



Testimony before the Subcommittee on National Security, Homeland Defense and Foreign Operations, Committee on Oversight and Government Reform, House of Representatives

“Progress of the Obama Administration’s Policy Toward Iran”

Suzanne Maloney

Senior Fellow, Saban Center for Middle East Policy at the Brookings Institution

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Chairman Chaffetz, Ranking Member Tierney and Members of the Committee, I’m very grateful for the opportunity to discuss the issue of American policy toward the Islamic Republic of Iran. The disturbing new allegations surrounding Iran’s efforts to acquire nuclear weapons technology and its involvement with terrorism underscore the importance of devising effective policies for addressing a country that has long been at the forefront of U.S. security interests in the Middle East and across the world.

In my testimony today, I will offer a brief overview of the current state of play within Iran, referencing both its complex internal politics and its position within a region that has experienced epic turbulence over the past year. I will focus my remarks, however, on the central question of today’s hearing – the track record of the current Administration in addressing the challenges posed by Tehran. I will conclude by laying out a series of principles for enhancing the effectiveness of American efforts in dealing with Iran.

1. Understanding Iran Today

Two years after massive protests rocked the streets of Tehran and other Iranian cities, the Islamic regime has managed to retain its grip on power even as its neighborhood has been engulfed in historic change. The unrest that transpired in the wake of Iran’s contested 2009 presidential election splintered its leadership, further alienated its population, and generated the most vigorous popular movement for political change since the 1979 revolution that brought it to power. Whatever remaining popular legitimacy the revolutionary state retained was shattered by the brutality wielded against peaceful protestors. The regime’s internal political liabilities were exacerbated by considerable economic pressures precipitated by sanctions as well as decades of mismanagement. Moreover, Iran’s long tradition of representative government, its highly-educated and politically-engaged population, and its relatively sophisticated internal debate around questions of authority and legitimacy gave rise to renewed hopes that Iran was on the brink of change for the better.

And yet the wave of popular movements for accountability and good governance that has toppled seemingly impregnable states across the Middle East has almost wholly bypassed Iran’s Islamic Republic. With the exception of a few early protests, Iran has experienced very little of

the upheaval that has beset its neighbors over the course of the past year. The durability of the revolutionary theocracy is the product of a resourceful campaign by the Iranian regime to prevent the resurgence of any significant popular opposition. Molded by their personal experience with revolution, the leaders of the Islamic Republic have used intimidation, mobilization and efforts to buy off dissent through social spending in order to prevent the resurgence of popular activism.

Even as Iran's opposition remained largely dormant throughout the course of the early months of the Arab spring, the political frictions within the regime have ramped up sharply. The longstanding resentment toward President Mahmoud Ahmadinejad harbored by the traditional stalwarts of the Iranian revolutionary regime exploded into public view. The outcome of this infighting has only reinforced the role of Iran's supreme leader, Ayatollah Ali Khamenei, as the country's paramount authority. The fierce contention has opened new fissures among the political elite, but this has not yet substantially eroded the regime's capabilities for maintaining authority in the short term.

Faced with profound popular dissatisfaction and intra-elite tensions at home, the turbulence across the region has only reinforced the Iranian regime's determination to eradicate dissent and assert their influence across a changing Middle East. Despite their obvious vulnerabilities, Iran's dogmatic theocrats perceive the Arab uprisings in triumphal terms. From Tehran's vantage point, regional change has been a net positive so far. Several of the Islamic Republic's most determined regional adversaries were dispatched into exile, prison, or at minimum in a defensive crouch. This offers Tehran at least the possibility of new access in the Sunni Arab world, and the regime has sought to exploit the abiding uncertainty and undercurrents of mistrust for U.S. intentions that lie just beneath the surface of regional enthusiasm for change. The Arab spring has also ratcheted oil prices back up from a two-year downturn brought on by the global economic slowdown, and the instability premium will ensure Iranian revenues sufficient to ride out almost any pressures.

