

## Blowup? America's Hidden War With Iran

By Michael Hirsh and Maziar Bahari  
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Feb. 19, 2007 issue - Jalal Sharafi was carrying a videogame, a gift for his daughter, when he found himself surrounded. On that chilly Sunday morning, the second secretary at the Iranian Embassy in Baghdad had driven himself to the commercial district of Arasat Hindi to check out the site for a new Iranian bank. He had ducked into a nearby electronics store with his bodyguards, and as they emerged four armored cars roared up and disgorged at least 20 gunmen wearing bulletproof vests and Iraqi National Guard uniforms. They flashed official IDs, and manhandled Sharafi into one car. Iraqi police gave chase, guns blazing. They shot up one of the other vehicles, capturing four assailants who by late last week had yet to be publicly identified. Sharafi and the others disappeared.

At the embassy, the diplomat's colleagues were furious. "This was a group directly under American supervision," said one distraught Iranian official, who was not authorized to speak on the record. Abdul Karim Inizi, a former Iraqi Security minister close to the Iranians, pointed the finger at an Iraqi black-ops unit based out at the Baghdad airport, who answer to American Special Forces officers. "It's plausible," says a senior Coalition adviser who is also not authorized to speak on the record. The unit does exist—and does specialize in snatch operations.

The Iranians have reason to feel paranoid. In recent weeks senior American officers have condemned Tehran for providing training and deadly explosives to insurgents. In a predawn raid on Dec. 21, U.S. troops barged into the compound of the most powerful political party in the country, the Supreme Council for the Islamic Revolution in Iraq, and grabbed two men they claimed were officers in Iran's Revolutionary Guards. Three weeks later U.S. troops stormed an Iranian diplomatic office in Irbil, arresting five more Iranians. The Americans have hinted that as part of an escalating tit-for-tat, Iranians may have had a hand in a spectacular raid in Karbala on Jan. 20, in which four American soldiers were kidnapped and later found shot, execution style, in the head. U.S. forces promised to defend themselves.

Some view the spiraling attacks as a strand in a worrisome pattern. At least one former White House official contends that some Bush advisers secretly want an excuse to attack Iran. "They intend to be as provocative as possible and make the Iranians do something [America] would be forced to retaliate for," says Hillary Mann, the administration's former National Security Council director for Iran and Persian Gulf Affairs. U.S. officials insist they have no intention of provoking or otherwise starting a war with Iran, and they were also quick to deny any link to Sharafi's kidnapping. But the fact remains that the longstanding war of words between Washington and Tehran is edging toward something more dangerous. A second Navy carrier group is steaming toward the Persian Gulf, and NEWSWEEK has learned that a third carrier will likely follow. Iran shot off a few missiles in those same tense waters last week, in a highly publicized test. With Americans and Iranians jousting on the chaotic battleground of Iraq, the chances of a small incident's spiraling into a crisis are higher than they've been in years.

Sometimes it seems as if a state of conflict is natural to the U.S.-Iranian relationship—troubled since the CIA-backed coup that restored the shah to power in 1953, tortured since Ayatollah Khomeini's triumph in 1979. With the election of George W. Bush on the one hand, and Iranian President Mahmoud Ahmadinejad on the other, the two countries are now led by men who deeply mistrust the intentions and indeed doubt the sanity of the other. Tehran insists that U.S. policy is aimed at toppling the regime and subjugating Iran. The White House charges that Iran is violently sabotaging U.S. efforts to stabilize the Middle East while not so secretly developing nuclear weapons. As the raids and skirmishes in Iraq underscore, a hidden war is already unfolding.

Yet a NEWSWEEK investigation has also found periods of marked cooperation and even tentative steps toward possible reconciliation in recent years—far more than is commonly realized. After September 11 in particular, relations grew warmer than at any time since the fall of the shah. America wanted Iran's help in Afghanistan, and Iran gave it, partly out of fear of an angry superpower and partly in order to be rid of its troublesome Taliban neighbors. In time, hard-liners on both sides were able to undo the efforts of diplomats to build on that foundation. The damage only worsened as those hawks became intoxicated with their own success. The secret history of the Bush administration's dealings with Iran is one of arrogance, mistrust and failure. But it is also a history that offers some hope.

