



## Big Ideas

# Time for a U.S.-Iranian 'Grand Bargain'

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The next U.S. president, whether it is John McCain or Barack Obama, should reorient American policy toward the Islamic Republic of Iran as fundamentally as President Nixon reoriented American policy toward the People's Republic of China in the early 1970s. Nearly three decades of U.S. policy toward Iran emphasizing diplomatic isolation, escalating economic pressure, and thinly veiled support for regime change have damaged the interests of the United States and its allies in the Middle East. U.S.-Iranian tensions have been a constant source of regional instability and are an increasingly dangerous risk factor for global energy security. As a result of a dysfunctional Iran policy, among other foreign policy blunders, the American position in the region is currently under greater strain than at any point since the end of the Cold War.

It is clearly time for a fundamental change of course in the U.S. approach to the Islamic Republic. By fundamental change, we do not mean incremental, step-by-step engagement with Tehran, or simply trying to manage the Iranian challenge in the region more adroitly than the Bush administration has done. Rather, we mean the pursuit of thoroughgoing strategic *rapprochement* between the two nations.

Such *rapprochement* would be most effectively embodied in the negotiation of a U.S.-Iranian "grand bargain." A grand bargain approach means putting all of the principal bilateral differences between the United States and Iran on the table at the same time and agreeing to resolve them as a package.

- For Iran, this would mean addressing U.S. concerns about the Islamic Republic's pursuit of weapons of mass destruction, support for terrorism, opposition to a negotiated settlement of the Arab-Israeli conflict, and problematic role in Iraq and Afghanistan.
- For the United States, this would mean clarifying America's willingness to have normal relations with the Islamic Republic and recognizing a legitimate regional and international role for Iran. In particular, this would mean the extension of U.S. security assurances to Iran -- effectively, a U.S. commitment not to use force to change the borders or form of government of the Islamic Republic.<sup>[i]</sup>

The reciprocal commitments entailed in a U.S.-Iranian grand bargain would almost certainly be implemented over time and in phases. The key, though, is that all of the commitments would be agreed up front so that both sides would know what they were getting.



*The rationale for a new U.S. policy toward Iran seems almost self-evidently obvious: to engage the Islamic Republic, on the basis of its interests, in order to reach a broad-based strategic understanding with Tehran. The goal would be to redirect Iran's exercise of its influence to support U.S. interests and policies, rather than work against them.*

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## Missing the Point

A grand bargain, in our view, is the only way in which the United States can develop and sustain a genuinely constructive relationship with the Islamic Republic. Unfortunately, the current policy debate about Iran in the United States is not conditioning the kind of fundamental shift in American policy that is needed. While there is greater "space" today for consideration of some sort of diplomatic engagement with Tehran, much of the policy debate in the United States is still focused on how to contain various "threats" emanating from the Islamic Republic.

In the rhetoric of too many American commentators, the Islamic Republic is portrayed as an immature, ideologically driven regime that does not conceptualize its foreign policy in terms of national interests. Indeed, apocalyptic scenarios that have been advanced about a millennially inclined Iranian leadership using nuclear weapons against Israeli targets, with no regard for the consequences, effectively posit that the Islamic Republic aspires to become history's first "suicide nation."

But even less extreme views of the Islamic Republic make the U.S. policy debate about Iran eerily reminiscent of debates over how to discipline badly behaved children. On one side, a hard-line "spare the rod and spoil the child" school argues that this immature polity must be coerced into more appropriate behavior. On the other side, a pro-engagement "build a problem-child's self-esteem" camp argues that it is more productive to cajole Iran into better behavior through various material inducements.

This type of discussion is profoundly flawed on at least two counts. First, it overlooks an important reality: Iran is not just a threat to be managed. Rather, Iran's strategic location (in the heart of the Persian Gulf and at the crossroads of the Middle East, Central Asia, and South Asia), its growing influence and standing in key regional arenas, and its enormous hydrocarbon resources make it a country critical for the United States. Prior to the current Bush administration, a diplomatic opening with Tehran was at least intermittently viewed by the first Bush administration and the Clinton administration as falling in the "nice to have" category -- a desirable prospect, but not essential for America's strategic position in the Persian Gulf, the Middle East more broadly, and the Eurasian heartland. For the U.S. administration that takes office in January 2009, strategic *rapprochement* with Tehran will fall into the "must have" category -- something truly imperative for American interests in these critical regions.

