

Ch 19 – Snatching Defeat from the Jaws of Victory

“If humility is the strength of the weak, then hubris is the weakness of the strong.”

Dr. Mardy Grothe

“I think it is a huge mistake not to open a channel [to Iran].”

Ze’ev Schiff on Israel’s failure to capitalize on Iran’s outreach
Tel Aviv, October 17, 2004.

The plot to invade Iraq preceded the 9/11 terrorist attacks by several years. Dick Cheney, Donald Rumsfeld, Paul Wolfowitz, Governor Jeb Bush, Bill Kristol and Lewis Libby (who later became Dick Cheney's chief of staff) co-drafted the document *“Rebuilding America's Defenses: Strategies, Forces And Resources For A New Century”* in September 2000 at the neo-conservative think-tank Project for the New American Century (PNAC).¹ The report argued that the US must have a permanent military presence in the Persian Gulf, and while “the unresolved conflict with Iraq provides the immediate justification [for an Iraqi invasion], the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein.”² Many have speculated that America went to war with Iraq for Israel. The pro-Israeli lobby pushed the Bush Administration into invading Iraq after 9/11 for Israel’s security, the argument read. In reality, much indicates that Israel became a staunch supporter of the war once it realized that Washington had set its mind on attacking Iraq, come what may.

Israel arguably had good reasons to support an American invasion of Iraq. Saddam’s survival and potential capability of producing weapons of mass destruction stood in the way of Israel’s primary objective: to drastically reshape the political map of the Middle East by weakening powerful states such as Iran. If the Americans were successful in Iraq, the reasoning went, Iraq could become the next Egypt – a mighty and populous Arab state whose dependence on the US would force it to make peace with Israel. If Iraq added its name to the Arab states that recognized Israel, then Israel’s regional enemies – Iran and Syria – would find themselves further isolated and weakened. The Iraqi invasion would also enable Israel to revive its contacts with the Kurds of Iraq. The Barzani clan, with whom the Israelis enjoyed long and fruitful cooperation in the 1960s and 1970s, were still a major force in Kurdish politics. With their support, Israel could use Iraqi Kurdistan for intelligence gathering and infiltration of northwestern Iran, just as Iran was using Lebanon’s southern border to do the same in Israel. In fact, in September 2006, the BBC obtained evidence that Israelis had been giving military training to Kurds in northern Iraq, close to the Iranian border. The Israeli

¹ Neil Mackay, Bush planned Iraq 'regime change' before becoming President, *The Sunday Herald*, 15 September 2002.

² “Rebuilding America's Defenses: Strategy, Forces and Resources For a New Century,” Project for the New American Century, September 2000. See <http://www.newamericancentury.org/RebuildingAmericasDefenses.pdf>.

newspaper Yedioth Ahronoth had reported the same back in December 2005.³ But as problematic as Iraq potentially could be, Israel no longer perceived Iraq as its primary threat. Since the late 1990's, when Iran began its ballistic missile program in earnest, Iran topped Israel's list of threats. Contrary to common perceptions, Israel originally opposed the Iraq war.

In early 2002, the Israeli government had sniffed that the US might attack Iraq. This would be a mistake, Israel reasoned, because Iraq was the wrong threat; energy should not be wasted on a secondary enemy when the real threat – Iran – was left off the hook. A wave of Israeli officials – both military and civilians – traveled to Washington to lodge their opposition. The Israeli message was clear – Iraq was needed to balance Iran, which was the real enemy that America should strike. In February 2002, Fouad Ben-Eliezer of the Labor party visited Washington to persuade the Bush Administration that Iran was "the real strategic threat" that America must "deal with it diplomatically or militarily, or both." If they didn't, Ben-Eliezer threatened, "Israel will have to do it alone."⁴ Other Israelis laughed at the neoconservative argument that the fall of Saddam and the emergence of an Iraqi democracy would spark a popular uprising in Iran against the mullahs. But once they realized that the minds of the neo-conservatives in the administration were set and that President Bush would go to war with Iraq no matter what, Israel changed its tactics. Now, a new wave of Israelis approached the White House. "It was the most curious thing I ever saw," Lawrence Wilkerson, Secretary of State Colin Powell's Chief of Staff recalled. The second wave was also a mix of military and civilian officials, but their message was drastically different. Iraq was a threat, they argued, as they provided new intelligence to back up their claim and sudden change of heart. But so was Iran, they said, and Washington should not stop at invading Iraq. Iran should be the real target, but the Iranian threat could not be addressed unless Iraq was first neutralized. The Sharon government saw the invasion of Iraq as a necessary step to a follow-up war against Iran. In early November 2002, Sharon revealed the Israeli grand strategy when he urged Washington to invade Iran "the day after" Iraq was crushed.⁵

For the very same reasons, Iran opposed the war, even though it still viewed Iraq as a looming danger. True, Saddam's intentions remained hostile towards Iran, but his hands were tied by UN sanctions and international isolation. In the short-term, Iraq posed little threat to Iran. The danger of a hostile but powerless Saddam could be much preferred to the danger the installation of a pro-Western client government in Iraq with hostile intentions against Tehran and backed by Western military arms cold pose. A Baghdad regime with a Western tilt would complete America's encirclement of Iran, strategists in Tehran feared. To Iran's south, Iran faced pro-American Arab states that had outsourced their security to Washington and legitimized America's military presence in the Persian Gulf. To its north, U.S. troops were present in Azerbaijan and the Central Asian republics. To its East, Pakistan had emerged as a key American ally in the War against Terror, even though it had been the creator and primary backer of the Taliban Regime.

³ Magdi Abdelhadi, Israel 'trains Iraqi Kurd forces', *BBC*, September 20, 2006. Israelis training Kurds in northern Iraq – report, Reuters, December 1, 2005.

⁴ Israel sets up Iran as next target for the US, *Manchester Guardian Weekly*, February 13, 2002.

⁵ Eric Margolis, After Iraq, Bush Will Attack His Real Target, *Toronto Sun*, November 10, 2002.