For Iran's reformists, 9/11 was a blessing in disguise. Previous attempts to reach out to America had been stymied by conservative mullahs. But the fear that an enraged superpower would blindly lash out focused minds in Tehran. Mohammad Hossein Adeli was one of only two deputies on duty at the Foreign Ministry when the attacks took place, late on a sweltering summer afternoon. He immediately began contacting top officials, insisting that Iran respond quickly. "We wanted to truly condemn the attacks but we also wished to offer an olive branch to the United States, showing we were interested in peace," says Adeli. To his relief, Iran's top official, Ayatollah Ali Khomeini, quickly agreed. "The Supreme Leader was deeply suspicious of the American government," says a Khomeini aide whose position does not allow him to be named. "But [he] was repulsed by these terrorist acts and was truly sad about the loss of the civilian lives in America." For two weeks worshipers at Friday prayers even stopped chanting "Death to America."

The fear dissipated after Sept. 20, when the FBI announced that Al Qaeda was behind the attacks. But there was new reason for cooperation: for years Tehran had been backing the Afghan guerrillas fighting the Taliban, Osama bin Laden's hosts. Suddenly, having U.S. troops next door in Afghanistan didn't seem like a bad idea. American and Iranian officials met repeatedly in Geneva in the days before the Oct. 7 U.S. invasion. The Iranians were more than supportive. "In fact, they were impatient," says a U.S. official involved in the talks, who asked not to be named speaking about topics that

remain sensitive. "They'd ask, 'When's the military action going to start? Let's get going!' "

Opinions differ wildly over how much help the Iranians actually were on the ground. But what is beyond doubt is how critical they were to stabilizing the country after the fall of Kabul. In late November 2001, the leaders of Afghanistan's triumphant anti-Taliban factions flew to Bonn, Germany, to map out an interim Afghan government with the help of representatives from 18 Coalition countries. It was rainy and unseasonably cold, and the penitential month of Ramadan was in full sway, but a carnival mood prevailed. The setting was a splendid hotel on the Rhine, and after sunset the German hosts laid on generous buffet meals under a big sign promising that everything was pork-free.

The Iranian team's leader, Javad Zarif, was a good-humored University of Denver alumnus with a deep, measured voice, who would later become U.N. ambassador. Jim Dobbins, Bush's first envoy to the Afghans, recalls sharing coffee with Zarif in one of the sitting rooms, poring over a draft of the agreement laying out the new Afghan government. "Zarif asked me, 'Have you looked at it?' I said, 'Yes, I read it over once'," Dobbins recalls. "Then he said, with a certain twinkle in his eye: 'I don't think there's anything in it that mentions democracy. Don't you think there could be some commitment to democratization?' This was before the Bush administration had discovered democracy as a panacea for the Middle East. I said that's a good idea."

Toward the end of the Bonn talks, Dobbins says, "we reached a pivotal moment." The various parties had decided that the suave, American-backed Hamid Karzai would lead the new Afghan government. But he was a Pashtun tribal leader from the south, and rivals from the north had actually won the capital. In the brutal world of Afghan power politics, that was a recipe for conflict. At 2 a.m. on the night before the deal was meant to be signed, the Northern Alliance delegate Yunus Qanooni was stubbornly demanding 18 out of 24 new ministries. Frantic negotiators gathered in the suite of United Nations envoy Lakhdar Brahimi. A sleepy Zarif translated for Qanooni. Finally, at close to 4 a.m., he leaned over to whisper in the Afghan's ear: " 'This is the best deal you're going to get'." Qanooni said, " 'OK'."

That moment, Dobbins says now, was critical. "The Russians and the Indians had been making similar points," he says. "But it wasn't until Zarif took him aside that it was settled ... We might have had a situation like we had in Iraq, where we were never able to settle on a single leader and government." A month later Tehran backed up the political support with financial muscle: at a donor's conference in Tokyo, Iran pledged \$500 million (at the time, more than double the Americans') to help rebuild Afghanistan.

