

**BANGOR FOREIGN POLICY FORUM JULY 23,2007**

**America and Iran:  
Missed Opportunities, Looming Dangers**

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Thank you. Today I want to discuss with you the relationship between the Islamic Republic of Iran and America, one of the most important issues on the agenda of American foreign policy in our time and one fraught with great peril if not handled with care and sophistication.

Indeed I would suggest that no where in the world today is the danger of a new war between America and another country more serious than it is between America and Iran. Moreover, a war between America and Iran would not be confined to just the two belligerents, rather it would have the effect of uniting all the existing conflicts in the region into one big battlefield stretching from the Mediterranean to the Indian subcontinent, from Beirut to the Khyber Pass.

But first I would like to begin by looking back over the last decade and reviewing what I believe are a series of missed opportunities to end the estrangement between Washington and Tehran that has persisted for the last thirty years.

Of course, we could go back further in time to the 1953 CIA backed coup in Iran or to the 1978-80 revolution and hostage crisis, but since we do not have all day and because those events are generally well known, let me concentrate on the last decade.

Ten years ago, relations between the US and Iran were at a low point, even by the standards of the last three decades. After a brief flurry of hope in the winter of 1991-1992 when the American hostages came home from Lebanon, the relationship had steadily deteriorated. Iranian inspired and controlled acts of terror in Europe, the Middle East and South America had resulted in more American sanctions and containment.

On June 25, 1996 a massive truck bomb destroyed the Khobar barracks in Dhahran Saudi Arabia, killing 19 USAF men and women, and wounding dozens more. Almost immediately speculation began that Iran had a role in the bombing. At the time I was the Deputy Assistant Secretary of Defense for the Near East and South Asia and arrived on the scene at Khobar less than 18 hours after the explosion. The scene was appalling, even my escort officer was among the walking wounded. I met with the Saudi Ambassador a few days later in the royal palace who tentatively pointed the finger of blame across the Persian Gulf. Very soon after the attack the Pentagon began serious thinking about retaliation once the evidence established who was responsible.

By early 1997 the risks of conflict between the US and Iran were serious and the relationship was in a deep hole. The intelligence services of the two countries were engaged in an intense spy versus spy battle around the world. Contingency planning was well underway in the Pentagon for military action. President Clinton's reelection seemed to augur another four years of tension at best and perhaps much worse. Hawks were pressing for military action.

The election of Mohammad Khatami on May 23rd 1997 changed the direction of events profoundly and offered a chance for even more fundamental changes. Khatami won in a surprise landslide, gaining more than 20 million votes out of 29 million cast. No one in the US Government including the CIA had expected his victory on this scale. His election was seen in Iran and abroad as a vote for change inside Iran and for a new tone in Iran's relations with the outside world, including America.

President Clinton was among the first to see a new opportunity and to try to grasp it. I had moved over to the White House that spring to work for him as a Special Assistant and Senior Director in the National Security Council staff. The President believed, and I shared his view, that the estrangement between America and Iran was in neither country's interest and that Khatami was the best chance in a quarter century to end the estrangement.

But the legacy of the past could not be easily dismissed, especially the Khobar investigation. As time went along evidence of Iranian involvement mounted. What looked increasingly likely was that the Iranian Revolutionary Guards had been involved in the planning and that the bomb maker was a member of Lebanon's Hizballah movement, a close ally of the Guards.

While the investigation continued -- as did military planning -- Clinton looked for an opening to begin direct talks with Tehran. Diplomatic relations had been severed in 1979 after the seizure of the American diplomats in our Embassy. Normal communications were not available. All messages between our two governments went through the Swiss government, the only official intermediary mutually agreed to. Clinton sent a message via the Swiss urging the establishment of a direct face to face diplomatic channel and naming the US representatives. Tehran replied not yet, not no but not yet.

In January 1998 Khatami took the initiative in a daring new way on CNN with an interview with Christine Amainpour. He spoke of the need for a dialogue of civilizations and of ending estrangement. He spoke highly of America's history of freedom. The CNN interview was followed by the first visit of an American sports team to Tehran in decades the next month and a visit by those young wrestlers to the Oval Office in March 1998. It was a strange scene in the Oval Office, the wrestlers were being honored not for their sporting prowess but for the venue they played in. The door seemed to be gradually opening to an end to hostility.

In May 1998 Vice President Gore traveled to the region and asked Saudi Crown Prince Abdallah to send a message to Khatami from Clinton that repeated the offer to open a direct face to face dialogue.

In the end the millennium would end without a breakthrough and the creation of a direct channel of official communications. In Tehran Khatami was under fire for moving too fast and too far on reforms. The old guard of the revolution resisted relations with America and Khatami was reluctant to force the issue. In Washington, Clinton had his own domestic difficulties and distractions and the specter of Khobar complicated matters further.