And with the defeat of the Taliban, American troops roamed Iran's northeastern border as well. For obvious reasons, Tehran, which is on an 800-mile border shared with Iraq, feared that a successful Iraqi endeavor would make it an indefensible target of what Iranian leaders viewed as the Bush Administration's endless appetite for conquest. Statements from Washington's neo-conservative think-tanks and institutes did nothing to reassure them, one administration pre-invasion joke being, "Everyone wants to go to Baghdad. Real men want to go to Tehran."⁶

Though few in Tehran wanted to burn their fingers by trying to reach out to Washington again, the neo-conservative war-drums in early 2002 worried the Iranians enough to muster another try. The clerics still held a few valuable cards with which they hoped to tip the Washington debate in favor of the State Department and those favoring dialogue. One of these cards was Iran's superior intelligence on and familiarity with Iraq. Thanks to the eight-year war in the 1980s, the Iranians, unlike the Americans, understood the complex Iraqi tribal social networks and knew how to navigate them. Washington would need such knowledge, Tehran figured, which would give the Iranians some leverage over the neo-conservatives. Without a channel of communication, misunderstandings could occur which only would benefit Iran's regional rivals, including Israel and the Sunni Arab states. Iraqi opposition groups with close ties to Tehran – both Shia organizations and Kurdish factions led by Jalal Talebani – also pressured the Iranians to aid the Americans. After all, the Iranians needed a channel to understand and influence American decisions on Iraq, and the Americans needed Iran to not complicate America's plans. So by late spring 2002, the Geneva Channels was resurrected after the State Department approached the Iranians. Iran wanted to expand the group to include the other major powers, due to their experience from the previous discussions on Afghanistan. The US opposed that format since it would include Russia and France, two states that vehemently opposed military action against Iraq. The solution was to use the format for the previous talks on Afghanistan, while conducting discussions on Iraq on the sidelines.⁷ On the Iranian side, the talks were headed by senior political figures, including Ambassador Javad Zarif. His counterpart on the American side was Ambassador Zalmay Khalilzad, an Afghan-American who spoke fluent Persian and enjoyed close ties to President Bush. The talks lacked the cooperative spirit they enjoyed during the Afghan war, but continued nonetheless out of mutual necessity.⁸ The Iranians felt that Khalilzad had a chip on his shoulder. Speaking English with a thick Afghan accent, the Iranians believed that Khalilzad sought to compensate for his lack of American demeanor by taking excessively hawkish positions in the negotiations.

Iran's balancing act was a delicate one. Against the fear of a successful US operation leaving Iran encircled and the next vulnerable target was the fact that, if he survived, Saddam would be emboldened and an even greater threat. In addition, a successful war but unsuccessful reconstruction effort could lead to Iraq's disintegration, with considerable spill-over effects. The Kurds in the north of Iraq could declare independence, in turn motivating similar calls from Iran's Kurdish minority, who

⁶ Newsweek, August 19, 2002.

⁷ Interview with Javad Zarif, Iran's Ambassador to the UN, New York, October 12, 2006.

⁸ Kenneth Pollack, *The Persian Puzzle*, (New York: Random House: 2004) p. 353.

numbered six million. And a power vacuum could suck Turkey, Saudi Arabia and Iran into the Iraqi arena against their own wishes. So, despite the fact that Tehran opposed the American war against Iraq, once it was clear that it was going to happen, it finally determined that moderate support to the American effort was the lesser of two evils.⁹

As soon as the US-Iran talks restarted, neoconservatives in Washington began undermining them. Curiously enough, Michael Ledeen and the Israelis sang a different tune back in the late 1980s. Ledeen argued forcefully on the op-ed pages of the New York Times in July 1988 – just as the Iraq-Iran war had ended – that the US must open talks with Iran:

*“The United States, which should have been exploring improved relations with Iran before... should now seize the opportunity to do so. To wait might suggest to even pro-Western Iranians that a refusal to seek better relations is based on an anti-Iran animus rather than objections to specific Iranian action. Those Iranians who have been calling for better relations with the West have clearly been gathering strength... Among the advocates of such improved relations are two leading candidates to succeed Ayatollah Ruhollah Khomeini: Ayatollah Hojatolislam Rafsanjani and the Ayatollah Hussein Ali Montazeri.”*¹⁰

Now, Ledeen and the Israelis wanted to make sure that neither Rafsanjani nor any other Iranian official spoke to the Americans. In June 2002, only weeks after the Geneva Channel had been revived, Ledeen organized a second meeting in Rome with Pentagon officials and Ghorbanifar. This time Ledeen made sure that the meeting was an open secret, and soon the Senate Select Committee on Intelligence was apprised of it. In the summer of 2003, *Newsweek* disclosed the Ghorbanifar-Ledeen-Pentagon dealings. Ghorbanifar himself told American journalist Laura Rozen that he had held more than fifty meetings with Michael Ledeen after September 11 and provided him with more than "4,000 to 5,000 pages of sensitive documents" concerning Iran, Iraq and the Middle East.¹¹ While the Pentagon dismissed the meetings as “chance encounters,” the neo-conservatives were not unhappy that the story leaked – the fact that such high-level American officials had been involved in talks with Iranian opposition elements would make a U.S.-Iran breakthrough even more difficult to achieve. But Ledeen’s efforts failed to incite the Iranians to close the Geneva Channel. The contacts continued, and according to Kenneth Pollack, Iran ended up playing a very helpful role in the Iraqi invasion, particularly in the reconstruction phase immediately following the Iraqi army’s collapse. Among other things, Iran instructed its influential Shiite proxy groups in Iraq to participate in reconstruction rather than resist the American occupation. And when Iran could have created havoc for the United States, it chose not to. “If the Iranians wanted to

⁹ Interview with a senior Iranian politician who spoke on condition of non-attribution, Tehran, August 2004.

¹⁰ Michael Ledeen, “Let’s Talk With Iran Now,” New York Times, July 19, 1988.

¹¹ See Laura Rozen’s blog <http://www.warandpiece.com/>.

create chaos in Iraq, they could have easily done so in the darkest days after the war, and the United States was fortunate that they did not,” Pollack wrote.¹²

An offer Washington couldn't refuse

Defeating Iraq militarily turned out to be the cakewalk the neoconservatives had promised. On April 9, 2003, only three weeks into the invasion, US forces moved into Baghdad. The Iraqi capital was formally occupied by US forces and the power of Saddam Hussein was officially over. The swiftness with which the US defeated the strongest standing Arab army – which the Iranians had failed to defeat after eight bloody years of warfare – sent shivers down the spines of America's foes in the region and beyond. Even Washington hawks themselves were surprised by the ease with which Saddam's Republican Guards were destroyed. In Tehran, fear started to spread. America's encirclement of Iran was now complete. During their 24-year reign, the clerics had seldom felt so threatened and vulnerable. Weeks before President Bush declared “Mission Accomplished” on the USS Abraham Lincoln on May 1, Tehran felt it had to make one last attempt at reaching out to the US. Figuring that the regime's very existence was at stake, the Iranians put everything on the table – Hezbollah, Hamas, Islamic Jihad, its nuclear program, and the Israel-Palestinian issue.

