
Engagement with Iran: The Sequel

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Sometime early in 2013, President Barack Obama is expected to launch a new diplomatic initiative in a bid to resolve the standoff between Iran and the international community over Iran's nuclear ambitions. If this sounds familiar, it is—Obama opened his first term in 2009 with much the same game plan for Iran. That effort represented the culmination of a surprisingly forward-leaning campaign promise to engage with America's most determined adversaries, and entailed public appeals, back-channel communications, and forays at negotiations. However, Obama's early overtures made little headway. Washington was caught off-guard in June 2009 by an unexpected explosion of political unrest in Iran. Finding little early evidence of Iranian receptivity to diplomacy, Washington chose to pivot quickly toward a pressure-oriented approach. This approach capitalized upon unprecedented international support for implementing an array of punishing new economic sanctions against Iran.

Yet, here we are again talking about negotiations and a big new gamble aimed at reaching a historic deal with the Iranian regime. This time, however, diplomacy is invigorated not by hope, but by fear: not by a presumption that a more amicable American approach to Tehran could resolve the longstanding estrangement, but by an even more profound sense of urgency surrounding Iran's nuclear activities and the timetable for avoiding deciding between bombing Iran and an Iranian bomb. The

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revival of Washington's diplomatic ambitions toward Tehran is also underpinned by a newfound American sense of advantage. The United States has exited one costly war in Iraq and is beginning to wind down another in Afghanistan. Meanwhile, Iran's economy is reeling under the strain of the most far-reaching sanctions in history, implemented by the broadest-ever global coalition. Tehran has already lost tens of billions of dollars, and the strain of the sanctions—spiraling inflation, product shortages, and the collapse of the currency—has been felt at every level of Iranian society. On this basis, many U.S. policymakers argue that the Obama administration has, for the first time, achieved the required leverage to force Tehran to rethink its approach to the nuclear issue.

For engagement version 2.0, the stakes are inordinately higher. Since Obama first came to office four years ago, Iran has succeeded in significantly advancing its nuclear capabilities, adding thousands of centrifuges, and inaugurating a heavily fortified underground facility that may be invulnerable to military strikes.¹ Its stockpile of low-enriched uranium has grown more than seven-fold, including new capabilities to enrich up to nearly twenty percent, and a steady trickle of revelations appears to suggest that Iran's research into weaponization—which the intelligence community deemed to be on hiatus—may have resumed. Israeli demands for an explicit American commitment to use force have persuaded Obama to toughen his own stance over the past year, and in the course of the presidential campaign he appeared to go further than ever to signal his readiness to prevent Tehran from obtaining a nuclear weapons capability.

As a result, many in Washington see 2013 as a make-or-break year for the long-running debate over how to handle the threats posed by Iran. According to this logic, the only alternatives for forestalling Iran's steady progress toward a nuclear bomb require either that the world negotiates durable constraints to preclude the revolutionary state from acquiring a nuclear weapon, or prepare itself for a third American-led war in the Middle East in the matter of a decade. It is reasonable to question whether this presumption of urgency is valid or realistic; after all, there is an embarrassing tendency of both pundits and policymakers, in Washington and in Israel, to predict that the Iranian nuclear crisis will reach a "point of no return" on an almost annual basis. And yet the conviction with which this view is held in Washington makes such a debate largely moot.

However, such analytical brinkmanship has animated a newfound sense of readiness to revisit American diplomacy on Iran. In fact, with noisy talk from Tehran over the span of many months surrounding possible concessions on its enrichment, both sides appear prepared to get back to

the table in a more serious fashion. Obviously, mere readiness for dialogue is hardly a guarantee of success. If the world is to avoid yet another round of escalatory rhetoric or worse, the United States and its allies will have to launch the upcoming round of talks with a more astute strategy for reaching a meaningful agreement than Washington has demonstrated in the past. The following recommendations outline an approach that offers a credible prospect of success.