Clinton never stopped trying to open the door, using other intermediaries to signal Tehran of his interest in talks including the Sultan of Oman and the United Nations Secretary General. On the President's behalf I carried a message to Sultan Qabus for him to pass to President Khatami seeking some formula to deal with the Khobar incident and to start a new page in US-Iranian relations.

By the end of the 90s the relationship had been transformed from the middle of the decade. There was still no formal communications between the two governments but people to people exchanges were flourishing and sanctions had eased. The new millennium seemed to promise much.

President Bush's new administration could have picked up where Clinton and Khatami left off. But as we all know the Bush team was not a team, but rather a collection of rival factions. One faction sought engagement like Clinton, another sought regime change in Baghdad and Tehran. In the end, again as we all know, the second faction got their way, at least in Baghdad, starting a war we did not need to fight, and then fighting it ineptly.

But before those events the Bush team had a real chance at changing the nature of Iranian US relations. First it seemed to resolve Khobar with a simple ending, allowing the outgoing FBI Director to indict the Saudi Shia most directly responsible for the crime without any prospect they would ever be brought to justice. Iran and Hizballah were mentioned in the Indictment but no Iranian officials were named or indicted. The Khobar issue was buried and forgotten.

Then September 11th opened the door to our new era. Iranians shared the world's horror at Al Qaeda's evil and tacitly supported the American intervention in Afghanistan on the side of the Taliban's enemy the Northern Alliance.

For Iran this was simple. It had almost gone to war with the Taliban in 1998 and was a long time supporter of the Northern Alliance.

When the first CIA team arrived in the Panjsher Valley in October 2001 to start the liberation of Kabul, they found the Iranian Revolutionary Guards were already there and working against the Taliban and al Qaeda.

American and Iranian diplomats came together in the wake of the war to build a new Afghan government in Bonn. By all accounts they exceeded their formal instructions and decided on the spot to work together. This wisdom helped to create not just a new Afghanistan from the ashes of a quarter century of war, but it also began the only sustained period of American-Iranian diplomatic communication and cooperation in thirty years. Ambassador Jim Dobbins has given a good account of this process.

The talks even survived President Bush's unfortunate and ill timed "axis of evil" speech in January 2002. For a time the conversations went beyond just Afghanistan to include the global fight against Al Qaeda and the complications inherent in Bush's Mesopotamian adventure.

Iran was happy to see the end of its nemesis Saddam Husain, the man who -- with American help -- had waged the longest and most bloody conventional war in our time against Iran. Iranians were delighted to see America defeat an enemy that had cost tens of thousands of Iranian lives in a war that is very much the defining experience for most middle age Iranians today. But they were clearly not enthused by the brag ado that followed the fall of Baghdad when some in Washington spoke of marching to Tehran next.

Apparently at this time Tehran suggested another diplomatic opening, an expansion of the agenda for diplomacy to all the issues that Iran and America disagree about including the nuclear weapons issue and the future of Israeli-Arab relations. We still know too little about this opening although Iranians I trust assure me it was serious.

Intoxicated with the exhilaration of an apparently easy and cheap victory, and unaware of how short that moment would prove to be, Bush and his team turned the Iranian proposal down without serious consideration. The Swiss diplomats who had brought it never got an answer. The diplomatic channel was suspended by America, the opportunity lost.

By 2005 Khatami's time was coming to an end. A new Iranian President would be elected, Mohammad Ahmadinejad. The chance for rapprochement lost. A new and more dangerous era began.

The only contact since has been the discussions in Baghdad between our respective ambassadors over the future of Iraq, talks that the Iraqi government initiated over Washington's deep reservations. Those talks do represent something important. The Iraqi government in Baghdad we helped create is literally between the rock and a hard place, its' only two supporters are Iran and America. It needs America and Iran to cooperate if stability is ever going to come to Iraq. It is very uncomfortable in the space between them especially when the rhetoric of both sides gets more heated.

And we have seen a lot of heat in the last year. President Ahmadinejad has contributed a great deal of it with his dangerous calls for an end to Israel and a world without Zionism, his irresponsible challenges to the history of the holocaust and his saber rattling. Vice President Cheney added to the heat during his visit to the Gulf this spring.

Behind the rhetoric is an even more dangerous reality. According to US and UK intelligence officials Iran and Hizballah are now supporting Shia warlords in Iraq with expertise, arms and advisors who are directly attacking and killing American and British soldiers. Even more troublesome are reports that Iran is providing aid to the Taliban in Afghanistan against NATO troops. This is a striking reversal since only a decade ago Iran and the Taliban were on the edge of war. If true it suggests Iran is leaning very far forward to hit America and its allies. These reports have been received with a great deal of skepticism in the US and outside, a reflection of the loss of faith in our intelligence community that has been the result of the President's blatant politicization of its product.

