



**Testimony before the
Senate Committee on Foreign Relations**

**“IRANIAN THREATS AND US POLICY:
FINDING THE PROPER RESPONSE”**

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A Statement by

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Iran presents one of the most complex security problems the US faces in dealing with the threat posed by proliferation, in securing world energy supplies and the global economy, and in bringing stability to the Middle East and the Gulf region. Iran is located in an area with more than 60% of the world's proven conventional oil reserves and some 35% of its gas. It has borders on two nations where the US is still at war: Iraq and Afghanistan.

Iran is a major proliferator. It plays an indirect role in the Israel-Palestinian conflict. It has carried out direct terrorist activities in the past, and it tolerates and supports terrorist movements today. At the same time, Iran offers opportunities as well as a threat. Political change is taking place, some forms of informal dialogue have been possible, Iran has moderated some of its actions, and the US has been more able to work out at least a partial modus vivendi in dealing with some aspects of the problems posed by Afghanistan and Iraq. Moreover, the US cannot divorce its treatment of Iran from its overall strategic posture in the region and the world. The US war in Iraq is still underway, and it is not a popular conflict. The US lacks the military resources for a major intervention in Iran, and limited strikes might do as much to encourage Iranian proliferation and support of terrorism as discourage it. While the EU has been more supportive recently in pressuring Iran over proliferation, the US lacks allies in its present approach to Iran at a time when it has more overall tensions with its traditional allies than at any time since the war in Vietnam.

The Range of Possible Iranian Threats

The US faces a wide range of policy challenges in dealing with the security threats posed by Iran. Nuclear proliferation is only one of these challenges, and the US cannot afford to look at only one problem and ignore the others. In brief, the challenges the US must deal with may be summarized as follows:

- *The US faces a wide range of potential threats in terms of proliferation.* Iran has admitted it has chemical weapons and is testing ballistic missiles. It may well be developing biological weapons and cruise missiles. The unclassified reporting by the US intelligence community on Iranian developments is necessarily limited, and does not address many of the most recent issues affecting Iran's nuclear program, but a recent CIA report describes the range of Iranian activities as follows:

Nuclear. Despite Iran's status in the Treaty on the Nonproliferation of Nuclear Weapons (NPT), the United States remains convinced Tehran is pursuing a nuclear weapons program. To bolster its efforts to establish domestic nuclear fuel-cycle capabilities, Iran has technology that also can support fissile material production for Tehran's overall nuclear weapons program. Iran has continued to attempt using its civilian nuclear energy program to justify its efforts to establish domestically or otherwise acquire assorted nuclear fuel-cycle capabilities. Such capabilities, however, are well suited to support fissile material production for a weapons program, and we believe it is this objective that drives Iran's efforts to acquire relevant facilities. We suspect that Tehran is interested in acquiring foreign fissile material and technology for weapons development as part of its overall nuclear weapons program. Despite Bushehr being put under IAEA safeguards, Russia's provision of expertise and manufacturing assistance has helped Iran to develop its own nuclear technology infrastructure. In addition, facing economic pressures, some Russian entities have shown a willingness to provide assistance to other nuclear projects within Iran. For example, an institute subordinate to the Russian Ministry of Atomic Energy (MINATOM) had agreed to deliver in late 2000 equipment that was clearly intended for atomic vapor laser isotope separation, a technology

capable of producing weapons-grade uranium. As a result of US protests, the Russian Government has halted the delivery of some of this equipment to Iran. Chinese entities are continuing work on a zirconium production facility at Esfahan that will enable Iran to produce cladding for reactor fuel. As an adherent to the NPT, Iran is required to accept IAEA safeguards on its nuclear material. The IAEA's Additional Protocol requires states to declare production of zirconium fuel cladding and gives the IAEA the right of access to resolve questions or inconsistencies related to the declarations, but Iran has made no moves to bring the Additional Protocol into force. Moreover, Iran remains the only NPT adherent with a full-scope safeguards agreement that has not adopted a subsidiary agreement obligating early declaration of nuclear facilities. Zirconium production, other than production of fuel cladding, is not subject to declaration or inspection.

