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***Diplomacy and Security in the 21st Century***

## **Iran: The Struggle for Domestic Consensus**

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The fourth and final meeting of the Study Group on Security and Diplomacy, held on May 12, 2008, focused on U.S. efforts to persuade Iran to abandon its quest to develop nuclear enrichment capabilities outside of international safeguards. The series of ISD meetings held throughout the course of 2007–2008 examined the role that the intelligence and policy communities have played in supporting diplomatic efforts to mitigate threats to U.S. national security posed by nuclear proliferation. Previous case studies included North Korea, South Asia, and Libya (see the full reports on the ISD website). The meeting featured several speakers and commentators who had extensive experience in the formulation of non-proliferation policy toward Iran during the Clinton and Bush II administrations, as well as several senior intelligence officials who currently serve as specialists on Iran's nuclear programs.

The meeting began with opening remarks from the Ambassador Robert Gallucci, former chief negotiator for North Korea during the Clinton Administration, followed by an overview of US-Iranian nuclear diplomacy given by former NSC senior director for Middle East Affairs (2002–2003) for President George W. Bush, Flynt Leverett. Additional commentators included Paul Pillar, a counterterrorism expert and former National Intelligence Officer for the Near East and South Asia at the Central Intelligence Agency who is currently a professor at Georgetown University and Alexander Lennon, Editor-in-Chief of the *Washington Quarterly*. Two senior Iran specialists currently serving

in the intelligence community (who prefer not to be identified) provided detailed insights about Iran’s nuclear program, the regime’s strategic ambitions, and the ongoing debate among intelligence and policy officials about how best to manage the security challenges posed by the prospects of a nuclear-armed Iran.

The failed efforts by the United States and other NPT powers to dissuade Iran from continuing its uranium enrichment efforts, currently estimated to give Iran the prospective ability to produce nuclear *weapons* by 2010–2015, illustrate the complex and seemingly intractable challenges posed by a nation that seems intent on disregarding international norms. Efforts by the United Nations since the early 1990s to use sanctions against Iran to enforce Iran’s compliance with international standards, along with a decade or more of unilateral U.S. sanctions aimed at stopping Iranian nuclear developments, seem to have had little impact on the Iranian regime’s determination to press ahead. The regime repeatedly asserts its sovereign right to invest in its “energy program.” The claim that steps can be taken to preclude Iran from developing nuclear weapons is highly controversial. Worse, the nature of Iran’s current program cannot be verified unless Iran agrees to disclose its activities under intrusive international inspections.

There is probably even less consensus among American policy-makers and intelligence experts about the nature of Iran’s nuclear ambitions than for any other proliferating country—including North Korea. Drawing reliable conclusions about Iranian nuclear ambitions is fraught with uncertainty for American policy and intelligence analysts. This is true in part because the United States has such limited contact with or understanding of Iranian leaders. In addition, it appears that the views of Iranian leaders themselves about the country’s long-term nuclear objectives seem to still be evolving and are not unified. In the charged U.S. domestic political discourse about Iran, moreover, the high level of uncertainty about the regime’s strategic objectives has meant that intelligence about Iran’s nuclear activities is subject to controversy from the point of view of its reliability and its interpretation among intelligence and policy officials—to say nothing of the Congress and private experts.

The American debate about the appropriate mix of instruments needed to contain Iranian nuclear ambitions engenders even more pointed arguments. Advocates of hard-line strategies to halt Iran’s nuclear efforts, including harsh sanctions, clandestine operations, and overt targeting suspect installations with air strikes, express open disdain for those who suggest that bellicose policies may damage prospects for disarmament by playing into the hands of hard-liners in Tehran, who themselves oppose all conciliation. Offers for negotiations or other kinds of political or economic inducements, according to critics, allow Iran to stall for time while it presses ahead with its clandestine nuclear developments. While many private experts have advocated strategies that offer a balanced mix of carrots and sticks (such options are now discussed widely), they have not been

endorsed at an official level, U.S.-Iranian relations have remained in stalemate for the better part of three decades.

The Study Group took up the case of Iran at a time when the domestic American debate about Iranian nuclear developments was especially heated. During the Bush administration, tensions were rising over Iran's resistance to international pressures to halt its enrichment program and allow international inspectors full access to suspect sites. This escalation continued over the course of the Bush administration, prompting widespread speculation that either the U.S. or Israel was planning to attack Iran militarily. Amidst rumors of imminent air strikes, the intelligence community at the direction of the president and after key element of the assessment had been leaked to the media released a declassified portion of its 2007 National Intelligence Estimate on Iran in which it stated that new intelligence revealed with "high confidence" that the regime had decided to halt its nuclear weapons program several years before, in the fall of 2003. This assessment generated instant and widespread controversy, both nationally and internationally. The estimate did not alter a previous intelligence finding that Iran could develop nuclear weapons over the 2010–2015 timeframe—based on the IC's assessment that continued investment in enrichment capabilities could accord Iran with a latent capability to "break out" of the NPT by 2010–2015. But this part of the NIE was not what galvanized media and public attention nor did it ameliorate the bitter accusations among critics that the intelligence community had nefarious political motives.

## **SUMMARY OF KEY THEMES IN THE STUDY GROUP DISCUSSION**

The Study Group discussed the complex challenges that Iran has posed for American non-proliferation decision-making, intelligence gathering and analysis, policy formulation, political discourse (domestically and with allies), and for US relations with other countries in the region. The following report is a summary of this discussion. It begins with a brief historical overview of national and international efforts to date to persuade Iran to comply with international non-proliferation during the last two administrations. The rest of the report addresses each of the questions that we have posed in the other three case studies, concluding with a net assessment of the general lessons learned. As has been the case in each of the three prior meetings, the following set of questions guided the discussion.

1. **The Decision-Making Process:** How have U.S. government decision-making processes been organized during the different phases of efforts to stem the Iranian nuclear program (e.g., what has been the prevailing perception of the threat, where have the primary responsibility for policy design and implementa-

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tion resided, is there a clear strategy and set of objectives, has there been unity or discord among agencies)?

**2. Intelligence:** What kind of intelligence/information have U.S. policy makers had available to them on Iran at different stages of their efforts to stop the development of the WMD programs? (Ranging from technical information about the status of the nuclear program, intentions of the regime, to an understanding of the regime's motivations or potential receptivity to alternate instruments of dissuasion.)

**3. Policy Tools:** What have been the tools and options available and/or considered to address challenges stemming from Iran? Which have been selected or rejected at different times, why and to what effect?

**4. Quality of Discourse:** Has there been wide ranging and high quality discourse among policy makers, regional experts, diplomats and intelligence officers on Iran? What has been the influence of competing security priorities and other domestic factors?

**5. Regional Implications:** To what extent have regional dynamics been important and taken into account in formulating strategy toward Iran? How did this affect the role of the U.S.?

**6. Net Assessment:** How well did the choices of policies and the overall strategy succeed or fail in achieving U.S. objectives and why?

## SUMMARY OF FINDINGS

### *The Decision Making Process*

- ◆ Reflecting the general U.S. position that Iran is a hard line adversary whose interests are antithetical to those of the U.S., neither the Clinton nor the Bush administration established special arrangements to manage the U.S.-Iranian relationship in ways that would seek to devise new approaches to enhance U.S. influence over Iran's nuclear ambitions.

