

Iranian Political and Nuclear Realities and U.S. Policy Options

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Mr. Chairman, Senator Lugar, and distinguished members of the committee:

Thank you very much for the opportunity to testify today. Given Iran's sizable influence on issues of critical importance to the United States—namely Iraq, Afghanistan, the Arab-Israeli conflict, terrorism, nuclear proliferation, and energy security—the longstanding Washington policy debate about whether or not to “engage” has been rendered obsolete. Continuing to shun Iran will not ameliorate any of the above challenges, and confronting Iran militarily will exacerbate all of them. The option we are left with is talking to Tehran.

Advocating dialogue is easy, but the devil is in the details. With whom in Iran should we talk? What should we talk about? How should we go about talking? When should we talk? I hope to address these questions today.

That Iran continues to be a primary national security concern is evidence of the failure of our steadfast attempts to alter Tehran's behavior by isolating it politically and economically. Thirty years after the 1979 revolution, Iran remains the State Department's “most active” state sponsor of terrorism, fervently opposes Israel's existence, defiantly moves forward with its nuclear ambitions, and continues to repress its own population. More than any previous U.S. president, George W. Bush redoubled efforts to counter Iranian regional influence and weaken its government. Yet Iran's international reach is greater today than ever, and Tehran's hard-liners are firmly in control.

In charting a new strategy, the Obama administration must first probe a seemingly simple but fundamental question: Why does Iran behave the way it does? Is Iranian foreign policy rooted in an immutable ideological opposition to the United States, or is it a reaction to punitive U.S. policies? Could a diplomatic U.S. approach beget a more conciliatory Iranian response? The only way to test these hypotheses is direct dialogue.

Engagement with the Iranian regime need not, and should not, come at the expense of the Iranian people. According to activists like Nobel Peace Laureate Shirin Ebadi, the United States can more effectively strengthen Iranian civil society and human rights with policies that allay Tehran's threat perception and facilitate, rather than impede, the country's reintegration into the global economy. To be sure, there are no quick fixes or panaceas. The Islamic Republic is not on the verge of collapse, and an abrupt political upheaval could well produce an even worse result. The only groups in Iran that are both organized and armed are the Islamic Revolutionary Guard Corps (IRGC) and the Bassij militia.

Our first steps vis-à-vis Iran are critical, for they will set the tenor for the next four years. While the nuclear dispute dominates the headlines, recent history has shown an approach that focuses primarily on punitive measures is the best guarantor of hostile Iranian policies aimed at counterbalancing the United States. What's needed is a comprehensive approach that aims to build confidence, moderate Iranian policies, and subtly create more fertile ground for political reform in Tehran, all at the same time.

I. Iranian Political and Nuclear Realities

Understanding Ayatollah Khamenei

American policymakers have often struggled to understand where and how power is wielded in Tehran, and for good reason. After the fall of the Shah in 1979, the father of the revolution, Ayatollah Khomeini, aimed to set up the nascent Islamic Republic's power structure in a way that would make it impervious to foreign influence. This meant creating multiple power centers whose competition would provide checks and balances to prevent one branch or individual from becoming too powerful and potentially susceptible to outside influence. The result has been frequent political paralysis, an inability to make big decisions, and a tendency to muddle along with entrenched policies.

It is within this context that Khomeini's successor, Supreme Leader Ayatollah Ali Khamenei, governs as the most powerful individual in a highly factionalized, autocratic regime. Khamenei may not make national decisions unilaterally, but neither can any major decisions be taken without his consent. He rules the country by consensus rather than decree, with his own survival and that of the theocratic system as his top priorities.

Despite the outsize attention paid to Iranian president Mahmoud Ahmadienjad, Khamenei's constitutional authority dwarfs that of the president. He controls the main levers of state, namely the judiciary, the military, and the media. His power base has expanded considerably over the last several years as the country's most important institutions—the elite Revolutionary Guards, Guardian Council, presidency, and parliament—are all currently led by individuals who were either directly appointed by Khamenei or remain unfailingly obsequious to him.

A careful reading of three decades worth of Khamenei's writings and speeches present arguably the most accurate reflection of Iranian domestic and foreign policy aims and actions. They reveal a resolute Leader with a remarkably consistent and coherent—though highly cynical and conspiratorial—world view. Four themes dominate his political discourse—*justice, independence, self-sufficiency, and Islamic piety*—and he interweaves them seamlessly: Islam embodies justice, independence requires self-sufficiency, and foreign powers are hostile to an independent, Islamic Iran. From Khamenei's perspective, Iran's enmity toward the United States and Israel as well as the rationale for its nuclear ambitions can be explained within this framework.