To be sure, the regional environment has also created new liabilities for Tehran. Whatever soft power Iran could claim in its own neighborhood has surely faded by the Arab embrace of democratic activism and government accountability. Iran's leaders have been exposed as tin-pot dictators, and their unflinching defiance of Washington rings far more hollow in a region where the mantle of heroism has been seized by the millions of ordinary citizens willing to risk their lives in pursuit of a better future. An even more immediate problem for Tehran is the violence in Syria, its only reliable Arab ally. Unrest in Syria jeopardizes the Islamic Republic's most trusted regional partner and its most reliable mechanism for resupplying its proxy Hezbollah and maintaining direct access into the political dramas of the Levant. Moreover, the scope and pace of Syria's devolution must be unnerving for Iranian leaders' confidence in their own capabilities for preserving control.

The unfolding regional drama has also revived the longstanding frictions between the Persian theocracy and one of its foremost regional rivals, Saudi Arabia. Beyond the recent headlines alleging Tehran's complicity in a conspiracy to assassinate the Saudi Ambassador to the United States in a Washington restaurant, a new cold war is erupting the Persian Gulf that will have ongoing implications for U.S. interests, regional security and the global economy. Saudi Arabia and other Arab states see Tehran as the beneficiary of American missteps and naiveté in the region, and are determined to thwart Iran's bid for hegemony. For their part, Iranian leaders have

warned darkly that pushback by the Saudis and other Arab states will only come back to haunt them. Both capitals increasingly view the contest for influence as an existential one, although both have also demonstrated more reluctance about the rupture than their rhetoric might suggest.

Amidst a region undergoing such epic change and riven by such determined rivalries, the outcome of transitions in two Arab states will have a decisive impact on the future. The first is Egypt, the traditional heart of the Sunni Arab world, whose unlikely eviction of Hosni Mubarak forever altered the premises of power and stability in the Middle East in a way that rivals Iran's own revolution a generation ago. If Egypt can navigate the contradictory imperatives of its current predicament and establish some functioning balance between security and democracy, it will go far toward creating a new model for the region – a center of gravity with deeply-rooted internal legitimacy and wide-ranging influence. The second key arena for shaping the future of the Middle East is Iraq, where the sectarian suspicions that infect the region remain potent and where American intervention has left a complicated legacy. Iran's vast sway within Iraq was a predictable and inescapable consequence of the American ouster of Saddam. However, no one – least of all Tehran, whose bitter history with its neighbor reinforces the limitations of sectarian identity – should believe that Iraq's future rests primarily in Iranian hands.

2. Assessing the Obama Administration's Policy toward Iran: The Good News

The resistance and persistence of the Islamic Republic presents a greater concern within the region than at any time in the past two decades, one that is exacerbated by the fluidity across the Arab world and the corresponding dilemmas for the exercise of American influence. The Obama Administration can make a persuasive claim to unprecedented successes in dealing with Iran, and yet the ultimate objective of U.S. policy – eliminating the threats posed by the regime's pursuit of nuclear capability, support for terrorism, and abuse of its own citizenry – remains as distant as ever. To develop to a path forward that advances this objective, it is necessary to assess the approach and the tactics of the current Administration.

The Administration's policy toward Iran has come full circle from its earliest inceptions. President Barack Obama embraced the notion of engaging adversaries during his 2008 campaign, and his initial efforts on Iran were designed to demonstrate American receptivity toward a negotiated resolution of the nuclear issue, and by extension the gamut of bilateral grievances, to the Iranian leadership. However, Iran's lack of reciprocity and the regime's vicious response to the June 2009 unrest together extinguished the appeal of any new broad overtures within the Administration. Later that same year, Tehran's retraction of a tentative fuel swap agreement that was intended to serve as a confidence-building gesture on the nuclear issue truncated the Administration's patience for negotiations with Iran.

President Obama had indicated from the outset that engagement would be given an early deadline to prevent Tehran from utilizing the process to dodge, and by the end of his first year of the Obama presidency, U.S. policy toward Iran had reverted to the familiar terrain of economic sanctions. In this way, an approach initially intended to prioritize engagement quickly gave way to one that has mobilized the most robust and multilateral array of pressure on Iran in more than three decades.

It should be noted that this transformation in the U.S. approach to Iran is not unusual; consider, for example, the arc of the preceding Administration, which shifted from unprecedented direct diplomacy to absolute isolation and then part of the way back again to diplomacy over the course of eight years. A similar evolution transpired over the course of the Clinton Administration, and in fact during the terms of every American President, from both parties, since 1979. The essential framework for U.S. policy toward Tehran was established during the earliest hours after the November 1979 seizure of the U.S. Embassy and its staff, when the Carter Administration's crisis team launched a two-track strategy incorporating both pressure and incentives to negotiate. From that time forward, each U.S. president has indulged in fine-tuning, but the basic binary logic of U.S. policy toward Iran has remained the same.

