



# DEALING WITH IRAN

If Washington Truly Engages in Diplomacy, a Disastrous War May Be Avoided

*By Reza Marashi*

When Barack Obama entered the White House in January 2009, the excitement inside the State Department was palpable. It's no secret that Washington, DC, is a left-leaning city, and the State Department in particular is a government agency staffed with a cadre of people who use the power of patience, forbearance, listening, and dialogue on a daily basis. Thus, it was no surprise that many State Department officials preferred the more urbane Barack Obama to George W. Bush and the trail of messes that president left for them to clean up around the world. Perhaps no office was more excited than mine. For four years, I served in the Office of Iranian Affairs. We knew America's status quo Iran policy was not working, and most of us agreed with President Obama that it was time for a new approach.

For the first three months of Obama's presidency, the White House led an Iran policy review that took stock of previous policies, and deliberated over the best way to pursue the president's promise for diplomacy. Middle East envoy Dennis Ross and Puneet Talwar, senior director for Iran, Iraq, and the Persian Gulf states at the National Security Council, led a top heavy, closely held effort that incorporated feedback from numerous government agencies and American allies around the world.

At first glance, this approach appeared to be the most prudent way forward. Attempting to learn from past mistakes and creating international buy-in through close consultations are key facets of diplomacy. What many of us did not anticipate, however, was the law of unintended consequences. Looking back, the inclusive nature of the policy review closely resembled the process of marking up bills in Congress. When a representative or senator introduces legislation, their colleagues then have an opportunity to make changes and

◁ Iranian President Mahmoud Ahmadinejad at the Tehran Research Reactor, Tehran, Feb. 15, 2012. *Iranian Presidency/Xinhua Press/Corbis*

amendments prior to recommending that the bill becomes law. Marked-up legislation often looks very different from its original iteration. A similar process took hold of Obama's policy review: America's partners abroad—including, but not limited to, Israelis, British, French, Germans, Saudis, Russians, and Chinese—each had an opportunity to mark up Obama's vision on Iran. This political reality reduced U.S. maneuverability and left us with a policy that was eerily similar to what many of us had hoped to leave behind.

Fast forward four years, and the U.S. and Iran stand at the precipice of a military conflict that could engulf the entire Middle East, if not the world. President Obama has repeated several times—including at the American Israeli Public Affairs Committee's (AIPAC) annual conference—that time still exists for a diplomatic solution to the crisis. Israeli Prime Minister Benjamin Netanyahu vociferously disagrees and makes clear his preference for a military confrontation aimed at destroying Iran's nuclear program: "The world tells Israel: 'Wait. There's still time.' And I say, 'Wait for what? Wait until when?' Those in the international community who refuse to put red lines before Iran don't have a moral right to place a red light before Israel."<sup>1</sup> How did an American president who spoke of engagement based on mutual interests and mutual respect end up with no good options at his disposal? The devil is in the details.

To better understand how Obama's Iran policy has played out, it is important to deconstruct the realities and drivers of his strategy, and the political psychology behind each round of negotiations involving the U.S. and Iran. Understanding how we got to where we are will help us figure out how to move beyond the status quo to a more productive and less dangerous relationship with Iran.

### **Obama's Strategy**

It should now be clear that U.S. policy has never been a true engagement policy. By definition, engagement entails a long-term approach that abandons punitive measures—the "sticks"—and reassures both sides that their respective fears are unfounded. Obama administration officials realized early on that they were unlikely to adopt this approach. Instead, after the conclusion of Obama's policy review, a "carrot and stick" strategy similar to that of the Bush administration has been pursued. This "dual track"—as it has been referred to since January 2009—utilizes positive and negative inducements to convince Iran that changing its behavior would be its most rewarding and least harmful decision. The key difference between the Bush and Obama approach has been an effort by the latter to avoid the tactical mistakes of the former. By publicly disavowing regime change, striking diplomatic quid pro quos with key allies, and dropping preconditions to diplomacy with Iran, Obama changed tactics, but maintained an objective similar to his predecessor—making Iran yield

on the nuclear issue through pressure. By changing tactics, the U.S. has managed to build a more robust consensus for international sanctions—something the Bush administration was unable to achieve.