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- ◆ This case demonstrates that a decision-making process that relies on previously established convictions about an antagonist's (Iran's) motives will, by its very nature, narrow the quality and range of policy options available. In this case, the harsh opposition to Iran that prevailed in US domestic political views would more than likely have precluded any significant efforts to consider accommodation with Iran in a way that might have advanced the administrations' non-proliferation goals. The idea of a mutual nonaggression pledge, for example, would have been ruled out without serious consideration—even if diplomatic experts believed this to be an essential step to achieve higher objectives.
- ◆ The Bush Administration correctly identified Iran's nuclear weapons program and its potential to transfer fissile material to extremist groups as a serious and unacceptable long term threat to U.S. and global security interests. However, the White House exacerbated the threat posed by Iran in the president's State of the Union speech by designating Iran as part of the "Axis of Evil" in 2002. This example highlights the costs of undisciplined or bellicose rhetoric, which, though perhaps designed to appeal to a domestic audience, plays into the hands of U.S. opponents in Tehran, undercuts US diplomatic credibility, and can leave it isolated from its principal allies.
- ◆ Bureaucratic and ideological conflicts among policy-makers about how to manage the U.S. relationship with Iran, made it difficult to develop any coherent policy. More specifically, it is apparent that factions among even the most senior appointees in the Bush administration impeded the ability to reach agreement about Iranian policy or ultimately to devise a coherent and sustainable strategy to try to slow Tehran's nuclear initiatives.

*Quality of Intelligence*

The United States has access to good technical intelligence about Iran's nuclear developments but even today has insufficient human intelligence resources to reach reliable judgments about the regime's intentions with respect to these efforts.

- ◆ One of the key questions that has yet to be answered reliably is whether or not Iran is fundamentally a "rational actor" whose government could be expected to adhere to international norms and whose military actions would conform to predictable codes of conduct (such as deterrence). Alternatively, is it more accurate to portray Iran as a heterogeneous regime containing rogue elements that might collaborate with terrorist groups by transferring fissile materials or even nuclear weapons to them, posing grave threats to the international system.

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- ◆ The controversy over the declassified portions of the 2007 National Intelligence Estimate that announced with high confidence that Iran had halted its nuclear weapons program in the fall of 2003 provoked accusations from critics that the IC had politicized its intelligence estimates. Though this was largely overlooked, the NIE did not dispute a previous finding that Iranian enrichment efforts could lead to a nuclear weapons capability by 2010–2015.
- ◆ The lack of sustained U.S. engagement with Iran for the past 30 years means that the expertise available to the U.S. government is not adequate to make reliable judgments about Iranian objectives, decision-making or strategic goals. This weakness in US intelligence and policy-making adversely affects all aspects of US relations towards Iran and the region as a whole. It also fuels protracted, internecine disputes inside the US government and between the US and its allies, undercutting prospects for reaching American consensus about creative ways to break the policy stalemate towards this key country.
- ◆ This lack of engagement and its consequent limit on our access to intelligence on Iran's intentions is perhaps the single most cogent argument for re-engaging Iran diplomatically.
- ◆ The attempt by Iran to engage the U.S. via the Swiss Embassy in Washington on the eve of the U.S. invasion of Iraq was either ignored or rebuffed, in part because of this policy of non-engagement.

*Policy Tools*

The United States was willing to use a range of foreign policy tools to get Libya to agree to relinquish its nuclear program—including diplomacy, sanctions, interdiction of illicit cargo, the threat of or actual use of force, and intelligence. The U.S. has tried to wield various coercive measures against Iran to induce changes in its behavior but has failed to consider efforts to persuade leaders in Tehran to move in a more positive direction.

- ◆ The historic US antipathy towards Iran has prevented any kind of meaningful engagement with this important power. Without it, there is no basis to demonstrate to non-fanatical Iranian leaders or to the population at large that nuclear restraint and adherence to international norms would be advantageous to its national interests. There are important messages that are not being conveyed to the Iranians that could help to reduce the influence of Iran's major supporters of nuclear weapons (the Mullahs)—for example, that nuclear weapons are not the guarantor of security, especially given Iran's proximity to unfriendly countries,

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including Israel; or that Libya, in renouncing its nuclear programs, has derived enormous benefits from doing so.

- ◆ Although necessary in the absence of better instruments, sanctions against Iran have proven ineffectual in achieving progress towards halting Iran's uranium enrichment. The failure of a strategy that relies entirely on coercive instruments is compounded by the lack of credible US military options against Iran, that the U.S. military could sustain, that Western/Gulf allies would support, or that could be shown to be politically advantageous to the U.S.
- ◆ Broad bilateral diplomacy to address outstanding grievances between the two countries should form an integral part of America's Iran strategy. The US hard line prevents the US from participating meaningfully in—let alone helping—key multilateral institutions like the IAEA to enforce the verification agreements needed to keep Iran from breaking out of current constraints.
- ◆ There is no quick fix. Renewed attention to and endorsement of multilateral diplomacy, backed up with credible sanctions that other countries will support and that can be enforced, remain the only practical way to try to appeal to the self-interest of the Iranian regime and, ultimately, to resolve the Iranian nuclear dilemma.

*Quality of Discourse*

The discourse about US-Iranian relations inside the US government is fractured, contentious, and shallow—particularly between the intelligence community and senior Bush advisors. The flow of impartial and informed intelligence and professional discourse to inform US policy makers about Iranian realities is almost non-existent. Such discourse is paralyzed by ideological biases and suspicions about the motives of individuals who may not conform to the opinions held by senior Bush appointees.

- ◆ Effective discourse is hindered by the intelligence community's high degree of reliance on nuance and inference to reach judgments about Iran. Analysts have to survive in an environment in which policy-makers, anxious to avoid the controversies and finger pointing that erupted over Iraq, impose what are often unreasonable demands for precise, infallible analytical judgments.
- ◆ The infusion of domestic political biases about Iran into policy and even intelligence discussions has made it close to impossible to explore alternative interpretations of Iranian actions. Such polarization has also made it difficult to consider

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new and more forward looking strategies to engage Iran—often for fear that the privacy of these discussions might be compromised via deliberate leaks to interest groups that are known to oppose any accommodation with Iran.

***Regional Dynamics***

- ◆ Iran proved that it was willing to cooperate with the United States when it was in its strategic interest to do so, including in Afghanistan in the early 2000s. As noted earlier, Iran’s offer of dialogue with the US on regional security issues after the successful push of US forces to Baghdad was either ignored or spurned. With more careful management, appeals to Iran’s self interest might have elicited more enduring support for US objectives in the region.
- ◆ While a successful Iranian nuclear program is thought by some to add to incentives among Arab countries to try to obtain their own nuclear weapons, powerful states in the region—including Saudi Arabia and Egypt were thought by some in the group to be lacking the short-term political, technical and economic resources to do so, even if it had the incentives.

***Net Assessment***

The working group gave the US low marks for an “incoherent” policy towards Iran, particularly under the Bush administration. US military intervention in the region has inadvertently strengthened Iran by weakening its rivals in Iraq and Afghanistan, exactly the opposite outcome that the US would have sought had it been adhering to a deliberate and carefully conceived strategy.

- ◆ The administration’s inability to find any commonality in the bilateral relationship, moreover, has encouraged the perception of the US as an aggressor country, a view that is promoted by hard liners in Tehran to sustain their power and prevent accommodation with secular powers.
- ◆ This policy stalemate has increased America’s vulnerability in the region. It intensifies the complexity of enmities the US has to confront not just in the region but around the world, denies the US the benefits of access to critical resources and trading opportunities with this strategically located country, and, in the end, vitiates the ability of the US to exert any influence over Iran’s nuclear ambitions.