First, the Obama administration must set its sights—and expectations—low. The ambitions of a second-term American president are understandably high and the administration has come under severe pressure, from within as well as from its Republican rivals and regional allies, to conclusively end the Iranian threat rather than engage in piecemeal diplomacy or short-term remedies. Washington has slowly come around to broad, if quiet, support for a deal that might meet both sides' minimum requirements: that Iran retains modest enrichment capabilities, but under stringent inspections and verification. The President's re-election victory provides a conducive context for advancing such a bargain. In addition, many in Washington harbor justifiable skepticism toward incrementalism after so many bids at building trust with Tehran have run aground. The U.S. strategy to date has been aimed at backing the Iranian regime into a corner and using that pressure to extract the maximum concessions.

However, this strategy has only deepened the prevailing paranoia of the Iranian leadership, who see the nuclear issue as a pretext for American-sponsored regime change and sanctions as the instrument of the regime's demise. A speech given in October 2012 by Iran's Supreme Leader Ali Khamenei—who is the ultimate decision maker on the nuclear issue—articulates this posture. According to Khamenei, Western powers do “not want to force Iran to return to the negotiating table. They want Iran to surrender to Western bullying during negotiations... This is Iran's answer: you are not powerful enough to force a revolutionary, resistant, insightful, and aware nation to bow to your demands and greed. ... Their problem is that Iran does not bend to their will. And of course this problem will obviously remain unresolved.”²

In this sense, Tehran is seeking to use any negotiations as part of a survival strategy—not a surrender. Iranian leaders believe that they can navigate their way through the current crisis with a combination of austerity measures, smuggling, sanctions busting, and the simple erosion of enforcement as a result of apathy, financial pressures, and a concerted Iranian public relations campaign to emphasize the humanitarian toll of the penalties. Despite tough talk at the top, Iran's forthcoming budget has been

calculated in realistic fashion, based on anticipated oil exports at less than half their previous levels. Yet, revenues remain at record levels—especially with thousands of barrels per day in excess Iranian production leaking out to thirsty Asian markets. “If the country judiciously resists these pressures by the enemy—particularly the sanctions and other such things—not only will their technique prove ineffective, but also it will be impossible for them to repeat such things in the future,” Khamenei declared in July 2012. “The others stepped into the arena because of their coercion, pressure, and other such things, or they did so as a ceremonial gesture. It is obvious that such things as coercion and pressure cannot continue. These things will only continue for a while.”³

For this reason, a grand bargain—even one limited to the nuclear issue—is simply not achievable with the Iranian leadership at this time. Additional sanctions will not alter Khamenei’s calculus, shaped by decades of clerical crisis management and equating capitulation with dishonor and the potential dissolution of the revolution. “Our retreats embold-

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ened them,” the Supreme Leader said in July 2012 in reference to earlier negotiations with the West.⁴ He then congratulated himself on reversing those retreats and preventing Iran’s demise. Negotiations cannot succeed where the objectives of each side are so profoundly mismatched. An American

strategy aimed at crafting a comprehensive nuclear pact will inevitably break down over both sides’ deep-seated mistrust, and such a failure will only expedite the path to war.

Instead, the United States should seek small-scale understandings with Tehran that offer incremental improvements in the transparency of Iran’s nuclear activities and practical constraints on its ongoing activities. Negotiations should be structured to advance the same objectives that Washington and its allies have pursued through various covert campaigns, including the Stuxnet virus that disrupted Iranian centrifuges. Agreements like a stop-and-swap on Iran’s twenty percent enrichment can incrementally defer Iran’s acquisition of weapons capabilities and provide the international community with greater confidence that an Iranian breakout bid would be foreseen and readily prevented. This approach is hardly ideal, but it has the immense virtue of viability.

Second, the international community must identify and be prepared to proffer real incentives to Tehran. The Obama administration

has described its strategy on Iran as dual-track, an attempt to assuage Iran's umbrage at the metaphor implicit in the 'carrot-and-stick' approach used by Obama's predecessor. The pressure appears to have succeeded in generating newfound willingness for dialogue from a regime that has mostly eschewed direct talks with "the Great Satan" over the course of the past thirty-four years. However, pressure alone will not be sufficient to obtain the sort of concessions from Tehran that Washington and the international community desires. The "carrot" side of the equation will have to be amplified in order to persuade Tehran to accept meaningful limitations and more intrusive international scrutiny of its nuclear program.