Missiles. Ballistic missile-related cooperation from entities in the former Soviet Union, North Korea, and China over the years has helped Iran move toward its goal of becoming self-sufficient in the production of ballistic missiles. Such assistance during the reporting period continued to include equipment, technology, and expertise. Iran, already producing Scud short-range ballistic missiles (SRBMs), is in the late stages of developing the Shahab-3 medium-range ballistic missile (MRBM). In addition, Iran publicly has acknowledged the development of follow-on versions of the Shahab-3. It originally said that another version, the Shahab-4, is a more capable ballistic missile than its predecessor but later characterized it as solely a space launch vehicle with no military applications. Iran's Defense Minister has also publicly mentioned a "Shahab-5." Such statements strongly suggest that Tehran intends to develop a longer-range ballistic missile capability.

Chemical. Iran is a party to the Chemical Weapons Convention (CWC). Nevertheless, during the reporting period it continued to seek chemicals, production technology, training, and expertise from Chinese entities that could further Tehran's efforts at achieving an indigenous capability to produce nerve agents. Iran already has stockpiled blister, blood, and choking agents—and the bombs and artillery shells to deliver them—which it previously has manufactured. It probably also has made some nerve agents.

Biological. Even though Iran is part of the Biological Weapons Convention (BWC), Tehran probably maintains an offensive BW program. Foreign dual-use biotechnical materials, equipment, and expertise—primarily, but not exclusively, from Eastern Europe—continued to feature prominently in Iran's procurement efforts. While such materials do have legitimate uses, Iran's biological warfare (BW) program also could benefit from them. It is likely that Iran has capabilities to produce small quantities of BW agents, but has a limited ability to weaponize them.

Advanced Conventional Weapons. Iran continued to seek and acquire conventional weapons and production technologies, primarily from Russia, China, and North Korea. Since Russia announced in November 2000 that it was abrogating the Gore-Chernomyrdin Agreement, the Russian and Iranian Governments and firms have engaged in high-level discussions on a wide variety of military services and equipment—including air defense, naval, air and ground weapons, and technologies. In October 2001, Tehran and Moscow signed a new military-technical cooperation agreement, which laid the groundwork for negotiations and created a commission for future arms sales, but did not itself include sales contracts.

Contract negotiations, which may take years to complete, continued in the following months and at least one sale—apparently for helicopters—was concluded. Various Russian officials and academicians have suggested that sales under this new agreement could, in the next few years, make Iran Russia's third-largest arms customer, after China and India. Until that agreement is concluded, Russia will continue to deliver on existing contracts. Estimates of conventional arms sales to Iran of \$300 million per year would put Iran's share of Russian sales worldwide at roughly 10 percent, compared to more than 50 percent going to China and India.

To facilitate new arms agreements, Russian oil enterprises entered an agreement with the Russian state arms trading firm Rosoboronexport to promote arms exports. Russian and Iranian arms dealers are to include such firms as Lukoil to coordinate "commercial conditions" and participate in projects proposed by the customer.

Outside the Russian market, Iran's search for conventional weapons is global. In particular, Iran capitalized on the specialized weapons services and lower prices that China and North Korea offered. Elsewhere, Iran sought out products, particularly weapons components and dual-use items, that are superior in quality to those available from Russia or that have proven difficult to acquire through normal government channels.

- The US cannot afford to focus on one form of proliferation. Iran can pursue a wide range of proliferation strategies, and this includes different approaches to nuclear weapons development. Iran could, for example, give up any efforts to produce fissile material using reactors and known centrifuge facilities, while concentrating on covert research and development of weapons, compact or “folded” high capacity centrifuges, laser isotope separation, and warheads. It could build more reactors as part of a “peaceful power generating” programs, appearing to conform to IAEA standards but preparing for the day it was no longer dependent on imports and could use its own fuel cycle. The recent IAEA reporting on Iran leaves major questions unanswered regarding Iran’s fuel cycle efforts, but also regarding its research and development programs in both laser isotope separation and centrifuge technology.
- *Iran can wage a number of forms of asymmetric warfare against the US and its allies without ever being at war in any overt sense.* It can support hard-line and extremist elements in Iraq, Afghanistan, Lebanon, Gaza, and the West Bank using proxies to attack US interests without ever directly conducting acts of terrorism. Here, Iran can also use organizations as proxies that have a civil role or which cannot be identified solely as terrorist groups. These include the Hezbollah, Shi’ite movements in Afghanistan and Iraq, and Islamic charities or political causes that fund or act as covers for extremist groups. It can create ambiguous sanctuaries and operating/training areas in Iran for organizations like Al Qaida or simply turn a blind eye to low-level activities that are difficult to detect or prove.