Yet, as leaked diplomatic cables show, officials at the highest levels of the Obama administration never believed that diplomacy could succeed.<sup>2</sup> While this does not cheapen the groundbreaking facets of President Obama's initial outreach, it has raised three questions that remain unanswered: how can U.S. policymakers give maximum effort to make diplomacy succeed if they never believed their efforts could work? Why has the U.S. expected Iran to accept negotiation terms that relinquish its greatest strategic assets without receiving strategic assets of equal value in return? And why did the Obama administration expect Iran to make serious investments in diplomacy after leaked cables showed it never had? Obama presented a solid vision upon entering office—resolving the U.S.-Iran conflict through diplomacy—but his administration's pursuit of it has been half-hearted at best.

Newly elected American presidents enter the White House with an unprecedented level of political capital, which steadily shrinks as their reelection bid approaches. Knowing this, why didn't Obama fully abandon the Bush strategy and create his own? Privately, high-ranking U.S. officials acknowledge they underestimated both the domestic and international political obstacles to normalizing relations with Iran, and the difficulty of understanding Iranian government decision-making and strategic calculus. And yet, despite thirty years of evidence to the contrary, these same officials seem to increasingly believe that recycling previously unsuccessful pressure-based policies will provide negotiating leverage, bring the Iranians to the negotiating table, and perhaps hasten the end of the Iranian regime.

The Obama administration retained the same priorities, policy vehicles, and much of the same senior personnel on Iran largely because it believes that sanctions strengthen the credibility and leverage of those who want to engage Iran, while also preventing more violent actions by Israel. The administration insists that, in the long run, such an approach better addresses the myriad mutual interests shared by the U.S. and Iran.

President Obama himself reached the conclusion that too few negative incentives and pressures existed to affect Iran's internal calculus, particularly regarding U.S.-Iranian mutual interests. Thus a policy followed that increased the pressure on Iran based on assumptions that it would: bring the Iranians to the negotiating table; affect Iran's internal calculus; strengthen the credibility and leverage of the pro-engagement camps; and prevent more violent actions from Israel.

Obama has dramatically increased the number and severity of U.S.-led sanctions on Iran, while also reiterating numerous times that "all options are on the table" to prevent Iran from developing a nuclear weapon. His comments have been surprisingly

direct: “We prefer to solve this issue diplomatically... Having said that, Iran’s leaders should have no doubt about the resolve of the United States... I have said that when it comes to preventing Iran from acquiring a nuclear weapon, I will take no options off the table, and I mean what I say.”<sup>3</sup> Obama’s preference to solve the crisis diplomatically, and his insistence that the time remains to do so, are firmly grounded in a clear, shared assessment by senior diplomatic, military, and intelligence officials in the U.S. and its closest allies. Iran halted work toward nuclear weapons in 2003, and it has since not made the political decision to pursue weaponization.<sup>4</sup>

Netanyahu publicly contradicts Iranian assessments by the national security establishments in both the U.S. and Israel.<sup>5</sup> His push for bombing Iran has been met with stiff resistance by President Obama. This—along with Netanyahu’s refusal to implement a permanent cessation of settlement building on Palestinian land—has cooled relations between the two leaders. The dynamic seems to echo Netanyahu’s contentious relationship with President Bill Clinton in the 1990s. Clinton’s memorable depiction leaves little to the imagination: “Who the fuck does he think he is? Who’s the fucking superpower here?”<sup>6</sup>

With the military option emphasized as a last resort, and diplomacy not having been truly pursued, most of the Obama administration’s efforts to-date have centered on developing, implementing, and enforcing “coordinated national measures”—or “coalition of the willing” sanctions. Senior administration officials believe that U.S. leverage vis-à-vis Iran is at its highest immediately before a new round of sanctions—which in turn provides political space to carry out “engagement-type activities” with Iran in a low-key manner. In practice, however, movement on other “engagement-type” activities has been reactive rather than proactive, so as to avoid impairing the short-term policy of sanction implementation. Privately, Obama administration officials acknowledge this contradiction but offer little in the way of resolving it.

These realities and drivers of Obama’s Iran policy have colored each round of negotiations to date between the Islamic Republic and the permanent members of the United Nations Security Council plus Germany (P5+1). A closer examination of what happened, and why diplomacy remains a work in progress, sheds light on potential pathways out of the mounting crisis.

