including direct communications from President Obama to the Iranian supreme leader, an unprecedented step.

However, as durable as the Iran problem may be, it has a tendency to mutate when least expected. Obama's carefully orchestrated effort to engage Tehran had only just got underway when the ever contentious Iranian political scene erupted. The improbable landslide reelection of Ahmadinejad in June 2009 provoked unprecedented public unrest, forged the first genuine opposition movement to the regime since the early post-revolutionary period, and generated a deep and abiding cleavage within the very heart of the theocratic power structure that persists to this day. Washington treaded carefully in its initial response to the turmoil out of fear of either tainting the nascent opposition but also in the naïve hope that direct negotiations on the nuclear program would remain viable. This prudence rightly anticipated Iranian nationalist sensitivities around any perception of American intervention, but misread the capacity for flexibility from a leadership that perceived its grip on power under siege from an externally-orchestrated conspiracy. In November 2009, a promising fuel-

swap initiative that was intended to build confidence and buy time on the nuclear issue collapsed as a result of the internal Iranian power struggle, and in its wake there has been a distinct lack of progress in reviving even the most pro forma dialogue between Iran and the international community.

Despite an apparently dramatic stylistic difference, the Obama Administration retained the basic outline of the Bush approach to Iran sanctions with some enhancements. Heeding the President's promised timetable, Washington began pivoting away from diplomatic engagement in late 2009, reverting to the familiar terrain of economic sanctions and talk of "dual track" tactics – an improvement in the lexicon but not, unfortunately, in the efficacy of long-standing carrot-and-stick measures to persuade Tehran to adopt more constructive policies in the region. Six months of frenzied diplomacy and the painstaking cultivation of Moscow and Beijing produced the most far-reaching UNSC resolution to date and the most significant multilateral sanctions ever imposed on the Islamic Republic. Among its measures include restrictions on conventional arms sales and an array of hortatory language deliberately crafted to facilitate the adoption of more severe penalties by the European Union and other American allies. The resolution's mere passage was itself a victory for Washington, which was forced to fend off an eleventh-hour Iranian diplomatic gambit involving Turkey and Brazil. Equally importantly, however, it was followed in quick succession by follow-on measures by the European Union, Norway, Japan, South Korea and Australia, as well as by an expansion of the American embargo on Iran to target suppliers of refined petroleum to Tehran via the Comprehensive Iran Sanctions and Divestment Act signed by President Obama in July 2010. The cumulative result of these measures has been a dramatic curtailment in the traditional patterns of trade between Iran and the West.

The utility of UNSCR 1929 as a mechanism for follow-on national measures cannot be underestimated, and in many ways those subsequent unilateral sanctions are far more effective and important than the UN measure itself. Beyond the resolution itself, Washington took other steps to encourage cooperation among "like-minded states" in Europe and in Asia, notably by utilizing sanctions policy to highlight human rights abuses in Iran and to restrict the government's access to technology used to control the free flow of information. These measures, along with continuing procession of designations of Iranian entities for their role in proliferation and/or terrorism, have created a steady expansion in the effective application of sanctions. At the same time, a careful recrafting of the U.S.-Russian relationship has netted a major concession from Moscow in the cancellation of a proposed sale of the SA 300 air defense system to Tehran. Overall, three years of Obama Administration policy have produced a notable intensification of pressure on Iran and an unparalleled breach in its previously reliable economic relationships and utilitarian strategic cooperation with Europe and Russia.

Throughout 2010 and into 2011, the Obama Administration has taken pains to reiterate its willingness to talk with Tehran on issues of mutual concern, beginning with the nuclear issue. And Washington has engaged in a few modest gestures toward Tehran, such as the November 2010 designation of a Baluchi insurgent group as a terrorist organization. However, the three sets of nuclear negotiations between Iran and the international community, including Washington, that have taken place since President Obama took office have produced frustration and deepened suspicions that the Iranian leadership is simply unwilling to or incapable of making any compromises on its nuclear ambitions. As a result, sanctions remain the primary focus of Washington's day-to-day efforts, and are likely to remain so. The unrest that has engulfed the Arab world will produce even greater disincentives for revived engagement from both sides.

### ***The Balance Sheet: An Assessment of Post-9/11 Policy toward Tehran***

The chronology of American tactics for dealing with the challenges posed by Iran over the course of the past decade highlights two important conclusions: first, American policy under both the Bush and Obama Administrations has demonstrated considerable resourcefulness and flexibility in seeking to influence Iran's trajectory and foreign policy in a positive direction. Even the Bush Administration's obstinate refusal to engage with Tehran was of relatively brief duration, and its own posture on the nuclear issue evidenced a far more compliant progression than that of Tehran. For his part as well, President Obama has gone further than most of his predecessors in both pressure and persuasion and has endeavored, even under considerable criticism in the aftermath of the June 2009 unrest, to retain a readiness for dialogue even as he sought to amass new economic pressure against the regime.