The imperative for U.S. *rapprochement* with Iran extends beyond the strategic dynamics of critical regions to encompass the increasingly acute global challenge of energy security. For more than a decade, U.S. policy has declared that the world's second-largest proven reserves of conventional crude oil and the world's second-largest proven reserves of natural gas should stay in the ground until Washington decides otherwise, for reasons that have nothing to do with the global energy balance. Such a position might have been bearable (if nonetheless shortsighted) in the 1990s, when energy prices were low and the adequacy of global hydrocarbon supplies was not an immediate concern. Given the constraints on growth in the global supply of both oil and natural gas that are likely to persist through the next decade and beyond, deliberately trying to take Iran out of the international energy picture is profoundly irresponsible.

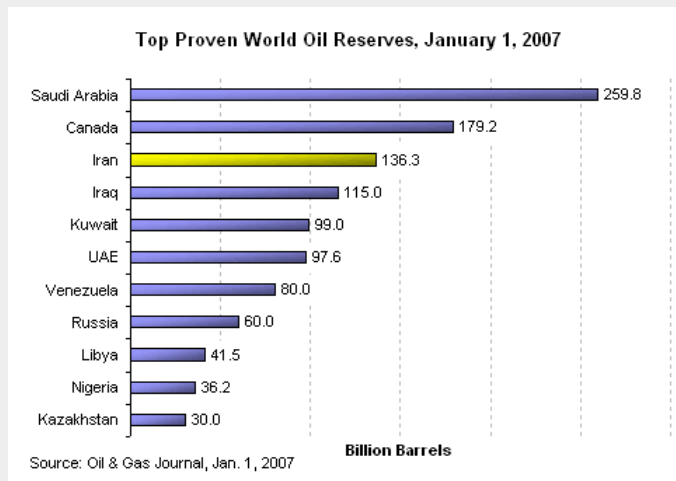
The United States continues to achieve tactical successes in its efforts to keep European energy companies out of the Iranian upstream -- that is, out of the discovery and production of crude oil and natural gas -- with the effect of limiting Iran's rates of oil and gas production. The lack of new European investment will also, among other things, delay Iran's emergence as an exporter of liquefied natural gas (LNG). But, from a more strategic perspective, U.S. policy is leaving the field open for increasingly capable Chinese, Russian, and other non-Western energy companies to take the lead in helping Tehran develop its hydrocarbon resources. This point was graphically underscored in July, when, less than a week after the French "super major" Total announced that it was withdrawing from the Pars LNG project, Gazprom's CEO met with Iranian president Mahmoud Ahmadinejad in Tehran to sign a new memorandum of understanding and restate Gazprom's interest in helping Iran with several major upstream projects. While Iranian officials readily acknowledge that this is not an "optimal" approach, they also say that they cannot "wait on the West" indefinitely.

An expanding Russian role in the Iranian upstream would be especially problematic from a U.S. and European perspective. Whereas Chinese, Indian, and Malaysian companies investing in Iranian energy projects have a clear interest in increasing the supply of oil and gas to international energy markets, Russia's state-owned energy companies have an interest in limiting and controlling the growth of hydrocarbon supplies to key global and regional markets. This plays directly into Moscow's ambitions to "coordinate" the growth of global gas supplies with other

important gas producers, including Algeria, Libya, and Venezuela, thereby increasing the strategic leverage associated with Russia's status as a major hydrocarbon producer and exporter. In particular, limiting Iran's options for exporting natural gas to pipelines will help consolidate Russia's increasingly dominant supplier role in European energy markets and allow Moscow effectively to regulate Iran's emergence as a gas exporter.

## Iran's Hydrocarbon Resources

Iran's hydrocarbon resources are truly impressive. The Islamic Republic has the second-largest proven reserves of conventional crude oil in the world (after Saudi Arabia). Its Ministry of Petroleum currently states the country's proven oil reserves at roughly 131 billion barrels. (*Oil & Gas Journal* lists Canada as holding the world's second-largest oil reserves, roughly 179 billion barrels, putting Iran in third place. However, the *Journal's* estimate for Canada includes 175 billion barrels of oil sands reserves. This justifies the statement that Iran holds the world's second-largest reserves of conventional crude oil.)