### **Round 1: October 2009**

Negotiations between the U.S. and Iran were always going to be fraught with complications. An institutionalized enmity developed over many decades is hard to untangle. The political space and the political will for diplomacy was further limited from the outset by political obstacles, both domestic and international. At the core of the distrust is a shared fear of overthrow: the U.S. believes that Iran seeks to upend the

regional security framework that it has built and operated since filling the power vacuum left by Britain's retreat from the Persian Gulf in the years after World War II. The Islamic Republic believes that the U.S. seeks to overthrow its regime. The U.S. and Iran have come to believe that their interests are incompatible, and to view their relations as a zero-sum game. Such outlooks have been fueled by minimal diplomatic contact, interaction, or communication over the past three decades.

During the successive presidencies of Ronald Reagan, George H. W. Bush, and Bill Clinton, both sides took turns shunning negotiations when the other was ready to deal. George W. Bush rejected the most promising opening in U.S.-Iran relations when he spurned an offer from Tehran for comprehensive negotiations on all outstanding issues.<sup>7</sup>

After years of U.S. refusal to enter into multilateral negotiations with Iran over Iran's nuclear program, the Obama administration did join its P5+1 colleagues at the negotiating table. In October 2009, Obama's diplomacy with Iran commenced in Geneva, with all eyes focused on the diplomats from Washington and Tehran. Expectations were low within the Obama administration, but by the end it was a case of defeat actually being snatched from the jaws of victory.

Negotiations that included a private bilateral meeting between the lead American and Iran negotiators produced a surprise outcome: the Islamic Republic agreed in principle to transfer approximately three quarters of its low-enriched uranium (LEU) to Russia for further enrichment, and then to France for processing into fuel rods for the Tehran Research Reactor (TRR). Upon returning from Geneva, Tehran's top nuclear envoy, Saeed Jalili, asserted that the P5+1—and in particular, the U.S.—had implicitly accepted Iran's right to enrich uranium on Iranian soil. Remarks from American officials struck a similarly positive tone, calling the talks constructive.

U.S. officials took Iran's constructive response seriously: they believed that Iranian negotiators could not have proceeded without the official consent of Supreme Leader Ali Khamenei. From Washington's view, this was a confidence-building measure that benefited both the U.S. and Iran. The overarching principle for the Obama team was buying time. Already eight months into a self-imposed, one-year time limit for diplomacy to succeed, pressure from Congress and Israel to abandon diplomacy and focus solely on punitive measures was increasing daily. Under the proposed swap, Russia and France would spend a year reprocessing Iran's LEU into 20 percent enriched uranium and fuel. If the LEU was no longer on Iranian soil, it would undercut those in Congress and in Israel who were calling for the end of diplomacy—their demand being based on Iran's growing LEU stockpile. President Obama would then have greater political space to both extend the time frame of negotiations and expand their scope.

Decision-makers in Washington also saw tangible benefits for the Islamic Republic: the deal would head off a barrage of new sanctions, and instead begin a longer-term

process of negotiations with the goal of resolving the many outstanding differences between Iran and the international community. U.S. officials privately acknowledged that it was not lost upon the Iranians that no discussion took place regarding the numerous UN Security Council resolutions calling for Iran to suspend its uranium enrichment.

With the contours of an agreement in place, the parties returned to their respective capitals for consultations. But in Tehran, the deal was dead on arrival. Rather than reject it outright, Iranian officials pushed for additional guarantees to ensure that the West held up its end of the bargain. Most notably, they sought a simultaneous exchange of LEU for fuel rods with Russia and France—not entirely unreasonable given the lack of trust between the negotiating parties. These fuel rods, Iran said, would power Tehran’s research reactor that produces medical isotopes used to treat cancer patients. Obama administration officials, however, quickly dismissed Iran’s request as foot dragging, and the talks fell apart. Washington’s insistence that the Geneva deal was the only offer on the table turned a confidence-building measure into an ultimatum—and Iranian flexibility into resistance.

Washington officials came away from the Geneva negotiations trying to figure out why Iranian officials—particularly Ayatollah Khamenei—renege on the deal. But, as the Obama team would later experience first-hand, all politics is local. President Mahmoud Ahmadinejad’s political rivals had in fact unleashed a barrage of resentment that had been growing throughout his first four years in office. A toxic combination of political and social upheaval in Iran ultimately forced Khamenei to withdraw his support of the deal.