Iran can use more direct forms of terrorism, as it may well have done in supporting the attack on the USAF barracks at Al Khobar. The most recent State Department report on terrorism describes Iran’s role as follows, and this report was issued before the full scale of Iran’s relations to Al Qaida and support of Hamas and the PIJ became a major issue:

Iran remained the most active state sponsor of terrorism in 2002. Its Islamic Revolutionary Guard Corps and Ministry of Intelligence and Security were involved in the planning of and support for terrorist acts and continued to exhort a variety of groups that use terrorism to pursue their goals.

Iran's record against al-Qaida has been mixed. While it has detained and turned over to foreign governments a number of al-Qaida members, other al-Qaida members have found virtual safehaven there and may even be receiving protection from elements of the Iranian Government. Iran's long, rugged borders are difficult to monitor, and the large number of Afghan refugees in Iran complicates efforts to locate and apprehend extremists. Nevertheless, it is unlikely that al-Qaida elements could escape the attention of Iran's formidable security services.

During 2002, Iran maintained a high-profile role in encouraging anti-Israeli activity, both rhetorically and operationally. Supreme Leader Khamenei referred to Israel as a "cancerous tumor," a sentiment echoed by other Iranian leaders in speeches and sermons. Matching this rhetoric with action, Iran provided Lebanese Hizballah and Palestinian rejectionist groups—notably HAMAS, the Palestine Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command—with funding, safehaven, training, and weapons. Tehran also encouraged Hizballah and the Palestinian rejectionist groups to coordinate their planning and to escalate their terrorist activities against Israel.

Iran also provided support to extremist groups in Central Asia, Afghanistan, and Iraq with ties to al-Qaida, though less than that provided to the groups opposed to Israel.

Iran can use the Israeli-Palestinian conflict as a proxy war to gain support from Arab nations, and put pressure upon the US and Israel.

- *Iran lacks modern conventional forces, and is modernizing at a slow rate compared to most Gulf and Middle Eastern countries, but its conventional warfighting capabilities cannot be dismissed.* It did sign some \$1.7 billion worth of new arms agreements during 1995-1998, and \$1,000 billion worth during 1999-2002 – primarily with Russia, China, and Europe, and signed \$200 million worth of new agreements in 2002. It took delivery on \$2.1 billion worth of arms during 1995-1998, and \$700 million worth during 1999-2002.

Iran has some 513,000 men in its armed forces, some 325,000 in its army, 125,000 in its Revolutionary Guards Corps, 18,000 in its navy, and 45,000 in its air force plus some 40,000 paramilitary forces and 300,000 in its Basij or Popular Mobilization Army. These forces include some 1,600 tanks, 1,500 other armored vehicles, 3,400 artillery weapons, and 283 combat aircraft – roughly 180-200 of which are operational. It has no modern tanks, combat aircraft, or surface-to-air missiles, but it can certainly pose a far better organized and more popular resistance to any US or other outside military attack than Iraq, and its conventional forces will improve with time.

- *Iran lacks any modern surface ships but geography gives Iran a strategic position that commands the tanker routes through the lower Gulf and the Strait of Hormuz.* The Strait is the world's most important oil chokepoint. Some 13.6 million bbl/d or so of oil transit the Strait of Hormuz each day and go east to Asia (especially Japan, China, and India) and west via the Suez Canal, the Sumed pipeline, or around the Cape of Good Hope in South Africa to Western Europe and the United States. Moreover, the

EIA reference case indicates that exports through the Strait must nearly double by 2020, reaching around 42 MMBD. This implies that up to three times more tankers will transit the Strait in 2020 than at present. Alternative routes cannot move anything close to current export levels, much less the much higher production levels forecast by DOE.

At its narrowest, the Strait consists of 2-mile wide channels for inbound and outbound tanker within the Omani side of the Strait, and a 2-mile wide buffer zone. The exits on both sides of the Strait are close to Iranian waters and air space.