The Iranians prepared a comprehensive proposal, a grand bargain, clarifying which issues they were willing to compromise on and what they requested in return from Washington. The first draft of the proposal was written by Sadegh Kharrazi, the nephew of the Iranian foreign minister and Iran's ambassador to Paris. The draft then went to Iran's Supreme Leader for approval, who requested Iran's UN Ambassador, Javad Zarif, to review it and make final edits before it was sent to the Americans. Only a closed circle of decision makers in Tehran were aware of and involved in preparing the proposal. Interestingly, President Khatami was not included in that circle. The 13-page proposal stunned the Americans. Not only was it authoritative – it had the approval of the Supreme Leader – but its contents were shocking as well. (See Appendix A) "The Iranians acknowledged that WMD and support for terror were serious causes of concern for us, and they were willing to negotiate," said Flynt Leverett, who served as senior director for Middle East affairs at the National Security Council at the time. "The message had been approved by all the highest levels of authority."¹³ The Iranians were putting all their cards on the table, declaring what they wanted from the US, and what they were willing to offer in return.¹⁴ "That letter went to the Americans to say that we are ready to talk, we are ready to address our issues," said Mohammad Hossein Adeli, who was then a deputy foreign minister in Iran.¹⁵

And their offer was anything but meager. In a dialogue of “mutual respect,” the Iranians offered to cut their support to Hamas and the Islamic Jihad, supposedly Iran's ideological brethren in the struggle against the Jewish state, and pressure them to cease attacks on

¹² Kenneth Pollack, *The Persian Puzzle*, (New York: Random House: 2004) pp. 354-5.

¹³ Gregory Beals, *A missed opportunity with Iran*, *Newsday*, February 19, 2006.

¹⁴ Bernard Gwertzman, *Leverett: Bush Administration 'Not Serious' About Dealing With Iran*, *Council on Foreign Relations*, March 31, 2006.

¹⁵ Gordon Corera, *Iran's gulf of misunderstanding with US*, *BBC*, 25 September 2006.

Israel. On Hezbollah, Iran's own brainchild and its most reliable partner in the Arab world, the clerics offered to support the disarmament of the Lebanese militia and transform it into a purely political party. On the nuclear issue, the proposal offered to completely open up the Iranian nuclear program to intrusive international inspections in order to alleviate any fears of Iranian weaponization. The Iranians would sign the Additional Protocol to the Non-Proliferation Treaty and they even offered extensive American involvement in the program as a further guarantee and goodwill gesture. On terrorism, Tehran offered full cooperation against all terrorist organizations – above all al-Qaeda. On Iraq, Iran would work actively with the US to support political stabilization and establishment of democratic institutions and – most importantly – a non-religious government. Perhaps most surprising of all, the Iranians offered to accept the Beirut Declaration of the Arab league, i.e. the Saudi peace plan from February 2002 where the Arab states offered to collectively make peace with Israel and recognize and normalize relations with the Jewish State. Through this step, Iran would formally recognize the two-state solution and consider itself at peace with Israel. This was an unprecedented concession by Tehran. Some would consider it nothing short of capitulation. Only a year earlier, hardliners in Tehran had dismissed the Saudi initiative, arguing that a return to the pre-1967 borders of Israel and Palestine would be an unjust solution for the Palestinians.¹⁶

In return, the Iranians had both tactical and strategic demands. At the tactical level, they wanted members of the Iranian terrorist organization based in Iraq, the Mujahedin-e Khalq Organization (MEK), handed over to them in return for the al-Qaeda operatives the Iranians held. The Iranians were not keen on handing over the al-Qaeda operatives unless the US changed its attitude towards Iran. Tehran would risk making itself a key target of al-Qaeda if it handed the operatives over to the US, and unless the US agreed to reciprocate Iran's assistance, the Iranians would be left facing the wrath of the Sunni terrorist organization all by themselves. Moreover, Iran treated the al-Qaeda men as a valuable bargaining chip. It would be foolish to give up this card without securing a counter-measure from the US. Exchanging MKO and al-Qaeda terrorists would be a suitable transaction in the spirit of the War on Terror, the clerics reasoned, and it would demonstrate Washington's intention not to use terrorist groups to topple the Ayatollahs. After all, the MKO had been included on the State Department's terrorist list in different forms since 1992. President Bush had even in a speech to the UN referred to Saddam's support for the MKO as evidence of his ties to terrorists. "Iraq continues to shelter and support terrorist organizations that direct violence against Iran," President Bush told the UN General Assembly on September 12, 2002.¹⁷ Their terrorist status notwithstanding, the MKO had strong supporters in Washington and Tel Aviv. In late 2002, the MKO played a role in revealing the progress of Iran's nuclear program. Much indicates that the intelligence the MKO disclosed originated in Israel. The Israeli intelligence services, who were adamant about not appearing to be the driving force behind the US's pressure on

¹⁶ "Iran: Hardline daily dismisses Saudi plan for recognizing Israel", *Resalat*, February 26, 2002.

¹⁷ The reference to the Mujahedin is clarified on the White House Webpage, which states that "Iraq shelters terrorist groups including the Mujahedin-e-Khalq Organization (MKO), which has used terrorist violence against Iran and in the 1970s was responsible for killing several U.S. military personnel and U.S. civilians." <http://www.whitehouse.gov/infocus/iraq/decade/sect5.html>.

Iran over the nuclear issue, had first approached the son of the Shah with the information. The heir to the Iranian throne had declined to make the information public, however, leaving the Israelis with few other options than to seek out the MKO.¹⁸ In the White House, the Iranian terrorists were protected by Rumsfeld, Cheney and neo-conservatives who saw the MKO as a potential asset in an effort to destabilize the Iranian regime.¹⁹ The Secretary of Defense had decided, much like Saddam, to use the MKO fighters to keep the Iraqi population in check. He let the MKO keep their weapons and ordered them to man check-points in southern Iraq alongside US troops. When pushed by Powell that the US could not cozy up to a terrorist organization in the midst of America's on War on Terror, Rumsfeld replied that he did not have enough troops to disarm the MKO.²⁰ The hawkish Defense Secretary's position on the MKO was an open secret in Washington. In late May 2003, ABC News reported that the Pentagon was calling for the overthrow of the Iranian regime by "using all available points of pressure on the Iranian regime, including backing armed Iranian dissidents and employing the services of the Mujahideen-e Khalq."²¹ (Though Powell finally managed to close down the MKO's offices in downtown Washington DC in August 2003, the group is still active in the US and in Iraq. In January 2004, they organized a major fundraiser at the MCI center with arch neoconservative Richard Perle as one of the key speakers. The MKO's spokesperson and top lobbyist, Ali Reza Jafarzadeh, has since found employment as a terrorism expert for the Fox News network.)