## BACKGROUND

### *The Clinton Years*

#### **Dual Containment and Unilateral Sanctions (1993–97)**

The Clinton administration began its tenure with a policy review about Iran in which the State and Defense Departments overruled Commerce’s interest in lifting export controls on civilian aircraft and other nonmilitary goods.<sup>1</sup> The review concluded that attempts by the previous administration to reach out to Iran to address terrorism, proliferation, and the Arab-Israeli peace process had not only been rebuffed, but had also somehow enhanced animosity toward the United States. As a result, a policy of “dual containment” toward both Iran and Iraq was outlined in May 1993.

American pressure on Iran was stepped up two years later. Whether because of Israeli pressure or other interests, Congress, led by Senator Alfonse D’Amato (R-NY), introduced a bill in January 1995 to ban all U.S. trade with Iran. Sensing the rising tide of opposition in the United States, then Iranian president Hashemi Rafsanjani orchestrated a deal with the U.S. company, Conoco, to develop two Iranian oil and gas fields as a gesture of goodwill.<sup>2</sup> But the gesture backfired, provoking the administration to enforce dual containment by issuing an executive order in March 1995 prohibiting U.S. companies and their subsidiaries from investing in the Iranian energy sector. That was followed in May by a broader executive order cutting off all U.S. trade and investment with Iran. The oil contract subsequently went to the French company, Total. Congress introduced in June, and the administration signed in August, the Iran-Libya Sanctions Act, or ILSA, threatening to impose “secondary” sanctions on any foreign corporation investing more than \$40 million in Iran’s oil industry. The administration’s efforts to get international participation in dual containment met with mixed results, successfully pressuring Germany to abandon its development of two light-water reactors for Iran at Bushehr. Russia stepped in to take over the contract, a move that would remain a persistent source of tension with the United States.<sup>3</sup>

In June 1996, the Khobar Towers U.S. Air Force barracks in Saudi Arabia were bombed in a terrorist attack, killing nineteen American military personnel. Although it proved very difficult to obtain evidence and cooperation from the Saudi government, an Iranian-backed group was suspected of the bombings.<sup>4</sup>

#### **Khatami’s Victory (1997–2001)**

In May 1997, the reformer Mohammed Khatami surprised everyone by winning the Iranian presidential election. Although the Clinton administration attempted to subtly gesture goodwill toward the newly empowered Iranian reformists, such signals were con-

strained by a coalition that included the Republican-led Congress that remained committed to dual containment.<sup>5</sup> Behind the scenes, the administration also tried to reach out to Iran, initially sending a message through the Swiss ambassador to Tehran, which received no reply. Later, in May 1998, Vice President Gore relayed a proposal through Saudi crown prince (and acting ruler) Abdullah from President Clinton proposing a direct dialogue with Khatami, which also received no reply.

While U.S. officials were growing frustrated at the lack of responses from Iran, Tehran reportedly was looking for more dramatic steps, like ending sanctions on oil investments or unfreezing Iranian assets in the United States. Further complicating the issue, Khatami was having domestic troubles of his own, waging a fierce internal battle against hard-liners, culminating in a July 1999 riot of over 10,000 students in Tehran.

In a further attempt to re-open relations, Secretary Albright gave a speech in March 2000 in which she expressed regrets for America's role in overthrowing Mossadeq in 1953, as well as for U.S. policy that tilted towards Iraq during the Iran-Iraq war. The speech also announced the decision to loosen trade restrictions with Iran—lifting the U.S. ban on Iran's most lucrative non-oil exports, including carpets, pistachios, and caviar. Despite this conciliatory tone, Albright reaffirmed long standing American opposition to Iran's authoritarian rule, stating that "control over the military, judiciary, courts, and police remains in unelected hands." In the end, Tehran's reaction was distracted by the phrase about "unelected hands"—and some analysts have blamed the failure of the U.S. initiative on this "gratuitous" reference to Iran's authoritarianism.<sup>6</sup> Not everyone agrees, however. Ken Pollack, for one, claims that the Iranian rejection of the overture simply demonstrated that "the Iranians were not ready" to improve relations at that time.<sup>7</sup>

The lack of understanding or domestic consensus about Iranian intentions is a persistent dilemma for the United States whenever it tries to adapt policies that might appeal more to Iran's rulers—whether aimed at influencing their nuclear ambitions or another aspect of Iranian interest. The lack of reliable intelligence about the regime, as has persisted for so many years, which has hindered progress in virtually all areas of the bilateral relationship.

### ***The George W. Bush Administration***

#### **Cooperation in Afghanistan (2001–03)**

Several commentators depicted policy towards Iran during the earliest days of the George W. Bush administration as fragile and fractious, dominated by a divisive domestic decision-making process among the president's most senior advisors. The vice president's office and the Secretary of Defense, on the one hand, were wholly opposed to

engagement with Iran. The State Department, on the other hand, believed that Iran should be accorded a higher priority than many other contentious issues, including North Korea, Iraq, and the Arab-Israeli dispute.<sup>8</sup> As was the case for so many areas of the Bush administration's policy agendas, the September 11 terrorist attacks pushed Iran down the list of priorities—certainly foreclosing the prospects for any kind of major demarches, although the crisis did provide one significant possibility. Shortly after 9/11, Tehran offered to assist the Americans in ousting the Taliban from Afghanistan. Iran subsequently provided intelligence, agreed to rescue U.S. pilots in distress, allowed U.S. supplies to be transported through its territory into Afghanistan, and played a constructive role in talks on a successor Afghan government. The period of U.S. cooperation with Iran did not last long, however.

In January 2002, Israel intercepted the *Karine-A*, a ship loaded with 50 tons of arms, including Katyusha rockets, bound for the Palestinian territories. U.S. and Israeli intelligence concluded that the weapons had been purchased from Iran. *Subsequently it appears that the shipment may have been orchestrated by the Revolutionary Guards without the Foreign Ministry's knowledge.*<sup>9</sup> The incident led Washington to conclude that whatever signs of moderation one might have drawn from recent Iranian behavior—the election of Khatami or cooperation after the September 11 attacks—nothing in Iran had fundamentally changed.<sup>10</sup>

In his 2002 State of the Union address, President Bush lumped Iran into the “axis of evil”, alongside Iraq and North Korea. The possibility of a U.S.-Iran rapprochement became even more unlikely after the administration's July policy review reportedly concluded that Khatami and his supporters “are too weak, ineffective and not serious about delivering on their promises.”<sup>11</sup>

Bush's Iran policy focus shifted dramatically when, in August 2002, the National Council of Resistance of Iran (NCRI) publicly revealed two uranium enrichment plants at Natanz and a heavy-reactor building site at Arak.<sup>12</sup> Three years of subsequent IAEA inspections highlighted additional evidence detailing what the Western intelligence community reportedly already knew.<sup>13</sup> As the United States approached the March 2003 initiation of the war to depose Saddam Hussein, the National Intelligence Council warned the administration that if it pursued regime change in Iraq, the Iranian regime “would probably judge that their best option would be to acquire nuclear weapons as fast as possible.”<sup>14</sup>

On May 4, 2003, a wide-ranging proposal to the United States, drafted by the Iranian ambassador to France in consultation with the Swiss ambassador to Iran (who represented U.S. interests in Tehran) was faxed from the Swiss embassy in Tehran to its embassy in Washington and hand-delivered by the Swiss to the State Department.<sup>15</sup> The proposal outlined a “grand bargain,” addressing U.S. concerns over proliferation and terrorism,

postwar Iraq, and the Israeli-Palestinian issue in return for recognition of Tehran's "legitimate security interests in the region," a security assurance, dropping "regime change" from U.S. statements, and lifting U.S. economic sanctions.<sup>16</sup> This possible opening was shut down later that month, however, when the Bush administration charged that Al Qaeda operatives based in Iran had been involved in three truck bombings in Riyadh on May 12 which had killed 34 people, including seven Americans.