Iran and the UAE have also long quarreled over sovereignty over three islands on the Western side of the Strait that are near the main tanker channels. These islands include Abu Musa, Greater Tunb Island, and Lesser Tunb Island. Reports that Iran had fortified the islands seem to be untrue, but Iran has steadily increased its numbers of smart mines. It has bought three relatively modern Kilo-class conventional submarines with long-range torpedoes and minelaying capability from Russia. It has bought anti-ship missile equipped patrol boats from China, has land based anti-ship missiles, and can deliver such missiles from aircraft, including maritime patrol aircraft and long range fighters. Over time, it can steadily improve its capability to threaten Gulf oil traffic, and while the US can certainly defeat Iran in any open attack on such traffic, Iran's ability to intimidate its neighbors, disrupt such traffic, or conduct low level raids give it the ability to conduct asymmetric wars of intimidation as well as actual military operations.

- *Iran has large asymmetric forces in its Revolutionary Guards Corps, including some 20,000 men in the IRGC naval branch. These can do more than attack Gulf shipping.* South Gulf states have vulnerable offshore oil and gas facilities, highly vulnerable oil and gas loading facilities on their Gulf coasts, and have become totally dependent on large-scale coastal desalination plants for water. Once again, threats and “wars of intimidation” can substitute for overt military action.
- *Finally, Iran can put pressure on the Southern Gulf and other states by funding, training, and arming Shi'ite groups in nations like Bahrain and Saudi Arabia, by disrupting the pilgrimage in Saudi Arabia, and by funding local liberation and religious groups that are not Shi'ite but are hostile to such states.* These are not theoretical options. It has carried out all of these activities at some point since the Iranian revolution in 1979, and while it has chosen improved diplomatic relations since the death of Khomeini, it can resume such actions at short notice.

An Unstable and Conflicted Iran

The US cannot afford to ignore these potential threats. At the same time, it also cannot afford to ignore the fact that Iran is a deeply conflicted nation and one where no one can now predict whether it will evolve towards moderation, move towards overt civil conflict, or come under the control of its extremists and hardliners.

Iran is a partial democracy, but one where its religious leaders and hardliners control the choice of all candidates, can veto any action by the President or Majlis, and have control over much of the media, the justice system, the military and security forces, and intelligence. The balance of power between reformer and hardliner is so close that many Iranian officials that would like both to focus on national development, and create a more moderate state that has improved relations with the US, fear that clashes with the hard-liners could lead to open conflict. Many have already been arrested and imprisoned for such views, as have many Iranian religious leaders, citizens, and students.

It is clear that the Iranian people want a more moderate government, and many – probably most – are potentially friendly to the US. At the same time, it is a proud and highly nationalistic nation and one that has memories of a US role in the coup that destroyed a previous secular Iranian democracy and brought back the Shah. If the US has memories of a long hostage crises and Iranian terrorism, Iran has memories of long periods of imperialism and US interference in Iranian affairs.

This situation is complicated by the fact that the outside opposition does have elements that support true democracy, but also consists of a largely ludicrous effort to restore the monarchy and one of the most vicious terrorists movements in the world: Mujahedin-e Khalq Organization (MEK or MKO). This organization is designated as a terrorist organization and is known under other several other names, some of which lobby the US Congress: The National Liberation Army of Iran (NLA, the militant wing of the MEK), the People's Mujahedin of Iran (PMOI), National Council of Resistance (NCR), the National Council of Resistance of Iran (NCRI), Muslim Iranian Student's Society (front organization used to garner financial support)

The MEK claims to be democratic in the West, but its actual structure mixes the cult of personality with political beliefs that y mixes Marxism and Islam. It was formed in the 1960s, opposed the Shah, and murdered a number of Americans, including men like Colonel Louis Hawkins. The organization was expelled from Iran, after which support came from the Iraqi regime, and it was based primarily in Iraq, where the remnants of its military forces remain. The State Department describes the organization as follows:

