



# Restoring America's Standing in the World

An address given to the Los Angeles World Affairs Council  
on June 26, 2007 by

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The title of this book is *Statecraft: How to Restore America's Standing in the World*. Originally I was going to write a book about negotiations. I wrote a book a couple of years ago called *The Missing Piece*. In that book I told the story of the effort to make Middle East, peace and throughout it I had all sorts of tidbits about the rhythm and logic of negotiations so I thought maybe the second book would be on the essence of negotiations and how you negotiate. A lot of the literature on negotiations has been written by people who actually never negotiated. So it might be novel to have someone who did write about how you do it from the perspective of a practitioner. But as I watched our foreign policy—I'm going to use a diplomatic term now—"unravel" I became more and more convinced that I really needed to write a book about statecraft of which negotiations and mediations are a tool.

Let's look a little bit more closely at the term "statecraft." Most people when they hear the term think it relates primarily to the tools of the trade, meaning diplomacy, use of economic wherewithal, hard power, coercion, and intelligence information. Let's assume that we have an administration in 2009, and I'm not forming any judgments now about the current one, let's suppose that in the year 2009 we have an administration that is really good at the art of diplomacy. It's really professional when it comes to using our economic assets in a way that allows us to affect the behavior of others, that when it comes to the use of coercive power, or the military—it knows how to apply it—sometimes directly, sometimes only through the form of threats—that it's really good in the terms of understanding how to use intelligence as a way of affecting the behavior of others, and that it understands how to frame issues publicly so that when it describes a particular challenge the rest of the world actually thinks that's the way to think about it. If such an administration that could do all those things with all those tools would it be good at statecraft? What do you think?

Well, on the one hand it seems logical to say that if you could do all those things you'd be good at statecraft. But what if you did all those things really well and it was in the service of objectives that made no sense? Well, then you wouldn't have very good foreign policy and you wouldn't have very good statecraft because if the objectives don't make any sense it doesn't matter how good you are at implementation. Let's flip it. What if in 2009 we have an administration whose definition of our purposes, our objectives and our goals are the right ones but it doesn't know how to act on them? It doesn't know how to integrate or orchestrate all the tools at its disposal to be able to implement them? Well, it also wouldn't be very good at statecraft. So, what does this discussion indicate? It indicates that you have to be able to marry your objectives and your means. Good statecraft always has a marriage of the objectives you have and the means you have for carrying them out. Bad statecraft is always characterized by a mismatch between our objectives and our means.

When you look at Iraq how do you think we're doing? How do you think we started off? Was it a manifestation of good statecraft or bad statecraft? What helps explain where we got off the tracks from the very beginning? Well, there was a gap between our objectives and our means. From the very beginning our objective was to deal with the weapons of mass destruction—at least that was the stated position of the administration. Now, the problem was we didn't have the means to do it. The irony is we're very lucky there weren't weapons of mass destructions within Iraq, because, first of all, we didn't have enough forces to go and control all the sites where we thought weapons of mass destruction might be. And had we been able to go to the sites we didn't have the means to prevent them from being smuggled out across the border because we didn't have the forces available to seal the borders or come close to sealing the borders. So, from the standpoint of our objectives we didn't have means. Another example, when you take a look at the administration's approach to democratic transformation in the Middle East, this is a very far reaching and ambitious objective. Do the means that we employ come even close to fitting the objectives? We have maximum objectives and frequently we apply minimalists means. If you want to have good statecraft you start by having objectives and means that fit together, not where you have a wide gap between them.

I mentioned Iraq. I said there was a wide gap between the objectives and the means. Why do you think there was such a wide gap? What goes into shaping objectives and understanding of objectives and an understanding the means? Well, your assessments. You shape objectives based upon the assessments that you make. Now, in Iraq what we had is what can only be described as faith-based assessments, not reality-based assessments. What was the essential premise that the administration had when it went into Iraq? That when Saddam Hussein fell everything would fall into place and not fall apart. That was the essential premise. Why else would the secretary of defense basically and have his people tell people "we'll go from a 160,000 force down to a 25,000 force in three and a half months?" We wouldn't say that unless he believed that everything was going to fall into place and not fall apart. That was a faith-based assessment, not a reality-based assessment.

