U.S. Policy Toward Iran: 
Missed Opportunities 
and Paths Forward

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In the opening weeks of 2007, the turbulent politics of the Islamic Republic of Iran appeared to be reaching a tipping point. For the first time since his surprise victory in Iran’s 2005 presidential election, radical hardliner Mahmoud Ahmadinejad found himself on the ropes at home and on the defensive across the region, thanks to a stinging defeat in the country’s December 2006 elections and the unanimous United Nations Security Council decision to sanction Iran over its nuclear program. Together with new American efforts to ratchet up pressure on Tehran—including the dispatch of two battle carriers to the Persian Gulf, the seizure of Iranian agents in Iraq, and a campaign to constrict Tehran’s access to the international economy—U.S. policy finally seemed to be having an impact on Iran. Regime insiders stepped up criticism of Ahmadinejad’s provocative approach, and mounting public frustration with the president’s policies began to spill into the streets and onto university campuses.

American officials were careful to avoid triumphalism, but their rhetoric revealed a heady sense that the tide had turned and that, finally, a coordinated American campaign to pressure Tehran was beginning to succeed. “There was a period of time over the autumn [of 2006] when a lot of people in the press and academic experts, even some people in...
government, were saying the Iranians seem to be doing very well,” Under Secretary of State for Political Affairs Nicholas Burns, the George W. Bush administration’s point person on Iran, said in February 2007. “And yet what happened over the last six or seven weeks?” he continued. “[A]ll of a sudden in the middle of February the Iranians are not doing so well, the Iranians are now questioning their own strategy, and I think that is what is interesting and hopeful about this diplomatic process.” Over the ensuing months, Washington continued to turn up the heat on Tehran through a second set of UN sanctions and new U.S. measures to restrict the regime’s access to the international financial system. The United States also touted its stepped-up security dialogue with Iran’s neighbors in the Gulf and newfound efforts to promote peace talks between Israelis and Palestinians as further efforts to isolate Iran.

Fast forward, and what Burns and others saw as a turning point seems to have been a mirage. The Bush administration’s carefully crafted strategy for countering Tehran is in a profound state of disarray. International support for escalating sanctions has softened considerably, in no small part thanks to the release of an American National Intelligence Estimate (NIE) asserting that Tehran had shelved its efforts to design a nuclear weapon in 2003. Ahmadinejad gloated that the report signified “a clear surrender” by Washington, and U.S. expectations of a united front across the region in opposition to Iran have foundered. The leading Arab states are working assiduously to co-opt Tehran, whereas the peace process is in disarray. Once again, Iran seems to be “doing very well,” to borrow Burns’ formulation: expanding its capacity to enrich uranium at a furious pace and remaining as deeply engaged as ever in Iraq and the other regional zones of conflict.

On a broad level, the failure of the Bush approach to achieve its aims reflects the complexity and intractability of the threat posed by Iran, which has frustrated American officials from both sides of the political aisle for nearly 30 years. However, the failure is also the product of several years of disastrous diplomacy toward Iran and the broader Middle East, informed by a set of mistaken assumptions by the Bush administration. Understanding where we have miscalculated—and more importantly why we have miscalculated—is important to ensuring that we avoid repeating or perpetuating
flawed policies. Whoever succeeds President Bush in January 2009 will have to contend with Iran, both as a legitimate threat to American interests and also as an opportunity for creative statesmanship. With a clear appreciation for the factors that have stymied U.S. policy to date, the next U.S. administration should be prepared to outline a new way forward on Iran.

OPPORTUNITIES LOST

When considering the Bush administration’s policy toward Iran in retrospect, it is evident that several episodes offered critical junctures for decisively addressing the longstanding antagonism between Washington and Tehran. Such a reckoning never transpired, largely as a result of a series of miscalculations by the Bush administration about Iran’s internal dynamics and the regional environment. These miscalculations will be explored below; however, at the outset of this discussion, two important caveats must be emphasized.

First, examining Washington’s missteps on Iran should not suggest that responsibility for the perpetuation of the bilateral estrangement and the intensification of the Iranian challenge rests solely on the shoulders of the Bush administration or Washington at large. Iran has proven to be a surprisingly persistent dilemma for American foreign policy, and U.S. presidents from both sides of the political spectrum have struggled to devise policies that redirect Iran and its influence in a constructive fashion. Even under the comparatively forward-leaning leadership of President Mohammad Khatami, Tehran did not respond in reciprocal fashion to U.S. overtures, such as the extraordinary speech by then–Secretary of State Madeline Albright in which she expressed regret for past American policies and announced the lifting of U.S. sanctions on Iranian caviar, carpets, and pistachios. Such a context provides a relevant backdrop for the Bush administration’s obstinacy on Iran and should temper the tendency to attribute the failure exclusively to Washington’s flawed strategy.