In addition, Iran has the world's second-largest proven reserves of natural gas (after Russia). The Islamic Republic's proven gas reserves are currently estimated at 940 trillion cubic feet, and there is considerable upside potential for discoveries of more gas deposits.

If Iran's oil and gas resources are aggregated by converting reserves statements for natural gas into barrels of oil equivalent, Saudi Arabia and Iran are virtually equal in terms of resource potential: Saudi Arabia has 302.5 billion barrels of oil equivalent in proven reserves of crude oil and natural gas, while Iran has 301.7 billion barrels of oil equivalent. These figures dramatically eclipse current estimates of the overall hydrocarbon base for Russia -- the world's other hydrocarbon "superpower" -- which comes in third with a total of 198.3 billion barrels of oil equivalent in proven reserves of crude oil and natural gas.

A second deficit in the current U.S. policy debate over Iran is its disregard of a historical record showing that since the death of Grand Ayatollah Ruhollah Khomeini in 1989 the Islamic Republic has been increasingly capable of defining its national security and foreign policy in terms of national interests. While it may not be easy for some Americans to acknowledge, most of those interests are perfectly legitimate -- to be free from the threat of attack or interference in Iran's internal affairs and to have the political order of the Islamic Republic accepted by the world's most militarily powerful state as Iran's legitimate government.

Moreover, the Islamic Republic has for many years shown itself capable of acting in instrumentally rational ways to defend and advance its interests. As Americans, we may not like some (or many) of the strategic and tactical choices that the Iranian leadership has made in pursuing these national security and foreign policy interests -- e.g., its extensive links to a multiplicity of political factions and associated armed militias in Iraq, its support for groups like Hizballah and Hamas that the U.S. government designates as terrorist organizations, or its pursuit of nuclear fuel cycle capabilities that would give Tehran at least a nuclear weapons "option." These choices work against U.S.

interests -- and, on some issues, antagonize American sensibilities. They are not, however, "irrational," particularly in the face of what many Iranian elites believe is continuing hostility from their neighbors as well the United States to the Iranian revolution and the political order it generated.

The deficiencies in the U.S. policy debate over Iran lead some to focus on military options and "regime change" as the most appropriate strategic response to the Iranian challenge. We believe that such a course would actually undermine America's ability to get Iran to change its policies. Among other things, U.S. military action against Iran would almost certainly prompt Tehran to accelerate its nuclear program and other problematic activities, with even broader support from the Iranian people.

## **Defining the Goal**

Against this backdrop, the rationale for a new U.S. policy toward Iran seems almost self-evidently obvious: to engage the Islamic Republic, on the basis of its interests, in order to reach a broad-based strategic understanding with Tehran. The goal of such a strategic understanding would be to redirect the Islamic Republic's exercise of its influence to support U.S. interests and policies, rather than work against them.

This was the model that the Nixon administration applied to relations with China during the early 1970s. President Nixon and his advisers recognized and forthrightly acknowledged that a quarter century of U.S. efforts to isolate, weaken, and press China had not served America's strategic interests, in Asia or globally. In an act of extraordinary statesmanship, Nixon redefined America's China policy so that it would serve those interests. Furthermore, he did so when Chairman Mao still presided over the Chinese Communist Party and the People's Republic was going through the Cultural Revolution.

While there was a near-term, Cold War rationale for Nixon's move -- to enlist China in America's ongoing efforts to "balance" the Soviet Union's power and influence -- the opening to China had long-term benefits extending well beyond the end of the Cold War. Today, "China bashers" in both the Democratic and Republican parties argue for a tougher U.S. posture toward Beijing on any number of issues. But even the most adamant "liberal hawks" or hard-line neoconservatives do not fundamentally challenge the strategic wisdom of Nixon's opening to China.