The MEK's history is studded with anti-Western attacks as well as terrorist attacks on the interests of the clerical regime in Iran and abroad. ...The worldwide campaign against the Iranian Government stresses propaganda and occasionally uses terrorist violence. During the 1970s, the MEK killed US military personnel and US civilians working on defense projects in Tehran and supported the takeover in 1979 of the US Embassy in Tehran. In 1981, the MEK detonated bombs in the head office of the Islamic Republic Party and the Premier's office, killing some 70 high-ranking Iranian officials, including chief Justice Ayatollah Mohammad Beheshti, President Mohammad-Ali Rajaei, and Premier Mohammad-Javad Bahaonar. Near the end of the 1980-88 war with Iran, Baghdad armed the MEK with military equipment and sent it into action against Iranian forces. In 1991, it assisted the Government of Iraq in suppressing the Shia and Kurdish uprisings in southern Iraq and the Kurdish uprisings in the north. Since then, the MEK has continued to perform internal security services for the Government of Iraq. In April 1992, the MEK conducted near-simultaneous attacks on Iranian Embassies and installations in 13 countries, demonstrating the group's ability to mount large-scale operations overseas. In recent years, the MEK has targeted key military officers and assassinated the deputy chief of the

Armed Forces General Staff in April 1999. In April 2000, the MEK attempted to assassinate the commander of the Nasr Headquarters—the interagency board responsible for coordinating policies on Iraq. The normal pace of anti-Iranian operations increased during the “Operation Great Bahman” in February 2000, when the group launched a dozen attacks against Iran. In 2000 and 2001, the MEK was involved regularly in mortar attacks and hit-and-run raids on Iranian military and law-enforcement units and government buildings near the Iran-Iraq border, although MEK terrorism in Iran declined throughout the remainder of 2001. Since the end of the Iran-Iraq war, the attacks along the border have garnered almost no military gains and have become commonplace. MEK insurgent activities in Tehran constitute the biggest security concern for the Iranian leadership. In February 2000, for example, the MEK launched a mortar attack against the leadership complex in Tehran that houses the offices of the Supreme Leader and the President, and assassinated the Iranian Chief of Staff.

The Other Side of the Hill

The US cannot afford to ignore the fact that while Iran may be a potential threat, it also feels threatened. Iraq – the main threat to Iran is no longer under the control of Saddam Hussein – but Iran fought one of the most bloody wars in recent history against Iraq and one that involved the massive Iraqi use of poison gas. The US was seen to be Iraq’s ally in that war, and the US fought Iran in a low-level tanker war between 1987 and 1998. The US now has forces on two of Iran’s borders, and if the US sees Iran as unwilling to engage in a meaningful official dialog, Iran sees the US as unwilling to engage in a meaningful unofficial dialog. The US sees the Israel-Palestinian conflict largely as an Israeli war on terrorism, but Iran’s regime and people see it as an asymmetric war between Palestinian and occupier. If Israel sees Iran as a major potential threat because of its search for long-range missiles and nuclear weapons, Iran sees Israel and the US as current threats with both nuclear weapons and massive conventional capabilities. Iran has little confidence – if any -- in the future stability of Iraq and points to proliferation in Pakistan and India. It also sees a Gulf in which the Southern Gulf states have cumulatively imported \$83.3 billion worth of arms since 1995 versus \$2.9 billion for Iran – a ratio of roughly 30:1

The Constraints on US Policy

The United States thus faces an extremely difficult situation. It must contain any Iranian adventures, help to protect its allies, do as much as possible to prevent Iranian proliferation and the support of terrorism, and help ensure the security of Gulf energy exports. At the same time, it must seek to find ways to support peaceful internal change and the move towards a moderate democracy that the Iranian people clearly want. It must seek to limit the actions of Iran’s extremists and hardliners, but it must avoid being seen as intervening in Iranian affairs in ways that could provoke a nationalist reaction or civil conflict, tie the US to terrorist groups like the MEK, and unify Iran around a more aggressive and hostile posture towards the US. The US must also act in ways that recognize that its approach to Iran is virtually unique, and does not have the support of any European ally of the US or any friendly Gulf state. Rightly or wrongly, all have chosen dialogue and trade over the US effort to isolate and sanction Iran. This is particularly important at a time when the US face growing hostility to its operations in Iraq and has problems with many of its traditional allies over both Iraq and the Israeli-Palestinian conflict.