But I fear the reports are all too true and that they reflect a new sense in Tehran that America's time in the Middle East and South Asia is coming to an end and that it should be ended with a violent and ugly punctuation mark. In other words, Iran wants to see the US not just leave Iraq and Afghanistan, thus ending any danger they will be used to support attacks on Iran, but it wants to see the US leave battered, bruised and gun shy, never to return. Experts I know and trust who have been in Iran this summer say that is the mood they encountered. Supreme Leader Ayatollah Khamenei has reportedly said that America in Iraq is like a wolf caught in a trap—it can either bleed to death or gnaw off its foot; either outcome is painful.

The nuclear issue adds to the danger. The passage of two United Nations Security Council resolutions sanctioning Iran is a major development that has put Iran on the diplomatic defensive. There is an international consensus now against Iran developing a full fuel cycle and potentially the bomb. Critics have suggested the sanctions lack real teeth and there is some truth to this, but from Tehran's perspective they are still an ominous sign of what may be coming next. Tensions in the Gulf, Iraq, Afghanistan and New York are creating a very dangerous cocktail.

One more manifestation of this deadly brew is the crackdown underway in Iran now of all kinds of dissent, real and imaginary. The Ahmadinejad regime has jailed many opponents and accused innocent scholars engaged in academic exchanges of treason. Paranoia seems to be running rampant in Tehran alongside hubris and over confidence.

Thus the situation is indeed dire. What to do?

First, we should recognize clearly how awful the military option is and what a catastrophe war would be for America, for Iran and for the region as a whole. To imagine war with Iran use as your template not the Israeli air strike on Osirak in 1981 but the war last year between Israel and Hizballah in Lebanon with hundreds of clashes, dozens of air strikes and extended salvos of missiles and rockets – close to 4000 in the end -- into Israel's cities, especially Haifa. Only a war with Iran would not be fought in the relatively small space of the Galilee, it would be fought across the whole of the Middle East from Lebanon to the Khyber Pass. Iran would have every incentive to strike American targets across the region with missiles, terrorists and insurgents.

An early casualty would be the Maliki government in Iraq which could not afford to choose between its two most important sponsors. The Shia street in Iraq would go with Iran as would the Shia warlords Iran has supported there for years. Once again the Kurds would be in a hard place torn between America and Iran. Whether the Karzai government in Kabul could survive is also open to question. So the US would find the twin insurgencies in Iraq and Afghanistan burning more intensely while it struggled to destroy targets deep inside Iran and Iran retaliated with terror on a global scale. And once the fireworks begin to settle down, what then? Do we try to occupy Iran? With what army? This is not an option that serious policy makers should spend much time considering. When we looked at it in the Clinton administration – long before the Iraq war -- it was wisely rejected.

Second, we should take a look at our own rhetoric. Calm voices and frank assessments are better than heavy breathing and threats. Passing resolutions in the Congress for play at home is not a policy. Let Mr. Ahmadinejad have the floor, he will only dig a deeper hole if we let him do the talking. Keep the focus on their misdeeds, not our miswords. Support academic exchanges and track two diplomacy quietly, not as a stalking horse for regime change.

Third, keep the focus on diplomacy. The Security Council is the right place to take our concerns about Iran's nuclear program and would be a good place to take issues like Iraq and Afghanistan. The State Department deserves credit for the hard work it did to get those two UN resolutions passed. The task ahead should be a patient gradual ratcheting up of the pressure on Iran while maintaining the consensus of the permanent members of the Council. Maintaining P5 unity is the key, it is more important to keep unity than to pass any specific sanction. This will not be easy but the rewards are considerable. The extremists in Iran will lose their ability to claim there is nothing the Americans can do to Iran. The focus of any sanctions should be carefully targeted to go after those most responsible for the problem; especially the Guards force itself and the intelligence apparatus.

Fourth, look to the long term play. This is not an issue that will be resolved on President Bush's watch and we should not think of it in those terms. Iran will have new elections in 2009 and that will bring some changes. The Supreme Leader is not immortal and his passing will bring change. No one can predict where those changes may lead today but an Iran that can go from Khatami to Ahmadinejad can and will change again.

Finally, we need to put Iran policy inside the broader global strategy we need post September 11<sup>th</sup>. In the May issue of Foreign Affairs I tried to lay out some elements of what a grand strategy post 911 should look like. Iran is an enemy of our greatest foe, al Qaeda, and we need to be creative in thinking how to make sure our Iran policy fits into our approach to destroying al Qaeda.

To conclude, it is in America's interest to bring Iran back into the community of nations and to renew a direct dialogue with Tehran. Iran is simply too important to be permanently estranged from. Thirty years is long enough. We should renew the offer that President Bush's father wisely put on the table in 1989; good will begets good will. America should be ready to sit down with Iran any time any where to discuss all the

issues that divide us. Diplomacy is not a sign of weakness; it is the mechanism by which states resolve the issues that divide them. As Winston Churchill famously put it, “to jaw-jaw is always better than to war-war.”

Thank you for your attention.