In its embrace of pressure and effort to construct a robust regime of economic sanctions on Iran, the Obama Administration built upon a foundation established by the Bush Administration. This involved several components, including the use of executive prerogative to designate Iranian entities for their association with terror, under measures adopted after the September 11 attacks, as well as enhanced counter-proliferation sanctions. These unusually far-reaching restrictions effectively precluded foreign banks with U.S. interests or presence from doing business with designated institutions in Iran. While extraterritorial sanctions had provoked European opposition in the past, these measures received little overt pushback from either the diplomatic or financial community. The surprising degree of compliance reflects a combination of effective U.S. diplomacy with allies, a more skeptical international mood toward Tehran, and the obliqueness of the measures, which ostensibly targeted merely the Iranian institutions but indirectly imposed constraints on any of their foreign business partners.

These measures were accompanied by a concerted campaign, primarily focused on financial firms in Europe and the Gulf, intended to highlight both the increasing legal roadblocks as well as the reputational risks of investing in Iran. The outcome was dramatic; after more than two decades of trying to bring the rest of the world on board with American efforts to isolate and pressure Iran, Washington helped launch a wave of divestment from Iran simply by capitalizing on the unique role of the U.S. financial system to magnify the impact of U.S. restrictions. The U.S. federal measures were complemented by the proliferation of state-level measures, the cumulative effect of which was to reinforce the disincentives for any firm with American interests to deal with Iranian counterparts.

The capstone in the Bush approach to Iran was of course its long, arduous drive to bring the Iranian nuclear file before the United Nations Security Council. Achieving this objective ultimately required the Administration to reverse its prior refusal to negotiate with Tehran as well as a relaxation of its stance toward future Iranian nuclear activities. These concessions won Washington a trio of successive UNSC sanctions resolutions that began amassing international consensus around penalizing Iran and specific institutions over the nuclear issue.

Despite some stylistic differences, the Obama Administration has retained the second-term Bush policy framework for Iran. The designation of Iranian individuals and institutions under the counter-proliferation and counter-terrorism statutes remains a powerful tool for creating ripple effects across the global landscape of the country's trade ties. Beyond these steps, however, President Obama has sought to enhance the persuasive power of U.S. policy – initiating early overtures toward Tehran as a means of demonstrating to Europe the seriousness of American readiness, making key compromises on issues at stake with Russia to draw Moscow into a more

cooperative relationship on Iran, and investing in a protracted negotiation of the latest (and presumably last) UN resolution on Iran, Security Council Resolution 1929, so that it would serve as a platform for additional measures by individual states as well as the European Union. The advantages of this synergy cannot be underestimated, and in many ways those subsequent unilateral sanctions are far more significant than the UN measure itself. Washington took other steps to encourage cooperation among “like-minded states” in Europe and in Asia, notably by utilizing sanctions policy to highlight human rights abuses in Iran and to restrict the government’s access to technology used to control the free flow of information.

Notable new measures include the July 2010 Comprehensive Iran Sanctions and Divestment Act (CISADA), which includes a rescission of the prior exemption of caviar, carpets and pistachios from U.S. sanctions, as well as a new array of extraterritorial measures including restrictions on sales of refined petroleum products to Tehran. In part because CISADA was enacted so quickly on the heels of the UN resolution, there was some grumbling, particularly from the Russians, that Washington was exceeding its mandate. Still, the unilateral American actions did not provoke intra-alliance tensions or defections from the overall cooperation with the campaign of pressuring Tehran from the international powers.

It must be noted that the achievement of a truly robust multilateral sanctions regime is no small feat. The persistence of sanctions as an instrument of American policy toward Tehran has overshadowed that the international community has rarely if ever adopted similar tactics toward the Islamic Republic. Beginning with the seizure of the U.S. Embassy 32 years ago this month, Iran’s revolutionary regime has established a long track record of egregious offenses and provocative behavior. And throughout that time, no capital other than Washington proved willing to jeopardize their economic interests with respect to Iran in any meaningful fashion. For nearly all of the past three decades, sanctioning Iran has largely been the lonely work of the U.S. government.