The administration subsequently decided not to respond to the Iranian proposal and cancelled a meeting on Afghanistan in Geneva, which did not meet subsequently.<sup>17</sup> National Security Adviser Rice subsequently told Congress that she did not recall having ever seen the proposal. Other U.S. officials later stated that it was not clear whether the proposal had the support of the full Iranian government, and that the Riyadh bombings appeared to demonstrate that Iran was not genuinely interested in changing its behavior. Even if the Iranian proposal was genuine, the divisions within the Bush administration between the Vice President's office and the State Department would have prevented any consensus on how to respond.<sup>18</sup>

### **E-3 Negotiations (2003–06)**

By June 2003, IAEA inspections to follow up on the NCRI declaration had hit a dead end, with a June 19 report declaring that "Iran has failed to meet its obligations under its [NPT] Safeguard Agreement." The United Kingdom, France, and Germany, partly motivated by a desire to avoid another regional war and prove that negotiations might work, initiated talks with Tehran.<sup>19</sup> As a result, Iran agreed to suspend its uranium enrichment program and sign the Additional Protocol to its NPT safeguards agreement.<sup>20</sup> International fears over Iran's nuclear program intensified in November 2004, when a declassified version of a CIA report to Congress, which was posted on the agency's website, stated that the A.Q. Khan network provided "significant assistance" to Iran's nuclear program, including designs for "advanced and efficient" weapons components.

By March 2005, soon after National Security Adviser Rice was appointed Secretary of State, the United States agreed to support (but not join) the European negotiations by committing to allow Tehran to purchase spare parts for its aging aircraft and accelerating Iran's induction into the World Trade Organization (WTO).

The nuclear negotiations took a drastic turn in June 2005 when Mahmoud Ahmadinejad was elected president. In August, the Europeans presented an offer, which they had delayed for the elections partially in the hope that Rafsanjani would win, offering five years of fuel for the now nearly-completed Bushehr reactor; other trade concessions; and a "higher state" of relations with the EU in exchange for Iran not pursuing its nuclear fuel program for ten years.<sup>21</sup> Iran did not accept. That same month, the U.S.

intelligence community finished its first NIE since 2001, concluding that, while Tehran was “determined to build nuclear weapons,” it was not expected to be successful for about ten years, or double the previous estimates of five years.<sup>22</sup>

### **Multilateral Sanctions and the NIE (2006–08)**

In January 2006, Iran ordered the IAEA to remove the seals from its facility at Natanz and declared its intention to resume enrichment. On February 4, the IAEA board—with votes of support from Russia, China, and India with only Cuba, Syria, and Venezuela supporting Iran—responded by referring the Iran case to the UN Security Council. Iran was apparently surprised at the depth of international support for the vote,<sup>23</sup> but nevertheless responded two days later by suspending its compliance with the Additional Protocol.<sup>24</sup>

Despite Iran’s hard line on the nuclear issue, its negotiator Ali Larijani publicly sought to resurrect discussions on Iraq that Washington had proposed the previous fall. Meanwhile, Moscow floated a version of a proposal in which Iran would suspend enrichment and grant intrusive inspections to the IAEA, in return for being allowed to conduct limited research toward a joint venture to eventually enrich uranium on Russian soil. By this time, though, Washington and the three European countries would not accept any uranium enrichment in Iran.<sup>25</sup> Instead, Secretary Rice announced a request to Congress for \$75 million to expand broadcasts and support nongovernmental organizations operating in Iran—a move widely seen as seeking regime change in Tehran. On April 11, Ahmadinejad held an elaborate televised ceremony and formally declared that Iran “has joined the club of nuclear countries” by successfully assembling 164 centrifuges at the pilot plant at Natanz and enriching a small amount of uranium.

For its part, the United States declared that it was willing to join the European negotiations with Iran, but only if Tehran suspended its uranium enrichment.<sup>26</sup> Partially motivated once again by a desire to shore up European support for multilateral sanctions if the diplomatic initiative failed, Secretary Rice made the announcement on May 31, emphasizing that “security assurances are not on the table,” even though they had been part of the previous European negotiations with Tehran.<sup>27</sup> On June 6, 2006, the lead European negotiator, Javier Solana, formally presented Iran with the new proposal, also including support from Russia and China to form the P5+1 (or E3+3) format.

Tired of waiting for a response from Iran to Solana, the UN Security Council eventually passed Resolution 1696 on July 31, demanding that Iran suspend all enrichment and reprocessing activities within one month. Rumors also circulated that the United States, or at least Israel, was contemplating military strikes against Iranian nuclear facilities. As the U.N.’s one month deadline approached in August, Iran finally responded to Solana’s June offer, saying that Tehran was interested in talking, but not if suspending

enrichment was a precondition. Subsequently, Ahmadinejad postured on September 28 that Iran would not suspend enrichment for even a day, and it appeared that Khamenei had sided with the hard-liners.

In a show of exasperation, the Europeans shifted to UN sanctions. In the second week of September, Larijani signaled that Iran might suspend enrichment for a short period of time, probably months, after negotiations began. Months later, however, on December 23, 2006, the Council unanimously adopted Resolution 1737, banning assistance to Iran's enrichment, reprocessing, heavy-water, as well as ballistic missile programs and freezing the foreign-held assets of 12 Iranian individuals and 10 organizations involved in those programs. In reality, Iran had been under limited financial sanctions since June 2005, when a unilateral U.S. executive order effectively curtailed Iran's ability to get letters of credit and trade in the dollar-denominated international financial system. On January 9, 2007, the U.S. Treasury extended these sanctions to Bank Sepah, Iran's fifth largest bank, because of its transactions with entities listed in UNSCR 1737.<sup>28</sup> In March 2007, UN Security Resolution 1747 unanimously extended international sanctions to, among others, Bank Sepah and Iran's Revolutionary Guard Corps.<sup>29</sup>

Despite this increased tension, U.S. and Iranian diplomats finally sat down in March, along with a dozen other countries, to discuss ways to stabilize Iraq. Just as it looked in early December that a third round of UN sanctions would be concluded by the end of the year, the intelligence community released a declassified portion of an NIE on Iran which began with the startling statement that the intelligence community judged "with high confidence that in fall 2003, Tehran halted its nuclear weapons program." Critics immediately denounced the finding, emphasizing that the NIE did not clearly distinguish between the more technically challenging "weapons" program and enrichment program. The estimate was not initially intended for public release, although it was determined to be politically impossible to keep secret in light of the leaks to the media regarding its dramatic conclusion. A third round of sanctions was passed in March, although not unanimously and, some argued though not entirely with conviction, in a watered down way.

## 1. DECISION MAKING

### *Objectives and Threat Perception*

There was clear consensus within the Study Group that U.S. nonproliferation efforts towards Iran had, to put it bluntly, been a failure. In the words of one former Bush administration official, this is because of one major factor: "(T)he United States has had and continues to have an extremely difficult time developing and pursuing a coherent strategy toward Iran," the result of three decades in which the US has had only antagonistic

and distant interactions with this country's government since the Islamic revolution of 1979. Successive American administrations have been either unable or unwilling to articulate a consistent strategy towards Iran that is not confrontational and antagonistic. "We don't really have any kind of positive agenda toward Iran that commands any measure of political consensus," one participant commented, suggesting that this state of affairs was very unlikely to change under the current administration.