At the strategic level, the Iranians wanted to reach a long-term understanding with the US by putting a halt to hostile American behavior, such as the Axis of Evil rhetoric and interference in Iran's domestic affairs, abolishment of all US sanctions, respect for Iranian national interest in Iraq and support for Iranian demands of war repatriations, respect for Iran's right to full access to nuclear, biological and chemical technology, and finally, recognition of Iran's legitimate security interests in the region. The document also spelled out a procedure for step-by-step negotiations towards a mutually acceptable agreement. (According to the Iranian version of the story, Iran did not make the proposal, rather it responded to an American proposal. The Iranians say that that on April 27, 2003, Ambassador Kharrazi received an American proposal that spelled out the contours of a grand bargain. The exact source of the proposal is unknown, but they say it was a high-level State Department official; most likely Under Secretary of State Richard Armitage or Assistant Secretary of State Bill Burns. Kharrazi notified Ayatollah Khamenei, who asked Ambassador Zarif to make amendments to the proposal and send it back to the Americans. No US official has confirmed this version of the story, though some have said it is not entirely unlikely. One possible scenario in which events could have unfolded in this manner would have been if some Senior State Department officials feared that the ease with which Iraq had been defeated would prompt Washington hawks to push for a

¹⁸ Connie Bruck, "Exiles: How Iran's Expatriates Are gaming the Nuclear Threat," *The New Yorker*, March 6, 2006, p. 56. **WSJ ARTICLE**

¹⁹ Gareth Porter, Cheney-Led 'Cabal' Blocked 2003 Nuclear talks with Iran, *IPS*, May 28, 2006.

²⁰ Interview with Colonel Lawrence Wilkerson, Secretary of State Colin Powell's Chief of Staff, Washington DC, October 16, 2006.

²¹ Gareth Porter, Cheney-Led 'Cabal' Blocked 2003 Nuclear talks with Iran, *IPS*, May 28, 2006.

swift expansion of the war into Iran. By initiating negotiations with the Iranians, these war plans would have been derailed.)

Getting the proposal to the US was a major operation. As the caretaker of US interests in Iran, the Swiss Ambassador in Iran Tim Guldumann served as the go-between between Tehran and Washington when the two countries needed to communicate. The channel was set up in 1990, right before the first Persian Gulf War. Washington recognized that it needed to communicate with Iran in order to avoid any potential misunderstandings during the war. The Americans sought out the Swiss and requested their assistance in setting up a permanent channel of communication with Iran. The Swiss were given very strict directions. Information was to be strictly conveyed – in both directions – without any interpretation or analysis by the Swiss. The Swiss Embassy in Tehran would then send the communication to the Swiss Embassy in Washington via the Swiss foreign ministry, who in turn would deliver it to the US State Department.²² But well aware of the infighting and turf wars that characterized the George W. Bush Administration, the Iranians feared that the proposal might not reach the White House if it was sent to the State Department. Even if Powell received it, there was no guarantee that he could bring it to Bush's attention due to the tensions that existed between the two. Another channel was needed besides the State Department; someone who had direct access to the President. Guldumann, whose frequent briefings of US officials in Washington regarding events in Iran were much appreciated, had the answer – Congressman Bob Ney of Ohio. The powerful Republican Chairman of the House Administration Committee was an unusual lawmaker. Having spent a year in the southern Iranian city of Shiraz as an English teacher prior to the Revolution, Ney was the only Persian speaking member of Congress. His knowledge and expertise on Iran had won him the respect of lawmakers and White House officials alike.²³ On May 1, 2003, Ney was delivered a copy of the 13 page proposal, which included a two-page outline of Iranian and American aims, a proposed procedure on how to advance the negotiations, and an eleven-page account by Guldumann on his conversations with Iranian officials which clarified Tehran's position and the authenticity of the proposal. Ney, who had advocated for US-Iran dialogue ever since President Khatami took power in 1997, quickly realized that the document could create a major breakthrough in US-Iran relations and aid America's war against al-Qaeda. "This is it," he told his staff with unveiled excitement. "This is the one that will make it happen." He promptly sent a staffer to hand-deliver the document to Karl Rove, the President's senior advisor, whom Ney had known since his college years. Within a few hours, Rove called Ney to verify the authenticity of the proposal, assuring the Ohio lawmaker that he would deliver the "intriguing" document directly to the President. That same day, Guldumann sent the document to the State Department as an unclassified fax with a cover letter certifying it as a genuine proposal by Iran.²⁴ Another copy was sent to the US Ambassador in Geneva, Kevin Moley. The first step of the operation had been

²² Bernard Gwertzman, Leverett: Bush Administration 'Not Serious' About Dealing With Iran, Council on Foreign Relations, March 31, 2006. It was via the Swiss that Iran in early 2002 had sent a memo to Washington insisting on its innocence in the Karine A affair.

²³ Author advised Bob Ney on foreign policy matters at the time.

²⁴ Glenn Kessler, In 2003, U.S. Spurned Iran's Offer of Dialogue, Washington Post, June 18, 2006. Bernard Gwertzman, Leverett: Bush Administration 'Not Serious' About Dealing With Iran, Council on Foreign Relations, March 31, 2006.

successfully completed – the proposal had reached the highest levels of the US government. Washington's response, however, would surprise everyone, including the Swiss.

Hubris

For many in the State Department, the proposal was a no-brainer. Iran offered major concessions in return for an end to the AIPAC-sponsored sanctions policy which probably had cost the US more diplomatically than Iran economically. More importantly, the offer was authentic and had the approval of the highest level of authority in Iran, a fact the State Department recognized.²⁵ Powell and his Deputy Richard Armitage favored a positive response to the Iranians. Together with Rice, they approached the President about the proposal but instead of instigating a lively debate on the details of a potential American response, the matter was quickly put to an end by Cheney and Rumsfeld. Their argument was simple but devastating. "We don't speak to evil," they said.²⁶ Even if Powell and his allies would put up a fight, they weren't likely to succeed. "The State Department knew it had no chance at the interagency level of arguing the case for it successfully," Leverett said. "They weren't going to waste Powell's rapidly diminishing capital on something that unlikely." Not even a single interagency meeting was set up to discuss the proposal.²⁷ At the end, the "secret cabal" of neoconservatives in the administration led by Cheney and Rumsfeld won. "The secret cabal got what it wanted: no negotiations with Tehran," Wilkerson said.²⁸

The Iranian offer came at a time when the US was at the height of its power. Iraq had been defeated, and though it was just a slogan, the Bush Administration seemed to really believe in it: Freedom was on the march. Just as in 1991, when the US chose not to invite Iran to the Madrid conference, negotiating with the Iranians was low on the White House's agenda. Quite correctly, the hawks in the Pentagon and the Vice-President's office interpreted the Iranian proposal as a sign of weakness. Iran could only have made this offer – one that blatantly countered its official ideology – because it was weak and desperate, they argued. These hawks were against making a deal with Iran no matter what the Ayatollahs offered, because, they said, America could get what it wanted for free by simply removing the regime in Tehran. If talks were initiated, on the other hand, and America accepted Iran's assistance, Washington would be put in the awkward situation of owing the Ayatollahs.²⁹ Why talk to Iran when you could simply dictate terms from a position of strength? After all, the swift success in Iraq showed that taking on Iran would not be too complicated. Only a month earlier, Under Secretary for Policy Douglas Feith had briefed Defense and State Department officials on how the war in Iraq could be continued into Iran and Syria in order to replace the regimes there. The plans were quite

²⁵ Guy Dinmore, Washington hardliners wary of engaging with Iran, *The Financial Times*, March 16, 2004.