Stinging criticism came at Ahmadinejad from across Iran’s political spectrum. Former Iranian Revolutionary Guard Corps Commander Mohsen Rezaei, two former chief nuclear negotiators—Ali Larijani and Hassan Rowhani—and opposition leader and former prime minister Mir-Hossein Mousavi all spoke out against the deal.<sup>8</sup> They criticized Ahmadinejad for agreeing to modalities that required Iran to relinquish strategic assets without receiving strategic assets of equal value in return. Privately, these battle-tested revolutionaries were giving Ahmadinejad a dose of his own medicine—after he’d spent the better part of his first term in office sabotaging their attempts to mend fences with the international community.

Privately, some Obama administration officials concede that the U.S. saw an opportunity and tried to seize it: with Iran still reeling from the “Green Movement”—the unrest and domestic political fratricide that had erupted after Ahmadinejad’s disputed reelection in June 2009—hardliners in Iran were thought to be looking for a de-escalation of foreign tensions in order to focus more on problems at home. Instead, America learned a valuable lesson: pressing Iran’s fractured political system to give a quick “yes” usually results in Iranians saying “no.”

## Round 2: May 2010

After talks between Iran and the P5+1 broke down in late 2009, Obama's political space for diplomacy had closed and his administration used its remaining political capital to win support for increased sanctions at the UN and among a U.S.-led "coalition of the willing." Iran's relationship with every one of the P5+1 countries ranged from bad to worse, and a huge reservoir of mistrust, suspicion, and hostility made resolving the nuclear issue a formidable task. Recognizing this, Turkey and Brazil offered to use its cordial relations with Iran and the P5+1 to help inject trust into the diplomatic process. Constrained politically at home, President Obama took the Turks and Brazilians up on their offer, sending them a detailed letter with specific steps that Iran had to agree to—steps that were nearly identical to the 2009 deal that Iran walked away from.<sup>9</sup>

Skepticism of the Turkish-Brazilian initiative was high within the Obama administration. At one point, in private telephone conversations prior to the Tehran summit, Secretary of State Hillary Clinton delivered a tough message to Turkish Prime Minister Recep Tayyip Erdoğan and Brazilian President Luiz Inácio Lula da Silva: go to Tehran, see for yourself that the Iranians are not interested in a deal, then get on board with the UN sanctions. Rather than capitalize on Iranian concessions and test the Islamic Republic's ability to follow through, some U.S. officials viewed the Turkish-Brazilian initiative as part of a larger Iranian diplomatic strategy to divide the international community and give sanctions naysayers something to hang their hat on.

But a funny thing happened in Tehran. After a marathon negotiating session that lasted more than a full day, Erdoğan and Lula got Iran to sign on the dotted line. Iran's primary objection during the 2009 talks—the drawn-out process of shipping its stockpile of LEU in one batch, the fuel swap taking place in a third-party country, and Iran receiving fuel rods in approximately one year's time—were all withdrawn. Turkey and Brazil managed to win Iranian agreement to the key terms that Obama had insisted upon less than a year earlier.

What Erdoğan and Lula didn't know was that President Obama, for his part, had already won Russian and Chinese support for a new round of UN sanctions. While Turkey and Brazil were announcing their successful diplomacy with Iran—securing everything that Obama asked for in his letter—Clinton was telling Congress that the U.S. had secured a new UN Security Council resolution against Iran. Despite having an agreement within reach, Obama could not take "yes" for an answer.

Publicly, the Obama administration claimed that it refused to accept the revised TRR deal because it focused on removing 1,200 kilograms of enriched uranium from Iran. The U.S. now considered this an insufficient amount relative to Iran's stockpile

at the time, which exceeded 2,000 kilograms. The deal no longer addressed realities on the ground, argued senior Obama administration officials, having been “overcome by events.” Privately, senior officials conceded that Congress was coming at the administration like a steamroller on the Iran issue. They explain that making progress on the UN sanctions track was the only way at that point to push back against more counterproductive sanctions that were being demanded in the House and Senate.

Obama’s push for new UN sanctions had begun long before Turkey and Brazil offered to broker a revised version of the TRR deal. Negotiations between the U.S., Russia, and China stretched out for months before the Russians and Chinese extracted sufficient concessions in exchange for their support. Despite their best efforts, Erdoğan and Lula had little chance of securing concessions from Iran that the U.S. would have deemed acceptable.