Despite his hostile rhetoric, Khamenei's 20-year track record depicts a risk-averse figure who has courted neither confrontation nor accommodation with the West. His distrust of the United States is profound, believing strongly that U.S. opposition to Iran is not motivated by Tehran's external behavior—its nuclear ambitions, opposition toward Israel, or support for Hezbollah—but because Iran's strategic location and energy resources are too valuable to the United States to be controlled by an independent-minded Islamic government. Washington's ultimate goal, Khamenei believes, is to restore the “patron-client” relationship with Tehran that existed under the Shah.

In this context, whether U.S. officials announce that they wish to isolate Iran or have a dialogue with it, Khamenei presumes nefarious intentions. He holds strongly that Tehran must not compromise in the face of U.S. pressure or intimidation, for it would project weakness and encourage even greater pressure:

“If the officials of a country get daunted by the bullying of the arrogant powers and, as a result, begin to retreat from their own principles and make concessions to those powers, these concessions will never come to an end! First, they will pressure you into recognizing such and such an illegitimate regime, then they will force you not to call your constitution Islamic! They will never stop obtaining concessions from you through pressure and intimidation, and you will be forced to retreat from your values and principles step by step! Indeed, the end to U.S. pressure and intimidation will only come when Iranian officials announce they are ready to compromise Islam and their popular government of the Islamic Republic, and the United States may bring to power in this country whoever it wants!”

Given that Khamenei perceives Washington to be hostile to the Islamic Republic’s very existence, challenging U.S. interests has become an important foreign policy priority for the Iranian government. This has motivated Tehran to seek out curious alliances with faraway countries, such as Venezuela and Belarus, and to offer support to groups with whom it has little in common apart from enmity toward the United States, such as the Sunni fundamentalist Taliban in Afghanistan (against whom Iran nearly went to war a decade ago).

Based on his reading of Washington’s Cold War policies, Khamenei’s primary concern with respect to the United States is not a military attack, but rather a political and cultural onslaught intended to create cleavages among the country’s political elites. This onslaught would spread “Western vice” and cultural influence to undermine the roots of Iran’s traditional society, create popular disillusionment with the Islamic system, and foment ethnic and sectarian unrest.

Notwithstanding Khamenei’s mistrust of the United States, the role of both ideology and political expediency are important to his anti-American worldview. A conciliatory approach toward the United States and a nonbelligerent approach toward Israel would be parting ways with two of the three ideological symbols of the Islamic Republic (the other being the mandatory *hejab* for women). For Khamenei, if the Islamic revolution was all about momentous change, the years since have been about maintaining the revolutionary status quo.

Nor is Khamenei’s rationale purely ideological; his writings and speeches suggest he agrees with myriad Iran scholars and analysts who argue that if Iran were to open up to the United States, it would spur major cultural, political, and economic reform. Given that Khamenei’s selection as Supreme Leader was based on his fealty to revolutionary ideals and the vision of Ayatollah Khomeini—whose political views crystallized in the 1970s during the time of the Shah—the chances of him being willing, or able, to reinvent himself at age 69 do not appear strong.

Nuclear politics

A strong consensus exists within the non-proliferation community that Tehran aspires for a nuclear weapons capability. What's less clear is the precise impetus for Iran's nuclear ambitions. Does Iran want a nuclear weapons capability to dominate the Middle East and threaten Israel? Or is Iran a misunderstood, vulnerable nation driven by a need to protect itself from unstable neighbors and a hostile U.S. government? Or could Tehran simply moving forward with its nuclear program to gain leverage with the United States?

The Iranian state limits the scope of the public nuclear debate in order to project an appearance of national unity. Talk of suspending uranium enrichment, or pursuing the development of nuclear weapons, is taboo. Instead, the debate permitted pits "moderates" who advocate confidence-building with the West in order to pursue a full fuel cycle against "hardliners" who favor continuing forward without delay or compromise in order to present Iran's nuclear capability as a *fait accompli*. Any debates which probe the efficacy of suspending uranium enrichment or building a nuclear bomb happen behind closed doors, among a small coterie of officials.

By all accounts Khamenei is the most influential figure in determining nuclear policy, and for the Leader the nuclear issue has come to symbolize the core themes of the revolution: the struggle for independence from unjust foreign powers, the necessity of self-sufficiency, and Islam's high esteem for the sciences. He has consistently and unequivocally stated that while Iran is opposed to nuclear weapons, it has no intention of forsaking its "inalienable" right to a full fuel cycle.