The next U.S. administration will need to display the same sort of wisdom and boldness in re-crafting American policy toward the Islamic Republic of Iran. It is clearly in the national security interest of the United States -- and in the interest of America's regional allies -- for the next U.S. administration to try to get Iran to work with us whenever and wherever possible, rather than against us. This cannot be achieved by trying to coerce Tehran into near-term (and imminently reversible) concessions. Rather, the only way to achieve this is by entering into comprehensive talks with the Iranians without preconditions, with the goal of resolving bilateral differences, normalizing bilateral relations, and legitimizing a significant and positive Iranian role in the region. That is the essence of the "grand bargain" approach.

## **Détente Won't Do**

Against this, some proponents of U.S.-Iranian engagement argue that the level of hostility and divergence of interests between Washington and Tehran are simply too great to permit real, "Nixon to China" *rapprochement*. The best that American and Iranian diplomats could do, according to the skeptics, would be to work toward a partial easing of tensions, roughly analogous to U.S.-Soviet *détente* during the Cold War.

We believe that *détente* between the United States and Iran is not an effective strategy for defending and enhancing American interests or those of America's allies. *Détente*, by definition, would not resolve the underlying political differences between the United States and the Islamic Republic. Seeking to manage tensions to prevent outright confrontation made sense as an "interim" American strategy vis-à-vis the Soviet Union during the Cold War, when fundamental East-West conflicts were not likely to be resolved pending substantial political change in the Soviet bloc and both sides had an existential interest in avoiding direct military confrontation. It is not a workable scenario between the United States and Iran, for at least three reasons.

First, while the United States and the Soviet Union were roughly at parity in their military capabilities, the United States is and will remain vastly superior to Iran in every category of military power, conventional or otherwise. Almost 30 years after the Iranian revolution, the Islamic Republic is incapable of projecting significant conventional military force beyond its borders, and would be severely challenged to mount a conventional defense against U.S.

invasion. Thus, absent a broader strategic understanding with Washington, Tehran would continue to assume and act as if the ultimate objective of U.S. policy toward Iran were the overthrow of the Islamic Republic.

Second, in an atmosphere of ongoing uncertainty about America's ultimate intentions toward the Islamic Republic, Iranian leaders will continue working to defend their core security interests in ways that are guaranteed to be maximally provocative to the United States. Candid conversations with Iranian officials confirm what long observation of Iranian policies strongly suggests: lacking significant conventional military capabilities, Iran pursues an "asymmetric" national security strategy.

This strategy includes the use of proxy actors -- political, paramilitary, and terrorist -- in neighboring states and elsewhere, to ensure that those states will not be used as anti-Iranian platforms, providing the Islamic Republic a measure of strategic depth it otherwise lacks. Iran's asymmetric strategy also includes developing unconventional military capabilities (missiles, chemical weapons, and at least a nuclear weapons "option"). No U.S. administration, of either party, would be able to sustain *détente* with Iran as it pursues such policies.

Third, U.S.-Iranian *détente* would not forestall the increasingly serious costs that will accrue to America's strategic position in the absence of more fundamental improvement in U.S.-Iranian relations. Simply put, the next U.S. administration will not be able to achieve any of its high-profile policy goals in the Middle East -- in Iraq, Afghanistan, or the Arab-Israeli arena -- or with regard to energy security without putting U.S.-Iranian relations on a more positive trajectory. And that requires more than U.S.-Iranian *détente*.

## **Incrementalism and Its Discontents**

Alternatively, other proponents of engagement argue that Washington and Tehran should pursue step-by-step or issue-specific cooperation as a way of building confidence and slowly improving relations. But arguments for incrementalism overlook the historical record of U.S.-Iranian relations since the Iranian revolution. While every U.S. administration since 1979 has sought to isolate the Islamic Republic diplomatically and press it economically, issue-specific cooperation has also been pursued by each of those administrations: by the Reagan and George H. W. Bush administrations in Lebanon, the Clinton administration in Bosnia, and the current Bush administration in Afghanistan.<sup>[ii]</sup> In all of these cases, Iran delivered much -- not all, but much -- of what Washington asked.

A number of Iranian officials -- reflecting a variety of political perspectives and occupying a range of positions during the Rafsanjani, Khatami, and Ahmadinejad presidencies -- have told us that they anticipated that tactical cooperation with the United States would lead to a broader, strategic opening between the two nations. But this never happened.