From the outset of the nuclear crisis more than a decade ago, Iranian leaders have consistently made clear that they will not accept any concessions to the exercise of their much-vaunted "nuclear rights" without receiving adequate compensation. In fact, it was this issue that scuttled early efforts by the leading European governments to achieve an interim agreement, as resentment over what was perceived to be international ingratitude persuaded Tehran to abrogate its commitments under the 2004 Paris Agreement and abandon its brief suspension of enrichment and reprocessing activities.⁵ Ali Larijani, who would go on to serve as nuclear negotiator and who remains an influential player on Iranian nuclear issues, famously derided the suspension as trading pearls for chocolates.

Sanctions have only intensified this transactional approach to foreign policy, which has long roots in the Islamic Republic's worldview, as episodes such as the Iran-contra affair may suggest. The severe new measures put into place over the course of the past four years have only upped the ante from Tehran's perspective. In fact, many Iranian leaders are convinced that Washington will never relax its economic pressure on Iran until the regime itself has been removed, a perception that reflects traditional Iranian paranoia as well as a keen awareness among the leadership of the breadth and scope of the American sanctions regime. In October 2012, Khamenei declared that American and European officials "lie and say that sanctions will be lifted if the Iranian nation gives up nuclear energy. However, the main reason for enforcing these irrational sanctions—which are considered a type of barbarism—is their hatred toward the Iranian nation."⁶ The unprompted talk in Tehran surrounding the possibilities for a direct bilateral dialogue with Washington, and even around the scope of potential nuclear concessions, should be understood as the Islamic Republic expecting to be rewarded handsomely for even the most preliminary steps forward in this arena. Short of that, as suggested above, Tehran is prepared to tough it out.

The view of such haggling from the other side of the negotiating table is decidedly different. In Washington and other capitals around the world, the notion of horse-trading over the nuclear issue is morally and strategically abhorrent. Iran's determined quest to create an expansive nuclear infrastructure and the country's persistent violations of its obligations under the Nuclear Nonproliferation Treaty (NPT) have generated profound uncertainties for regional security and the future of the nonproliferation regime. Rewarding the very leadership that committed these transgressions—and, not coincidentally, one that happens to be engaged in a concerted effort to repress its own population while supporting regional dictators and terrorists around the world—would send a troubling signal.

Unfortunately, national security is not always wholly consistent with moral righteousness. Diplomacy cannot be predicated on an adversary's virtue, but must be grounded in a clear-eyed pursuit of national interest.

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Any deal that establishes meaningful, durable constraints on Iran's nuclear ambitions would spare the world the potentially catastrophic costs of a military strike against the program and would enhance nonproliferation aims as well as broader security interests in a region that is vital for the stability and growth of the global economy. For this

reason, American officials have repeatedly committed to incentives for Iran, including the prospective removal of existing penalties, as part of any nuclear deal. U.S. Secretary of State Hillary Clinton said in October 2012 that sanctions "could be remedied in short order if the Iranian government were willing to work with the P5+1 and the rest of the international community in a sincere manner."⁷

In fact, the reality is somewhat more complex than Clinton's blithe assurances. The current sanctions regime consists of a vast array of U.S. measures based upon executive branch decisions and legislative action, penalties enacted and implemented by the United Nations Security Council, and an increasingly complex series of unilateral measures taken by other countries as well as the European Union. Few if any of these measures contain any automatic trigger for their rescission, and many—in particular, the most recent and most effective sanctions that have targeted Iran's Central Bank, its access to electronic payments systems, and its oil exports to Europe and insurance on shipments elsewhere—would provoke a fierce domestic (or intra-European) political debate, as well as regulatory action

under the most expeditious of potential efforts to relax them. Likewise, withdrawing the measures that have severed connections between Iranian financial institutions, including the Central Bank, and the rest of the international community would require an affirmative declaration by President Obama that these banks have ceased any connection to Iran's nuclear and/or terrorist activities.