It is also important to counter any implication that U.S. policy bears responsibility for the unfortunate trends that have overtaken Iranian politics over the past several years. While it is true that greater progress toward rapprochement might have enabled Khatami and the reformists to extend their popular mandate, Iran’s internal power struggle has largely been governed by self-generated dynamics with only the most indirect relationship to its foreign policy. We could not have saved the reform movement from its slow-moving ejection from the frontlines of Iranian politics; Iranian hardliners deserve full credit for that, along with a series of miscalculations
by the reformists themselves. Nor is it likely that any American policy truly can transform the dynamics of political life in Iran today. Ultimately, given our troubled historical relationship and our limited constructive leverage today, the United States tends to have only the most limited capacity to advance the cause of moderation within Iran, and a powerful, if inadvertent, capacity for helping out the hardliners.

Nonetheless, with the wisdom of hindsight, it is clear that the Bush administration’s miscalculations—based in part on a wholesale misreading of Iran’s internal political dynamics—forfeited perhaps the best opportunity in recent history to generate real momentum on Iran. The legacy of these missteps and mistaken assumptions continues to shape American diplomacy toward Iran, undermining U.S. efforts to draw Tehran into negotiations over its nuclear program.

The central flaw in the Bush approach to Iran concerns the administration’s conviction that Iran’s Islamic system was on the verge of collapse or revolutionary upheaval. This expectation reflected a rashly optimistic interpretation of Iran’s ongoing internal turmoil, bolstered by a combination of wishful thinking and residual distrust of self-proclaimed Iranian moderates among the Bush administration’s key players. Moreover, in the aftermath of September 11, anticipating and even advancing the demise of the Iranian regime became subsumed within the two overarching mandates of Bush’s Middle East policy: the toppling of Saddam Hussein in Iraq and the promotion of democracy across the region under the rubric of the administration’s broader “Freedom Agenda.”

In this way, the assumption of Tehran’s internal vulnerability and the presumption of its leadership’s fundamental illegitimacy quickly became an article of faith for American policy.

These underlying miscalculations set the stage for a series of ill-conceived tactics and disastrous decisions, beginning most dramatically with the inclusion of Iran as part of an “axis of evil” in the President’s January 2002 State of the Union address. Prompted by U.S. outrage at alleged Iranian arms shipments to Palestinian militants, the bellicose tone and metaphoric linkage with Iraq and North Korea sparked a furious reaction within Iran, where hyperbolic rhetoric toward Washington has long been a
standard part of the Islamic Republic’s political discourse. The immediate
reaction was a decision by Tehran to suspend its dialogue with Washington
over Afghanistan, a central component of a quiet, but critical, dimension
of burgeoning cooperation between the two adversaries. Over the long
term, Iranian political figures later reported that the speech provided an
unexpected windfall for hardliners, helping to strengthen their position
and undermine the credibility of reformists, whose popular mandate was
inherently linked with their perceived preference for improving relations
with Washington.9

Washington also began deploying its bully pulpit more frequently
and aggressively in hopes of helping to inspire domestic opposition to the
Iranian regime. In a July 2002 statement marking the anniversary of student
demonstrations that had rocked Iran three years earlier, the White House
lamented the fact that Iranians “voices are not being listened to by the un-
elected people who are the real rulers” and promised that “[a]s Iran’s people
move towards a future defined by greater freedom, they will have no better
friend” than Washington.10 The administration used this episode to signal
its rejection of the faltering reform movement and its shift toward a strategy
focused on galvanizing popular opposition to the regime as a whole. As one
U.S. official said at the time, the statement reflected “a conscious decision
to associate with the aspirations of Iranian people. We will not play, if you
like, the factional politics of reform versus hard line.”11 Zalmay Khalilzad,
then–Senior Director at the National Security Council, described the new
approach as “dual track” in its twin focus on pressuring the regime and
supporting the Iranian people. “U.S. policy is not to impose change on
Iran but to support the Iranian people in their quest to decide their own
destiny,” Khalilzad said in August 2002. “Our policy is not about Khatami
or Khamenei, reform or hard line; it is about supporting those who want
freedom, human rights, democracy, and economic and educational oppor-
tunity for themselves and their fellow countrymen and women.”12

In tandem with the refusal to engage with the regime, Washington
began seeking new means to expedite political change inside the country.
The administration’s 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.13 Having used the White House bully pulpit to
reach out to the Iranian people to little effect, the administration—with
eager support from both parties in the Congress—also embraced a high-
profile effort to support opponents of the Iranian regime. The centerpiece
of this policy was the February 2006 announcement of a $75 million fund
to promote democracy in Iran. Tehran quite predictably interpreted this initiative as an explicit endorsement of Washington’s abiding commitment to regime change and responded with a severe crackdown on democracy activists, human rights advocates, and academics who maintained contacts with the international community. The administration was not deterred by the regime backlash or by the vocal opposition from most prominent Iranian dissidents. Despite little evidence that the funds are having their intended impact, financial requests for promoting democracy within Iran in subsequent years have been expanded.