²⁶ Gordon Corera, Iran's gulf of misunderstanding with US, BBC, 25 September 2006. Interview with Colonel Lawrence Wilkerson, Secretary of State Colin Powell's Chief of Staff, Washington DC, October 16, 2006.

²⁷ Gareth Porter, Burnt Offering, *The American Prospect*, June 6, 2006.

²⁸ Interview with Colonel Lawrence Wilkerson, Secretary of State Colin Powell's Chief of Staff, Washington DC, October 16, 2006. Gareth Porter, Cheney-Led 'Cabal' Blocked 2003 Nuclear talks with Iran, *IPS*, May 28, 2006.

²⁹ Gareth Porter, Burnt Offering, *The American Prospect*, June 6, 2006.

extensive and far-reaching. "It was much more than just a contingency plan," Wilkerson recalled.³⁰ But just saying no to the Iranians wasn't enough. The beltway hawks wanted to add insult to injury.

Instead of simply rejecting the Iranian offer, the Bush Administration decided to punish the Swiss for having delivered the proposal in the first place. Only a few days after its delivery, Washington rebuked Guldemann and the Swiss government for having overstepped its diplomatic mandate. "It was the most shameful thing," Wilkerson confessed. But the message to Tehran was clear – the Bush Administration would not only refuse Iran the courtesy of a reply, it would punish those who sought to convey messages between the two.³¹ Many former Bush Administration officials admit that the non-response was a mistake. The proposal came at an opportune time – not only was the US strong, Iran's vulnerability was also at its greatest. Tehran did not have a functioning nuclear program, nor were the Iranians swimming in oil revenues from soaring energy demand. "At the time, the Iranians were not spinning centrifuges, they were not enriching uranium," Leverett said. Paul R. Pillar, former national intelligence officer for the Near East and South Asia characterized it as a "missed opportunity" and Richard Haas, head of policy planning at the State Department at the time, pointed out that the proposal was at least worth exploring. "To use an oil analogy, we could have drilled a dry hole," he said. "But I didn't see what we had to lose."³² To those in the Administration opposed to the neoconservative agenda, it was simply difficult to fathom how such an opportunity could have deliberately been missed. "In my mind it was one of those things you throw up in the air and say I can't believe we did this," Wilkerson said.³³

The 2003 proposal was not an isolated incident. Iranian diplomats in Europe and elsewhere were sending similar signals to the US in May 2003. Iran's envoys to Sweden and Britain also began sending signals that the regime was ready to negotiate a deal, using other back-channels than the Swiss foreign ministry.³⁴ And in Geneva, much to the fury of the neoconservatives, the discussions between Zarif and Khalilzad continued. On May 3, before Tehran realized that its proposal to the White House would be rebuffed, Zarif and Khalilzad met to discuss developments in Iraq. The Pentagon had warned Khalilzad about rumors of an imminent attack by al-Qaeda against US forces in the Persian Gulf. Khalilzad was instructed to request Iran's help in drawing information from the al-Qaeda operatives held in Iranian captivity to shed light on the rumors. But Khalilzad had no authority to offer anything in return, particularly not the hand-over of the MKO terrorists in Iraq. Seeking to break the stalemate in the discussions, Zarif offered a compromise: If Washington gave Iran the names of the MKO fighters in Iraq, Iran would give the United States the names of the al-Qaeda operatives in Iranian

³⁰ Interview with Colonel Lawrence Wilkerson, Secretary of State Colin Powell's Chief of Staff, Washington DC, October 16, 2006.

³¹ Guy Dinmore, Washington hardliners wary of engaging with Iran, *The Financial Times*, March 16, 2004. Interview with Colonel Lawrence Wilkerson, Secretary of State Colin Powell's Chief of Staff, Washington DC, October 16, 2006.

³² Glenn Kessler, In 2003, U.S. Spurned Iran's Offer of Dialogue, *Washington Post*, June 18, 2006. Bernard

³³ Gordon Corera, Iran's gulf of misunderstanding with US, *BBC*, 25 September 2006.

³⁴ Gregory Beals, A missed opportunity with Iran, *Newsday*, February 19, 2006.

captivity.³⁵ The proposal fell on deaf ears, but the two diplomats agreed to meet again on May 25 to discuss this and other matters further.

The same week as Guldemann delivered the Iranian document to Washington, the Iranians made a similar offer to Israel at a Track-II meeting in Athens, Greece. In an effort to signal the Jewish State that Iran was ready to come to an understanding with it,³⁶ General Mohsen Rezai, the former commander of the Iranian Revolutionary Guards, addressed a group of American, Israeli and Palestinian officials and semi-officials at a meeting sponsored by an American university. In an unprecedented move, Rezai engaged in a question and answer session with the Israelis and discussed a bold proposal of a strategic realignment of US-Iranian relations.³⁷ The gist of Rezai's plan was a *modus vivendi* to the Israeli-Iranian stand-off; the two states would respect their respective spheres of influence and stay out of each others hair. If the US and Israel reversed its isolation policy of Iran, Tehran would modify its behavior on several key issues, including Israel.³⁸ Iran would significantly moderate their position on the Israeli-Palestinian conflict by adopting a "Malaysian" or "Pakistani profile", i.e. being an Islamic state that wouldn't recognize Israel, would occasionally criticize Israel, but would completely avoid confronting or challenging the Jewish State, either directly or via proxies.³⁹ Iran would also pressure groups such as Hezbollah to refrain from provoking Israel. In return, Israel would cease to oppose a US-Iran rapprochement and recognize Iran's role in the region, while the US would end its isolation policy of Iran and accommodate a key Iranian role in the security of the Persian Gulf. For Iran, this was a way to slowly decouple US-Iran relations from the Israeli-Iranian rivalry. In the words of Reza Dehshiri of the Iranian foreign ministry,

*"In the first year of the revolution, we didn't recognize Israel, yet we had diplomatic relations with the US. And when necessary, Israel could trade with Iran via the United States. This would be a temporary solution since we cannot recognize Israel at this time... Israel would in practice be able to reach its goals, and Iran would in practice not oppose Israel's policies in the region."*⁴⁰

Support for the 'Pakistani/Malaysian' model was particularly strong in the Iranian Foreign Ministry, parts of the military establishment, in the President's office as well as by former President Rafsanjani.⁴¹ It also enjoyed the reluctant support of Ayatollah

³⁵ Gareth Porter, Cheney-Led 'Cabal' Blocked 2003 Nuclear talks with Iran, *IPS*, May 28, 2006. Interview with Javad Zarif, Iran's Ambassador to the UN, New York, October 12, 2006.

