

Iran, the United States and the International Community:
The Time is Right to Engage

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The United States, the international community and Iran are in crisis. The crisis broke out last year in the wake of Iran's decision to proceed with its nuclear enrichment program and limit its cooperation with the International Atomic Energy Agency. But the crisis runs deeper. It is rooted in broad international concern over Iran's clandestine efforts to develop an enrichment program, which have put into question the spirit of Iran's compliance with the Non-Proliferation Treaty.

In fact, the origins of the crisis are long standing. For over a quarter of a century and as a result of the overthrow of the Shah's regime, Iran's clerically dominated government has been at odds with the United States and frequently with its neighbors. The regime's aggressive assertion of its religious identity has frightened Sunni Muslim nations in the Gulf, the Middle East and elsewhere in the region. Iran's espousal of Hezbollah and Hamas has put the country on the front lines of the war against terror. The Iranian leadership's unwillingness to accept the existence of the State of Israel has further undermined the ability of the United States to find common ground with it.

In response to the Iranian Government's policies and the principles it espouses, the United States, during the Bush administration, has

identified Iran as an opponent of the United States and a candidate for “regime change”. The Congress’ involvement in legislation to fund activities which would undermine clerical rule in Iran has sent the strong signal of aggressive American intent. To a nation historically under siege and more recently at odds with the United States, these threats have hit hard and have stirred broad Iranian insecurities.

I come to this meeting over the future of American policy toward Iran, having read Iran’s history closely and having followed attentively its recent actions and our relationship. I bring to this session my thirty-seven years of experience in our nation’s diplomatic service as well as a four year association with “track two” discussions with knowledgeable Iranians. These discussions have been organized under the auspices of the United Nations’ Association of the United States (UNA-USA). The results have been regularly shared with officials of the United States government.

In addition, I represented the United States Government in 1997 in discussions with Russia’s authorities over the transfer of missile technology from the Russian Federation to Iran. This said, I have no access to official intelligence on Iran, its nuclear program nor the workings of Iranian domestic politics.

In presenting my conclusions today, I do not speak for the American International Group, where I serve as Vice Chairman, External Affairs. My views are entirely my own.

I intend, in the course of my testimony, to answer four questions – 1) Will Iran develop a nuclear weapon; 2) Is that outcome imminent; 3) Is Iran’s leadership united behind the development of a nuclear weapon and 4) What is the way ahead for the United States.

Will Iran develop a nuclear weapon?

The answer to that question is not obvious. It is clear Iran believes it has the right to enrich uranium and fuel a nuclear power system. Iran further argues that this right is part of its commitment to the NPT. It is also true that Iran has pursued a nuclear ambition since the days of the Shah. Finally, it is obvious that Iran has developed its fuel enrichment system clandestinely and in violation of its international obligations.

It is my view that Iran has not made a nuclear weapons decision and that its house is divided on the subject. There are Iranians who believe Iran would be better off with a nuclear weapon; there are others who argue that a weapon will increase the dangers which Iran faces. Virtually all Iranians, including those who live outside the country, share the opinion that their country needs nuclear power and that an enrichment program is a legitimate assertion of the nation's right. Moreover, the nuclear program has become in Iranian eyes a question of national honor and prestige.

It is possible that Iran will proceed down the path of enrichment, stopping just short of a nuclear weapon, leaving open the option to acquire such a capacity. Given Iran's dangerous record on other fronts and the lack of confidence in its government's behavior, that outcome is unacceptable to the United States and our friends in Europe. In a word, we must deal with the nuclear issue and seek to contain it.

Is a weapon imminent?

Again, I advise caution in concluding that the United States faces an immediate, threat. Estimates of the time it would take Iran to assemble adequate amounts of fissionable material vary sharply. Like you, I have seen figures that range from three to ten years, depending on the urgency with which Iran pursues the goal, the technology and

resources available to it and the international environment. The design and weaponization of a nuclear device is another matter but not one for “tomorrow morning”. I argue, therefore, that we have time to consider carefully our strategy for dealing with the very real threat which Iran’s enrichment program poses. There need be no rush to judgment; and we have time to explore and exercise the option of diplomacy.

Let me make this point in a different way.

Is Iran’s leadership united behind the development of a nuclear weapon?

Once again my experience leads me to be careful about concluding Iran’s leadership and political class are united. Those, who state with confidence that they know Iran’s intentions, have been consistently wrong. Our insights into the politics of the clerical regime are limited; our estrangement from Iran has impeded serious analysis of political trends and developments. This state of affairs is regrettable and I suggest it is in the interests of the United States to increase the attention we pay to Iran, its politics, economics and social trends – within government and in academic and research communities.