More materially, the US cannot ignore the fact that the Department of Energy and International Energy Agency project a steady increase in global economic dependence on Iranian energy exports as part of a projected increase in Gulf exports. It estimates that Iran’s production capacity must increase from 3.8 MMBD today to 4.9 MMBD by 2025, as part of

an increase in total production capacity that will allow the Gulf to increase its total exports from 14.8 MMBD in 2001 to 35.8 MMBD in 2025 – a more than 140% increase.

Dealing with the Iranian Threat

Given this background, there are several ways the US should approach Iran, both in terms of threat and opportunity:

- *It should make it clear that the US will react to any Iranian military threats and deter and contain them.* It is as dangerous to romanticize Iran, as it is to demonize it. Iran may evolve towards a stable form of moderation. It has not done so as yet. It must be made clear to Iran that any course of action it pursues will be met with a reaction that does not leave it any viable military options and that any major military action would lead to the destruction of its present regime.

The US should also be prepared to react decisively to any overt Iranian deployment of nuclear weapons, biological weapons, and long-range missiles. Deterrence and containment should not be static. The US should be prepared to provide missile defenses, and improved defenses against other forms of attack. The US should also be prepared to extend a conventional deterrent umbrella over its regional allies. It should never threaten Iran with nuclear retaliation – which would only provoke more problems in the region – but it should never renounce such an option as long as there is any risk of Iranian proliferation, leaving the issue in doubt,

It should be stressed that this does not mean adventures in areas like preemption unless massive improvements can be made in US intelligence and targeting capabilities, and unless it is either clear that Iranian strikes are both imminent and far more threatening than seems likely for some years to come. Retaliation is the ultimate option, and the US cannot afford to carry out strikes that miss their targets or which only succeed in making an enemy out of the Iranian people while force Iran's government to create more covert means of proliferation.

- *Demonstrate US will and capability responsibly:* Deterrence and containment are best done quietly and by deploying a “big stick.” Harsh and over-simplistic rhetoric plays into the hands of Iran's hard-liners and America's opponents. In contrast, US military deployments and exercises, and military cooperation with friendly Gulf states, provide a quiet and tangible message. Similarly, US reporting and statements that provide

clear and validated public descriptions of threatening Iranian actions persuade both regional and other allies, where sweeping and vague charges simply undermine US credibility.

- *Pursue arms control without relying on it:* It is highly unlikely that Iran will abandon a major research and development effort in every aspect of proliferation until major changes occur in its regime and perception of the threat. The US must assume this is the case until it has far better intelligence collection and analysis regarding proliferation than it now has on any country, and it must not forget that nine years of UNSCOM and UNMOVIC inspection of Iran, and months of postwar US efforts, have still failed to provide an understanding of such efforts in Iraq. Even if Iran does fully comply with its agreements with the British Foreign Minister and gives the IAEA all of the access called for under the NNPT protocol, major uncertainties will remain.

Iranian compliance in arms control may well, however, prevent any overt acquisition and deployment of nuclear weapons, and the creation of major fissile material production facilities. Other arms control efforts may limit the scale of Iran's chemical weapons programs. The will still leave Iran with no meaningful constraints on its missile and biological programs, but even imperfect arms control can be far better than none provided that the US is proactive in ensuring that every possible violation is dealt with honestly and with suitable inspection, and the US firmly seeks to enforce those treaty provisions that could cut off the flow of nuclear, chemical, and possibly biological technology.

- *Continue to put constant pressure on Iran's suppliers:* The US cannot cut off Iran from dual-use and direct technology for proliferation, or block all purchases of advanced weapons, but it should continue to make every effort to try. One possible step would be to move beyond quiet dialogue with allied governments over transactions and suppliers that appear to aid Iran in proliferating and acquiring advanced arms and to aggressively name and sanction such suppliers in the way that has been done for some Russian and Chinese firms.
- *Pursue counterterrorism systematically and in a focused way:* the US should make it unambiguously clear to Iran that it will do everything possible to check any Iranian

support or tolerance of terrorism against the US or any of its allies. Far too much of the public US effort, however, again involves sweeping and careless rhetoric, rather than carefully focused efforts with detailed charges and credible demands for Iranian action.