For many reasons, the U.S. has simply not tried very hard to seek long term cooperation with Iran, or, for that matter, sought to identify mutual security concerns the two countries might share about the region or more broadly. As a member of the intelligence community put it, "we have focused on what we want from Iran and not what we want with Iran." This strategy has not worked, at least not from the standpoint of gaining any kind of leverage or cooperation from Iranian leaders—not since the country was ruled by the Shah.

In the view of several experts, the absence of clearly articulated U.S. objectives towards Iran virtually guarantees that the Islamic Republic will eye America with suspicion no matter how much a particular administration might attempt to advance new or different demarches. "How can they trust us in a dialogue when . . . every administration since Carter's has either toyed publicly with or adopted regime change as a policy"? asked a former intelligence officer. According to one of the speakers, the mixed messages coming out of Washington have stemmed primarily from the "dysfunctional" policy decision-making process in the Bush administration, based on what this individual termed an "an illogical approach" in which some officials, including the president, perceived Iran as intrinsically 'evil'. Policy dysfunction, according to this view, is revealed in such examples as the President's refusal to endorse public comments made by Secretary of State Rice and other senior advisors that regime change is not official U.S. policy.

Several participants emphasized that the current US perception of the Iranian threat is based on uncertainties about the ruling regime's intentions, far more so than the state's actual forces or force projection capabilities. Notwithstanding the incendiary finding in the 2007 National Intelligence Estimate that the Iranians had halted their clandestine nuclear weapons program in 2003, the consensus view remained that its continued enrichment of uranium would eventually provide it at least the latent capability to build nuclear weapons within a decade. Some nonetheless were fiercely critical of the decision to release of 2007 NIE, finding fault with the IC for doing a "real disservice to the policy community and to policymaking," in the words of one critic. A few participants agreed that intelligence officials had to have known that the timing was terrible for the administration—and that the finding about the suspension of the nuclear weapons program would dominate headlines and thus distort the public and international perception of reality.

One intelligence official took strong exception to this view, countering that the NIE had not changed substantially, especially with respect to the previous finding about Iran's enrichment capabilities. Intelligence analysts are not supposed to manage the effects of intelligence on public or political perceptions, he implied. This set off a protracted exchange among the participants.

While criticizing the Bush administration's failed non-proliferation, strategies, several members of the Study Group praised the President for expressing heightened concern about the possibility that the regime could transfer fissile material to an extremist group, such as Hezbollah, Hamas, or even al-Qaeda. "There are those in [Iran] who truly hate us and wish to hurt us," one analyst commented, emphasizing that a nuclear Iran could pose a serious threat to the United States, should Iran recklessly decide to share its nuclear capabilities with terrorists.

Another expert challenged the empirical value of this scenario, stating that such nightmares have been cooked up and "perpetuated so often without the underlying logic ever being explicated." He argued that it is highly unlikely that the Iranians would deem the transfer of such sensitive material to outside actors to be in their national interest. As it is, the Bush administration's inability to deal effectively with the challenge of Iranian nuclear investment already derives from the administration's alleged propensity to rely on what has come to be known as the "Cheney one-percent doctrine"—suggesting that even the most remote of threats posed by a rogue state needed to be taken very seriously, whether or not it would bear up to rigorous assessment of its probability.

### ***The Bureaucratic Mix***

According to a former senior official of the George W. Bush administration, although Iran has been a source of grave concern for the administration from the outset, it was only after the summer of 2002—when the National Council of Resistance of Iran (or Mujaheddin-e Khalq) announced the existence of the undeclared facilities in Natanz and Arak—that the administration began to pay attention to the Iranian nuclear threat. This was not because there was a lack of intelligence about Iranian efforts. Indeed, the U.S. intelligence community had been aware of the two nuclear facilities in Iran prior to the 2002 disclosure.

Until then, however, the United States had been cooperating with Iran in the war in Afghanistan—a policy that puzzled some of the new Bush appointees, given that this lacked consonance with the overall Bush strategy to aggressively isolate and contain Iran. While some professionals serving in the administration certainly realized how important it was to try to capitalize on America's shared strategic interests with Iran, according to a former high level Bush official, the decision was made as early as December 2001 to strictly limit cooperation with Iran, confining activities to Afghanistan and for a limited

duration.

White House officials, supported by the Pentagon, ignored entreaties from the State Department to use the opening in Afghanistan to engage Iran in a broader conversation over other issues of concern—which included Iran’s sponsorship of terrorism or its opposition to the Middle East peace process. Members of the Study Group who’s served in the administration described specific meetings that they thought best depicted the Bush administration’s decision-making process. For example, when the idea of continued bilateral cooperation was brought up at a deputy’s meeting, “. . . it ran into intense opposition from, predictably enough, the vice president’s office and OSD.” Cheney and Rumsfeld adamantly opposed broader diplomatic overtures because they saw it as rewarding Iran’s bad behavior. Iran could continue to cooperate in Afghanistan if it chose to do so, according to this view, and should stop all other activities simply because it was the right thing to do. When more experienced State Department professional made the point that broader dialogue was precisely intended to engage Iran about its terrorist activities, they were rebuffed by ideological and emotional arguments depicting Iran as an evil rogue state with which the US should not negotiate. In the end, ideology prevailed over experience.

The debates about the policy of regime change seemed to accentuate the rift between the offices of the Vice President and Secretary of Defense on one side and officials in the State Department on the other. One official attributed the ongoing lack of consensus to the fact that there was no leadership, best manifested in the absence of a National Security Presidential Directive on Iran. The State Department pushed back hard against the whole idea of regime change but found that the battle so exhausting that it was difficult to provide much in the way of alternatives—especially to an administration that was generally opposed to diplomacy. Due to its inability “to articulate any kind of alternative strategic framework . . . over time policy drifted more and more in a regime change-looking direction,” according to one participant. This resulted in the slow creeping in of State Department programs, such as the Iran Democracy Fund, which some criticized as capitulation, offering little more than subtler initiatives that were still aimed at regime change.

Though it is claimed that it never became official policy, the advocates of regime change were already claiming victory by May of 2003, when the administration rejected the Iranian overture just a month after the fall of Baghdad. There seemed to be consensus in the Study Group that passing up the 2003 proposal was a mistake. One participant suggested that the reason the offer was not given adequate attention was because the right officials were not consulted. Ryan Crocker, for example, who had been involved in the dialogue with the Iranians in Afghanistan, was in Iraq when the proposal reached the State Department and several other key individuals apparently also were out of the coun-

try at the time. According to one former official, “there was basically no one there in NEA to make a recommendation to the seventh floor who actually had ever sat down with Iranians. . . .” As a result, “NEA largely dropped the ball”, a view that another participant reinforced with the comment that “NSC dropped the ball, too . . . since their job is coordination.”

Others disagreed. The prevailing views in 2003 continued to favor ideological and political opposition to Iran, making it difficult to attribute policy failure to organizational weakness. Whether the proposal came with a cover letter from the Swiss ambassador in Tehran verifying its approval by the highest levels of the Iranian government (including both President Khatami and Ayatollah Khamenei) or someone else, it is still likely that key Bush officials would have believed, as one participant put it, “the intermediary is selling us a bill of goods.” Another participant countered that proper procedure dictates that serious consideration be given to any such document coming from the Swiss since they have been selected as the official U.S. liaison and should thus be trusted. “If you’re claiming otherwise, you’re doing it for political purposes.” This view was reinforced by another former Bush administration official who claimed that Secretary of State Colin Powell had advocated pursuing the matter but had later relayed that he “couldn’t sell it at the White House.” Then National Security Adviser Condoleezza Rice at one point also mentioned reading the proposal, although she later denied doing so during a Congressional hearing.