Khamenei's vision of an ideal Iran is a country that is scientifically and technologically advanced enough to be self-sufficient, self-sufficient enough to be economically independent, and economically independent enough to be politically independent. In this context, he believes that the United States is not opposed to Iran's nuclear ambitions because of the proliferation threat, but rather because of the potential independence and economic leverage that Iran would derive from it:

"[The United States] does not want an Islamic and independent country to achieve scientific progress and possess advanced technology in the Middle East region, a region which possesses most of the world's oil and which is one of the most sensitive regions in the world. They are worried about anything that can help the regional nations to achieve independence, self-reliance and self-sufficiency...They want Iran's energy to be always dependent on oil, since oil is vulnerable to the policies of world powers. They aim to control other nations with invisible ropes."

Despite UN Security Council resolutions, heightened sanctions, and military threats from the United States, Tehran's approach to the nuclear issue has remained defiant. According to Khamenei, this is a concerted strategy: "Rights cannot be achieved by entreating. If you supplicate, withdraw and show flexibility, arrogant powers will make their threat more serious."

For the last several years, soaring oil prices and an internationally unpopular Bush administration, together with U.S. difficulties and Iranian leverage in Iraq, have bolstered Iran's nuclear position. It remains to be seen how the contraction of oil prices, changed dynamics in Iraq, the global economic recession, and a diplomatic approach by the Obama administration may alter Iran's nuclear calculations.

The nuclear issue and popular opinion

As previously mentioned, Iran enjoys no open, honest debate about the nuclear issue. State-controlled media outlets—still the number one source of information for most Iranians— have been warned not to veer outside the framework of government-mandated talking points. The country's ruling elites have made a tremendous effort to appeal to Iranians' keen sense of nationalism, pointing out Western double standards, extolling the virtues of nuclear energy, and praising the country's scientists. Despite all of this, however, popular opinion regarding the nuclear issue is more nuanced than what the Iranian government would like the world to believe.

Certainly many Iranians, even those unsympathetic to the regime, support their country's nuclear ambitions for a variety of reasons: National pride; the belief that Iran needs to prepare for life after oil; the resentment of Western double standards which permit India, Pakistan, and Israel to have nuclear programs; and the perception that because Iran lives in a dangerous neighborhood, it needs not only a nuclear energy program but also a nuclear weapon.

What's questionable is how deep, informed, and widespread Iranian popular support for the nuclear program is. As the former *Economist* correspondent in Tehran best put it:

“It would be quite remarkable if a populace increasingly disengaged from politics were suddenly energized by something as arcane as nuclear fuel and its byproducts...For most Iranians, the price of food and the government's failure to lower it are more important [than the nuclear program].”

Some among Iran's political elite have conceded that nuclear pride has been manufactured by the government. In the words of Mohammed Atrianfar, a close advisor to former President Hashemi Rafsanjani:

“People have been hearing these things about having the right to have or to possess this [nuclear] capability. And, naturally, if you ask an Iranian whether [they] want this right or not, they would say they do want it. But if you ask, though, ‘What is nuclear energy?’ they might not be able to tell you what it is.”

After suffering 500,000 casualties in the horrendous war with Saddam Hussein's Iraq, few Iranians romanticize the idea of conflict or militarization. In a strikingly candid opinion piece in the *Financial Times*, former Iranian deputy foreign minister Abbas Maleki dismissed the notion that the nuclear program is driven by popular demand:

“Reports suggest that Tehran’s official joy over the nuclear breakthrough is shared by a large segment of Iranian society. Such reports should not be taken as evidence that the Iranian people share their government’s views, and should not be used as a pretext for using force against Iran’s population...The general public does not consider the nuclear issue to be of vital importance. Nuclear technology will do little for the average Iranian; it cannot create more jobs for a country that needs one million jobs annually, it cannot change the chronic low efficiency, productivity, and effectiveness of the economy and management, and it will do nothing to improve Iran’s commercial ties with the rest of the world.”

Public opinion is clearly an important component of Tehran’s nuclear strategy, and the government is capable of mobilizing large crowds in order to project an appearance of national unity. Up until now, popular opposition to the government’s nuclear posture has been negligible. This will likely remain the case as long as Iranians continue to perceive corruption and mismanagement—not an isolation-inducing foreign policy—to be the primary cause of domestic economic malaise. If and when domestic economic conditions deteriorate to such a degree that has a drastic impact on people’s daily lives, however, Ayatollah Khamenei may well decide to change course. When push comes to shove the paramount concern of the country’s theocratic elite is the regime’s survival, not its ideology.