- *Make every effort to maintain an informal dialog with Iran, and create formal official relations, without concession or preconditions:* Dealing with the Iranian threat requires more than sticks. The US must demonstrate that it will do everything possible to improve relations with Iran, that it is not hostile to Iran's moderates or its people, and that the burden of the failure to create formal relations lies solidly with Iran's hard-liners and extremists. This does not mean concessions, but neither does it mean demanding Iran change its behavior as the price of the formal relations that are the key to allowing meaningful security negotiations to begin.

The US dialog with Iran over Afghanistan is a model of how the US should approach this issue; the sudden decision to break off a dialog with Iraq over Iraq before the US and British invasion of Iraq is a model of how not to deal with the problem. The US negotiated and traded with far more threatening opponents throughout the Cold War, and gained much of its eventual victory by doing so.

- *Use the European and Gulf efforts at dialog and improved cooperation constructively without compromising the US position.* The US has no chance of either persuading or compelling its allies and other nations to join it in isolating Iran unless a clear case can be made for doing so in ways that actually change Iranian behavior. The reality is also that the European dialog with Iran, and the efforts of the Gulf states to normalize relations, have accomplish a great deal and offer the only practical means at this point to change Iran's behavior and directly influence its internal behavior. This does not mean the US should not pressure Europe, the Gulf states, and other nations to react to Iranian actions that threaten the region or support terrorism. Europe, for example, has sometimes only remembered the "dialog" part of "critical dialog."
- *Do everything possible to support internal change in Iran, but avoid adventures and efforts at regime change.* The US should use every diplomatic tool available to encourage political moderation in Iran. The should include every effort to help those

Iranian's who call for real democracy, to improve human rights, and encourage cultural exchanges and every other way of both showing the Iranian people the US is on their side and will act on their behalf. The problems and weaknesses in the Iranian opposition outside Iran are so grave, however, that they make the Iraqi opposition seem a tower of strength by comparison. The MEK is beyond change and too contemptible to deal with,

- *Consider major revisions to a largely failed sanctions policy.* It is one of the ironies of the post Cold War era that the primary threat to the US no longer truly consists of foreign power, but is rather the mistakes made by its Executive and Legislative branches. The only nation that can defeat the US is itself. The present US sanctions policy is a good example of such self-defeating actions. It does not stop Iran from proliferating. If anything, it makes proliferation and asymmetric warfare Iran's only military options, and reinforces Iran's hardliners in arguing that the US is hostile and a threat. The US should consider lifting those Executive Orders that cut US business off from their Iranian counterparts, which block Iranian energy development without halting or limiting Iranian proliferation, and which impede an unofficial cultural and political dialog for no apparent reason. This does not mean tolerating any transfer of critical technologies or offering some kind of carte blanche in trade and investment that would given the Iranian government large amounts of hard currency it could use for weapons programs. This, however, is very different from the present hollow sanctions policy that serves no purpose other than posturing for domestic political constituencies.
- *Pursue an Arab-Israeli Peace and the "Road Map" in the face of all obstacles:* the US cannot enforce a peace on Israel and the Palestinians, and should not. Iran is, however, only one example of the need to convince the people of the region that the US is both serious in seeking an end to the Arab-Israeli conflict, and that it will put pressure on Israel to limit its settlements and restrict its military actions to those action truly needed to protect its people and halt attacks and terrorism. This in no way means relaxing US pressure for Palestinian action and reform, for a halt to Iranian support of extremist and terrorist organizations, and for Arab and Iranian support of the peace

process. A strong, visible, and continuing US-led Arab-Israeli peace effort is vital, however, to any effort to deal with Iran -- as well as to every other aspect of US security interests in the Middle East.

Finally, the US needs something it has badly lacked in recent years: patience. There are no instant solutions or good options for dramatic action. Poorly chosen rhetoric and political posturing aids those forces in Iran that threaten the US and its allies, it does not compel Iran or threaten it in productive ways. Most important, the US needs to finish the job in Iraq and in dealing with Afghanistan and Al Qaida before it even contemplates new confrontations that are not force upon it be events, and the US needs to rebuild its relations with its allies and adopt policies that can win international support. Deterrence and containment have their risks and limits, and they only succeed with time. Wandering off in search enemies, however, has never made strategic sense and is only likely to further alienate Iran, other regional allies, and the world.