The failure of the Bush administration to seize upon the opportunity provided by the 2003 proposal should be viewed from a broader perspective than interagency squabbling or bureaucratic lapses. This example speaks to the broader dynamics of the U.S.-Iran relationship and to the impact of the lack of a clear, overriding strategy on policy with a critical power like Iran. The result is obvious: policy decisions are held hostage by the side that is “winning the day-to-day events in the political atmosphere” at the time, rather than being shaped by what is in the overall strategic interests of the United States, to say nothing of allies or non-proliferation as a whole.

In the end, the center of gravity for Iran policy still resides in the vice president’s office. Despite the move by former NSC adviser Condoleezza Rice to head the State Department, and Robert Gates’s leadership of the Pentagon, according to several participants, the two have only made an impact at the tactical level with “no real fundamental strategic shift in policy.”

The relationship between the intelligence and policy communities continues to be hindered by a deep sense of mistrust among some policymakers about the quality and reliability of the intelligence analysis, especially from the NIC. The intelligence community has been blamed for failing to challenge the Bush administration’s misuse of intelligence on Iraqi WMD and, as is discussed below, for “politicizing” the 2007 NIE finding

about the Iranian nuclear weapons program, allegedly to counter the influence of hawks in the Vice President's office.

## 2. INTELLIGENCE

The working group's discussion about the quality of intelligence regarding Iran's nuclear program was divided into two different categories: capabilities and intentions. While participants expressed confidence in the U.S. assessment of Iran's nuclear capabilities, this was clearly not the case with respect to the Islamic Republic's nuclear intentions.

According to one former official in the Clinton administration, the U.S. possessed a great deal of knowledge about Iran's clandestine activities as early as the late 1990s, and thus the NCRI's revelation of the Natanz and Arak facilities in 2002—though it had a domestic political impact—did not provide the Americans with qualitatively new information. Furthermore, participants agreed with the general assessment that Iran's continued enrichment of uranium would eventually provide them with enough fissile material to be able to build nuclear weapons. According to one intelligence analyst, although the centrifuge cascades at Natanz are currently configured to produce low enriched uranium, "the technology, once they master it, can be taken off somewhere and used to make new cascades" that could produce weapons-grade fissile material. Another participant also expressed confidence in Iran's ability to manufacture a detonation mechanism.

Given Iran's ongoing efforts to enrich uranium, a number of participants lamented the public reception to the declassified portions of the 2007 National Intelligence Estimate. Some members of the group blamed "poor reporting" for not giving sufficient emphasis to what had remained the same since the 2005 NIE—meaning Iran's continued uranium enrichment activities and its implications.

There was no consensus about the assessment of Iranian intentions. Some argued that Iran was essentially a rational actor that could be deterred like any other state. "Since the death of Ayatollah Khomeini, this regime has become increasingly a political order that thinks about Iranian foreign policy in interest-based terms," said one speaker. Therefore, the fear that Iran would pass on fissile material to extremist groups "is truly fanciful." Furthermore, the fact that Iran has not waged an offensive war against another country in recent history indicates that even if the Iranians were to eventually build a nuclear weapon, it would only be intended for the purpose of defense and deterrence.

Others, however, were more skeptical. For some, the complicated decision-making process in Iran, with multiple competing factions operating simultaneously, made it difficult to adopt a rational actor model. They expressed "worry about treating Iran as a unitary actor . . . [with] all the processes in Iran acting together and logically in this circumstance. . . . It would seem to me entirely possible that the Iranian intelligence service

could” find it expedient to transfer nuclear materials to terrorist organizations. Another group member further suggested that the reason Iran has not engaged in an offensive war is because it can instead rely on proxies like Hezbollah to project power. Since Iran has provided Hezbollah with heavy weaponry, including their version of the Silkworm anti-ship cruise missile, one cannot guarantee that Iran would refrain from doing the same with its nuclear material.

“I don’t think (this nuclear scenario) is likely . . . but I do think it’s plausible,” said one nonproliferation expert. “In my view, there are those intentions” by some in Iran. A senior intelligence official added that weaponization attempts provide the most concrete means of assessing a country’s nuclear intentions. In the case of Iran, though, using this metric poses a challenge since the evidence of the halted clandestine nuclear weapons program is not enough to counter fears that the Iranians intend to eventually arm their conventional long-range missiles with nuclear warheads.

Further complicating the issue would be the challenge of tracing where the fissile material came from if it were to ever be discovered in the hands of non-state actors. One participant expressed concern that this is one area that poses a significant technical problem for the intelligence community—not least because of the AQ Khan network’s past proliferation activities. If Iran perceived that the U.S. lacked the ability to trace back the provenance of handoffs, it could embolden “less sane heads” within the regime to disseminate fissile material beyond its borders.

### ***Application of Intelligence to Enhance Diplomacy***

The lack of clarity regarding Iran’s intentions poses great challenges for any form of diplomatic engagement. How can one determine the proper carrots and sticks without knowledge of the target country’s end goals and decision-making process? In the case of North Korea, lacking a clear understanding about their negotiating counterparts, American negotiators were often at a loss as to what to offer them. Three decades of Iranian isolation from the West has also left an entire generation of American diplomats and policymakers inexperienced in dealing with Iranians, and lacking a clear understanding of the inner workings of the Islamic Republic. “It’s this whole matrix of where the religious world fits the policy world that . . . every policymaker and president and secretary . . . really needs to understand” about Iran. For instance, certain Ayatollahs who are not officially part of the regime are nonetheless an integral part of the Iran’s decision-making process.

The Study Group acknowledged the importance of developing a nuanced understanding of the decision-making within the Iranian government to complement intelligence on the technical aspects of Iran’s nuclear program. As opposed to the North Korean “black box” problem, in which very little information came out of Pyongyang,

Iran posed a “white noise challenge” in which the extremely complex and multifaceted nature of the regime creates a great deal of confusion. To sift through this “white noise,” and thus better understand intentions, the intelligence community has increasingly worked to integrate the analysis of regional experts with those of the technical experts. According to one intelligence officer, “I would say we’re doing better now than we used to.”

In fact, two ODNI projects have been examining the “Persian mindset.” The projects take into account Iranians’ sense of “cultural superiority . . . that does color the way they pursue their policies and the kinds of aspirations that they have.” This suggests that Iran is seeking to gain the regional—some say global—respect to which they feel historically entitled. The ODNI project also observed that “Iranians tend to approach a red line by picking it apart into pink lines,” referring to Iran’s continued flaunting of the UN Security Council’s resolutions.

Armed with a deeper understanding of the factors influencing the Islamic Republic’s foreign policy priorities, one can better predict Iran’s actions. For example, the regime’s willingness after Khomeini’s death to break with his “neither East nor West” policy in order to engage Russia indicates some willingness to sacrifice ideology in favor of geostrategic goals.

A final factor that challenges the intelligence community in informing policy makers is that, in attempting to judge future actions, analysts are often forced to contend with decisions that the target country’s leaders have not yet made. This is further complicated by the fact that Iranian decision-making is “heavily dependent on what the U.S. does.”