In a pattern that would become familiar, however, a chill quickly followed the warming in relations. Barely a week after the Tokyo meeting, Iran was included with Iraq and North Korea in the "Axis of Evil." Michael Gerson, now a NEWSWEEK contributor, headed the White House speechwriting shop at the time. He says Iran and North Korea were inserted into Bush's controversial State of the Union address in order to avoid focusing solely on Iraq. At the time, Bush was already making plans to topple Saddam Hussein, but he wasn't ready to say so. Gerson says it was Condoleezza Rice, then national-security adviser, who told him which two countries to include along with Iraq. But the phrase also appealed to a president who felt himself thrust into a grand struggle. Senior aides say it reminded him of Ronald Reagan's ringing denunciations of the "evil empire."

Once again, Iran's reformists were knocked back on their heels. "Those who were in favor of a rapprochement with the United States were marginalized," says Adeli. "The speech somehow exonerated those who had always doubted America's intentions." The Khomeini aide concurs: "The Axis of Evil speech did not surprise the Supreme Leader. He never trusted the Americans."

It would be another war that nudged the two countries together again. At the beginning of 2003, as the Pentagon readied for battle against Iraq, the Americans wanted Tehran's help in case a flood of refugees headed for the border, or if U.S. pilots were downed inside Iran. After U.S. tanks thundered into Baghdad, those worries eased. "We had the strong hand at that point," recalls Colin Powell, who was secretary of State at the time. If anything, though, America's lightning campaign made the Iranians even more eager to deal. Low-level meetings between the two sides had continued even after the Axis of Evil speech. At one of them that spring, Zarif raised the question of the Mujahedin-e Khalq (MEK), a rabidly anti-Iranian militant group based in Iraq. Iran had detained a number of senior Qaeda operatives after 9/11. Zarif floated the possibility of "reciprocity"—your terrorists for ours.

The idea was brought up at a mid-May meeting between Bush and his chief advisers in the wood-paneled Situation Room in the White House basement. Riding high, Bush seemed to like the idea of a swap, says a participant who asked to remain anonymous because the meeting was classified. Some in the room argued that designating the militants as terrorists had been a mistake, others that they might prove useful against Iran someday. Powell opposed the handover for a different reason: he worried that the captives might be tortured. The vice president, silent through most of the meeting as was his wont, muttered something about "preserving all our options." (Cheney declined to comment.) The MEK's status remains unresolved.

Around this time what struck some in the U.S. government as an even more dramatic offer arrived in Washington—a faxed two-page proposal for comprehensive bilateral talks. To the NSC's Mann, among others, the Iranians seemed willing to discuss, at least, cracking down on Hizbullah and Hamas (or turning them into peaceful political organizations) and "full transparency" on Iran's nuclear program. In return, the Iranian "aims" in the document called for a "halt in U.S. hostile behavior and rectification of the status of Iran in the U.S. and abolishing sanctions," as well as pursuit of the MEK.

An Iranian diplomat admits to NEWSWEEK that he had a hand in preparing the proposal, but denies that he was its original author. Asking not to be named because the topic is politically sensitive, he says he got the rough draft from an intermediary with connections at the White House and the State Department. He suggested some relatively minor revisions in ballpoint pen and dispatched the working draft to Tehran, where it was shown to only the top ranks of the regime. "We didn't want to have an 'Irangate 2'," the diplomat says, referring to the secret negotiations to trade weapons for hostages that ended in scandal during Reagan's administration. After Iran's National Security Council approved the document (under

orders from Khomeini), a final copy was produced and sent to Washington, according to the diplomat.

The letter received a mixed reception. Powell and his deputy Richard Armitage were suspicious. Armitage says he thinks the letter represented creative diplomacy by the Swiss ambassador, Tim Guldemann, who was serving as a go-between. "We couldn't determine what [in the proposal] was the Iranians' and what was the Swiss ambassador's," he says. He added that his impression at the time was that the Iranians "were trying to put too much on the table." Quizzed about the letter in front of Congress last week, Rice denied ever seeing it. "I don't care if it originally came from Mars," Mann says now. "If the Iranians said it was fully vetted and cleared, then it could have been as important as the two-page document" that Richard Nixon and Henry Kissinger received from Beijing in 1971, indicating Mao Zedong's interest in opening China.