Washington and its allies repeatedly point to Iran's economic collapse as evidence of the efficacy of the dual-track strategy on Iran, and incalculable effort has been devoted over the course of many years to identify mechanisms for penalizing Tehran's bottom line and paralyzing its financial interactions with the rest of the world. The U.S. government must task a parallel and similarly intensive initiative to identify the prospective areas where sanctions relaxation might be logistically and politically possible, should Tehran prove willing to make corresponding concessions on its nuclear program. Developing such a menu of potential incentives would put Washington in a stronger position to build and sustain any momentum generated with the Iranians.

Third, we must avoid letting politics—either U.S. or Iranian—dictate the diplomatic timetable. Even before President Obama assumed office in 2009, a fierce debate emerged within the U.S. and Israeli policy communities about his pledge to engage with the Islamic Republic, one that focused on the need to establish clear limits on a timetable for talks, even before any had been scheduled. This impatience reflected the enduring fear that Tehran would use the negotiating process to facilitate a sprint toward a bomb. The decision to shift to a more pressure-oriented strategy in late 2009 was understandable in context; Iran had only just walked away from a confidence-building gesture on the nuclear issue that its officials initially accepted at talks in Geneva.⁸ Moreover, its internal political climate remained in turmoil after the contested presidential election.

However, the primacy given to precipitous timetables speaks to the distortions of Washington's persistently short-term approach to Iran's nuclear issue. The relationship between Iran's nuclear progress and its participation in diplomatic dialogue is in fact a tenuous one; Tehran has made steady gains throughout the periods that both the Bush and Obama administrations were *not* seeking talks. Meanwhile, the only success in persuading Tehran to constrain its nuclear activities—Iran's 2004-2005 suspension of uranium enrichment and reprocessing—came as a result of negotiations.

In other words, the time sensitivity of addressing Iran's nuclear activities warrants real concern, but diplomacy is an asset, rather than a liability,

Ayatollah Khamenei may seek to use the election to elevate a trusted acolyte to take responsibility for a nuclear deal, much as his predecessor did during the final months of the war with Iraq, when then-parliamentary speaker Ali Akbar Hashemi Rafsanjani was appointed commander-in-chief in order to negotiate a cease-fire. However, even this prospect would not preclude Tehran from demonstrating a serious engagement with nuclear talks prior to the election. Just as Washington should not preemptively declare an end date for talks, Tehran should not be given a pass for the first half of 2013 on the basis of its heavily manipulated electoral process.

Fourth, with all due apologies to President George H.W. Bush, Washington must appreciate that goodwill does not beget goodwill.

President Obama's first move on Iran was a highly lauded videotaped message to Iran on the occasion of Noruz, the Iranian New Year that falls in March. The broadcast received high marks from Iran-watchers and, at least as far as anecdotal evidence suggests, from many Iranians as well. Obama's rhetoric had been stripped of diatribe and any suggestions of regime change had been carefully culled. It was a lovely gesture, and, in all likelihood, almost entirely irrelevant to the calculations of the leadership of the Islamic Republic.

For both Washington and Tehran, rhetorical antagonism seems to be an unavoidable source of mutual frustration. Yet, for Iranian leaders, there is little evidence that a shift in the tone creates meaningful traction within its fractious domestic political sphere. For its part, Washington pays close attention to Iran's official semantics, and has repeatedly sought to test or co-opt apparent signals of moderation into tangible advances toward an authoritative dialogue and meaningful changes in policy. The most notable example was the March 2000 speech by then-Secretary of State Madeleine Albright. Like Obama's Noruz broadcast, Albright's speech was also timed to mark Iran's New Year, the country's most significant holiday, and deftly crafted to appeal to Iranians and elements of their leadership.