³⁶ Interview with Bijan Khajepour, Washington DC, February 17, 2004.

³⁷ Guy Dinmore, US Rejects Iran's Offer for Talks on Nuclear Programme, *The Financial Times*, June 15, 2003.

³⁸ Interview with Dr. Masoud Eslami of the Iranian Foreign Ministry, Tehran, August 23, 2004.

³⁹ Interview with Prof. Mahmood Sariolghalam, Shahid Beheshti University, and advisor to the Iranian National Security Advisor, August 18, 2004, Tehran.

⁴⁰ Interview with Mohammad Reza Dehshiri, Head of Regional Studies Department, School of International Relations, Iranian foreign ministry, Tehran, August 24, 2004.

⁴¹ Interview with Dr. Mohammad Reza Tajik, counselor to President Khatami and Director, Strategic Studies Center of the President's Office, Tehran, August 25, 2004. Interview with Prof. Mahmood

Khamenei, which explains why Iranian diplomats on numerous occasions, including at a dinner on Capitol Hill attended by Ambassador Javad Zarif and several US lawmakers, repeated the call for Iran's inclusion in regional decision making in return for Iranian passivity on Israel.⁴² The Iranians also communicated the gist of the 'Pakistani/Malaysian model' to members of the Washington foreign policy community, who confirmed Iran's willingness to bargain sensitive issues such as Iran's support to Hezbollah, Islamic Jihad, Hamas and even Iran's human rights record.⁴³ The Israelis were intrigued by the presentation. In a very respectful and cordial tone, they engaged the General who had commanded the very same army that had caused Israel so much pain and suffering in Lebanon. Many of the details of the proposal were not new – the Israelis had heard the same message delivered by official and unofficial representatives of Tehran in other meetings. But as the Israelis heard more and more Iranians repeat the same message, confidence grew that Tehran was serious. It wasn't just empty talk. The consistency of the message made it "more clear that it was a policy. Not a strategic policy, but a policy," explained Ze'ev Schiff, defense editor of *Haaretz* and one of Israel's foremost authorities on defense and security matters. "If I were a decision maker, I would say 'Let us move to quiet contacts.'"⁴⁴

But the neoconservatives in Washington and the Israeli government didn't want any quiet contacts. The victory in Iraq and the rebuffing of the Iranian negotiation proposal energized them and they redoubled their efforts to convince the White House to target Iran. "The liberation of Iraq was the first great battle for the future of the Middle East," Bill Kristol, a leading neoconservative and the founder of the Project on the New American Century wrote in the *Weekly Standard* in early May. "The next great battle - not, we hope, a military battle - will be for Iran. We are already in a death struggle with Iran over the future of Iraq."⁴⁵ Arguing that success in Iraq would "spell the death knell for the Iranian revolution," Kristol joined other neoconservatives in promoting the notion of a domino effect. As Iraq became a democracy, other dictatorships in the Middle East would either follow suit or perish under the weight of the demands of their own peoples. "Popular discontent in Iran tends to heat up when U.S. soldiers get close to the Islamic Republic," Reuel Marc Gerecht of the American Enterprise Institute (AEI) wrote in the same magazine.⁴⁶ A confrontation with Iran was within reach, but before Washington could increase the heat on Iran, the diplomatic option needed to be completely blocked. On May 6, at an AEI conference, Israeli-born Middle East specialist Meyrav Wurmser (whose husband served as a senior advisor to Vice President Dick Cheney) spelled out the next target of the neoconservatives: Khalilzad's discussions with Zarif in Geneva.

Sariolghalam, Shahid Beheshti University, and advisor to the Iranian National Security Advisor, August 18, 2004, Tehran.

⁴² At the dinner, Amb. Zarif qualified the Iranian request for 'US-Iran relations based on mutual respect' to mean Iran's inclusion in regional decision making, particularly a Persian Gulf security arrangement. Author attended the dinner as an observer invited by one of the Congressmen.

⁴³ Michael Ryan Kraig, *Realistic Solutions for Resolving the Iranian Nuclear Crisis*, The Stanley Foundation, *Policy Analysis Brief*, January, 2005.

⁴⁴ Interview with Zeev Schiff, Military Correspondent, *Haaretz*, Tel Aviv, October 17, 2004.

⁴⁵ Bill Kristol, *The End of the Beginning*, *The Weekly Standard*, Volume 008, Issue 34, May 12, 2003.

⁴⁶ Reuel Marc Gerecht, *Regime Change in Iran?* *The Weekly Standard*, August 5, 2002.

*"Our fight against Iraq was only one battle in a long war. It would be ill-conceived to think that we can deal with Iraq alone... We must move on, and faster... It was a grave error to send (Khalilzad) to secret meetings with representatives of the Iranian government in recent weeks. Rather than coming as victors who should be feared and respected rather than loved, we are still engaged in old diplomacy, in the kind of politics that led to the attacks of Sep. 11."*⁴⁷

Six days later, on May 12, a terrorist bombing in Riyadh killing eight Americans and 26 Saudis provided the neoconservatives with the impetus to put an end to Khalilzad's diplomacy. Within days, fingers were pointed at Iran. Rumsfeld declared that the operation seemed to have been ordered by al-Qaeda in Iran. On May 15, David Martin of CBS News reported that the Pentagon had evidence that the bombings in Saudi Arabia "were planned and directed by senior al-Qaeda operatives who have found safe haven in Iran." But no such evidence existed. While phone calls had been detected between al-Qaeda operatives in Saudi Arabia and Iran, there was no evidence that these activities were undertaken with the Iranian government's approval or knowledge. "The Iran experts agreed that, even if al-Qaeda had come in and out of Iran, it didn't mean the Iranian government was complicit," Wilkerson told investigative journalist Gareth Porter. "There were parts of Iran where the government would not know what was going on."⁴⁸ The next meeting in Geneva was scheduled for May 25, but by May 14, the Iranians suspected that Washington might cancel the talks. Iran's Ambassador to Afghanistan reported to Tehran that the American's would be a no-show for the meeting, even though Washington had yet to formally cancel it. As a result, Zarif never traveled to Tehran from New York to receive instructions for the meeting. (As Iran's UN Ambassador, Zarif was based in New York and had to travel to Iran both before and after every Geneva session to receive instructions and brief Tehran on the deliberations. Due to the sensitivity of the matter, all briefings and instructions were conducted orally; many of them directly with Iran's Supreme Leader).⁴⁹ A few days before the scheduled meeting, Washington sent a message to Tehran via the Swiss – whose services were needed once more – that the Geneva channel had been closed. The Bush Administration hawks had scored yet another victory, but the battle for Iran was long from over.