Was it unknowable to think that we might face an insurgency in Iraq? Well, the Sunnis have dominated Iraq for 400 years; do you think that the Sunnis were going to simply say, "Yes, it's OK. Let's let the Shia come in and dominate us or control us." Was it unknowable that there could be a sectarian conflict between the Sunnis and the Shia? The Shia, after all, were operating on the premise of, now getting what's our due, the Sunnis will never accept it, we're not going to share power with them because basically they'll try to subvert us; they'll try to throw us out at any moment; we can't trust them. Then, of course, when the Sunni-led insurgency began it became a self-fulfilling prophecy in terms of how the Shia looked at the Sunnis so it wasn't a unknowable that we faced an insurgency, it wasn't unknowable that we might face a sectarian conflict. Was it unknowable that when Saddam Hussein fell, when he was removed, when he was gone, we would have a vacuum? In the Middle East vacuums are *always*, without exception, filled by violence—that was not unknowable. Anybody who understood the way Saddam Hussein dominated that system knew that when he left you had a vacuum and the vacuum was going to be filled by something, and if it wasn't filled by us, it was going to be filled by violence.

So, let's recap where we are right now when we look at statecraft. One, we have to have objectives that are clear and the objectives have to be somehow connected to our means. Two, the way you shape these objectives is to have reality-based assessments, not faith-based assessments. Reality-based assessments can be dynamic. Your objectives can be ambitious; you don't have to limit your objectives, but what you do have to do, if you want to have ambitious objectives, if you want to transform the reality you have to understand it first.

How does one change the behavior of those that are your adversaries? Well, you have to have leverage. You develop leverage either by using your means or by using the means of others or by combining them. But effective leverage comes from understanding where the adversary has vulnerabilities. Again, you'd better understand the reality of the situation so that you can make sure that your objectives make sense, so that you can make sure that the means that you need to either develop on your own or mobilize with others are relevant to the vulnerabilities that you can identify.

So, how do you think we're doing with Iran from a statecraft perspective? What's our objective? Our objective is to prevent Iran from going nuclear. Right? That's our objective. Now, the means we're using today are diplomacy, which is appropriate, but we're engaged in a slow-motion approach at the Security Council. Here again we have a mismatch between objectives and means. The objective is to prevent Iran from going nuclear but we have slow motion diplomacy at the Security Council when we have fast paced Iranian nuclear development. Don't take my word for it. The Director of the IAEA, the nuclear watchdog agency for the UN, says that Iran will have 8,000 centrifuges by the end of this year. Now, if you have 3,000 centrifuges operating full time in about nine months you can create enough missile material for one bomb. If you have 8,000 centrifuges operating full time you'll be able to produce maybe three nuclear devices a year. So, we have slow motion diplomacy but we have fast pace nuclear development. We have a mismatch between what our objectives are and the means that we're applying. Is it impossible to affect Iranian behavior and change their choices and change what they do? It is not, but we have to understand the lay of the land within Iran. We have to understand their vulnerabilities, we have to understand what are the forms of leverage that we have and we have to be prepared to apply them.

Let me illustrate what I mean by dealing with Iran. Let's look at what the lay of the land is to begin with. Again we have to inform ourselves what the reality is so that we can figure out where the vulnerabilities are, where our leverage is, and which means are likely to work. In Iran we have a leadership where everyone is unified on wanting nuclear weapons, whether you're talking about the Revolutionary Guard, the mullahs or the liberalizers. Ahmadinejad who is the president is the symbol of the Revolutionary Guard, Rafsanjani, the former president who's the symbol of the mullahs, and Khatami who is the former president and symbol of the liberalizers, all of them pursued a very active nuclear program during the life of their presidencies. Everybody in that leadership agrees that they want nuclear weapons; they want them for defensive reasons, they want them for offensive reasons, they want them for symbolic reasons. Suffice to say they want nuclear weapons. But they don't all want nuclear weapons at any price. The Revolutionary Guard, they do. They believe in confrontation because they believe the outside world backs down when you confront and polarization and confrontation build their leverage on the inside to organize a society a certain way and build their power.