In all of the cases cited above, tactical cooperation between the United States and Iran did not fall apart because Tehran failed to deliver, or because there were no authoritative or pragmatic Iranians to deal with. Rather, tactical cooperation fell apart because U.S. administrations broke it off, usually because of concerns about domestic political blowback in the United States or because of a terrorist attack or arms shipment that might have been linked to Iran. In that context, the repeated imposition of sanctions against Iran by the United States only reinforced Iranian perceptions that the United States is not interested in living with the Islamic Republic.

Thus, while tactical cooperation with Iran has periodically provided short-term benefits to the United States, the repeated cutting off of these talks by Washington has shattered confidence on the Iranian side, led to hard-line decisions and policies in both the United States and the Islamic Republic, and worsened the overall relationship. Without a strategic understanding of where the United States and Iran intend to go in their bilateral relations, there will always be a terrorist attack, arms shipment, or nasty statement that can be used in Washington as justification for cutting off whatever tactical cooperation might have been going on and imposing still more sanctions on Tehran.

## **Constructing a Grand Bargain**

Pursuing a "grand bargain" is the only way in which the United States and Iran can untie this diplomatic Gordian knot. Treating each agenda item (e.g., the nuclear problem, sanctions, dealing with terrorist groups, etc.) on its own would essentially require one party to surrender on a very difficult issue, while hoping that the other party would at some point be willing to reciprocate on a separate issue. It would also require each side to refrain from statements or actions that the other would perceive as provocative on issues not immediately under discussion in diplomatic channels. This is hardly a promising or realistic approach to U.S.-Iranian diplomacy.

Pursuing a U.S.-Iranian grand bargain should start with the definition of a strategic framework for improving relations between the United States and the Islamic Republic -- in effect, an analogue to the Shanghai Communiqué that conditioned the strategic *rapprochement* between the United States and China in the 1970s. To meet both sides' strategic needs in a genuinely comprehensive manner, a framework structuring a U.S.-Iranian grand bargain would have to address at least three sets of issues:

- ***U.S. security interests***, including stopping what Washington sees as Iran's pursuit of weapons of mass destruction, its support for terrorism, its opposition to a negotiated settlement of the Arab-Israeli conflict, and its problematic role in Iraq and Afghanistan;
- ***Iran's security interests***, including extending U.S. security assurances to the Islamic Republic, lifting unilateral U.S. and multilateral sanctions against Iran, and acknowledging the Islamic Republic's place in the regional and international order; and
- developing ***a cooperative approach to regional security***.

## **What the United States Needs from Iran**

From an American perspective, an essential foundation for a U.S.-Iranian grand bargain is the definitive resolution of U.S. concerns about Iran's potential pursuit of weapons of mass destruction, its ties to terrorist organizations, its attitude toward a negotiated settlement of the Arab-Israeli conflict, and its regional role and aspirations (including its posture toward Iraq and Afghanistan). Thus, for a grand bargain to be possible, the Islamic Republic would need to clarify its commitment to international security and regional stability.

In this regard, the United States would need the following commitments from Iran:

1. To operationalize its commitment to international security, ***Iran would carry out measures -- negotiated with the United States, other states, and the International Atomic Energy Agency -- definitively addressing concerns about its fuel cycle activities. Such negotiations could build on current efforts by the five permanent members of the United Nations Security Council and Germany (the "P-5+1" or the "EU-3+3," as one prefers) to launch multilateral talks on Iran's nuclear activities.*** Also, ***pursuant to the agreement reached in October 2003 by the foreign ministers of Britain, France, Germany, and Iran, and Iran's subsequent signature of the Additional Protocol to the Nuclear Nonproliferation Treaty, the Islamic Republic would ratify -- and, of course, implement -- the Additional Protocol.***

This formulation leaves open the question of whether it is possible to reach an agreement with Iran over its nuclear activities whereby Tehran would forego any indigenous fuel cycle capabilities. However, at this point, we believe that such an outcome is highly unlikely. It is far more likely, in our view, that Tehran would agree to certain limits on the extent of its fuel cycle infrastructure and to robust international monitoring of its nuclear facilities to provide a high degree of international confidence that the proliferation risks associated with its nuclear activities were minimized. This is one of several issues on which, by failing to move on comprehensive negotiations with Iran earlier, the Bush administration has unnecessarily "raised the price" of an eventual deal.