### 3. POLICY TOOLS

Dealing with Iran as a purely negative force (or, as one participant put it, as if it were a “misbehaving child”) has failed to fundamentally alter the regime’s behavior. Instead, the group advocated a “positive strategic agenda for the Islamic Republic,” one that searches for areas of shared strategic interest between the U.S. and Iran as a means of improving relations and influencing the Iranians to work constructively in the region.

In order to identify areas of possible cooperation, one must attempt to view the region from Iran’s geopolitical perspective. For instance, how does it perceive its military position in relation to other states in the region? What is its economic outlook? What are the various domestic political factors that concern the regime? The lack of a clear strategy that is founded upon an in-depth understanding of the numerous forces affecting Iran has meant that the variety of policy tools available to the U.S. have not been coordinated properly, and, in fact, have worked at cross-purposes to each other. Ultimately, this has limited U.S. options and led to the current stalemate over Iran’s nuclear enrichment.

### ***Use of Force***

The U.S. currently lacks a credible threat of force. While the 2003 invasion of Iraq may have convinced Iran to halt its nuclear weapons program, subsequent American setbacks have given Iran the confidence to continue enriching uranium. Furthermore, the 2007 NIE's assessment was hailed by the Iranians as a victory for the Islamic Republic since it appeared to undermine the legitimacy of a U.S. strike on Iran. Despite this outward display of confidence, however, the Iranians are unlikely to give up enrichment until the U.S. categorically takes regime change off the table. The Study Group suggested that the incentives packages repeatedly offered to Iran by the E.U. would have been more effective had the Bush administration agreed to offer security guarantees to the regime. Indeed, the original E.U. draft proposal did include such language but the U.S. refused to endorse the draft proposal until that portion was removed. According to a former Bush administration insider, "without that kind of [security] framework out there, I can tell you nuclear diplomacy with the Iranians is going to go nowhere." Another speaker added that "if someone perceives that you're trying to get rid of them, that really kills his incentive to do what you want to do on other issues."

Therefore, the threat of military action in the Iran case has decreased policy options for the U.S. rather than providing it the leverage that some in the Bush administration had hoped. Nevertheless, a certain group member did not rule out the possibility of a strike on Iran. Furthermore, the situation in the Persian Gulf still remains volatile, and a possible future incident between American naval forces and Iranian patrol boats could inadvertently lead to open conflict.

### ***Sanctions***

Sanctions have also been ineffective in pressuring Iran to halt its uranium enrichment. Due to the developing world's increasing energy demands, coupled with Chinese and Russian reluctance to pressure them, the Iranians have been able to withstand the several sanctions that have been put in place both by the United States and the U.N. Security Council. The international reception of the 2007 NIE further decreased the Bush administration's ability to influence the Russians and Chinese to come on board, leading to a watering down of the latest U.N. sanctions resolution.

The ineffectiveness of continued sanctions and attempts to contain Iran leaves the West with only two choices: military strikes or direct diplomatic engagement. In the words of one speaker, "If you decide you will not live with [enrichment] unless you . . . know something about sanctions I don't know . . . that means either you or the Israelis are going to take out the facilities and capabilities" or the U.S. must broaden its direct diplomatic engagement with Iran.

### ***Diplomacy***

The group agreed that broad bilateral diplomacy that attempts to address all outstanding grievances between the two countries should form an integral part of America's Iran strategy. "We have real trouble if we stick to the nuclear issue doing a deal with the Iranians," warned a former nuclear negotiator.

Due to the dire consequences of failing to fully engage Iran, the U.S. should make its offer as attractive as possible. "I'd beat them with carrots," said one participant. "And I'd start with the fuel." One suggestion was to offer Iran a thirty years' supply of fabricated fuel assemblies that could be used at the Bushehr plant. This would guarantee the Iranians an uninterrupted fuel supply for the life of the reactor. The advantage of giving Iran such an enticing offer is that if they were to refuse, it would strengthen the American argument that the regime is interested in more than just peaceful nuclear energy.

The multifaceted nature of the regime will also pose a challenge in any negotiation. Multiple sectors of the Iranian government hold different vested interests around which the U.S. would need to navigate in order to prevent talks from being derailed. The U.S. should "try to leverage those different sectors, one off against the other, to create some sort of grand bargain."

Policy makers should also be sure to maintain some amount of flexibility in the process in order to not miss opportunities for progress. Two such examples of missed opportunities include the U.S. refusal to include Iran in the Madrid peace talks in the early 1990s, and the George W. Bush administration's immediate rejection of the 2003 Iranian proposal.

## **4. QUALITY OF DISCOURSE**

### ***Bureaucracy***

One high level intelligence official gave high marks to the quality of discourse between the policy and intelligence communities in the past two years. The participant noted a "very avid interest" from policy makers about not only what the intelligence is, but what it means as well. Another participant, however, pointed to the vested interest by some in the Bush administration (especially within the office of the Vice President) to pursue a military confrontation with Iran as a factor that undermines the effectiveness of intelligence contributions to the policy making and diplomatic process.

While the current administration has been accused of interpreting intelligence to fit its political agenda, this is not a necessarily new phenomenon—though it may be a question of degree. In fact, "it is part and parcel of the challenge of intelligence analysis to fig-

ure out how much truth you can say to power and how to say it in a way that does not get misinterpreted” by politicians. But does it defeat the purpose of providing intelligence estimates if one is attempting to make judgments more “palatable” to the policymaker? “You are not supposed to have the expectation of what policymakers think, based on no evidence, incorporated into your mind about how to phrase your findings,” said one group member. In order to prevent their judgments from being rejected out of hand by policymakers, analysts tend to couch their estimates in terms of alternative scenarios. For instance, in the classified version of the 2007 NIE, the authors included eight alternative scenarios to explain the halting of Iran’s nuclear weapons program. The scenarios ranged from: “they never ever wanted nuclear weapons, to they never ever halted the thing, and obviously six things in between.”

Political pressure on analysts is not a new phenomenon either, but individuals in the community have become increasingly vulnerable in recent decades—and increasingly they are being held personally accountable for their judgments. This had become a problem even by the beginning of the Iranian revolution, when “if you said a revolution has taken place and we need to deal with that, it put you in a politically vulnerable place” because it went against the grain of conventional thinking of the time. In other attempts to avoid being “ideologically persecuted,” analysts often find it safer to provide worse-case scenarios. This is because there is “no penalty for giving a worst-case analysis if it’s wrong. But there’s a lot of penalty for giving your best judgment” and it turns out to be incorrect. This was the case with the intelligence community’s assessment of Iraqi WMD, where the probability of Saddam Hussein’s development and use of the material was not even discussed in the face of the nightmare scenario that was presented by the possibility of their use. Furthermore, as a result of criticism from the public on the perceived intelligence failures on Iraq, judgments in the 2007 NIE on Iran seemed to exhibit a certain degree of institutional defensiveness in which the authors overly emphasized their challenging of old assumptions on Iran.

At a more general level, a further obstacle to effective communication between the intelligence and policymaking community is that the latter tend to take a less nuanced view of the intelligence that is provided them. Policy makers often see problems in black and white, while the intelligence community takes great concern over the gray areas. Due to the political nature of their profession, policymakers also tend to focus on the latest report, often failing to understand it in historical context. The intense critiques leveled at the 2007 NIE by the group for failing to note enrichment when they published the new finding about the termination of the Iranian nuclear program is one such example. Intelligence officers say that the reasoning behind focusing on the weapons program was that that was the new aspect of the estimate, where as the continued enrichment—the “long pole in the tent”—was assumed to be understood to any well-informed consumer.