In light of that history, the assembling of a broad coalition committed to real penalties against Tehran – including a global ban on conventional weapons sales, a European withdrawal from investing in Iran’s energy sector, and wide-reaching restrictions on dealing with Iranian banks, among other measures – should be understood objectively as a historic achievement. It reflects the deep investment in diplomacy principally, but by no means solely, by the Obama Administration in shifting the parameters of international cooperation on Iran. The newfound international willingness to enact consequential restrictions against Iran also points toward the deepening frustration over Iran’s nuclear obfuscation as well as the post-2009 hardening of European expectations of domestic moderation in Iran. The landscape also benefited from a Chinese leadership determined to avoid a breach with Washington over Iran, and the success of both the Bush and Obama Administrations in extending the reach of unilateral American restrictions without alienating key allies by focusing on relatively opaque financial mechanisms and targeted designations of the banking sector.

The consequences of the sharpened sanctions regime can be seen across the board within Iran. Sanctions and export controls have played a subtle but significant role in slowing Iran’s capability to acquire the technology needed for its sophisticated nuclear program. Collectively, the multilateral and individual state sanctions have taken an enormous toll on the Iranian economy – driving hundreds of foreign investors out of the Iranian market place, sparking

periodic crises for the Iranian currency, and significantly escalating the cost and inconvenience of doing business with or in Iran. Trade with the regime's traditional trade partners in Europe has declined precipitously, and sanctions have forced Tehran to recapitalize its banks and seek out creative mechanisms – including barter instruments – for increasing proportions of its considerable trade finance requirements. Indian imports of Iranian gasoline went unpaid for months, for lack of a legally viable payment process, while Iranian jets have been grounded in Europe as a result of U.S. restrictions on sales of refined petroleum products. With the exception of the Chinese, most major international energy firms have exited Iran after a frustrating decade of reengagement, and Iran's energy development has stalled far behind its stated goals, which will negatively impact its production and export options. A wide range of Iranian politicians have publicly acknowledged the increasing hardships posed as a result of the restrictions, including Ayatollah Khamenei.

Sanctions are not the sole mechanism of U.S. policy, however. The Administration has buttressed economic sanctions with other forms of pressure intended to alter Iran's decision-making calculus. A wide variety of covert tactics to forestall Iran's nuclear development have been attributed to Washington and/or its allies, including the Stuxnet computer virus. Working with partners in Europe and Asia, Washington has achieved a small measure of success in ensuring that the deeply-felt concerns about Iran's domestic policies are not overlooked amidst international attention to the nuclear issue, through successful efforts to establish a United Nations Special Rapporteur for Human Rights in Iran and other measures in multilateral bodies. Even as pressure on the regime has intensified, the Administration has sought new means for reaching out to ordinary Iranians, establishing the first Persian language spokesperson for the State Department, implementing programs to expand Iranians' access to information and technology, and providing new facilities to obtain multiple-entry visas for young Iranians studying in the United States. As a result of all these efforts and the tangible evidence of impact within Iran, for the first time since the 1979 inception of the revolutionary theocracy, a sense of real momentum and cohesion among the international community has begun to coalesce around the threat posed by Tehran.

3. Assessing the Obama Administration's Policy toward Iran: The Bad News

Despite this impressive tally of achievements, the primary objective of these efforts has continued to elude U.S. policymakers and their allies. Even the toughest sanctions in Iran's post-revolutionary history failed to have swift impact on Iran's most dangerous policies, in particular its dogged pursuit of nuclear capabilities that belie its government's protestations of civilian purpose as well as its efforts to undermine American interests and to subvert democratic movements at home and abroad. Sanctions have imposed heavy financial and political costs on the Islamic Republic, but they have not convinced Iranian leaders that their interests would be better served by relinquishing their nuclear ambitions, abandoning their other reckless policies, or even opening a serious dialogue with Washington. This is a function of the complex political transformation within Iran over the course of the past decade, the regime's well-honed capabilities for evading and insulating itself against sanctions, and of course the momentous changes that have swept the broader region.