II. U.S. Policy Options

While the primary focus of today’s hearings is Iran’s nuclear ambitions, it is important to understand that the nuclear issue is a symptom of the deep mistrust between Washington and Tehran, not the underlying cause of tension. Given that neither side trusts the other’s intentions, there are no technical solutions to this nuclear dispute, only political ones. If a resolution is to be found, it will require a broader diplomatic accommodation between Washington and Tehran, whereby the United States reaches a modus-vivendi with Iran, and Tehran ceases its hostile approach toward Israel.

Before any substantive discussions or negotiations take place, an initial meeting—held in private—simply reacquainting the U.S. government with the Iranian government is in order. Washington should make it clear to Tehran that the United States is genuinely interested in establishing a new tone and context for the relationship. To increase the likelihood of success in engaging with Iran, the Obama administration should adhere to seven prescriptions in framing a process of engagement. I briefly examine each, below:

1. Build confidence on issues of common interest

Once serious discussions commence, building confidence with Iran will be easier if efforts initially concentrate on areas of shared interest, such as Afghanistan and Iraq, rather than those of little or no common interest, such as the Israeli-Palestinian conflict and the nuclear issue. Constructive discussions in Kabul and Baghdad could have a positive spillover on the nuclear dispute. If Iran’s nuclear ambitions do indeed reflect a

sense of insecurity vis-à-vis the United States, building cooperation and goodwill in Iraq and Afghanistan could help to allay Tehran's threat perception and compel its leaders to reassess their nuclear approach.

2. Focus on Khamenei, not Ahmadinejad

Successful engagement with Iran will require a direct channel of communication with the Supreme Leader's office, such as former foreign minister Ali Akbar Velayati, one of Khamenei's chief foreign policy advisers. Khamenei must be convinced that Washington is prepared to recognize the legitimacy of the Islamic Republic and must be disabused of his conviction that U.S. policy aims to bring about regime change, not negotiate behavior change. He will never agree to any arrangement in which Iran is expected to publicly retreat or admit defeat; nor can he be forced to compromise through pressure alone. Besides the issue of saving face, he believes deeply that compromise in the face of pressure is counterproductive, because it projects weakness and only encourages greater pressure.

After three decades of being immersed in a "death to America" culture, it may not be possible for Khamenei to reorient himself. But if there's one thing that is tried and true, it's that an engagement approach toward Iran that aims to ignore, bypass or undermine Khamenei is guaranteed to fail.

3. Begin cautiously

Notwithstanding private, introductory discussions, as well as Ambassadorial-level meetings in Kabul and Baghdad, we should refrain from making any grand overtures to Tehran that could redeem Mahmoud Ahmadinejad's leadership style and increase his popularity ahead of the country's June 2009 presidential elections. Since assuming office in August 2005, Ahmadinejad has used his influence to amplify objectionable Iranian foreign practices while curtailing domestic political and social freedoms and flagrantly disregarding human rights; his continued presence could serve as an insurmountable obstacle to confidence building with the United States.

Though they are not totally free or fair, Iranian elections are notoriously unpredictable. Just as Ahmadinejad's 2005 election shocked seasoned observers, given his considerable mismanagement of the economy, his defeat in 2009 is certainly a possibility. As such, it is better for Washington to begin cautiously until Iran's domestic situation becomes clearer.

Such an approach should not, and need not, be interpreted by Tehran as a U.S. effort to "game" Iran's presidential elections. To be clear, Washington should refrain from commenting on the Iranian campaign, and should certainly refrain from expressing a preference for any particular candidate.

4. Speak softly

While threatening violence against Iran has become a way for U.S. politicians to appear tough on national security, such rhetoric has empowered Tehran's hard-liners and enhanced Iran's stature on the streets of Cairo, Ramallah and Jakarta as the Muslim world's only brave, anti-imperialist nation that speaks truth to power. Additionally, when oil prices jump with each threat against Iran, Iran's nuclear program and its financial patronage of Hezbollah and Hamas become more affordable.

While the Iranian government is certainly complicit in engaging in bellicose rhetoric, the United States should not take its behavioral cues from an insecure, repressive and undemocratic regime. Instead of reciprocating threats and name calling, the Obama administration should project the dignity and poise of a superpower. A hostile rhetorical line allows Iran's leadership to paint the United States as an aggressor—both internationally and domestically.