When the existence of the estimate was leaked to the press, the intelligence community had no choice but to release the redactable portions in the same order and language as the classified version lest they be accused of doctoring the report for the public. As a result, the uninformed media latched onto the weapons program without giving due attention to the threat posed by Iran's continued enrichment activities.

Working group participants from the intelligence community suggested that an increased understanding on the part of the policy makers on the vagaries related to judging the intentions of a closed country such as Iran would result in better informed policies since this would lessen the pressure on the analysts to provide clear-cut answers even when none exist.

### ***Domestic Political Factors***

Not only do intelligence analysts have to overcome vulnerability when their assumptions are challenged or rebuked, but policy makers can also face political costs for advocating new or unfavorable alternatives to U.S. strategy. In order to change course on the way a country deals with its adversaries, policy makers may need to engage in discussions that are highly controversial. For instance, due to years of negative American experiences in dealing with Iran—beginning with the hostage crisis and exacerbated by the Iran-Contra affair—policy makers find themselves in an unfavorable position when exploring the possibility of Iranian moderates with whom the U.S. can deal, or when attempting to explain the regime's actions as stemming from rational and legitimate strategic concerns.

In a similar case, the difference between American and Japanese public reaction to negotiations with North Korea further illustrates how domestic politics can impact the foreign policy process. Just as the Americans view Iran as a terrorist state so do the Japanese view North Korea as a country with whom one should not negotiate. As a result, while the U.S. was able to deal with the North Koreans in a purely strategic manner, the Japanese had to contend with an entirely different set of ideological baggage.

Interest groups can also play an important role in influencing foreign relations. One participant argued that the pro-Israel lobby "is quite negative in terms of the quality of policy because the lobby defines a particular sort of policy agenda toward Iran, and it really limits tactical choices." Calls to diplomatically engage Iran have met strong resistance by groups such as the American Israel Public Affairs Committee (AIPAC).

It is not possible for the U.S. to maintain sustained negotiations with the Iranians without a clearly articulated strategy that can win public support. Without it, the nature of the dialogue would be entirely susceptible to volatile reactions and to rapidly changing facts on the ground. For example, the 2002 interception by Israel of the *Karine A* led the administration to conclude that weapons allegedly shipped from Iran were destined to the Palestinian Authority. This helped prompt President Bush to label Iran as a mem-

ber of the “Axis of Evil”. This label was placed on Iran despite the fact that they were directly aiding American forces in Afghanistan at the same time. Domestic pressures to rebuke Iran cannot be allowed to derail important strategic interests in this way.

In a similar vein, in order to appease America’s hardliners, a future leader would find it necessary to frame direct engagement with Iran as part of a strategy to undermine the clerical regime. Unfortunately, due to the transparent nature of the American political system the Iranians would try to attack such a strategy, which could empower “all those in Iran who don’t want to take the carrot because they know it’s a poison carrot or they know it’s a Trojan horse that is bound to undermine their very existence.” At the same time, if the American public expects to receive unambiguous pronouncements from Iran, they will be disappointed by the diffuse and complex nature of its government.

## **5. REGIONAL DYNAMICS**

Some group members expressed concern over whether a successful Iranian nuclear program would result in increased proliferation throughout the broader Middle East. Would the Saudis and Egyptians, for instance, feel compelled to begin their own programs as a means of deterrence? Should the U.S. agree to provide a nuclear umbrella to its allies in the region? A former Clinton official was “stunned” that the Bush administration had endorsed the United Arab Emirates’ statement that it was the right time to explore nuclear energy, characterizing the decision as remarkably lacking in long term perspective.

Another participant, however, countered that the Saudis and Egyptians lack the technical capabilities to initiate a successful nuclear program. Furthermore, energy-rich countries like Saudi Arabia and Kuwait have for decades discussed with the IAEA the possibility of indigenous nuclear programs. Therefore, Iran’s nuclear program may not be the ultimate driver behind a proliferation process in the Middle East. Yet another participant highlighted the strategic concerns shared by Iran and Israel, arguing that they should view each other as natural allies. From a geopolitical standpoint, they could benefit from an alliance to counter the Arabs in the region.

## **6. NET ASSESSMENT**

Did the policy choices made by the George W. Bush administration succeed in achieving U.S. nonproliferation objectives? The group gave the Bush administration low marks on all aspects of its Iran policy. In fact, the U.S. seems to have strengthened Iran by helping to weaken its rivals in Iraq. The administration’s inability to articulate common strategic interests was thought to have most increased America’s vulnerability and, ultimately,

reduced its credibility for any attempt to influence Iran's pursuit of a nuclear program.

The lack of a coherent Iran strategy is not unique to the Bush administration, however. "Dysfunction in policymaking . . . is the one consistent reality about our relationship with Iran." This stems from the policy maker's inability, or lack of political incentive, to see the Iranians as rational actors with whom one can deal. This perception of irrationality may well be a result of the convoluted and opaque decision-making process in Iran that results in incoherent and contradictory policies.

Experience with Iran has shown that for a nonproliferation strategy to be successful it must address a broad range of issues that go beyond the Iranian nuclear program. Doing so will require a drastic "realignment in American policy . . . comparable in scale to what the Nixon administration did with policy toward China in the early 1970s." Also referring to the Nixon model, as well as the groundbreaking meetings between Reagan and Gorbachev, one participant argued that such a drastic break can only come from the top down—and then only from a president with enough political capital to be able to withstand domestic pressure.

Because resolving the nuclear dispute requires such a large shift in U.S. foreign policy, the group expressed mixed feelings regarding the ability of any incoming administration to resolve the issue in the short term. According to one participant, the best chance of success in engaging with Iran from the U.S. domestic side would occur at the beginning of an administration when a new President has the most hope of controlling the agenda.

The participants agreed that, regardless of the debates over whether to diplomatically engage Iran, the U.S. will ultimately have no choice but to do so. And as the debate continues, all the while, the centrifuges continue to spin. If the problem is eventually solved diplomatically, it will have come as the result of a sober assessment regarding the proper mix of carrots and sticks. If it is not solved peacefully, however, the Iran case will provide yet another example of allowing domestic politics and ideology to override strategic thinking. Such a lapse can prevent the two nations from realizing common security objectives and could well lead up to costly military confrontation.

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In addition, ISD's Pew Case Studies in International Affairs are used in over 1,000 courses across the country and around the world.

### **Diplomacy & Security in the 21st Century**

With generous support from the John D. and Catherine T. MacArthur Foundation, the Institute for the Study of Diplomacy has launched this study to identify systemic weaknesses in the way the U.S. government integrates intelligence support, diplomacy, and policy implementation in the management of international security problems. An experienced group of former policymakers and specialists, chaired by Janne Nolan, is drawing lessons from recent historical cases of regional nuclear proliferation. The objective is to produce recommendations for improving the way intelligence informs policy choices to help sustain effective initiatives aimed at achieving desired security outcomes in the 21st century.

The study is examining four cases of governmental efforts to address the rising threat of nuclear proliferation, including North Korea, South Asia (with the study of India and Pakistan combined in one case), Libya and Iran. By examining the relative strengths and weaknesses of U.S. nonproliferation strategies as they applied in these cases, this inquiry will help policy-makers to identify improvements in policy and intelligence processes that may be needed to support successful American initiatives to counter complex regional and global security threats, currently and in the future.

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The views expressed in this monograph do not necessarily reflect the views of any of the organizations, governmental or private, with which the individual participants in the discussion group are affiliated.

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