As with Iran a year earlier in 2009, domestic political realities forced the U.S. to backtrack and prevented its top decision-maker from following through on a deal that he originally encouraged. The sense in the Obama administration was that any nuclear deal with Tehran, short of full Iranian capitulation, could only be sold domestically after a new round of sanctions. Yet, to date, this scenario has not played out in practice. Instead, it has emboldened Iranian hardliners, who have started responding in kind.

### **Round 3: January 2011**

The pattern of sporadic diplomacy continued into 2011, when Iran and the P5+1 agreed to meet in Istanbul after an eight-month hiatus. As Iranian officials prepared to meet their American, British, French, Russian, Chinese, and German counterparts, expectations were understandably low. Yet there was cautious optimism that a new venue in Istanbul—outside of the West, in Iran’s backyard—could produce tangible first steps. Instead, the talks took an unexpected turn for the worse as the Iranian delegation introduced two preconditions—the suspension of sanctions *and* acceptance of Iran’s right to enrichment—that proved to be non-starters for the P5+1.<sup>10</sup>

The hardening of Iran’s stance puzzled many U.S. officials who did not fully understand the political psychology behind Iran’s move. Contrary to the expectation that Tehran would be in a position of weakness heading into the talks, its conduct seemed to reveal that it perceived itself to be in a position of strength.

Over the weeks preceding the Istanbul talks, American and European officials made a concerted effort to shape both the narrative and terms of debate. Information divulged by diplomats to analysts and journalists sought to intimidate decision-makers in Tehran by serving as the basis for numerous press stories and analyses that painted a picture of an Islamic Republic besieged by subversion, sanctions, and isolation.<sup>11</sup>

Government officials across the Atlantic maintained that, while expectations for talks were low, they did not expect anything irregular from their Iranian interlocutors.

Iran responded in-kind by issuing the two preconditions that served as a de facto ultimatum. Tehran was well aware of the unlikelihood of the P5+1 suspending sanctions and acknowledging Iran's right to enrichment. But the strategic (and high-risk) move of laying down these prerequisites was meant to send a clear message: Iran will not yield to pressure or make tactical compromises, but it will enter strategic negotiations that address the concerns of both sides *and* define in advance the desired result.

By effectively declaring that it would not negotiate solely over its nuclear program, the Islamic Republic raised the stakes in a delicate and dangerous game of brinksmanship that has embroiled U.S.-Iran relations since 2002. With President Obama's dual-track strategy reaching a virtual deadlock, the Iranian government calculated that it stood a better chance of getting what it needed by escalating the conflict. Decision-makers in Tehran concluded that reaching a viable, strategic long-term solution required an interim worsening of the problem, so that policymakers in Washington could not ignore it or gloss over it with short-term tactics. The Islamic Republic played a risky game, but not one without strategy and logic.

Iran was—and today, still is—betting that the U.S. national security establishment will not favor another war in the Middle East, that it lacks viable options in its regime change policy, and will therefore eventually change its hostile posture towards Iran.

Sanctions—both UN Security Council measures and American-led “coordinated national measures”—hurt Iran's economic health writ large, yet decision-makers in Tehran have maintained their refusal to yield through pressure. After both sets of sanctions fell short in changing Iran's strategic calculus, the Islamic Republic viewed its position as strengthened, and its hardened stance put the ball back in the court of the P5+1.

Iran correctly calculated that Russia (and by extension, China) would not support additional UN Security Council sanctions in the short to medium term. Consequently, the U.S. strategy has focused on expanding “coordinated national measures.” Convincing an already hesitant set of allies with long-standing economic ties to Iran—Japan, South Korea, India, South Africa, and others—to sign onto another round of unilateral sanctions required the Obama administration to strike diplomatic quid pro quos and provide assurances to its allies that it would reinvigorate direct diplomacy with Iran.

Rising instability across the Middle East has increased Tehran's confidence in its regional strength. Decision-makers in Tehran pushed a public narrative that framed the Arab Spring as Islam/Iran-inspired.<sup>12</sup> Privately, they acknowledged a regional dynamic that is far more fluid than their public narrative suggested, but were confident nonetheless that the Arab Spring worked against a status-quo that had long favored U.S. interests. The Iranian government continues to see increased instability

throughout the region—save for Syria, where it has long been allied with the Bashar Al-Assad regime—as a way to deflect international pressure and exploit fissures within the international community. Iran’s hardened stance in Istanbul pointed to a set of decision-makers in Tehran who felt cautiously stronger on the international scene than the U.S.-led narrative of sanctions, cyber warfare, and secret assassinations suggested.