It is my view that Iran’s leadership, broadly defined, is not united on a wide range of issues of national importance, including nuclear weaponization. Power is divided. The Supreme Leader retains control over Iran’s Revolutionary Guards, its intelligence services and the nuclear program. Mahmoud Ahmadinejad, the President and author of deeply offensive and inflammatory statements about Israel, the region, Iran’s nuclear intentions and the United States, does not directly control these institutions and programs. But he won the election to the Presidency with a solid majority and with clerical sympathy. Today he is playing Iranian politics with consummate skill. Ahmadinejad will be a significant factor in Iranian politics for

years to come. He has developed a strong base among young Iranians and he appeals effectively to the street's instincts. Moreover he enjoys substantial standing with the Supreme Leader and the Guardians. In the election campaign and his brief time in office Ahmadinejad has eclipsed the reformers; his leverage in Iranian politics is rising. This said, so are his opponents who are questioning the President's assertions about national security policy and his profligate interventions in the economy.

Finally, it has been my experience that the exercise of power has the potential of educating its holders in the realities of international and domestic life. This has been Iran's recent experience. The country's original revolutionary fervor has run thin. We are in Ahmadinejad's early days. There is more to come, but the present situation of crisis strengthens the Iranian President's hand. There is reason therefore to lessen, if we can, the intensity of the present crisis.

What are the United States choices?

I suggest that the nuclear stand-off with Iran will play out over a period of time – months if not years. There are no quick fixes and we need the time to examine, select and pursue our options. The United Nations' Security Council is divided. Our European friends, deeply opposed to Iran's nuclear program, seek a diplomatic resolution.

Is there a military solution to enrichment? There is no obvious way to deal with Iran's intention to proceed with nuclear enrichment. It is my view that military action can only disrupt Iranian facilities. Worse yet, the consequences of an American attack on Iranian intentions will be severe. If Iran's leaders have not crossed the nuclear threshold, they would in the wake of American military action. We would have to anticipate direct Iranian retaliation against our forces in Iraq and other American targets in the Gulf and the Middle East – if not beyond. I have not seen any evidence that our intelligence is

adequate to pinpoint Iran's nuclear enrichment system and make it vulnerable to a decisive military strike.

The political consequences of an American attack would be even more devastating. I can assure you that there will be an eruption of protest across the Muslim world; public opinion in allied nations would be hostile and our standing in international fora would be undermined. We must also calculate the economic consequences. I have no way to predict where the price of oil will go in the wake of military action against Iran or counter moves which impeded the Straits of Hormuz.

Military action should always be the last choice – and never excluded. But I do not believe that we have reached the end of the road and can therefore justify or appropriately use military force to stop Iran's enrichment program.

Will economic sanctions deter Iran?

The United States has committed the majority of its sanctions arsenal against Iran in the past and has few decisive instruments left. While the possibility of greater allied cooperation in the face of a nuclear threat is somewhat better, our allies have been hard to bring along in the past. Ordinary trade sanctions will be very difficult to enforce, given Iran's long borders and proximity to trading entrepots, like Dubai. Financial sanctions come at the cost of disruption of our complicated, international financial system. Sanctions against the movement of Iranian officials are hardly significant. Sanctions generally work when they are targeted, short term and multilateral. It is hard to imagine the Iranian nuclear crisis being either of short duration or subject to resolution only through the imposition of sanctions.

The case for engagement.

The first choice in conflict resolution should be diplomacy. There are diplomatic options available to the United States.

Does this mean that military means or sanctions have no place in addressing the crisis we face with Iran? Of course not. They are and must remain arrows in our quiver. Diplomacy, without strength and the ability to deliver pressure, is rarely successful. For the moment, military force and additional sanctions are more effective as threats which its leaders must contemplate.

Our leverage lies elsewhere. Iran is an isolated nation. Apart from a few states, like Syria, whose association with Iran is based on tactical considerations, Iran has few friends and no allies. If the international community, notably Russia and China, are divided from us about how to deal with Iran, there are no divisions over the issue of Iran's nuclear pretensions nor her historic sponsorship of violence in her region. Cut off from acceptance within the international community, Iran is also isolated in the mainstream of world economics. She sells oil but she receives virtually no investment. Existing sanctions, especially those put in place by the United States, limit foreign capital flows. And these sanctions can be deepened. Iran receives little to no technology and will not as long as she to stand outside the norms of acceptable international behavior.

Iran's isolation, born of her policies of confrontation, aggravates her perception of threat and preoccupies her leaders and intelligentsia. At heart, they know that Iran cannot force her way into respectability, partnership and security. Sooner or later, Iran must meet all of us "half way" or she will remain threatened and denied the capital flows, investment partnerships and technology her lagging economy and highly dissatisfied and deprived population requires. In a word, Iran's understanding of her isolation and our capacity to sustain and intensify it are powerful weapons in

addressing the nuclear crisis we face and the other threats Iran poses to our interests. Equally, our willingness to offer a path away from isolation is a powerful tool.