Historically, Iranian leaders have tended to reject the significance of sanctions, at least rhetorically, and they have celebrated the country's capacity to withstand external economic

pressure, particularly the measures imposed on Iran by Washington. In the immediate aftermath of the revolution, this ethos was philosophically consistent with the revolutionary leadership's quest for independence and its ambivalence about capitalism and international entanglements. The rupture of Iran's financial relationship with the United States and the American ban on exporting military equipment to Iran spurred Tehran to invest in its domestic capacity, particularly the security sector.

Over time, sanctions have been integrated within the regime's ideological narrative. Like the war with Iraq in the 1980s, economic pressure represents another component of the international conspiracy to undermine the Islamic Revolution, a plot that has been foiled by Iran's wise and righteous leaders, who have used sanctions to the country's benefit by strengthening its indigenous capabilities and sovereignty. In this respect, the hardliners may perceive merely surviving new sanctions—even at a significant price—as victory, and will portray it as such to their base. These proclivities have been redoubled as a result of the historic transformation that Iran underwent over the course of the past two decades. The coming-of-age of Iran's war generation has empowered a cohort that romanticizes the regime's first revolutionary decade and the experience of the solitary struggle to defeat Saddam Hussein against overwhelming odds. They are deeply suspicious of the international community and remain convinced that Washington is bent on Iran's subjugation. They have prioritized strategic advantage over economic growth, and are infatuated with the notion that the East can more than compensate for any material opportunities that are lost as a result of the departure of Western companies. As a result, Tehran is less receptive than ever to the cost-benefit logic of sanctions, particularly insofar as they are limited in application.

Beyond the blustering rhetoric, the historical record offers very limited reason for optimism about the efficacy of economic pressures in moderating Iran's foreign policies. Since the revolution, Iran has experienced a number of episodes of severe economic hardship, as a result of volatile oil prices and the severe political crises that ensued after the revolution and during the war with Iraq. None of these episodes of economic pressure induced a significant turn toward prudence or compromise in Iran's approach to the world; instead, when purse strings tightened the Iranian regime coalesced and rallied the public. The current political context is, of course, unique, but a review of Iranian history dispels any illusion that Tehran will automatically buckle when its financial circumstances become problematic.

Moreover, Tehran has a long experience in blunting the intended impact of economic pressure. Predictably, the conservative power structure has responded to the latest volley of sanctions in a multifaceted fashion, including defiance, mitigation, aversion, insulation and a self-serving public diplomacy campaign. The regime is resourceful, adaptable, and well-versed in insulating its preferred constituencies and identifying alternative suppliers. Through trade and mercantilist diplomacy, Iran has deliberately sought to expand its network of trade partners and reorient its trade and investment patterns to privilege countries with international influence and minimalist interest in political interventions. Iranian leaders are experienced at replacing prohibited suppliers, finding alternative financiers, and absorbing additional costs in order to mitigate the impact of sanctions.

The threat of new measures has persuaded Tehran to take a number of steps over the years to mitigate its vulnerability to external economic leverage. In particular, Tehran instituted a

range of measures to minimize gasoline consumption and ramp up refinery capacity in a bid to reduce the country's reliance on imported petroleum products, and has launched a historic revamping of the longstanding and profoundly debilitating price subsidies on various vital consumer goods, including bread and gasoline. These steps have been a clearly articulated priority for Tehran for at least several years, specifically intended to undercut the impact of international restrictions.

Another factor limiting the efficacy of the current sanctions regime is the divergence between the terms of the UN sanctions and the harsher measures adopted by the U.S., Europe, and several other countries; this disparity has created an uneven playing field in Iran's energy sector that profoundly advantages China, which may prove unsustainable over the long term. China's rapidly growing economy was already overtaking Iran's traditional trade partners, and now European companies are already grumbling about pressure to forfeit opportunities where their Chinese competitors offer quick substitution with impunity. Tehran has exploited this dynamic, seeking to expand its economic ties in ways that complicate any prospects for Western leverage. If Washington seeks to use the multilateral sanctions regime as a longer-term instrument of containment and deterrence, incentives for 'sanctions busting' are likely to increase, and in turn will blunt the impact on Iran.