The second group is the mullahs. The mullahs want something fundamental. They want to preserve their power and their privilege and anything that could put that at risk they're not too enthusiastic about. They understand something very clearly. They understand how vulnerable they are economically. Bear in mind that the price of oil over the last 40 years. The price of oil on March 2003 was \$27 a barrel; the price of oil today is \$69 a barrel. That's a huge windfall—it's a windfall because they didn't do anything to earn it. So, they have all this money and yet in the last four years notwithstanding the increase in their revenues, they have very high inflation, and very high unemployment. Its stock market has basically plummeted, the bottom fell out of it; they are in a position where they're about to announce that they're going to have to ration

gasoline. They've provided gasoline up until now at about 37 cents a gallon; now they're going to have to ration it. Why? Because they only refine about 40 percent about half the gasoline they need. So, about half of the gasoline they have has to come from the outside. The revenues they generate from their oil and natural gas exports are declining. Their output is declining and their consumption is going up. Their output is declining because their infrastructure in oil and natural gas is completely antiquated. They need massive investment from the outside just to try to preserve output where it is. They need massive technology transfer, they need massive investments, they need massive help. The mullahs get that and they get that they need the revenues that they generate from their exports from oil and natural gas because if they don't have those revenues they can't provide the subsidies that preserve social tranquility.

They know they're not a popular regime and the proof of their sense of vulnerability is very clear in terms of the arrests of the Iranian-Americans, not one of whom believes in confrontation with them, not one of whom wants to do anything but engage Iran, not one of whom is doing anything except engaging these civil society groups within Iran.

Now, the language that the intelligence of Iran uses is that they fear what they called the velvet revolution. And this is a big fear that the Iranians leadership has. If this was such a self-confident group it wouldn't be arresting people who basically represent no real threat to them but obviously there is a degree of paranoia and conspiracy about it. As Henry Kissinger once said, "Just because you're paranoid doesn't mean they're not coming after you." Well, in the case of the Iranians the sense of vulnerability is acute. The mullahs feel it and the liberalizers feel it—they don't want to be isolated and they don't want to be cut off economically because they fear that if they're cut off economically they won't be able to preserve social tranquility within the country. So they are vulnerable.

Now, with this said the good news is we've even seen signs of a debate. The debate in this leadership didn't emerge until we began to talk about sanctions in the Security Council. One year ago, the British, French and the Germans offered an incentive package to the Iranian leadership to give up their nuclear program. The Iranian leadership says we only want nuclear power to generate electricity; we only want civil nuclear power. So, guess what? The British, the French and the Germans offered them light water reactors which are really good for generating electricity and really bad for generating missile material. Not only did they reject it but at the same time there was no public debate, at least among the elite. When did the public debate began? When the Security Council in October began to consider sanctions for the first time against Iran and then we began to see very quickly signs of real dissidence. Rafsanjani released a secret letter that Ayatollah Khomeini had written in 1988 to explain why he needed to bring the war with Iraq to an end commentary in the Iranian press, this is October 2006, said sometimes you have to adjust to reality and give up your ideology. This might apply to a few others as well.

When the first sanction was passed on December 23, 2007 they were getting very limited sanctions, they were under Chapter 7, which means they're mandatory by the Security Council but they're very limited—they don't touch the economy. There was a torrent of criticism of Ahmadinejad within the Iranian press, some of which was associated with the Supreme Leader, Ali Khamenei, which said that Ahmadinejad was pursuing his approach to the nuclear issue as a way of diverting attention away from the failings of his government and his policies—not something you would expect to see in the Iranian media.