2. To operationalize its commitment to international security further, ***Iran would agree to the negotiation and implementation of similar measures addressing concerns about activities that may be linked to its potential development of biological and chemical weapons.***

3. To operationalize its commitment to regional stability, ***Iran would commit to stopping the provision of military supplies and training to terrorist groups, including Hizballah, Hamas, and Islamic Jihad, and to press Palestinian opposition groups to stop violent action.***

4. Similarly, ***Iran would issue a statement that, in accordance with United Nations Security Council resolutions 242, 338, and 1397, it is not opposed to a negotiated settlement of the Arab-Israeli conflict or a two-state solution to the Israeli-Palestinian conflict. This statement would also endorse the Arab League's contingent commitment to normalization with Israel following resolution of the Palestinian and Syrian tracks.***

Pursuant to this statement, ***the Islamic Republic would commit, as part of an overall settlement of the Arab-Israeli conflict, to work for Hizballah's and Hamas's transformation into exclusively political and social organizations.***

5. To operationalize its commitment to regional stability further, ***Iran would also commit to working with the United States to ensure the emergence of stable political orders in Iraq and Afghanistan.*** Iran, of course, cooperated positively with the United States with regard to Afghanistan even before the September 11, 2001, terrorist attacks, through the United Nations "6+2" framework. Tehran intensified its cooperation with the United States with regard to Afghanistan and Al-Qa'ida following the 9/11 attacks, and continued this cooperation until May 2003 -- when the Bush administration terminated the bilateral dialogue.

## **What Iran Needs From the United States**

From an Iranian perspective, one of the essential foundations for a U.S.-Iranian grand bargain is the U.S. attitude toward the Islamic Republic. Thus, for a grand bargain to be possible, the United States would need to clarify that it is not seeking a change in the nature of the Iranian regime, but rather changes in Iranian policies that Washington considers problematic. The United States would also need to clarify its commitment to the ongoing improvement of U.S.-Iranian relations.

In this regard, Iran would need the following assurances from the United States:

1. As part of a strategic understanding addressing all issues of concern to both sides, ***the United States would commit not to use force to change the borders or form of government of the Islamic Republic of Iran.*** This is the essential substance of a U.S. security assurance.
2. Assuming that U.S. concerns about Iran's nuclear program and opposition to a negotiated settlement to the Arab-Israeli conflict were addressed satisfactorily and that Tehran stopped providing military equipment and training to terrorist organizations, ***the United States would commit to ending unilateral sanctions against Iran imposed by executive orders, reestablishing diplomatic relations, and reaching a settlement of other bilateral claims.***
3. Under the same conditions, and to operationalize its commitment to an ongoing improvement in U.S.-Iranian relations, ***the United States would also commit to working with Iran to enhance its future prosperity and pursue common economic interests. Under this rubric, the United States would encourage Iran's peaceful technological development and the involvement of U.S. corporations in Iran's economy, including the investment of capital and provision of expertise to its oil and gas sector.***
4. Assuming that Iran ended its material support for terrorist organizations, ***the United States would commit to terminating Iran's designation as a state sponsor of terror and lifting the sanctions associated with that designation.*** This phased approach to implementing a U.S. commitment to lifting unilateral sanctions in exchange for the reduction and eventual elimination of a state sponsor's ties to terrorist organizations was used by the United States with Libya and North Korea.
5. To operationalize further its commitment to an ongoing improvement in U.S.-Iranian relations, ***the United States would agree to begin an ongoing strategic dialogue with Iran as a forum for assessing each side's implementation of its commitments and for addressing the two sides' mutual security interests and concerns.***

## **A Cooperative Approach to Regional Security**

To reinforce their commitments to one another, the United States and the Islamic Republic would also cooperate in dealing with problems of regional security. In particular, U.S.-Iranian cooperation on postconflict stabilization in Iraq should be the basis for erecting a multilateral regional security forum for the Persian Gulf and the Middle East more broadly. Such a forum would go beyond U.S. collective security efforts in the Middle East -- essentially a series of bilateral arrangements with allies like Egypt, Jordan, and the Gulf Arab states -- to create a cooperative security framework for the region. This framework would function as a regional analogue to the Organization for Security and Cooperation in Europe.

