The Clinton Administration
Bruce O. Riedel

- In 1993, William Jefferson Clinton inherited almost 15 years of troubled relations with Iran, impeded by no diplomatic ties, deep animosity on both sides and layers of sanctions. He left office in 2001 with no breakthrough in relations, but an improved atmosphere that offered an opening for further progress.

- This shift happened despite Iran's suspected involvement in the 1996 attack on the U.S. barracks in Khobar, Saudi Arabia. But the terror attack heavily influenced U.S. policy toward Iran in the Clinton years. The White House refrained from military retaliation but signaled that additional terrorism could lead to conflict.

- Clinton sought to build a relationship with President Khatami after his surprise 1997 election, but was thwarted by the Khobar legacy and internal Iranian politics. Clinton and Khatami encouraged reciprocal people-to-people exchanges to reduce animosity and prepare the groundwork for improved relations.

- The Clinton administration hoped for a breakthrough in government-to-government dialogue and eventual diplomatic relations. It offered on several occasions, via different interlocutors, to set up a direct dialogue without conditions, but Iran refused.

Overview

When President Clinton took office in 1993, the United States had no direct diplomatic relations with Iran. Any prospect of improvement was complicated by sanctions dating back to the 1979 U.S. Embassy takeover and an American public intensely distrustful of the Islamic Republic's policies. Iran was also the major patron of Lebanon's Hezbollah, which actively opposed the Middle East peace process and engaged in regular clashes with Israeli forces in Lebanon. It no longer held American hostages, however, and it suspended direct anti-American terrorist attacks.

Shortly after the inauguration, the administration announced that its policy toward Tehran would be part of a larger "dual containment" in the Gulf, to limit the threats posed by both Iraq and Iran to U.S. interests and allies. Containment was based on the premise that both Iraq and Iran were hostile powers and that the balance of power in the Gulf was inherently unstable. In the 1980s, the United States had tried to play the two countries off against each other. But Iraq emerged from the 1980-1988 war with Iran as the more powerful country, unchecked by any of its neighbors. The

imbalance allowed Baghdad to invade Kuwait in 1990 and claim the oil-rich city-state as its 19th province.

The new containment strategy acknowledged the many substantive differences between the threats from Iran and Iraq; it recommended diverse tactics to deal with each. Iran would be contained by a military deterrent based in the Gulf states, targeted economic sanctions to discourage foreign investment in Iran, and diplomacy to discourage Iranian support for terrorism and pursuit of a nuclear capability. But Clinton left on the table the Bush administration's offer to engage in direct government-to-government talks without preconditions.

The Lebanon problem

Throughout both terms, the Clinton administration faced several crises in Lebanon between Israel and the Iranian-backed Hezbollah. Hezbollah seemed determined to undermine Israel's separate negotiations with the Palestinians and Syria, one of Clinton's highest foreign policy priorities. Tensions repeatedly heated up in Lebanon at critical junctures.

Washington suspected the Iranian Revolutionary Guards, who had been deployed in Lebanon since 1982, of fomenting trouble, although Israeli actions occasionally into Hezbollah's hands. The White House often had to rely on Syria, Iran's ally, to defuse crises in Lebanon. This specter of Iranian-backed terror grew worse at the end of Clinton's first term.

Khobar Towers attack

On June 25, 1996, a truck bomb exploded at the U.S. Air Force facility in Khobar, Saudi Arabia, killing 19 Americans and wounding over 350 Americans, Saudis and other nationals. Intelligence indicated the bombing was the work of Hezbollah al Hijaz, a Saudi Shiite group with close links to Iran's Revolutionary Guards and Lebanon's Hezbollah. But the intelligence was uncertain about the Iranian senior leadership's involvement. The Clinton administration prepared to conduct military retaliation against Iran, but quickly recognized any operations could escalate and even trigger full-scale war.

The White House instead sought additional intelligence on Iran's role, while warning Iran to desist from further attacks, hardening American installations in the Gulf, and deploying U.S. warplanes to a remote air base in the Saudi desert. The administration also took targeted actions against the Revolutionary Guards and Iranian intelligence personnel around the world. In early 1997, the CIA's Operation Sapphire identified Iranian intelligence officers in numerous countries and disrupted their activities. Iran never acknowledged its role in Khobar, but the Hezbollah al Hijaz organization was dismantled in the late 1990s. In 2001, the Justice Department charged

that several members of the group were involved. The indictment noted the support of Iran's Revolutionary Guards and Lebanon's Hezbollah in the attack.

Dialogue of civilizations

The surprise victory of Mohammad Khatami in the 1997 presidential elections offered the second Clinton administration an opportunity to restore U.S.-Iran relations. In a widely publicized CNN interview, Khatami signaled early in his term that he was open to a new relationship and wanted to bring down the "wall of mistrust" with the American people. President Clinton and his national security team were eager to take advantage of this possible opening.