The diplomats at the State Department were down, but they weren't out. Just as in 1996, when AIPAC moved ahead with Congressional sanctions to ensure that President Clinton wouldn't be able to reverse the sanctions policy at will since only Congress could undo Congressional sanctions, Congress could be helpful once again to limit the President's maneuverability. The newly created alliance between AIPAC and Evangelical Republicans on Capitol Hill turned out to be particularly helpful for this cause. Senator Brownback, an ambitious second-term Evangelical Republican from Kansas, had in the early spring of 2003 taken the lead in the Senate to undermine any U.S.-Iran dialogue. Knowing Powell's inclination to seek a dialogue with Iran and a grand-bargain, Brownback worked to place political obstacles in Powell's path. On April 8, Brownback

⁴⁷ Jim Lobe, Neo-cons Move Quickly on Iran, *Inter Press Service*, May 26, 2003.

⁴⁸ Gareth Porter, Burnt Offering, *The American Prospect*, June 6, 2006.

⁴⁹ Interview with Javad Zarif, Iran's Ambassador to the UN, New York, October 12, 2006.

introduced a controversial amendment to the 2004 Foreign Relations Authorization Act authorizing \$50 million a year of American tax-payers' money to aid Iranian opposition activists. The amendment was a simple recycling of ideas proposed in June 2002 by Pentagon staffers in the Bush administration's Iran policy review discussions. Though the Pentagon staffers' efforts had failed, Brownback gave new life to their ideas in the Senate. By introducing an amendment that would extend financial support to Iranian opposition groups – similar to American funding of Ahmed Chalabi's Iraqi National Congress – Washington would take a decisive step towards making regime-change in Iran official U.S. policy. Once regime-change was made official policy, prospects for a U.S.-Iran dialogue or a grand-bargain would effectively be eliminated.

The amendment sought to create an Iran Democracy Foundation that in turn would disperse \$50 million to various Iranian opposition groups and satellite TV channels in the U.S. Only a week earlier at a private briefing on Capitol Hill organized by the Iranian Jewish Public Affairs Committee, Reza Pahlavi, the son of the late Shah and a supporter of Brownback, had urged Hill staffers to support the idea of funding the Iranian opposition. The Persian Prince reassured staffers that any concerns about the money tainting the opposition groups could be resolved by creating “a degree of separation” between the US Congress and the Iranian recipients. The Iran Democracy Foundation would do just that. In fact, the language in the amendment closely resembled that used in the Iraq Liberation Act passed by Congress in 1998, which made regime change in Iraq official US policy and paved the way for the Iraq war of 2003 by effectively eliminating all diplomatic options. The American Israeli Public Affairs Committee immediately came out in support of the amendment.⁵⁰ Pahlavi's links to the Israel and pro-Israeli forces in Washington were not new. Back in the early 1980s, he had approached Ariel Sharon with a plan to overthrow the clerics. But with the rise of the neoconservatives in the Bush Administration, Pahlavi had a new excuse to reconnect with his old friends. Just as much as he needed the pro-Israeli groups to get his message across to Beltway decision makers, AIPAC and the neoconservatives benefited from giving their agenda an Iranian face. "There is a pact emerging between hawks in the administration, Jewish groups and Iranian supporters of Reza Pahlavi to push for regime change," Pooya Dayanim, president of the Iranian-Jewish Public Affairs Committee in Los Angeles, told the Jewish magazine *The Forward*. But while Pahlavi met all the right people and groups as he marketed himself to the pro-Israeli community, including the board of the hawkish Jewish Institute for National Security Affairs, Prime Minister Sharon, former Prime Minister Benjamin Netanyahu and Israel's Iranian-born president, Moshe Katsav, he seemed to lack the political savvy to impress his audiences.⁵¹ For instance, Pahlavi pushed to address the annual AIPAC conference in May 2003 in Washington, but AIPAC officials had to convince the son of the Shah that too close of an association with the pro-Israeli lobby might not go down too well with what was supposed to be his own base – the Iranian Diaspora in the US.⁵²

⁵⁰ Mark Benjamin and Eli Lake, Senator asks \$50M to aid Iran dissidents, *UPI*, April 8, 2003.

⁵¹ Marc Perelman, New Front Sets Sights on Toppling Iran Regime, *The Forward*, May 16, 2003.

⁵² Interview with Keith Weissman of AIPAC, Washington DC, March 25, 2004.

But Pahlavi's help and suggestions for the creation of the Iran Democracy Foundation were welcomed. In a statement on April 9, Brownback explained that the reason he proposed a Foundation rather than using existing American pro-democracy institutes such as the National Endowment for Democracy was that "these organizations have taken a 'hands-off' approach when it comes to Iran." Brownback criticized the State Department for not "making the most of an incredible opportunity to encourage regime change [in Iran] without firing a weapon." Predicting that the defeat of Iraq might intensify the Geneva Channel and enable Secretary Powell to elevate it politically, Brownback lashed out against the pro-dialogue camp in the State Department. "If we try to engage a dying regime," Brownback told the Senate Foreign Relations Committee, "we will surely prove ourselves the worst possible hypocrites. Sadly, there are those who want America to pursue this course."⁵³ Brownback's amendment became the perfect vehicle for the Pentagon hawks to prevent President Bush from grabbing the Iranian grand-bargain proposal. But for all of Brownback's rhetoric about the plight of the Iranian people and condemnation of the Iranian government's support of terror, the Kansas Senator had no second thoughts about supporting terror groups himself to scuttle a U.S.-Iran dialogue. When the French authorities arrested Maryam Rajavi in June 2003, the leader of the Mujaheden Khalq (MKO), in Paris, Brownback immediately came to the aid of the terrorists. Even though the MKO was funded by Saddam Hussein according to President Bush himself, was listed on the State Department's list of terrorist organizations and was responsible for the deaths of several Americans, Brownback sent a letter to French Ambassador Jean-David Levitte urging France not to take action against Rajavi. In the letter, Brownback recognized that there were some concerns about the MKO, but went on to say that France should not do the "dirty work of the Islamic Republic of Iran" by empowering "a terrorist regime over a group of its own people who are protesting for freedom."⁵⁴