### **Disconnect in Moscow**

After talks collapsed in 2011, the cycle of mutual escalation continued unabated, culminating in U.S.-led sanctions on Iranian oil and financial transactions. Altogether this was estimated to cut Iran’s oil export revenues in half, and processing payments became costly and time-consuming.<sup>13</sup> Iran responded in kind by creating new facts on the ground with regard to its nuclear program and doubling down on its support for the Al-Assad government in Syria. Together, both the U.S. and Iran were playing an extremely dangerous game based on misperception. Each side seemed to be misreading the strength and resolve of the other. In this kind of game of chicken, small errors of judgment can result in military confrontation. And in game theory, the opponent that seems “irrational” or “crazy” can actually win. This misperception in Washington and Tehran heightened the danger to the degree that both sides recognized the need to let off some steam.

Against this backdrop, Iran and the P5+1 agreed to meet again in Istanbul. According to officials from both sides, mutual escalation sharpened the choices and focus of all parties at the negotiating table. Despite the bar being set very low for the talks, progress was made because all parties compromised: Iran dropped its preconditions for addressing the nuclear issue, and the U.S. agreed to resolve the nuclear issue within the framework of the Nuclear Non-Proliferation Treaty (NPT). By agreeing to a framework for negotiations—the principle of a step-by-step approach based on reciprocity—both sides were able to begin discussions for concrete steps toward a negotiated solution. And a subsequent meeting was scheduled in Baghdad.

Going into their second meeting of 2012, Iran and the P5+1 understood the parameters of what a confidence-building measure based on compromise would look like: Iran would accept limits on its enrichment of uranium in return for a relaxation or postponement of sanctions. Yet knowing what the contours of a deal look like, and having the political will to take the necessary risks for peace, are two very different things.

Both sides used their time in Baghdad to communicate directly and trade proposals. Despite high anticipation leading up to the negotiations, the P5+1’s maximalist position had been known for months: capping Iran’s uranium enrichment at the 5 percent level; shipping to a third-party country Iran’s stockpile of uranium enriched to higher levels; and scrapping its deeply buried uranium-enrichment facility.

Equally important but less clear was the P5+1 package of incentives that would reciprocate Iranian concessions. Its opening salvo surprised even the most ardent skeptics of the Islamic Republic: stringent demands to curb uranium enrichment but no sanctions relief. Instead, Iran was told the P5+1 would not consider easing sanctions even if Tehran shipped out its stockpile of uranium enriched to the 20 percent level. Unsurprisingly, the Iranian delegation deemed this proposal “outdated, not comprehensive, and unbalanced.”<sup>14</sup>

As a result, the focus shifted: negotiations became less about the U.S. knowing what Iran was capable of offering and more about Washington driving a hard bargain—or not having the necessary political space to reciprocate Iranian concessions. Based on the step-by-step principles of reciprocity that were agreed to during the prior round of talks in Istanbul, non-U.S. diplomats privately noted that Washington had moved the goalposts in Baghdad and put a diplomatic solution to the crisis at risk.

A disconnect remained between the two sides on what comprehensive, transparent, and practical steps should look like. From Tehran’s vantage point, if it agreed to walk back uranium enrichment, it wanted the West to walk back sanctions. European Union diplomats pointed out—correctly—that Iran was expected to relinquish its greatest strategic asset (its stockpile of enriched uranium) without receiving a strategic asset of equal value in return. Yet, both sides still had an interest in bridging the gap. Failing to do so on any level would force the talks to collapse and likely cause both sides to escalate toward the worst possible outcome. Hence, they agreed to another round of talks in Moscow, despite the gap in their positions.

Both sides entered negotiations with their maximalist positions, and neither budged. But, by returning to the negotiating table, they helped diplomacy become the sustained process it was always supposed to be, rather than mere one-off meetings. As both sides worked to find an agreement that could be sold to their respective domestic political constituencies, they agreed to continue talks at the working level before reconvening at the political level in Moscow.

There, however, things took a turn for the worse. Both sides walked away from the summit trying to figure out how to pick up the pieces after such a dangerous turn of events. To the credit of Washington and Tehran, their public-relations departments did a masterful job spinning just how badly the negotiations in Moscow had gone. Privately, however, officials from both sides conceded that a breakdown in the talks occurred largely because the United States moved the goalposts—again. And an honest assessment indicates that political factors drove Washington to back away from a deal. A senior U.S. official was candid in his description to me: “We’re simply too close to the November election. The president can’t take political risks that could open him up to charges of weakness on national security issues.”