The debate is clear so the potential to change the Iranian behavior is there; they understand the risks of being cut off economically. The problem is we're now discussing the third resolution and

even this resolution still doesn't deal with the economy. It deals with the ban on travel, it singles out some of the nuclear and missile industries which have already been identified, it singles out a bank which we have already sanctioned but it doesn't deal with what is the economic lifeline to Iran. If you want to change the Iranian behavior because of the economic vulnerabilities, then you cut the economic lifeline. You cut off technology transfer, you cut off investments, you cut off the banks and you do this because in a sense you want to use diplomacy to be able to produce an outcome.

I'm going to give you three ways to change the Iranian behavior, none of which involves the use of force. What I'm talking about is leverage. The key to statecraft is leverage and how do you have it, how do you apply it? One thing you don't do is send a signal to the Iranians that you need them more than they need you. When Secretary of State Rice, the week prior to the Sharm el-Sheikh Conference on Iraq the beginning of May, announced more than once publicly that she really hoped that the Iranian Foreign Minister would come, at a time when the Iranians made it very clear they were coming, but they were equivocating on the level. Why did we care about the level? To say that she really hoped he would come what message do you think that sent to the Iranians? Ahmadinejad gave a speech after that in which he said, "The Americans came to us 41 times." Do you think that convinces them that we have leverage on them? I'm not a big enthusiast for talking to the Iranians bilaterally on Iraq. I think we should talk to the Iranians but I'm going to explain the circumstances. If you say to them, "we're going to talk to you on Iraq" and we're not talking to everybody else on Iraq the message to the Iranians is "what price can we exact from them. They need us to pull their chestnuts out of the fire." Guess what? The Iranians have a few chestnuts in the fire in Iraq, too. Statecraft and negotiations are about leverage and don't put yourself in a position where you have none and the other side is convinced they have all of it. So, I would do three things if I wanted to change the Iranian behavior right now and exert real leverage.

Number one. The Saudis are just as worried about Iran going nuclear – maybe not only as we are but even as the Israelis are. Why? Because an Iran with nuclear weapons has a nuclear shield behind which it can engage in coercion and subversion is an acute threat to Saudi Arabia. The Sunni-Shia divide in Iraq is something the Saudis are very aware of. The last thing they need is an Iran that can engage in coercion and subversion. By the way, the Saudis have a 20 percent population of Shia and guess where they're located? In the Saudi oil provinces. So, the last thing the Saudis want is for Iran to go nuclear.

Now, the Saudis happen to have enormous financial holdings in Europe. You want to affect the behavior of the Europeans who are applying very limited sanctions but who at the time are still providing very large credit guarantees to the companies doing business in Iran – last year \$18 billion in credit guarantees. One way to do it is to have the Saudis go to the banks and investment houses and basically say, "Stop doing business with Iran or you're going to have a problem with us." If the Saudis go to Europe that way the Europeans are going to listen. So, that's one way to affect the European behavior

Second. The Europeans today fear the use of force against Iran more than they fear an Iran with nuclear weapons. Now, what happens if the Israelis go to the Europeans quietly and say, "The path you're on is going to make the use of force likely, not unlikely because the path you're on, given the mismatch in timing between slow motion diplomacy and fast pace nuclear development is going to produce an Iran with nuclear weapons. Maybe you think you're going to live with an Iran with nuclear weapons but we can't. Not necessarily because we don't want to, but because they tell us they won't let us live." The week before last Ahmadinejad said that the countdown to

the destruction of the Zionist regime is close at hand. This wasn't an unusual statement. He has made multiple statements like this. So, if you're the Israelis and you hear someone telling you you're going to disappear soon, the countdown to your destruction is underway, and that they're developing the means to destroy you, well, guess what? You're not going to treat that just as words. So, if the Europeans don't want to see force used maybe the Israelis can say, "You're making force more likely with the path you're on." Wrenching up the economic pressure and you make force less unlikely.