The second fundamental conclusion from an overview of American policy toward Iran since 9/11 suggests that despite this adaptive and innovative American approach, the threats posed by Iran have not abated. Tehran's nuclear program has multiplied in size and sophistication, its influence across the region – particularly in its neighboring states which remain of special security priority for Washington – remains potent, its mechanisms for meddling in the peace process and along Israel's border have been dramatically enhanced by a new opportunistic alliance with the Palestinian Hamas, and its willingness and capacity to restrict the freedoms and aspirations of its own citizenry are undaunted.

The American-Iranian drama need not have devolved in this fashion. Both sides bear culpability in the failure to build on the early cooperation over Afghanistan during the aftermath of 9/11. The Bush Administration was too confident in the inevitability of the Islamic

Republic's demise, while Iran's leaders were too divided and too locked in their own defiance to permit any real evolution in their approach to the Great Satan. As bilateral tensions mounted, the slow but tangible liberalization of Iran's internal politics was derailed by the regime's deep-seated paranoia – a precedent that should temper any optimism that a more democratic, pro-American outcome is inevitable in other ongoing transitions in the region.

The endurance of the Iranian threat speaks to the complexity of the challenge and the elusiveness of easy answers. More specifically, however, the paradoxes of the past decade reinforce a lesson from the historical track record in dealing with Iran: in the absence of aggressive diplomacy or truly existential costs, punitive measures produce Iranian pain without compromise. Even the widest and most powerful array of economic sanctions in the history of the Islamic Republic has failed to produce any meaningful improvement in Tehran's approach to the world and hostility toward vital U.S. interests, even as it is having far-reaching impact on Iran's ability to conduct business as usual, even in the oil markets, as well as on the value of its currency.

The gap between the increasing impact of economic pressure on Iran and the lack of apparent progress in altering Tehran's approach to the world underscores the insulation provided to the regime by Iran's oil revenues, which have most recently received a conveniently timed boost as a result of the price hikes prompted by regional instability since the emergence of the Arab spring. These revenues enable the Iranian leadership to engage in averting, circumventing, insulating and even exploiting sanctions. Oil revenues sustain a mutually beneficial relationship between Tehran and Beijing, one which offers Iranian leader at least the illusion of a strategic alternative to the isolation of Western economic restrictions. The inconsistency between the UN sanctions, which China has signed onto and largely implemented, and those adopted by European and Asian states have ceded Beijing almost uncontested access to Iran's energy sector. As a result, Beijing is the indispensable nation now for influencing Tehran, and Washington will need to find new mechanisms for ensuring communication and coordination with Chinese leaders on Iran.

## ***What Next? A Durable Estrangement***

Iran today is enmeshed in a period of epic flux – its political class riven by bitter, possibly irreparable differences and its streets roiled by continuing small-scale unrest and civil disobedience that have withstood the regime's attempts to repress it. Under the weight of such tensions, some kind of change within the Islamic Republic is almost inevitable, but what kind of change and on what timeline is effectively impossible to predict.

In Washington today, there is a sense of policy drift on Iran, much as there was a decade ago. The Iranian challenge remains urgent, but dealing with the varied fallout from the Arab spring entails juggling multiple mutating crises. U.S. policy has become increasingly focused on forestalling Iranian ascendance, but with few objective metrics for assessing such trends, such anxieties merely play into Tehran's false narrative of a zero-sum competition for influence in the broader Middle East. Now more than ever, democracy matters as an American priority, a culmination of a decade of fitful American interest in the nature as well as the behavior of regimes that has been forced up on the U.S. as a result of the unexpected eruption of democratic protests in the region. Still there is no clear pathway for exerting American influence in ways that directly benefit the prospects for democracy in Iran, and Washington's increasingly bizarre obsession with the discredited expatriate terrorist group, the Mojahideen-e Khalq, risks tarnishing Washington in the eyes of any legitimate Iranian opposition groups.

Moreover, regional developments today powerfully undercut ultimate objective of the Obama Administration's approach – to pressure or persuade Iran's leader to bargain away its nuclear program. No leadership that watches the international community bombard Libya will ever concede its nuclear advantage in exchange for rapprochement and trade ties. Sanctions are therefore divorced from any realistic prospect of achieving their stated objectives.

The current U.S. approach is minimally sufficient for dealing with Iran, in the sense that it has successfully impeded Iran's most problematic policies without actually generating much progress toward reversing them or altering the regime's political calculus. But without a viable endpoint, the threat of Iran will continue to intensify.