Finally, despite the Obama Administration's success to date in coalescing a robust multilateral sanctions regime, there is limited international appetite for adopting new measures despite Iran's continuing noncompliance. It is likely that 2010 will represent the high water mark for international cooperation on sanctioning Iran. Already unnerved by Western intervention in NATO and a season of instability across the Middle East, Moscow and Beijing are signaling their reluctance to press Tehran further. Underpinning the international community's historical reluctance to embrace sanctions is a divergence in views on Iran itself and on the efficacy of economic pressures. Few countries beyond the United States have consistently treated the Islamic Republic as a pariah state; on the contrary, important international actors such as China and Russia have invested significantly in developing a deep relationship with a country viewed by many as the region's natural powerhouse. And while energy interests and other economic enticements, including Iran's role as a market for Russian arms, have proven a powerfully binding force, dismissing international resistance to sanctions as purely mercenary is overly simplistic. In Moscow, Beijing, and other capitals, Iran remains a strategic ally in a critical region of the world, and they are loath to jeopardize their relationship with this important asset. They share a resentment of American prerogatives and a mistrust of Washington's intentions.

Achieving international consensus on tough sanctions is further complicated by divergent perspectives on the likely consequences. Traditionally, Washington has argued that increasing the costs of Iranian malfeasance can alter the regime's policy calculus and dissuade problematic policies. This view of sanctions as an instrument that can affect a recalcitrant regime is not widely shared within the international community. In particular, Moscow and Beijing have repeatedly invoked concerns that rather than inducing moderation, sanctions would provoke further Iranian radicalization and retaliation, either via direct actions against governments that adhere to any boycott or by accelerating their nuclear activities and withdrawing from the Nuclear Non-Proliferation Treaty. Moscow and Beijing's reluctance is also informed by their long memories of their own countries' experiences with sanctions and other forms of Western economic pressures.

This ambivalence runs deep even outside the historic hedge countries, such as Russia and China. Even within many European polities, the legacy of three decades of “constructive engagement”—an approach that endeavored to moderate Iranian policies by drawing the regime into a more mutually beneficial relationship—has left a residue of discomfort among some leaders with sanctions as the primary policy instrument. In addition, Iran’s neighbors in the Persian Gulf region, who revile the Shi’ah theocracy and would prefer almost any outcome to a nuclear-capable Iran, remain cautious toward Iran, based on fears of Iranian retaliation and concerns about preserving their own economy stability in the midst of epic global uncertainty.

Ultimately, the impediments to American sanctions represent tactical challenges – significant ones, no doubt, but not permanently insurmountable. What is perhaps more disconcerting is the deeper dilemma facing the Administration’s approach to Iran – the fundamental disconnect between its strategic objective and any realistic assessment of what is achievable. The ‘dual track’ approach offers no viable end game for dealing with Iran’s current leadership. The basic objective of the U.S. approach, to cause the Islamic Republic to willingly concede its nuclear program and other policies, is almost certainly untenable within the current political context in Tehran. Under the present internal and regional circumstances, it is almost inconceivable that Iran’s revolutionaries can or will make historic compromises with the West. An Iranian regime with innate mistrust of the West cannot be nudged into a constructive negotiating process by measures that exacerbate its vulnerability. Particularly not in a climate of such dramatic regional change, which has only heightened Tehran’s paranoia. No state that watches the international community bombard Libya will ever concede its nuclear advantage in exchange for rapprochement and trade ties.

4. Future Policy Options

The coming year offers a useful opportunity for a rethink of the American approach to Iran. Incremental intensification of the sanctions regime is not likely to revise Iran’s desperate quest toward the nuclear threshold. More of the same is not the answer, and sticking stubbornly to the essential framework of dual track or carrot-and-stick diplomacy that has served as the basic American formula for dealing with Iran since 1979 is unlikely to produce manifestly more effective results. This approach is minimally sufficient, in the sense that it has successfully impeded Iran’s most problematic policies without actually generating much progress toward reversing them or altering the regime’s political calculus. However, it will fail to successfully resolve the most urgent American concerns about Iranian policies.

In crafting a future approach to dealing with Iran, there are a few basic principles that should remain paramount for U.S. policymakers. First, **multilateral cooperation is vital** to influencing Iran’s bottom line as well as its strategic decision-making. As detailed above, the historical efficacy of sanctions has been undermined by their limited scope of applicability. The Obama Administration has made substantial progress toward greater international cooperation, but Washington risks alienating crucial allies through adoption of more indiscriminate measures.