A few days later bombs tore through three housing complexes in Saudi Arabia and killed 29 people, including seven Americans. Furious administration hard-liners blamed Tehran. Citing telephone intercepts, they claimed the bombings had been ordered by Saif al-Adel, a senior Qaeda leader supposedly imprisoned in Iran. "There's no question but that there have been and are today senior Al Qaeda leaders in Iran, and they are busy," Defense Secretary Donald Rumsfeld growled. Although there was no evidence the Iranian government knew of Adel's activities, his presence in the country was enough to undermine those who wanted to reach out.

Powell, for one, thinks Bush simply wasn't prepared to deal with a regime he thought should not be in power. As secretary of State he met fierce resistance to any diplomatic overtures to Iran and its ally Syria. "My position in the remaining year and a half was that we ought to find ways to restart talks with Iran," he says of the end of his term. "But there was a reluctance on the part of the president to do that." The former secretary of State angrily rejects the administration's characterization of efforts by him and his top aides to deal with Tehran and Damascus as failures. "I don't like the administration saying, 'Powell went, Armitage went ... and [they] got nothing.' We got plenty," he says. "You can't negotiate when you tell the other side, 'Give us what a negotiation would produce before the negotiations start'."

Terrorism wasn't the only concern when it came to Iran. For decades, Washington's abiding fear has been that Iran might pick up where the shah's nuclear program (initially U.S.-backed) left off, and make the Great Satan the target of its atomic weapons. The Iranians, who were signatories to the Nuclear Non-Proliferation Treaty, insisted they had nothing to hide. They lied. In August 2002, a group affiliated with the MEK revealed the extent of nuclear activities at a facility in Isfahan, where the Iranians had been converting yellowcake to uranium gas, and in Natanz, where the infrastructure needed to enrich that material to weapons-grade uranium was being built. A year later Pakistani scientist AQ Khan's covert nuclear-technology network unraveled, bringing further embarrassments and investigations.

For months, European negotiators worked to get Tehran to formalize a temporary and tenuous deal to freeze its nuclear fuel-development program. In May 2005, they met with Iran's chief nuclear negotiator, Hassan Rowhani, at the Iranian ambassador's opulent Geneva residence. There was some reason to be optimistic: in Washington, Rice had announced that the United States would not block Iran's bid to join the World Trade Organization. Yet a sense of enormous tension filled the room, according to a diplomat who was there but asked not to be identified revealing official discussions. The Europeans told Rowhani they hadn't nailed down exactly what they could offer in return for a freeze, and the Americans still weren't fully onboard. Iran would have to wait for the details for a few more months. But in the meantime, the program had to remain suspended.

Rowhani, in full clerical robes and turban, obviously was not authorized to make any such deal. "The man was in front of us sweating," says the European diplomat. "He was trapped: he couldn't go further ... I realized very clearly that he couldn't deliver, that he was not allowed to deliver. Psychologically he was broken. Physically he was almost broken."

Part of the problem was that elections in Iran were only a few days away. They brought to power a man who satisfied the darkest stereotypes of Iran's fervid leaders. Mahmoud Ahmadinejad publicly renounced the freeze on Iran's nuclear fuel-development program, broke the seals the International Atomic Energy Agency had placed on Iran's conversion facilities at Isfahan and pushed ahead with work at Natanz. In the span of no more than a month or two, nuclear enrichment had become a symbol of national pride for a much wider spectrum of Iranian society than the voters who elected Ahmadinejad. In a warped parallel to Bush, who found his voice after 9/11 rallying Americans to the struggle against a vast and unforgiving enemy, the Iranian president rose in stature throughout the Middle East as he railed against America. The one problem U.S. negotiators had always had with Iran was determining who in the byzantine regime to talk to, and whether they could deliver anything. Now they faced another: the Iranians had almost no incentive to talk. With the United States bogged down in Iraq, Iran now had the leverage—roles had reversed.

In its second term the Bush administration, despite Powell's sour memories, has supported European efforts to resolve the nuclear impasse diplomatically. Rice has offered to meet her Iranian counterpart "any time, anywhere." "What has blocked such contact is the refusal of Iran to meet the demands of the entire international community," says a White House official, who could not be named discussing Iran. The official expressed deep frustration with critics. He argued they were naive about Tehran's intentions, and "parroting Iranian propaganda."