While there is always concern about whether Tehran will live up to its end of a bargain, numerous P5+1 officials have acknowledged that the Iranians focused their bottom line on uranium enrichment at the 3.5 percent level and sanctions relief. Iran's enrichment of uranium to the 20 percent level; its corresponding stockpile; and its underground Fordo nuclear facility all are fair game for compromise—but for the right price. These will be key details in any round of talks going forward.

If there was a silver lining from the Moscow talks, it was the agreement to continue diplomacy at the technical level (rather than at the political level) through the end of 2012. Additional rounds of negotiations can help both sides continue to reacquaint themselves with one another after three decades of estrangement. But there is a downside: downgrading the level of talks further reduced the likelihood of an agreement, which already faces myriad obstacles. Nevertheless, continuing talks at a lower level is better than no talks at all.

The dustbin of history is littered with failed attempts by both sides to reach some sort of accommodation. In 2009, the Iranians balked. Today, it is the Obama administration that cannot take “yes” for an answer. Simply put, political considerations related to Israel and President Obama's reelection campaign have severely inhibited Washington's ability to engage in a real, step-by-step process based on reciprocity.

As a chronically reactive, authoritarian regime, the Islamic Republic will likely remain in wait-and-see mode until America takes what it perceives as tangible steps towards compromise. For its part, the Obama administration has likely calculated that, in order to achieve a breakthrough with Iran, there must first be a breakdown in the diplomatic process. Because multilateral talks have reached a deadlock, the United States perceives that it stands a better chance of getting what it really needs by escalating the conflict. This is a risky game to play but there is logic behind it.

Washington should be wary of overplaying its hand—something it often rightly accuses Tehran of doing. The U.S. should be realistic about the effectiveness of “crippling” sanctions—who is being crippled by these sanctions? Sanctioning Iran's oil and financial transactions undoubtedly has an effect but perhaps not on those in Iran whom the United States is seeking to influence. History repeatedly demonstrates that bending, and much less breaking, does not come easily to an immensely prideful, nationalistic country like Iran.

Indeed, Obama was caught on a live microphone explaining this dynamic to Russia's Dmitri Medvedev: “This is my last election... After my election I have more flexibility.” Obama said he needs “space” until after the November ballot, which will ostensibly increase his ability to compromise on contentious issues.<sup>15</sup>

In theory, this makes sense. But in practice, what's past is prologue. Yet, regardless of who is president, Congress will be no less destructive; Israel will be no less

obstinate; and there is always the need to protect the political party brand for the next round of elections.

### **Memo to the President**

Finding ways to communicate—let alone compromise—with the Iranian government over divisive issues has been a key U.S. goal since the outset of the Obama administration. The Iranian obstacles to successful diplomacy are well documented: authoritarian governance; warring political elites; and a disputed presidential election that shattered an already fragile semblance of regime unity.

President Obama's experience provides a glimpse of the equally important but less understood American obstacles to successful diplomacy with Iran. Despite the Obama administration's genuine interest in doing things creatively, its diplomatic strategy has been hostage to big picture policy and political constraints. From the outset, when potential concessions to offer Iran were discussed in 2009, the need to "inject a bit of realism" into policy recommendations was emphasized. In government-speak, this means recommendations must be politically tenable.

In addition to domestic political considerations *vis-à-vis* Congress, the Obama administration placed a premium on maintaining an international approach toward Iran with the EU, Russia, China, and Israel. Working closely with other members of the UN Security Council to engage Iran directly eased international concerns about U.S. intentions, signaled America's seriousness about reaching a diplomatic resolution, and strengthened the coalition over time. And this in turn was seen as preventing more violent actions by Israel.

For four years, the Obama team balanced foreign policy with a hostile Congress and its need to project strength on national security for reelection purposes. If its Iran policy at times seemed schizophrenic, that's because it was. Effectively, the administration's approach has been less to create political space for robust diplomacy and more to ensure that policy options fit within existing political realities. The paradox here is telling. Iran's domestic politics are often described as fractious, thereby rendering Iranian decision-makers unable to take "yes" for an answer. That may be the case—it was in 2009. But the same can be said of Washington as well.