This shift in the U.S. approach toward Iran would prove to be pivotal. The across-the-board repudiation of Iran’s ruling elites and the conscious embrace of the generic “Iranian people” shaped the Bush administration’s policy toward Iran for the ensuing five years in ways that ultimately undermined critical American interests. Two episodes in 2003 are especially indicative of the distorting impact of the administration’s ideological framework on Iran policy. The first concerns a back-channel overture from mid-ranking Iranian officials to explore the possibilities for a “grand bargain” between the two governments. Switzerland’s Ambassador to Iran, Tim Guldimann—the individual who represents U.S. interests in the country in the absence of an American embassy—faxed a document entitled “Roadmap” to the U.S. Department of State in early May 2003. The document contained a breathtaking outline of proposed U.S.–Iranian negotiations on the entire array of issues at stake from Washington’s standpoint: weapons of mass destruction, support for terrorism, and Iran’s stance toward Iraq and the peace process. Guldimann reported that Sadeq Kharrazi, then Iran’s ambassador to France and the nephew of Iran’s then–Foreign Minister, had prepared the document, which, Kharrazi claimed, had been reviewed by Iran’s senior leadership. Guldimann also provided the document to U.S. Representative Bob Ney, who reportedly forwarded a copy to the White House.

This incident has generated a considerable amount of media coverage and partisan furor in Washington, and the precise contours of the administration’s response remain classified. It is likely that a variety of factors were at play, including the administration’s discomfort with the activism of the Swiss ambassador, whose mandated role is to serve as an information conduit rather than a mediator. As former Deputy Secretary of State Richard Armitage has noted, “we came to have some questions about where the Iranian message ended and the Swiss message may begin.” There were also real ambiguities surrounding the Iranian leadership’s endorsement of the proposal; given the history of the bilateral relationship
and the players involved, some skepticism was warranted. Despite the attention surrounding this issue, there remains no hard evidence that Iranian leaders have ever been prepared, fully and authoritatively, to make epic concessions on the key areas of U.S. concern. Any prospects of a “grand bargain” moving forward remain limited, as much because of ideological and bureaucratic constraints on the Iranian side as on our own.

Nonetheless, the administration’s decision to rebuff this overture without any attempt at verification or follow-up was a regrettable blunder, informed by U.S. hubris in the immediate aftermath of the invasion of Iraq. Flush with its easy, early victories en route to Baghdad, the administration chose to disregard Tehran’s approach on the presumption that Iraq’s liberation would ripple positively across the region and strengthen Washington’s leverage vis-à-vis Tehran. For this reason, the administration opposed any contact with the Iranian leadership. “We are not reaching out at this point” to Iran, a State Department official acknowledged at the time. Even without the benefit of retrospective analysis, this represented a tremendously flawed set of assumptions. At minimum, the “Roadmap” document represented a highly unusual overture from an influential segment of the Islamic Republic’s leadership. Setting aside any discussion of whether the skepticism surrounding the Iranian offer was justified, testing the instigators of this trial balloon might have opened up a new vehicle for direct dialogue on our concerns, particularly with respect to Iraq and al-Qaeda, at no obvious risk to U.S. interests or regional stature. The Bush administration’s dismissal of the overture demonstrates the extent to which ideologically-inspired illusions supplanted serious analysis in assessing opportunities in the region.

Contemporaneous with the decision to give the cold shoulder to the “Roadmap” overture, the administration chose to terminate the diplomatic channel that had been set up to address Afghan issues, a move that contradicted prior U.S. policy. The dialogue had its roots in the “Six Plus Two” process—periodic meetings of Afghanistan’s neighbors, the United States, and Russia that were first convened in 1999. The multilateral setting had long served as a vehicle for indirect interaction between Washington and Tehran and, in the aftermath of September 11, helped to facilitate direct,
bilateral discussions and cooperation between the two adversaries in what one U.S. official who participated in the dialogue has described as “perhaps the most constructive period of U.S.–Iranian diplomacy since the fall of the Shah.”

Over the course of the ensuing 18 months, the direct communication between Washington and Tehran on Afghanistan generated several notable outcomes, including 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, at various times Tehran also offered to participate in a U.S.–led training program for the Afghan army and to launch a counterterrorism dialogue with Washington.

The bilateral dialogue, which took place in Geneva and Vienna, was not always harmonious; the discussion around U.S. requests for Iran to turn over al-Qaeda operatives reportedly proved acrimonious and unsuccessful. Nonetheless, even when the results did not fulfill U.S. requirements, the presence of a direct mechanism for dialogue provided an indispensable channel for communicating concerns in a clear and authoritative fashion.

