

## Executive Summary

US Iran policy has been long on the tactics and techniques of sanctions and short on a clear, coherent, strategic vision of the kind of US-Iranian relationship Washington ultimately wants. Without defining that vision—and the most effective balance of incentives and punitive measures needed to get there—US policy toward Iran will continue to drift toward a choice between two unpalatable outcomes: (i) the use of military force, or (ii) policies that seek to contain and deter Iran after it has succeeded in acquiring a nuclear weapons capability.

Successive Democratic and Republican administrations have deployed a “two-track” approach to Iran’s nuclear program: Seeking to negotiate an arrangement that would reassure the international community that Iran’s nuclear program is truly only peaceful in scope, while orchestrating international sanctions and other punitive measures to raise the cost to Iran for its continuing intransigence. President Obama deserves much credit, both for his initial efforts to revive the “benefits” side of this dual track approach and for his subsequent orchestration of a much tougher set of sanctions by the United Nations and by individual nations. However, for a host of reasons, not least of which is Tehran’s unwelcoming response to the administration’s early engagement efforts, US diplomacy has come to rest largely on punitive measures.

This emphasis on sanctions and related coercive steps is unlikely to elicit the cooperation from Tehran that Washington seeks. Indeed, the great challenge facing the administration is to muster its own policymakers behind a package of incentives sufficiently robust such that those voices in Iran’s leadership who might back sustained and serious negotiations can make their own case for saying “yes.”

A group of distinguished scholars and policy analysts convened under the direction of the Stimson Center and the United States Institute of Peace has concluded that the administration must rebalance its dual-track approach to be effective in future relations with Iran. Seeking to chart a more promising course, the study group argues for a policy of “strategic engagement.” This policy calls for the following related steps:

1. US and European leaders should communicate a comprehensive picture of what Tehran has to gain from a mutually acceptable agreement on the nuclear issue. Such an effort cannot be piecemeal. Instead, it must spell out a wide range of incentives that Washington and its allies would be prepared to support in return for clear and sustained evidence of Tehran’s cooperation.
2. Washington should signal its clear—if also clearly conditional—acceptance of Iran’s enrichment rights, providing that Tehran negotiates verifiable limits on the degree of enrichment and on the volume of enriched fuel stored in Iran. Given the secretive history of Iran’s nuclear program, the US and its allies also are entitled to demand

clarification of the questions raised by the IAEA, a complete declaration by Iran of its nuclear activities, including any weapons-related activities, an audit of that declaration by the IAEA, and Iran's implementation of the Additional Protocol to its Safeguards Agreement with the IAEA.

3. Washington also should indicate its readiness to discuss a range of issues of potential mutual concern to the US and Iran. These could include Afghanistan, the international drug trade, and the challenge of promoting the more effective use of conventional energy in Iran and the Middle East at large.
4. The P-5+1 talks provide the appropriate initial venue for discussing the nuclear issue and for advancing additional measures. But Washington should be prepared also to pursue direct talks with Tehran in appropriate bilateral forums. US diplomats in third nations and in multinational organizations should interact with their Iranian counterparts in the normal course of business.
5. While pursuing diplomatic engagement, Washington should continue to sustain the sanctions and other punitive measures that clearly and effectively signal to Tehran a real geo-strategic, diplomatic, and economic cost for failing to cooperate on the nuclear issue. These measures should be pursued through prudent actions rather than through a language of confrontation, threats, or insults. Threats and coercion will be far more effective if they are implicit rather than explicit: a key element of over-all US policy, but not the sole basis of that policy.
6. In the absence of diplomatic success, some have suggested that the US should consider military action against Iran. While US military leaders must plan for every contingency, air strikes intended to destroy Iran's infrastructure, whether by Israel or by the United States, would cement Iran's determination to acquire nuclear weapons, likely end the prospects for a democratic revival in Iran indefinitely, and result in significant military, political, and economic harm to the US and its allies. Official references to "military options" only undermine those in Tehran who might otherwise argue for negotiated solutions to the nuclear issue.
7. All of the above measures should be accompanied by words and actions that clearly signal continued US geo-strategic support for its regional allies, including intelligence sharing, joint military planning and training, and advanced weapon sales. Israel and the Arab states must be reassured that a policy of strategic engagement that secures a negotiated end to Iran's weapons program will enhance their security.

Strategic engagement will face many hurdles. If it does not succeed, the measures set out in this report will provide a foundation for a policy of deterrence and dissuasion. If, however, strategic engagement helps to advance a comprehensive solution to the escalating stand-off with Iran, it will be far preferable to a march towards war or to a policy directed at deterring Iran after it has succeeded in acquiring a nuclear-weapons capability.