The third way. Us. The Europeans are convinced that you can do a deal with the Iranians but you can't do a deal with the Iranians unless the U.S. is at the table, because at the end of the day what matters to the Iranians is not just the political and economic benefits they might get it's the security assurances they will want from us. What did I say before about paranoia and conspiracy? There's a whole Iranian narrative about the U.S. being determined to change the regime, the U.S. basically representing a threat. The fact of the matter is that if we're going to be at the table, which the Europeans want, we have to relax the current conditions that we have—which is to suspend energy enrichment or we won't talk. Now, if the Europeans want us to talk I wouldn't be in favor of simply saying, "All right, we're prepared to talk" and relax the condition of suspending enrichment because that sends a message to the Iranians that once again they're going to get what they want. And yet, as I said before I'm in favor of us talking directly to the Iranians. So what would I do? I would go to the Europeans and say, "I am prepared to drop the suspension of enrichment as a condition for talks. I am prepared to join the talks with you because we know you have Solana, the Foreign Minister of the EU who's dealing on a very regular basis with the Iranians. We're prepared to join the talks with you if *you* will cut the economic lifeline to Iran. Cut the credit guarantees, cut the technology transfers, stop the investments and basically stop doing business with the Iranian banks, not one or two but all Iranian banks. If you do that you will concentrate the Iranian minds on what it is they have to lose. Bear in mind something about the Iranians—we will not induce them into giving up nuclear weapons because there's no combination of inducements that are worth as much to them as having a nuclear weapon. But if we concentrate their mind on what they lose then you're going to get that part of the Iranian leadership that understands the cost, and they don't want to pay that cost, so then they begin to think, "okay what do we get for giving it up?" What you're doing in effect is you're getting the Europeans to do something that they're reluctant to do, which is to cut the economic lifeline, partly because their economic interests are involved, partly because they think it produces the slippery slope to confrontation. So, you're asking the Europeans to give up something they're reluctant to do and that might change if the Saudis are applying the leverage I described before, and if the Israelis are explaining to Europe the consequences of staying where it is. But if you ask somebody to do something that's hard for them, again, the logic of negotiations, the logic of statecraft is, you go ahead and give them something at the same time. If we want them to do something that's hard for them, we give them that we're prepared to talk.

Those are three ways to change the European behavior towards the Iranians and I'm convinced that gives us a very good chance to change Iranian behavior. But our problem is that we're running out of time. Statecraft sometimes requires patience and sometimes it requires a sense of urgency. We cannot maintain a slow motion approach to the diplomacy because it will be outstripped by what the Iranians are doing on the nuclear front.

I wrote this book because the essence of statecraft has been lost. It is not being conducted by us right now. Every administration has a legacy. This administration is going to have a legacy in multiple areas. It's going to have a legacy in terms of what it's done to our military forces. Colin Powell says the army is broken. It will have a legacy in terms of what it leaves to the next



administration on Iraq and the Middle East as a whole—and it’s not a pretty sight. And it will have a legacy from a sociological standpoint because below the top level people in bureaucracies who have been operating a certain way when it comes down not only to the decisions that you make and how you reach them, but also on how you act on them. We don’t mediate anymore. I’ve a chapter in the book on not only the when, the what, and the why you mediate but also how to mediate. If you want to change the American image in the world, get us back into a role where we mediate conflicts around the world, where we demonstrate do things that respond to a higher purpose. We want to restore our standing that’s one way to do it.

Why did I write this book? because I want the word “statecraft” to be understood, not as a slogan. Because I want those running for the presidency and who will make up the next administration, at a certain point in this campaign to be able to explain how they’ll approach foreign policy in terms of objectives, in terms of means, in terms of logic of leverage. I want the concept of statecraft to be restored to American foreign policy. And you can help me because you can talk about it, too. I want there to be, as part of the campaign, a discussion on what this means and if that happens then I will have met my purposes in writing the book.

Thank you very much.

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