The decision to suspend this “Geneva channel” was perhaps the most momentous misstep by the Bush administration with respect to Iran policy. The stated rationale for this decision was the bombing of a Riyadh housing compound for expatriates that the United States attributed to al-Qaeda operatives who had sought refuge in Iran. As with the rebuff of the “Roadmap” overture, the suspension reflected the impact of early U.S. military successes in neighboring Iraq on the administration’s ambitions and decision making toward Iran. Its proponents saw Iraq’s liberation as the death knell for its neighboring regime. They scorned the utility as well as the morality of dealing with Tehran on the eve of its presumptive collapse. Events inside Iran, such as the serious student unrest that erupted in June 2003, appeared to confirm their expectations. In the aftermath of Saddam’s defeat, any official contact with Iran was viewed as tantamount to legitimizing the Iranian regime—and thus as taboo for Washington.

Unlike the grand bargain offer, the Geneva channel had proven credibility and tangible evidence of Iranian commitment at the highest level. These talks were unprecedented and important on two distinct levels: one, they entailed the first sustained, officially sanctioned process of dialogue

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between Iranian and American officials since the Iranian Revolution; and two, they produced concrete, constructive results that benefited both parties, as well as the people of Afghanistan. Had this path been pursued, it would have offered the best prospect for moving toward a less contentious relationship between Washington and Tehran and the most effective means of mitigating the elements of Iranian policy that concern us most today, particularly Iran's involvement with terrorism. Specifically, had we continued and strengthened this dialogue and the on-the-ground cooperation in Afghanistan, we might have precluded Iran's wholesale extension of influence and its interest in destabilizing U.S. efforts in Afghanistan and Iraq. This progress would have enabled us to address Iran's nuclear program at a time when its leadership was prepared to suspend enrichment activities.

The U.S. decision to halt its dialogue over Afghanistan also helped persuade Iranian decision makers that the Bush administration was not a trustworthy negotiating partner. From Tehran's perspective, Washington merely pocketed any concessions offered by Tehran without reciprocation, as a means of intensifying pressure on the regime. This was not merely the view of the ultra-hardliners such as Ahmadinejad but also of reformists and the moderate conservatives who have emerged as Ahmadinejad's most potent internal adversaries. "America has shown that it has always followed its own interests without taking the interests of the other side into consideration; and it has never been bound to the mutual agreements," complained Emad Abruq, a conservative member of the Iranian parliament who is one of Ahmadinejad's most vocal critics. "We will not forget the story of Afghanistan, how the Americans misused our cooperation; and unfortunately, Afghanistan was turned into a bargaining chip." The mutual distrust that was heightened by the suspension of the Geneva dialogue helped undermine the administration's belated efforts several years later to draw Iran into direct negotiations on its nuclear program. No regime is likely to bargain away its ultimate deterrent capability so long as it perceives that the final objective is its own eradication.

The decision to curtail any direct contact with the Iranian government cemented a new red line in U.S. politics—the blanket refusal to engage across the board on any issue with Tehran. 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 Bush administration's decision to tie the hands of American diplomacy imposed unprecedented constraints on our leverage vis-à-vis Iran.
The categorical rejection of talking to Tehran remained firmly in place from May 2003 until the May 2006 offer by Secretary of State Condoleezza Rice to join direct negotiations with Tehran on the nuclear issue. Just as the consequences of the 2003 decision to suspend the Geneva channel are underappreciated by the Bush administration, the significance of the May 2006 proposal has been dismissed too quickly by the administration’s critics. This was a serious, sincere offer, one that finally married the U.S. position on Iran’s nuclear program with that of the international community. It also put forward a set of important incentives, including a remarkable American concession—the end of U.S. opposition to Iran’s development of a civil nuclear program. The insistence on the suspension of enrichment as a precondition for beginning the dialogue was not, as some conspiracy theorists have alleged, a deliberate American effort to sabotage any diplomatic process and ensure a steady path toward military action but rather a simple repetition of the existing stipulations articulated by both the International Atomic Energy Agency (IAEA) and the EU-3 countries France, Germany, and the United Kingdom.

Despite the dramatic reversal that it represented, the P5+1 offer was significantly undercut by the Bush administration’s track record on Iran as well as by its internal contradictions, particularly the continuing reluctance to deal with a regime that American officials find distasteful. As a result, even as Secretary of State Condoleezza Rice launched the 2006 offer for nuclear negotiations, she adamantly rejected any prospect of broader engagement with Tehran. Indeed, while the incentives package itself appeared to presuppose a broad discussion of outstanding grievances, Rice and other officials insisted that any dialogue with Tehran would be narrowly constrained to the nuclear question itself. Moreover, in its effort to gain internal consensus on reversing American refusal to talk to Tehran, the administration remained very much hamstrung by its essential aversion to dialogue with the Iranian regime. This context shaped U.S. reluctance to schedule discussions with Iran over the deteriorating situation in Iraq, despite the fact that the U.S. ambassador in Baghdad had standing authorization to engage with his Iranian counterpart. In fact, after an orchestrated campaign by the most senior Iranian officials pressing for direct dialogue on issues related to Iraq in March 2006, the administration reacted dismissively, and 14 months passed before talks took place. Unsurprisingly, with increasing tensions between the two countries and even greater chaos in Iraq by this time, the Baghdad dialogue produced little beyond mutual recriminations.