Brownback's initial push for the amendment was a complete failure. Lawmakers on both sides of the aisles in the Foreign Relations Committee severely criticized the proposal, prompting the Kansas Senator to withdraw the amendment rather than have it defeated in a vote. Instead, he regrouped and introduced a watered-down version of the bill that did not call for the allocation of new funds to the Iranian opposition, but rather the redirection of existing funds. Brownback's cause was not helped by the fact that the intended opposition groups failed to come across as competent and credible. At Reza Pahlavi's Capitol Hill briefing, hosted by House Representatives Brad Sherman (D-CA) and Steve Rothman (D-NJ), the Iranian pretender to the Peacock Throne left Hill staffers confused and unconvinced. Pahlavi voiced the same naïve enthusiasm and alarmist obsession of his Senate ally when he predicted that the regime would fall "in one to two years" even though it would "have a nuclear bomb in less than two years." But the most jaw-dropping comment was when he spoke of America in the "we" form. Pahlavi praised the U.S. efforts in Iraq and pointed out the moral superiority of the American army. "We [America] have taken casualties that we would have avoided had we not tried to avoid civilian deaths on their [Iraqi] side," he told the perplexed staffers who first thought that

⁵³ Brownback Discusses Support for Iranian People, Brownback press release, April 9, 2003.

⁵⁴ Brownback Presses French Not to Turn Over Iranian Opposition Figures, Brownback press release, June 20, 2003.

perhaps a small contingency of Iranian soldiers loyal to Reza Pahlavi had fought alongside American Marines as they entered Baghdad. Eventually, Brownback's second attempt also fell flat. The bill passed the Senate as a non-binding Sense of the Senate Resolution; denouncing Iran's lack of democracy and support for terror but failing to allocate funds for the Iranian opposition in exile or making regime-change official U.S. policy. But Brownback did attain his key goal – complicating U.S.-Iran relations and hindering the State Department from pushing the White House towards exploring further dialogue with Tehran. The signal to Tehran was that the tables had turned. Just as Tehran had simultaneously pursued two contradictory policies vis-à-vis the U.S. during the Clinton Administration, never letting Washington know which faction in Iran really called the shots, in-fighting in Washington now confused and made Iranian decision makers insecure. For Israel, on the other hand, continuous US-Iran tensions helped keep the military option open and hope alive that after Baghdad, real men would go to Tehran.

Meanwhile, in Tehran, the American non-response was perceived as an insult. Now it was Iran complaining about the difficulty of dealing with an ideological regime, i.e. the Bush Administration. "These people in Washington don't see the world for what it is, they only see what they want to see," an Iranian reformist told me. "We used to suffer from the same mindset after the Revolution, but we learned very quickly the dangers of an ideological foreign policy. We paid a very high price for our initial mistakes."⁵⁵ The Bush Administration's handling of the Iranian proposal strengthened Iran's belief that dealing with Washington from a position of weakness would not work. Offering support to America in Iraq or compromises through a grand bargain was futile, as it was clear that, when Washington believed it had plenty of maneuverability and options, it would demand complete submission from Iran. The Bush Administration would only agree to deal with Iran on an equal basis, the clerics reasoned, if it were deprived of all other options. Just as in 1993, after Iran was shunned from the Madrid conference and the US intensified its efforts to isolate Iran following Iran's help in the first Persian Gulf War, Washington's decision strengthened the hands of those in Tehran who argued that America could only be compelled to come to the negotiating table if a cost was imposed on it when it didn't. The balance in Iran tilted in favor of the hardliners, and as before, the diplomats involved in the opening to the US paid a price for their risk-taking. "The failure is not just for the idea, but also for the group who were pursuing the idea," Adeli said.⁵⁶ (As Iran's Ambassador to Britain, Adeli was later fired by Iran's new hardline president, Mahmoud Ahmadinejad.) Just as the Senior Bush Administration had in 1991, the current Bush Administration reasoned that the US did not need to negotiate with Iran; it was too strong and too awesome, Iran too weak and too fragile. It was hubris again.

The Israeli hawks, in turn, believed that Iran's outreach was an attempt to buy time in order to strengthen itself against the threat of America forces. Both the Barak and Sharon governments rejected Iran's outreach on the grounds that Iran did not have an interest in Israel, but was only seeking to improve relations with the US, after which it would

⁵⁵ Interview with senior Iranian official who spoke on the condition of non-attribution, Tehran, August 2004.

⁵⁶ Gordon Corera, Iran's gulf of misunderstanding with US, BBC, 25 September 2006.

continue to counter Israel.⁵⁷ According to Ephraim Sneh, who refused to believe that Iran was willing to soften its stand on Israel, dialogue with Tehran was “totally baseless, totally futile.” It would only provide Iran with another chance to escape American justice. The Iranians will never change their stance on Israel, so the only option is to replace them. “The regime in Tehran, they don’t accept the legitimacy of the Jewish state in this part of the world,” he told me during a visit to his Tel Aviv office. “When this is the case, what should I talk to them [about]. The terms of my execution?”⁵⁸ Why should the U.S. negotiate with Tehran and permit the dreaded regime of the Ayatollahs to survive, when it had the strength and opportunity to end it once and for all, the Israeli hawks argued. But other voices in Israel were more cautious, and at times, regretful of having missed what could have been an opportunity and an opening. “I think it is a huge mistake not to open a channel,” Schiff argued. “Not in order to solve everything, but [for] both sides to understand each other better. Both sides will understand the red lines [through dialogue].”⁵⁹

Just as before, regional instability and the complexity of regional politics revealed that few victories are long-lasting in the Middle East. Only months after Washington’s awesome victory over Saddam’s army, an insurgency erupted that yet again turned the tables on Iran and the U.S. While Tehran’s influence was on the rise, due to its ties to the Shiites in the south and the Kurds in the north, Washington’s maneuverability was shrinking. Now, Washington couldn’t return to the grand bargain proposal even if it wanted to. The Bush Administration had painted itself in a corner, undermined its own credibility and all but convinced the Iranians that America’s end goal – regardless of its short-term cooperation with Tehran – was the destruction of the Islamic Republic. The glee on Iran’s deputy oil minister’s face, Hadi Nejad-Hosseinian, was obvious when he explained how the U.S. had inadvertently improved Iran’s security environment and made Iran an obvious power in the region by defeating Saddam and the Taliban, all the while getting itself bogged down in the Arabian deserts. “Iraq could not have turned out better for us,” he told me smiling.⁶⁰

⁵⁷ Interview with Menashe Amir, Head of the Israeli Radio’s Persian Service, Jerusalem, October 24, 2004.

⁵⁸ Interview with Ephraim Sneh, Tel Aviv, October 31, 2004.

⁵⁹ Interview with Zeev Schiff, Military Correspondent, *Haaretz*, Tel Aviv, October 17, 2004.

⁶⁰ Interview with Hadi Nejad-Hosseinian, Tehran, August 12, 2004.