Then how do we deal with Iran?

Our ability to respond militarily is “on the table” and it should remain there. Sanctions are in place and selectively, for example a multilateral agreement aimed at the denial of official credits, can be added over time. We have drawn our “lines in the sand” and the time is right to move on and engage Iran politically.

The time is right, moreover, to signal that the United States not only seeks agreement which will contain the nuclear crisis but that we are prepared to consider normalizing relations, provided, of course, that Iran is similarly disposed and acts accordingly. Engagement, through diplomatic dialogue, means addressing the broad array of issues that divide Iran from us and the international community – the issues that leave her marginalized and insecure -- in other words, the issues that undergird distrust of Iran.

The questions, which we and Iran must address, are obvious and they deal with subjects of vital importance to the United States – Iran’s nuclear pretensions; the future of Iraq and Afghanistan; the security of the Gulf; the prevalence of terror in the Middle East; political instability in the Arab East; and peace between Israel and Palestine. The US plays a very special role in Iran’s thinking. The questions she wishes to address with us are her isolation; the sanctions’ regimes she faces; her search for acceptance in the international community and her insecurity in a deeply troubled region. In particular, Iran needs access to the international economy if she is to provide employment for her young.

Our record of engagement with Islamic Iran is a poor one. Past attempts, born of initiatives to address a single issue, have failed. They will fail again if we and Iran do not address the totality of our relationship and if we and Iran are not prepared to set, as an ultimate objective, the normalization of our relationship. And that means, simply stated, a reciprocal readiness to live in peace and mutual respect, no matter how sharply divided we are over our view of each others' political systems.

History is replete with examples of the United States finding a working basis for our relationships with those from whom we were sharply divided over ideology, national ambition, and questions of vital national security concern. I have in mind our ability to find common ground, through detente, with the erstwhile Soviet Union and through the Shanghai Communiqué, with the People's Republic of China.

Engagement begins with a commitment at the top of our political system. On our side, it starts with an undertaking by the President to a normalized relationship. It means a willingness to set aside the rhetoric of "axis of evil" and measures legislatively mandated to undermine Iran's regime. Our concerns are legitimately with Iran's external ambitions and absent any confidence in those ambitions, its nuclear intentions. Its domestic orientation is another question. Iranians have changed their regimes in the past and they will do so again. In a situation of greater peace and security, that day may even come sooner. Our objective must be the stability of the region and our interests there – not Iran's domestic order. We have our principles; the clerics have theirs. Let's see on whose side history sits.

I believe there is an opportunity today to pursue engagement with Iran. Based on my assessment of Iran's policies, I conclude that Iran's clerical leaders are more comfortable with the country's elected government and are willing to give it the freedom to maneuver

internationally, including with us. This was not the case in Khatami's time. In addition Iran's leaders are less intimidated by our ability to deliver on the threats they feel we have articulated. They know we are bogged down in Iraq. Therefore they feel they can approach us on a more equal footing. Our European allies want us to enter the dialogue; Russia and China clearly share that view. I suspect they would welcome a signal the United States is ready to seek normalized relations with Iran and to live in peace.

Ahmadinejad's recent letter, as bizarre and objectionable as its content are, is based on a sense of self confidence. It deserves an answer – not rejection. We are under no obligation to reply to the terms which the letter offers. We are free to state our case and spell out our objectives for a dialogue.

I do not have a neat formula to resolve the nuclear crisis. I doubt Iran will renounce enrichment but will it enter into cooperative, internationally based arrangements for the production and supervision of enriched fuel? Is it possible to find common ground over Iraq and Afghanistan where Iranian interests have been served by the elimination of Saddam and the Taliban? I believe so, especially if we make it clear the United States does not intend to be a permanent fixture in Iraq or Afghanistan and that we will not use our position in either country to threaten Iran. Can the concerns of Sunni Arabs be addressed? I contend there is room for a regional conference to elaborate security guarantees. Can Iran address the dangers posed by Hezbollah and Hamas and can Iran be brought to be a more responsible player in the Israeli-Palestinian equation? Perhaps, but it will be difficult. But it is reasonable to conclude Iran sees in Hamas' victory in the Palestinian elections a vindication and because Hamas is now in power, a two state solution can be pursued.

This said, I return to my core contention: the starting point in negotiations with Iran is our willingness to seek normalization.

The United States must deal with the nuclear crisis. We have time, leverage and the authority to do so. But to repeat, our approach should be a broad one; aimed at a full exploration of the several issues of concern to us and with the objective of a normalized relationship. The history of America's dealings with Iran should make it clear that anything less will lead to frustration.