Beyond the internal contradictions that have undermined American
diplomacy toward Iran, U.S. policy is greatly complicated by the limitations on its understanding of the country, as Secretary Rice herself has acknowledged. When asked in June 2006 about Iran’s pattern of defying both logic and American expectations, Rice conceded that the Islamic Republic is “a political system I don’t understand very well,” adding that “one of the downsides of not having been in Iran… for 27 years as a government is that we don’t really have people who know Iran inside our own system… We’re also operating from something of a disadvantage in that we don’t really have very good veracity or a feel for the place.”

The absence of normal diplomatic contact is a far greater impediment to policymaking than is generally understood or acknowledged. Without eyes and ears on the ground, the U.S. government across the board is deprived of the basic understanding that standard interactions of an embassy and its staff provide: the sense of political dynamics, the historical knowledge, and the routine business that provides irreplaceable insights. American officials at every level of government are prohibited from any direct contact with their Iranian counterparts except in narrowly defined, exceptional circumstances, meaning that relatively few U.S. diplomats have had any personal experience with, or exposure to, the official thinking of the Islamic Republic. After a three-decade absence, the U.S. government is singularly uninformed about Iran’s political culture and day-to-day dynamics.

This lack of understanding of Iran has played out directly on our strategy. There is a great deal of talk among American officials, particularly since Ahmadinejad’s ascendance, about splintering the regime. But we know so little about the shape and nature of power in Iran today that State Department officials were forced to rely on a Google search to identify potential subjects for United Nations sanctions in 2006. The belief that we can leverage whatever differences exist within the regime seems rather far-fetched, given our inability to even anticipate the rise of the reform movement or the ascension of a new generation of hardliners as epitomized by President Mahmoud Ahmadinejad. Presence does not always imply presence, as the failure of Washington to anticipate the Iranian Revolution itself might suggest, but American capacity to undertake effective policy toward Tehran must recognize the severe restrictions under which we operate, at least some of which are self-imposed.
A DIPLOMATIC PATH FORWARD

It would be tempting to devote the bulk of this discussion to past mistakes; after all, retrospective analysis is much easier, in part because our miscalculations in Iraq and across the region more broadly have bequeathed a far more complex and challenging strategic context. Ultimately, however, the real purpose of any discussion of the past must be to shape an approach that offers a better prospect for addressing our most serious concerns about Iranian policies. The context for improvement is incredibly challenging; both countries are already engaged in long political campaigns that may not be conducive to a serious consideration of realistic policy options. Moreover, Iran’s nuclear program is advancing at a frenetic pace, and Iraq and Afghanistan have become key flashpoints not simply between American and Iranian interests but directly between their military forces as well. There is no simple formula for mitigating the challenge that Iran poses to U.S. interests, for reducing tensions, or for ending the estrangement between the two capitals. However, there is a series of general principles that should frame our strategy if we are to be successful.

First, and most importantly, a successful American approach to Iran must acknowledge that diplomacy is the only alternative available to U.S. policymakers.

The U.S. simply does not have a viable military option available that would generate a better outcome for American interests across the Middle East. Any resort to force to address our concerns about Iran’s nuclear program or involvement in terrorism would significantly harm all of our primary objectives in the region. Iranian leaders learned from Iraq’s Osirak experience, and as a result, their nuclear installations are hardened, dispersed, and located near population centers. Moreover, given the failures of American intelligence in Iraq, there is little reason for confidence that any American strike would conclusively incapacitate Iran’s nuclear program.

The negative consequences of using military action to delay Iran’s nuclear capacity greatly outweigh the benefits of doing so. A strike would galvanize Iran’s profoundly nationalistic population and thoroughly consolidate public support for their unpopular government. The regime’s retaliatory reach would
be felt throughout the region, particularly by American allies, and the aftermath would almost surely doom any prospects for revitalizing the peace process or wresting a stable outcome in Iraq. The sole beneficiaries of a military conflict between Washington and Tehran would be the forces of radical anti-Americanism in the Islamic world. For these reasons, many of America’s closest regional allies have long viewed the consequences of an attack on Iran as more threatening than the obvious dangers of a nuclear Iran.