By last summer Iran seemed ascendant. Hizbullah's performance in the Lebanon war had rallied support for Ahmadinejad, one of the group's loudest proponents, across the Arab world. In a series of meetings in New York in September the Iranian president was defiant, almost giddy. (A senior British official who would only speak anonymously about deliberations with the Americans describes Tehran's mood around this time as "cock-a-hoop.") He would not back down when grilled about his dismissals of the Holocaust, and scoffed at the threat of U.N. sanctions over Iran's nuclear defiance.

The West's patience was running out. In Baghdad, American troops seemed powerless to stop a wave of gruesome sectarian killings that they claimed were fueled by Iran. In Amman and Riyadh, Arab leaders warned darkly of a rising "Shia crescent." After Bush's defeat in the midterm elections, Israeli officials began wondering aloud if they would have to deal with the Iranian threat on their own. Partly in consultation with the British, U.S. officials began to map out a broader strategy to fight back. "We felt we needed to have a much more knitted-together policy, with a number of different strands

working, to hit different parts of the Iranian system," says the senior British official.

Critics have questioned how much of that plan is military—whether the administration is secretly setting a course for war as it did back in 2002. Last week officials were at great pains to deny that scenario. "We are not planning offensive military operations against Iran," said Under Secretary of State Nicholas Burns. The Pentagon does have contingency plans for all-out war with Iran, on which Bush was briefed last summer. The targets would include Iran's air-defense systems, its nuclear- and chemical-weapons facilities, ballistic missile sites, naval and Revolutionary Guard bases in the gulf, and intelligence headquarters. But generals are convinced that no amount of firepower could do more than delay Tehran's nuclear program. U.S. military analysts have concluded that nothing short of regime change would completely eliminate the threat—and America simply doesn't have the troops needed.

Iraq is another story. American military officials and politicians accuse the Iranian government of providing Iraqis with an new arsenal of advanced rocket-propelled-grenade launchers, heavy-duty mortars and the newest armor-piercing technology for roadside bombs—explosively formed projectiles (EFPs), said to have been developed by Hizbullah. Military security experts are especially worried by "passive infrared sensors," readily available devices that are often used for burglar alarms or automatic light switches but increasingly seen as triggers for improvised explosive devices (IEDs). Unlike cell phones, remote-control systems and garage-door openers, the sensors emit no signal, making them that much tougher to spot before they detonate.

What's scant is hard evidence that the weapons are provided by the Iranian government, rather than arms dealers or rogue Revolutionary Guard elements. "Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq," says the latest National Intelligence Estimate on Iraq. But the most that can be said with certainty is that Tehran is failing to stop the traffic. The Iranians themselves admit they're not trying as hard as they could. "I can give you my word that we don't give IEDs to the Mahdi Army," says an Iranian intelligence official who asked not to be named because secrecy is his business. "But if you asked me if we could control our borders better if we wanted to, I would say: 'Yes, if we knew that the Americans would not use Iraq as a base to attack Iran'."

The real thrust of Washington's multipronged attack is political. Banking restrictions levied by the U.S. Treasury have begun to pinch the Iranian economy. Voters angry about rising prices dealt Ahmadinejad an embarrassing blow in municipal elections in December, when his supporters were trounced. That wouldn't much matter if he still retained Khomeini's support. But that may no longer be the case. The Khomeini aide says the Supreme Leader blames Ahmadinejad's overheated rhetoric about Israel and the Holocaust for the unanimous Security Council resolution that passed in late December, demanding that Tehran suspend its nuclear program.

Every time America or Iran has gained an advantage over the other in the last five years, however, they've overplayed their hand. More pressure on Ahmadinejad could well make him popular again—the chief martyr in a martyr culture. Sunni insurgents in Iraq need only kill some Americans and plant Iranian IDs nearby to start a full-scale war. Like so many times in this complicated relationship, this is a moment of opportunity. And one of equally great danger.

*With reporting by Babak Dehghanpisheh in Baghdad and John Barry, Mark Hosenball, Richard Wolffe in Washington, Christopher Dickey in Paris, Stryker McGuire in London, and Christian Caryl, Owen Matthews, Scott Johnson, Kevin Peraino, Ron Moreau and Dan Ephron*

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