5. Don't let the spoilers set the tenor

Small but powerful cliques—both within Iran and among Iran's Arab allies—have entrenched economic and political interests in preventing U.S.-Iranian reconciliation. Within Iran these actors—including powerful septuagenarian clergymen and nouveau riche Revolutionary Guardsmen—recognize that improved ties with Washington would induce political and economic reforms and competition and undermine the quasi-monopolies they enjoy in isolation. Among Iran's Arab allies such as Hezbollah and Hamas, the prospect of U.S.-Iranian accommodation could mean an end to their primary source of funding.

For this reason, when and if a serious dialogue commences, the spoilers will likely attempt to torpedo it. Their tactics will vary. They may commit gratuitous human rights abuses (such as the recent imprisonment of my friend Roxana Saberi, an Iranian-American journalist), issue belligerent rhetoric, or target U.S. soldiers and interests in Iraq or Afghanistan. Though staying the course in tough diplomacy with Iran will require heavy expenditures of both personal leadership and political capital, if Washington pulls back from confidence building with Tehran in retaliation for an egregious act committed by the spoilers, they will have achieved their goal.

6. Maintain an international approach

Tehran is highly adept at identifying and exploiting rifts in the international community, and diplomatic efforts to check Iran's nuclear ambitions will unravel if key countries approach Iran with competing redlines. A common approach by the European Union and the United States is absolutely imperative.

Uniting China and Russia behind the U.S. position will prove more difficult given divergent national interests, though Moscow certainly has an interest in avoiding a nuclear-armed Iran within missile range. A more robust U.S. effort at direct dialogue with Tehran will send the signal to Brussels, Moscow and Beijing that Washington is serious

about reaching a diplomatic resolution to this dispute, which should strengthen the health of the coalition.

7. Be Discreet

When it comes to U.S.–Iranian interaction, the record shows that “secret” or “private” discussions out of public earshot have a greater success rate. Building confidence in the public realm will be difficult, as politicians on both sides will likely feel the need to use harsh rhetoric to maintain appearances. Moreover, the likelihood that spoilers can torpedo the process either through words or actions is more limited if they do not know what is going on.

Recognizing that its regional influence derives in large measure from its defiance of the United States, Iran would likely prefer not to publicly advertise its discussions with the United States unless or until real progress has been made. Discreet discussions are also a more effective forum for Washington to raise concerns over Iranian human rights abuses, as public criticism has done little to improve Iran’s record over the last three decades.

III. What’s realistic?

Given three decades of compounded mistrust and ill will, the results of any process of U.S.-Iran engagement will not be quick, and antagonism will not melt away after one, two, or perhaps even many meetings. While the initial pace will likely be painfully slow—as each side assesses whether the other truly has good intentions—no realistic alternative would serve U.S. national security imperatives on issues ranging from Iraq, Afghanistan, nuclear proliferation, energy security and terrorism.

Mindful of the potentially enormous implications that a changed relationship with Washington would have for the Islamic Republic’s future, however, there are a variety of reasons why even a sincere, sustained U.S. attempt at dialogue may not initially bear fruit:

- Historically, the Islamic Republic has tended to make difficult decisions only under duress. Iran’s overconfident hardliners may not currently feel compelled to make any compromises;
- Paralyzed by the competing ambitions of various factions and institutions, the Islamic Republic may prove incapable of reaching an internal consensus, falling back on long-entrenched policies;
- If it remains unconvinced of U.S. intentions, the Iranian regime may shun increased ties with Washington, believing the overture to be a Trojan horse for a counter-revolution;
- Fearful of the unpredictable domestic change which an opening with the United States might catalyze, Iran’s leadership may well perceive reconciliation with Washington as an existential threat.

None of these, however, are arguments against engagement. On the contrary, an outright rejection of a U.S. overture would prove costly for Iran's leadership. Behind the scenes, a sizable portion of the country's political and military elite recognizes that the "death to America" culture of 1979 is obsolete today. Together with Iran's disillusioned population, they know the country will never be able to fulfill its enormous potential as long as its relationship with the United States remains adversarial.

During the Bush administration, many Iranians came to believe it was the United States, not Iran, which opposed an improvement in relations. When and if it becomes evident that a small clique of hard-liners in Tehran is the chief impediment, internal political and popular opposition could build and potentially large, unpredictable cleavages could be created within the Iranian political system. In essence, the Obama administration may well face the unique challenge of simultaneously creating unity in the United States and divisions in Iran.