The November 2007 NIE on Iran’s nuclear program has left a thorny legacy for future policymakers. The report did not—as it has been portrayed in some media outlets—acquit Iran of seeking a nuclear weapon. However, the conclusion that Tehran had shelved its weapons design efforts complicated the case for the Bush administration, both for fence-sitters in the international community and among a war-weary American public and political class. In the wake of the report, Senator Joseph Biden warned that “[w]ar with Iran is not just a bad option. It would be a disaster. That’s why I want to be very clear: if the President takes us to war with Iran without Congressional approval, I will call for his impeachment. I do not say this lightly or to be provocative. I am dead serious. I have chaired the Senate Judiciary Committee. I still teach constitutional law. I’ve consulted with some of our leading constitutional scholars. The Constitution is clear. And so am I.”

It has become axiomatic among U.S. officials and politicians that the military option does and should remain on the table for dealing with Tehran. This conventional wisdom warrants questioning. It is not clear that such vague warnings carry significant credibility in Tehran, given the logistical and policy constraints that stem from our involvements elsewhere in the region. Moreover, embellished by references to “World War Three” and “nuclear holocaust” by senior U.S. officials, such rhetoric serves only to strengthen Iranian hardliners and reinforce the most paranoid fears of a leadership already steeped in suspicion of American motives and objectives.

Second, diplomatic engagement is in fact a highly appropriate and potentially effective tool for addressing our deep differences with Tehran.

As Iran’s politics have shifted in a more radical right-wing direction, the appeal of engagement might seem to have diminished—even to those who advocated it during the brief advent of a reformist president and parliament during the late 1990s. However, the best argument for engaging with Iran was never predicated on the relative palatability of our potential interlocutors but on the seriousness of the differences between our governments and the centrality of the U.S. interests at stake. The international reprobation aimed at Ahmadinejad and his clique is well-earned, yet it is
The international reprobation aimed at Ahmadinejad and his clique is well-earned, yet it is ultimately an insufficient excuse for constraining our own tools for dealing with Tehran.

The aim of diplomacy is to advance interests, not to make friends or endorse enemies. A serious diplomatic approach to Iran would recognize that Washington’s May 2006 offer to negotiate on the nuclear program misfired, but it would not continue to hold American interests hostage to the conditions of that particular proposal, specifically the requirement that Iran suspend its uranium enrichment and reprocessing activities. Through the UN Security Council and its existing and possible future sanctions, the international community has a vehicle to impress its objections to Iran’s nuclear ambitions on the Iranian leadership.

Engagement with Iran is not an automatic path to rapprochement, nor should it imply a unilateral offer of a “grand bargain.” Rather, it would entail a return to the long-held position that we are prepared to talk with Iranian leaders, in a serious and sustained way, in an authoritative dialogue as a means of addressing the profound concerns that its policies pose for U.S. interests and allies. A commitment to engage with Iran should also incorporate the designation of an authorized and empowered negotiator and should outline a diplomatic process for making progress on the discrete but complex array of issues at stake. One possible mechanism worth pursuing derives from a 2004 Council on Foreign Relations task force chaired by former National Security Advisor Zbigniew Brzezinski and Defense Secretary Robert Gates, serving at the time as president of Texas A&M University. The task force recommended outlining a basic statement of principles, along the lines of the 1972 Shanghai Communiqué signed by the United States and China, to provide the parameters for U.S.–Iranian engagement and establish the overarching objectives for dialogue.

It is equally important to note that in the absence of any purposeful commitment to engaging with Iran, the Bush administration’s excessive reliance on sticks over carrots has inevitably proven ineffective as a means of altering Iran’s behavior. Incremental international pressure, particularly while the costs are generally bearable, is more likely to consolidate the regime than splinter it, and Iran is more likely to escalate than concede when backed into a corner. Ultimately, the failure of the Bush administration’s
diplomatic initiative should not discredit diplomacy as a tool for dealing with Tehran. In fact, it is the administration’s early experience with the “Geneva process” dialogue with Tehran that should prove instructive about the potential payoffs of a serious effort to engage Iran.

In committing U.S. policy to engagement with Tehran, we must recognize that the ideal opportunity for dealing with Tehran will never come. The objective of American policy must be to create the grounds for progress with Iran, even if the Iranian internal environment remains hostile or the regional context continues to present challenges. The Bush administration first embraced a chimerical notion of the regime’s vulnerability and later boxed itself into a corner by insisting that nothing could be achieved so long as the Iranians perceived momentum to be on their side. Secretary Rice brushed off Congressional queries about dialogue with Iran over Iraq in January 2007, saying that approaching Tehran while neighboring Iraq was still in turmoil would be counterproductive. “[I]f we go to the Iranians, and as supplicants say to the Iranians, help us to secure Iraq, do we really believe that the Iranians are going to treat Iraq... and not demand that we do something to alleviate the pressure that we’re now bringing on their nuclear program and their nuclear ambitions? I don’t think it’s going to happen.”