The speech hit all the right notes, highlighting then-President Bill Clinton's admission that Washington "must bear its fair share of responsibility for the estrangement," offering regrets for the United States' role in the 1953 coup which ousted democratically-elected President Mohammed Mossadegh, as well as American support for the Shah of Iran and Saddam Hussein's war against Iran during the early years of the Islamic Regime. The speech did criticize Iranian policies, in particular the support for terrorism that had cost American lives, and it highlighted the nefarious role of Iran's security bureaucracy in violence against Iranian dissidents as well as terrorist activities abroad. Yet, Albright also announced the removal of U.S.

sanctions on Iranian exports of caviar, carpets and pistachios—Tehran's then-largest non-oil exports. This was hardly an insubstantial measure for an American administration that, only five years earlier, stiffened the U.S. embargo on Iran considerably. However, neither the style nor substance of the speech could overcome Iran's deep internal divide or its senior officials' misgivings toward Washington. Tehran made no positive response to this historic measure from Washington, and any prospect of a sustained moderation within the Islamic Republic collapsed under the weight of a fierce backlash, intensified by the perception that the reformists benefited from tacit or even direct American support.

Neither the multiple Clinton-era overtures, nor President George W. Bush's attempt to capitalize upon U.S. assistance to Tehran in the aftermath of the catastrophic earthquake in the historic city of Bam in December 2003, nor Obama's tele-diplomacy or subsequent dabbling in other mechanisms of public and private messaging have produced any tangible measure of Iranian reciprocity. For their part, Iranian officials can produce a similar litany of disregarded signals, from the efforts by then-president Ali Akbar Hashemi Rafsanjani to the 1995 Iranian offer of the first post-revolutionary upstream oil deal to an American firm, and Tehran's direct cooperation with the early phases of the U.S.-led campaign against the Taliban and Al Qaeda in Iraq.

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leaders. The Iranian leadership has derided Obama's engagement rhetoric as duplicitous and snubbed even his unprecedented private messages to Khamenei.⁹ Such gestures may have ancillary benefits in building pro-American sentiments among the broader Iranian population—of debatable utility given the weight of U.S.-led economic penalties on Iran's economy—but they simply cannot substitute for, or even facilitate, direct

dialogue. A serious strategy on Iran must move beyond the safe but unproductive territory of symbolism and signaling and engage in the uncertain, unpleasant, and arduous terrain of direct talks.

Fifth, Washington must be prepared for renegotiation. This is a time-honored Iranian tactic that actually predates the Islamic regime.

No Iranian process of policy revision has ever been straightforward; in the unlikely event that Tehran is inching toward a major shift in its nuclear stance or other policies, change will prove fitful and fraught with reversals. Anyone who finds Iranian diplomacy frustrating today need only look back on the dodge-and-feint approach of the monarchy in persuading Stalin to withdraw Soviet troops from Iran’s northern provinces in 1946. The modest successes of Europe’s early efforts on the Iranian nuclear issue—unsteady equilibria reached through contentious negotiations and subjected to withering American criticism—now loom large as clearly superior to the current state of affairs. Yet, these too were persistently breached and re-imagined by Tehran. Any agreements concluded with the Islamic Republic on the nuclear issue must contain self-reinforcing mechanisms that discourage Iranian noncompliance, and any process must have sufficiently robust political buy-in to survive the unavoidably rocky road.

President Obama’s second term initiative toward Tehran must differ in nature as well as in process. The administration’s early bid at engagement represented a broader paradigm of modulating Iranian recalcitrance through creating a self-reinforcing network of mutual interest and trust. Trying to engage Iran in this manner was an ambitious and ultimately optimistic enterprise; however realistic it might have been then, Iran provides no reason for such optimism today.

Instead, proactive diplomacy toward Tehran would have far more limited objectives. Iran’s nuclear ambitions have been described as a political problem in need of a technical solution. Today, it is clear that the international community cannot resolve the fundamental political problem: the nature of the Iranian regime and the well-justified lack of trust in its intentions. However, that reality does not foreclose the possibility of a technical solution, or more appropriately tactical agreements that, even temporarily, extend the timeline on Iran’s nuclear program.