In this respect, China’s continuing investment and trade with Tehran presents the single most important avenue for shaping Iran’s future. Beijing is driven by economic interests, as well as an often-overlooked rapport with Iran’s grievances, but underlying fissures between two countries can provide opportunities for the international community to enhance cooperation on thwarting

Iran's nuclear ambitions. Yet ties between China and Iran hardly are ironclad. Beijing has moved cautiously in Iran, and for its part, Tehran is ambivalent about China. Washington has long treated Beijing as an ancillary dimension of its Iran diplomacy, focusing instead on Russia as the crucial actor. But now, with China's in increasing consequence in Iran's economic prospects, China must move to center stage for U.S. policy deliberations.

Second, Washington must recognize – and must articulate clearly to both its diplomatic partners and to the American people that – that **tough measures toward Tehran will entail tough tradeoffs** for U.S. interests. American policymakers frequently endorse the notion of “crippling sanctions” against Iran, but few acknowledge that there is simply no mechanism for exerting game-changing pressure on Iran without imposing unpredictable and probably unpleasant consequences for the global energy balance and the worldwide economic recovery. The enthusiasm for sanctioning the Iranian Central Bank appears to disregard several unavoidable realities: that China, India and other energy-hungry states will oppose measures that pose any meaningful impediment to Tehran's ability to market its 2.4 million barrels per day in crude oil exports, and that Americans will feel the effects of such every time they go to the gasoline pump. Embracing these measures means persuading the American people and the international community to accept the potentially high costs associated with them.

Third, **Washington should never unilaterally take diplomacy off the table.** As I've suggested, I am profoundly skeptical about the current Iranian leadership's willingness or capacity to engage in serious negotiations over the contours of its nuclear ambitions or other problematic policies in the region. And yet the past three decades demonstrates consistently that an open dialogue on the issues of U.S. concern has tangibly advanced American interests. As suggested above, every American president since 1979 has utilized a variety of tools for influencing Tehran. This is a nonpartisan issue. Both Democratic and Republican administration have intensified sanctions; both Democratic and Republican Presidents have sought direct dialogue with Iranian leaders. Measures that would tie the hands of this or any future Administration in dealing with the challenges posed by Iran are tremendously irresponsible and explicitly counterproductive.

Fourth, the use of force must remain within the universe of policy options for dealing with any urgent threat, but the intemperate **invocation of threats does little to advance U.S. interests** or those of the international community in ensuring a peaceful, prosperous Middle East. Threats that may well be intended to influence the calculations of third countries and bolster support for non-military pressure on Iran have an unfortunate way of reinforcing the paranoia of Iran's current leadership and encouraging them to respond in kind. Moreover, such an environment is incredibly debilitating for the remaining opposition in Iran and only serves to empower a leadership that may even welcome an attack as a means to bolster its legitimacy and its grip on power.

Fifth, Washington should **rethink the universe of possibilities for advancing political change within Iran.** The uncomfortable truth is that the Obama Administration got it mostly right with its low-key response to the emergence of a powerful indigenous Iranian opposition in June 2009. Not even the most ardent Iranian democratic activist can make a persuasive argument that more forceful American rhetoric or a closer embrace of the Green Movement at the time

would have facilitated a different outcome, and it remains profoundly unclear whether and how U.S. support would advance the aim of political change in Iran.

Still, it is a travesty that most of the discussions surrounding the prospects for democracy in Iran have occurred in Washington in recent months have focused on the discredited terrorist organization, the *Mujahideen-e Khalq*, and their handsomely rewarded American advocates. A century of Iranian struggle a representative and responsible government warrants a serious conversation, informed by individuals and institutions with first-hand understanding of Iran's current internal dynamics, on the question of what if anything the international community can do to advance a better future for Iranians.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name:

Suzanne Malmey

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

2010-2011 - served on a very part-time basis as an external consultant to the office of the Undersecretary for Political Affairs, State Department.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

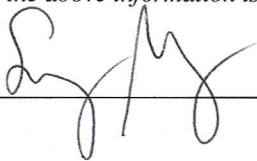
I am a senior fellow at the Saban Center for Middle East Policy at the Brookings Institution - however, I testify solely on my own behalf and do not represent the conclusions or opinions of any institution.

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