Timing matters in negotiations, and the concern about the impact of regional dynamics is justifiable, but to avoid diplomatic interface because of a perceived power imbalance is to effectively consign the countries to permanent antagonism. Our interest in addressing the challenges posed by Iran cannot be deferred until we have achieved the most conducive regional balance of power or until Iran has finally elected the most amenable array of leaders. Engaging with the Iranian regime does not imply forsaking our vocal commitment to criticizing Tehran’s abuses of its citizens’ rights. We can, and should, speak out in favor of greater social, political, and economic liberalization in Iran, and we should press vigorously against the regime’s repression—greatly increased in recent months—of dissidents, activists, and students. In lieu of our high-profile, low-impact democracy program, we should dramatically expand opportunities for Iranians to interact with the rest of the world through exchange programs, scholarships, and enhanced access to visas.

Third, modest pressure is unlikely to produce dramatic changes in Iranian policy or its leadership’s strategic calculus.

Despite the prevailing perceptions and its leadership’s relentless sloganeering, Iran and its policies are not immutable. Since the Iranian Revolution, Iran has evolved dramatically, in part as a result of its young population and the ongoing generational shift in leadership. The regime’s policies have also
been forced to change, as evidenced by a number of domestic issues as well as by its approach toward international affairs. This evolution continues even as the domestic environment has regressed, for example with the unprecedented 2006 endorsement by Iran’s Supreme Leader of dialogue with Washington—a position that only a few years before risked a prison term when voiced by dissidents.

However, we need to be clear about the conditions under which comprehensive reversals on key positions, such as the nuclear issue, are likely to occur. Financial sanctions, particularly the banking restrictions and moral suasion toward third-country institutions that has prompted many to retrench or eliminate their dealings with Iran, are much in vogue these days. It is incontrovertible that the increasing impediments to any interaction between Iran and the dollar-based international financial system as a result of these measures has posed considerable costs and inconvenience for Tehran. Ultimately, however, as long as Iran continues to export oil, the government will be cushioned by vast financial reserves—somewhere in the range of $70 billion for 2007-2008 alone. The United States can make it more costly for Iran to do business, but short of multilateral sanctions that target Iran’s oil exports—which is unlikely at the current price and political environment—Iran will continue to do business.

Moreover, the expectation that we can splinter the regime through economic pressures may be overstated or even wholly inaccurate. Tehran appears to have calculated correctly that the regime can withstand the costs of whatever modest economic penalties the international community can agree upon. Ironically, internal dissatisfaction within Iran today derives not from these financial restrictions or the economic cost of Iranian foreign policy to the regime or the people, but rather from the profusion of revenues and the resulting reckless spending and other disastrous economic policies launched by Ahmadinejad. The President’s penchant for distributing the windfalls of high oil prices around the country, intervening directly in the banking system, and dismantling the technocratic apparatus for planning has contributed to a significant upsurge in inflation on staple goods in recent months. Together with already high housing costs, Ahmadinejad’s freewheeling economic approach has negatively impacted living standards and eroded some support for the government.
Fourth, a broad international coalition is the best vehicle for exerting external influence on Iran.

Mobilizing the international community to deal with Iran presents Washington with a perennial dilemma of bridging the disparities between the interests and approach of American allies and partners. International consensus on Iran is broad but ultimately not terribly deep; while there is a shared aversion to Iranian nuclear capability, there is much greater disparity of opinion about the urgency of the threat. In seeking to apply the most robust penalties to Tehran for its noncompliance with IAEA and UN mandates, Washington has struggled to maintain consensus, with Germany, Russia, and China proving particularly reluctant. That struggle appears to have been compounded by recent unilateral American steps, including the decision to levy new sanctions against the Revolutionary Guard Corps and its subsidiary Quds Force, thereby complicating Russia’s and China’s political and commercial relations with Iran.

The Bush administration’s aversion to “lowest common denominator” steps is understandable, but it is also misguided. Iran has withstood various degrees of unilateral measures from Washington since 1979, and while doing so has undoubtedly hampered the economy, the regime has survived and even strengthened its hold on power as a result of these constraints. In a competitive international marketplace, measures imposed by a narrow “coalition of the willing”—even one that includes traditional Iranian trade partners such as the UK, France and Japan—only create new opportunities for new players on the Iranian economic scene, particularly those based in Russia and China. Conversely, the administration’s success in gaining near unanimous support with the IAEA and UN for more strenuous pressure on Tehran represented the first time that the Islamic Republic has faced sustained pressure from such a broad-based array of international capitals. Most Iranian leaders—with the possible exception of Ahmadinejad and his relatively narrow power base—are disinclined to see the country return to the autarkic conditions of the 1980s, and the Iranian population resents any prospect of its creeping return to isolation. An expansive international coalition may prove unwieldy to work with, but its existence sends a stronger signal to Tehran than any set of partially-subscribed sanctions.

Fifth, containment is a viable alternative strategy, if ultimately second best.