Similarly, renewed U.S.-Iranian cooperation over Afghanistan could be the basis for expanding cooperation on other security issues in Central and South Asia. During their dialogue with U.S. counterparts over Afghanistan in 2001-03,

Iranian diplomats indicated their interest in working with the United States to establish a regional security framework focused on Central Asia. Other senior Iranian officials raised such a possibility with us in 2003-04. Unfortunately, prospects for U.S. leadership on multilateral security cooperation in Central Asia has been complicated by the maturation in recent years of the Shanghai Cooperation Organization -- in which Iran now has observer status. This is another issue on which the Bush administration's refusal to move on comprehensive diplomacy with Iran has imposed unnecessary costs on the U.S. position.

### **Iran and the Shanghai Cooperation Organization**

Since its founding in 2001, the Shanghai Cooperation Organization (SCO) has emerged as an important forum shaping relations between China, Russia, and the new states of Central Asia. The organization includes six core members: Russia and China, along with Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Iran was accorded observer status in 2005. (Currently, three other states -- India, Mongolia, and Pakistan -- also have observer status.) Since 2005, Russia has been particularly active in pushing for the extension of full SCO membership to the Islamic Republic; China and some Central Asian states have been less enthusiastic about this prospect.



Strategically, participation in the organization reduces Iran's international isolation in a high-profile way that also underscores America's diminishing influence in the Islamic Republic's "neighborhood." Iran also sees participation as a way to advance its longstanding goal of ensuring that Central Asia will not be a source of threats to its interests, in a way that enhances Tehran's increasingly important strategic relationship with Russia.

### **Getting Started**

A U.S.-Iranian grand bargain is a tall order. The commitments required of each side are not easy. They are, however, what each side needs to do to address the other's core concerns. No other approach explicitly seeks to resolve the most significant differences between the United States and Iran; therefore, no other diplomatic approach will actually resolve those differences.

Based on numerous conversations with senior current and former Iranian officials -- including, most recently, with Foreign Minister Manouchehr Mottaki in July -- we strongly believe that there is a critical mass of interest in and support for genuine strategic *rapprochement* with the United States. However, our conversations with Iranian officials also lead us to believe that a new U.S. administration interested in a more positive relationship with Iran will have to demonstrate that, under the right conditions, it is seriously willing to accept and live with the Islamic Republic. In this regard, the advocates of an incremental approach to engaging Iran have a point -- a certain level of bilateral confidence needs to be restored.

One way for a new U.S. administration to get started with a redefinition of America's Iran policy would be to affirm the continuing validity of the Algiers Accord, the 1981 agreement that ended the crisis prompted by Iran's seizure of U.S. diplomats and other official personnel in Tehran as hostages following the Iranian revolution. The Algiers Accord includes a provision committing the United States not to interfere in Iran's internal affairs. Every subsequent U.S. administration has in some way affirmed its validity -- except for the current Bush administration, which has publicly characterized the agreement as a contract signed "under duress" and hence not valid.

Affirmation of the Algiers Accord's validity by a new U.S. administration would send a powerful signal about the potential for substantial improvement in U.S.-Iranian ties. We believe that, in an atmosphere of enhanced confidence, it would be possible for U.S. and Iranian representatives to explore and codify a strategic framework for reordering U.S.-Iranian relations. The next U.S. administration will not have a more important foreign policy task.

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## Notes

[i] In private and quasi-public discussions since we left government service, some of our official Iranian interlocutors have expressed unhappiness with the terms "security assurances" or "security guarantees." However, when our interlocutors tell us what Tehran wants from the United States -- acceptance of the Islamic Republic and recognition of Iran's regional and international role -- the substance of their rhetoric is fully consistent with our use of the term "security assurances."

[ii] Hillary Mann Leverett participated in the official U.S. dialogue with Iran over Afghanistan for almost two years, during 2001-03.

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