There is only one way to break a thirty-four-year-old deadlock: break the rules. America and Iran must talk to each other and trade compromises of equal value in order to break down the hostility and misperceptions that paralyze relations. Only by taking risks for peace will leaders in Washington and Tehran have the necessary deliverables to beat back critics and spoilers. But how can they do this? Here are some recommendations for dealing with Iran in the next U.S. presidential term:

*Start Right Away.* The unfortunate reality is that there will never be a “right time” for America to push forward with Iran diplomacy in earnest. When Barack Obama entered the White House in 2009, a conscious decision was made to wait until after Iran’s June presidential election before beginning serious attempts at outreach. The predominant school of thought in the administration believed that Ahmadinejad was politically toxic in Washington and Tel Aviv, and starting serious outreach to the Iranian government could inadvertently boost his re-election bid. But the decision to wait cost Washington six valuable months of its self-imposed, one-year timetable for engagement with Iran. Then the post-election protests and human rights abuses in Iran made engagement impossible for an additional four to five months. Looking ahead, Washington should reinvigorate its diplomatic outreach to Iran as soon as possible following the November 2012 election. And yet risks remain by doing so—Iran’s presidential election, scheduled for June 2013, clouds the political picture in Tehran more than usual—but American (and Iranian) officials do not have the luxury of waiting until the end of 2013 if they are truly intent on doing all that is necessary to avoid a military confrontation.

*Discretion is the Better Part of Valor.* The majority of U.S.-Iran negotiations during Obama’s presidency have taken place in front of cameras or with journalists waiting outside the meeting room. Deconstructing an institutionalized enmity that has built up over three decades while constantly in the public eye is next to impossible. Decision-makers in Washington and Tehran that invest in the diplomatic process must simultaneously protect themselves politically from attacks at home. To maximize the chances for success, increasing the number of direct, senior-level meetings that are private if still a full-blown secret can help avoid many of the common pitfalls that media attention and political infighting bring.

*Talk to Everyone—Directly.* As the only permanent member of the UN Security Council that does not have a direct channel to Iran, the U.S. is at a significant disadvantage. Going forward, efforts should be made to quickly establish such a channel. And the belief that dialogue is only possible if a singular authentic channel to Iran is found must be discarded. Such a channel doesn’t exist. Rather, Washington should recognize that there are many power centers in Iran, all of which need to be included in the process. Just as no country expects to sign a significant deal with the United States without addressing the concerns of the White House, State Department, Pentagon, and Congress, no major decision is likely to be made in Iran unless a range of key stakeholders is brought into the discussion. This partly explains Turkey and Brazil’s success in getting Iran to agree to the U.S. modalities of the nuclear swap. Their

diplomacy with Iran was not focused on a single stakeholder in Tehran. Rather, these countries built confidence with and won support for their mediation from all relevant Iranian power centers. If direct engagement with the Iranian parliament, the supreme leader's office, and other political centers and factions isn't immediately possible, negotiators must be willing to give them time, so that these stakeholders' inclination to scuttle a deal that they were not a part of, is neutralized.<sup>16</sup>

*Stay the Course.* By now, Obama has likely realized what he should have known all along: diplomacy with Iran is hard, and it's going to get harder. Since Obama took office, the political space in Washington to pursue diplomacy with Iran has progressively shrunk. The next American administration must go into talks focused on the long-term benefits of engaging Iran. It also must be willing to make the political investment necessary to give the process a real chance to succeed. If the administration is going to retreat at the first sign of Iranian intransigence or congressional opposition—which are both probably inevitable—then it might be better not to embark on a new round of diplomacy at all.<sup>17</sup>

In 2008, Barack Obama was the only presidential candidate with the foresight and fortitude to openly acknowledge the need to engage America's adversaries diplomatically. Iran was at the top of his list. Four years later, the imperative has only grown, but the logic behind Obama's thinking has not changed: the U.S. has much to gain and little to lose by abandoning its policies of the past three decades—including the revised Bush policy that became Obama's policy—and instead beginning a real effort to establish working relations with Iran.

The enmity will not be undone over the course of a few meetings. Success will only come if diplomats place a premium on patience and long-term progress rather than quick fixes aimed at appeasing domestic political constituencies. Few argue against the need to try, and no realistic alternative better serves U.S. national security imperatives. Diplomacy with Iran is a marathon, not a sprint.

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