In the absence of better diplomatic or military options, Washington can and should revert to containment, the old standby of American policy toward Tehran. It is undoubtedly a second-best approach, relative to the prospect of a dramatic initiative that would provide a conclusive resolution.
to the Iranian challenge. However, containment promises the considerable virtue of being an achievable aim of U.S. policy. By rebalancing U.S. security relationships with the Persian Gulf states and prioritizing a sustainable posture leading to an exit strategy from Iraq, Washington can check Iran’s capacity for regional troublemaking and begin to shift the burden of any future sectarian instability onto Tehran. Effective containment of Iran must begin in the Persian Gulf, not with the sort of massive arms package put forward by the administration in response to regional uncertainty but rather through cooperation with the Gulf states in shaping a framework for long-term regional security. This effort should incorporate a credible vision for America’s inevitably downsized role in Iraq as a means of restoring some confidence among our regional allies.

Containment also offers the advantage of creating space over the longer term for a more nimble diplomacy to have some impact. Patience can be a policy virtue, in terms of both achieving broad international consensus and dealing with unpredictable leadership. Iranian politics remain in a near-constant state of flux, and in the aftermath of March 2008 parliamentary elections and the lead-up to presidential balloting the following year, Tehran appears poised to shift in favor of a more center-right governing philosophy that could constrain the more radical style of the current president. Moreover, in spite of its prevailing recalcitrance, the Ahmadinejad era has produced public commitments by the entire spectrum of the Iranian leadership in favor of dialogue with Washington—for the first time in Iran’s post-revolutionary history.

As Washington looks toward a new political era, the prospect for building new avenues of cooperation with Tehran in a post-Iraq future should not be discounted. The prospective choice for the international community, as articulated recently by French President Nicolas Sarkozy, between an Iranian bomb and bombing Iran is ultimately a false one. Such rhetoric only obscures the true dimensions of this critical dilemma and narrows our options unnecessarily. The real challenge for Washington and its allies will be to devise a strategy that maximizes multilateral diplomatic leverage for negotiating with Tehran while restoring confidence in the capacity of the United States and its allies to manage Iranian regional ambitions and impact.
ENDNOTES

1 This article is adapted from testimony provided before the Committee on National Security and Foreign Affairs, Committee on Oversight and Government Reform, U.S. House of Representatives, November 7, 2007.


4 Interview with President Mahmoud Ahmadinejad, Islamic Republic of Iran, broadcast on Broadcasting Network One, December 16, 2007. Translated by BBC Monitoring Middle East.


7 President Bush outlined this policy in a speech before the National Endowment for Democracy in November 2003, arguing that “[a]s long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export… Therefore, the United States has adopted a new policy, a forward strategy of freedom in the Middle East.” Speech delivered on November 6, 2003, <http://www.ned.org/events/anniversary/20thAniv-Bush.html> (accessed April 2, 2008).


13 As CIA Director George Tenet later lamented, the episode “sounded like an off-the-books covert-action program trying to destabilize the Iranian government.” See George Tenet, At the Center of the Storm (New York: HarperCollins, 2007).


18 Kharrazi was clearly associated with the reformist camp, and while he had family connections to the Supreme Leader, there was no clear evidence beyond Guldimann’s third-hand assurances of Khamenei’s endorsement. Several Iranian officials have subsequently confirmed, includ-
ing in personal conversations with the author, that the overture had the sanction of Ayatollah Khamenei and President Khatami. Other influential Iranians have flatly denied this. For the latter’s view, see the PBS “Frontline” interview with Hossein Shariatmadari, editor of Kayhan newspaper, <http://www.pbs.org/wgbh/pages/frontline/showdown/interviews/shariatmadari.html> (accessed April 2, 2008).


24 In a number of interviews given on the days following the announcement of the P5+1 offer, Rice repeatedly averred that the negotiations would be strictly limited to the nuclear question and that they would not present a path for rapprochement or normalization. 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… somehow to let bygones be bygones and go to normalization of relations.” See “Interview With CBS Evening News,” U.S. Department of State, May 31, 2006, <http://www.state.gov/secretary/rm/2006/67202.htm> (accessed February 21, 2008).


26 In February 2008, Khalilzad was reportedly reprimanded for appearing on a panel at the World Economic Forum in Davos with two senior Iranian officials without having sought or received prior authorization to do so. “Rice Chastises Ambassador over Iran Talk,” Reuters, February 6, 2008.


28 The report concluded that “in fall 2003, Tehran halted its nuclear weapons program.” Its corollary assessment that Iran is “at minimum” keeping its nuclear options open received relatively short shrift in the breathless press coverage of the report. The full NIE can be accessed at <www.dni.gov/press_releases/20071203_release.pdf>.


30 The author served as Task Force project director. A copy of the report can be found at <http://www.cfr.org/publication/7194/iran.html>.