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Using negotiations as another tactic in the persistent game of cat-and-mouse over Iran’s nuclear ambitions represents a less than ideal outcome, but one that is grounded in a realistic appreciation of the limitations of the current Iranian regime—both in its capabilities and its likely lifespan. A serious shift in Iran’s nuclear ambitions can only be undertaken by a different sort of leadership than the current constellation of revolutionary

ideologues. Such a day will surely come: dissatisfaction with the Islamic Republic has been growing for many years and history demonstrates that economic pressures can produce political evolution in Iran. However, change only comes gradually and after an interlude of political contestation within the country.

In the interim, there is an urgent need for diplomacy even if it is not guaranteed to succeed. A process of dialogue can help prevent the real worst-case scenario: an inadvertent escalation of military engagement that emanates from the ongoing frictions and Iran's need for retaliation. Beyond the nuclear issue, the Obama administration should map out the array of possible additional avenues for drawing Tehran into direct dialogue on issues of prospective mutual interest and advantage. The premise of broadening the playing field is not to generate the overlapping web of trust implied by a strategy of engagement, but simply to explore distinct avenues for progress where and when they may be available. Cooperation in some other arena such as Afghanistan is unlikely to facilitate any real movement on the nuclear issue. Still, the results of the George W. Bush administration's experience of holding the diverse array of American interests hostage to Iran's willingness to engage on the nuclear issue demonstrated the futility of avoiding all contact with Tehran. Wherever we can identify some potential benefit and reciprocal willingness, we should be talking to Tehran now. ■

ENDNOTES

- 1 For a more detailed description of the Fordo enrichment plant, located outside the Iranian city of Qom, see: David E. Sanger, "Iran's Fordo nuclear complex reaches capacity," *New York Times*, November 16, 2012, p. A8.
- 2 Supreme Leader's Speech to Outstanding Personalities of North Khorasan, October 16, 2012, http://english.khamenei.ir//index.php?option=com_content&task=view&id=1717&Itemid=4.
- 3 "Supreme Leader's Speech to Government Officials," July 24, 2012, http://english.khamenei.ir/index.php?option=com_content&task=view&id=1655&Itemid=4.
- 4 Ibid.
- 5 In October 2004, Tehran's nuclear negotiators signed an agreement "as a voluntary confidence building measure" with representatives of Britain, France, and Germany, committing to the suspension of all enrichment and reprocessing activities. The agreement clarified expectations originally reached a year previously between Tehran and the three European governments, which also declared Iran's intention to sign the Non-Proliferation Treaty (NPT) Additional Protocol. Each of these agreements helped persuade the Board of Governors of the International Atomic Energy Agency to refrain from referring concerns about Iran's prior violations of its NPT obligations to the United Nations Security Council for Security Council action. The text of the Paris Accord can be found at: http://www.iaea.org/newscenter/focus/iaearan/eu_iran14112004.shtml and the 2003 principles can be found at: http://www.iaea.org/newscenter/focus/iaearan/statement_iran21102003.shtml.

- 6 "Detailed statements of the dear Leader to the people of Northern Khorassan," Fararu, 19 Mehr 1391 (October 10, 2012), <http://fararu.com/fa/news/128950/زامی رحمت-اونمه-ی خرب-دوب-مه-لبق-دن کی-می-ایمان گرزب-انمش-د-اب-اونمه-ی خرب-دوب-مه-لبق>.
- 7 "Iran atomic cooperation could spur fast sanctions relief: Clinton," Reuters, October 3, 2012, <http://www.reuters.com/article/2012/10/03/us-iran-currency-protests-usa-idUSBRE89216S20121003>.
- 8 That confidence-building measure involved an Iranian agreement to ship most of its low enriched uranium stockpile out of the country to be fabricated into fuel rods for a medical research reactor. See: Steven Erlanger and Mark Landler, "Iran agrees to send enriched uranium to Russia," *New York Times*, October 1, 2009, p. A1; and David E. Sanger, Steven Erlanger and Robert F. Worth, "Tehran Rejects Nuclear Accord, Officials Report," *New York Times*, October 29, 2009, p. A1.
- 9 Roger Cohen, "The making of an Iran policy," *New York Times Magazine*, July 30, 2009.