Over the next three years, Clinton sent a series of public messages affirming his interest in improving people-to-people relations. His messages at Nowruz (the Iranian new year) and Eid al Fitr (end of Ramadan feast) expressed appreciation for Iranian culture. On the Eid, in January 1998, Clinton said in a videotaped message that the United States "regrets the estrangement of our two nations … and I hope that the day will soon come when we can enjoy once again good relations with Iran." U.S.-Iran sports exchanges received high-level attention at the White House; an American wrestling team that traveled to Iran was photographed with the president in the Oval Office. Sanctions on imports of various Iranian goods, including carpets and pistachio nuts, were also gradually eased.

Clinton wanted to go further and open direct diplomatic relations with Tehran. Several efforts were made during his second term. The administration sent one message through the Swiss Embassy in Tehran, which hosted the U.S. Interest Section, in October 1997. It invited Iran to meet with three U.S. officials—Undersecretary Thomas Pickering, Special Assistant to the President Bruce Riedel, and Deputy Assistant Secretary of State David Welch—without pre-conditions at a venue chosen by Iran. The message was leaked to the press in the United States; Iran did not respond with a positive answer.

Another attempt was made via Saudi Arabia. During a May 1998 visit to the kingdom, Vice President Al Gore asked Saudi Crown Prince Abdullah to broker direct dialogue between Washington and Tehran. Again the Iranians deferred and stressed that people-to-people dialogue needed to precede official talks.

The United States and Iran did talk directly in multilateral forums. The most active discussions centered on Afghanistan at the United Nations. The so-called 6-plus-2 dialogue brought together Afghanistan's six regional neighbors with the United States and Russia. Secretary of State Madeleine Albright attended one meeting after the United Nations pledged to persuade her Iranian counterpart to attend, thus encouraging a high-level dialogue. But he did not show up for the meeting.

The Clinton administration was frustrated by Khatami's preference for people-to-people rapprochement, a limitation produced by an internal power struggle with Iranian hardliners who opposed an official dialogue. When further evidence developed of Iranian involvement in the Khobar bombing, Clinton faced mounting pressure to get Iran to take action against the Revolutionary Guard elements involved in the attack.

The Omani gambit

In June 1999 Clinton sent Bruce Riedel and Martin Indyk to Fontaine-le-Port, France to carry written and oral messages to Khatami to be delivered by Oman. They met with Sultan Qaboos at his chateau and asked him to send his Foreign Minister Yusuf bin Alawi to Tehran to deliver the messages. The written message—which has been declassified—said the United States had evidence Revolutionary Guard members were "directly involved in the planning and execution" of the Khobar bombing, activity unacceptable to the United States. The Guards' involvement in ongoing terrorist activity was a "cause of deep concern." While Washington sought better relations with Iran, it could not allow the murder of American citizens to pass unaddressed. Clinton asked for assurances that Iran would cease involvement in terrorist attacks and that those responsible for Khobar would be brought to justice. Alawi delivered the message to Khatami in July 1999.

Khatami told Alawi he appreciated Clinton's efforts to improve relations; he promised to look at the Khobar issue. The Islamic Republic did not formally respond for six weeks. In September 1999, Iran told the Omanis that it had conducted a "reliable investigation and serious scrutiny" of the Khobar attack and concluded that U.S. allegations about the Revolutionary Guards were "inaccurate" and "fabricated." Iran also accused the United States of failing to take action against the crew of the *USS Vincennes* for its 1988 attack on an Iran Air passenger plane. Tehran charged the American warship had deliberately shot down the airbus, killing all 290 passengers and crew on board.

Yet the Iranian message also said Iran "bears no hostile intentions" toward America and posed "no threat" to U.S. interests. Once again, a U.S. initiative to set up a direct dialogue with Khatami failed. Nonetheless, the Khobar attack was not repeated and the Saudi Hezbollah al Hijaz group was eventually dismantled.

Albright's speech

In a major speech on March 17, 2000, Albright formally apologized for the CIA's role in the 1953 coup that overthrew Prime Minister Mohammad Mossadegh's government and restored the monarchy, a major Iranian demand for years. She also announced the lifting of sanctions on imports of Iranian food and carpets and approval for export of spare parts for Iran's aging Boeing aircraft. She also offered to settle outstanding legal claims on Iranian assets frozen in U.S. bank accounts since the 1979

U.S. Embassy seizure. A few days later, Iranian Supreme Leader Ayatollah Ali Khamenei dismissed Albright's remarks as worthless. He also accused the United States of backing Iraq in the Iran-Iraq War, and refused any official dialogue with America.

Despite the rebuffs, Khatami and Clinton continued to make public statements about the need to reconcile Iran and the United States. Clinton took the unusual step of staying in the U.N. General Assembly after his own speech in September 2000 to listen to Khatami speak, a gesture to signal a continued interest in direct dialogue. But Khatami's domestic political problems ultimately prevented any tangible progress.

The aftermath

- By the end of the second Clinton term, the United States and Iran had moved from the precipice of armed conflict in 1996, after the Khobar attack, to an indirect dialogue. The climate had improved, but policy differences remained wide.

- Tensions over Iran's role in terrorism, its ties to Hezbollah and its pursuit of nuclear technology were the most serious differences. But a new effort to defuse tensions between Washington and Tehran had begun.

Bruce Riedel, a senior fellow at the Brookings Institution's Saban Center, was special assistant to the president and senior director for Near East and South Asian Affairs at the National Security Council during the Clinton administration.