

STIMSON

**Iran in Perspective:
Holding Iran to Peaceful Uses of Nuclear
Technology**

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Foreword

More than one year ago, we convened 40 experts to assess US prospects for engaging Iran about its nuclear activities. In the joint Stimson-US Institute of Peace report, *Engagement, Coercion, and Iran's Nuclear Challenge: The Report of a Joint Study Group on US-Iran Policy*, these experts urged the government to continue to pressure Iran to negotiate restrictions on its nuclear program, primarily through export limitations and financial sanctions. The group also judged that it was essential to reinvigorate, strengthen, and broaden the positive side of diplomacy towards Iran. This dual approach would demonstrate to Iran's leaders that the US is committed to a peaceful resolution of the nuclear stand-off, and that Iran had much to gain from a negotiated solution. In particular, the study group emphasized that any agreement would have to accept Iran's right to enrich uranium for peaceful purposes, albeit under strict supervision by the International Atomic Energy Agency.¹

My colleague and Stimson's co-founder Barry Blechman, and his co-author R. Taj Moore, update that analysis in this new monograph, *Iran in Perspective: Holding Iran to Peaceful Uses of Nuclear Technology*. A great deal has transpired in the 16 months since the initial report. The authors note that neither Iran's growing international isolation, worsening economic situation, nor deepening internal political struggle have incentivized the regime to curtail its drive to master the technologies required for nuclear weapons. Nevertheless, Blechman and Moore call again for a more sustained and aggressive drive to engage Iran diplomatically, not only with regard to its nuclear program, but also on the wide range of issues that have plagued US-Iran relations for the past 33 years. This integrated approach underscores the importance of addressing Iran's interests, as well as those of the United States. Stimson scholars continue to regard Iran as a regional power of great consequence and a challenge to US interests in the Middle East, as well as an enduring problem for nuclear nonproliferation. This monograph is part of a continuing effort to produce insightful analyses of regional security topics in which Iran is a critical factor.

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Ellen Laipson, Stimson President and CEO

¹ Barry Blechman and Dan Brumberg, "Engagement, Coercion, and Iran's Nuclear Challenge: Report of a Joint Study Group on US-Iran Policy," (Stimson Center and US Institute for Peace, 2010).

Summary

The United States and Iran have been at loggerheads since the birth of the Islamic Republic, 33 years ago, but the two nations have never seemed as close to a major military conflict as they have since the beginning of 2012. As we write, concerns of the US and many other nations that Iran's nuclear program, claimed by Tehran to be solely for peaceful purposes, is, in fact, intended to produce nuclear weapons, seem to be coming to a boil. In November 2011, the International Atomic Energy Agency (IAEA) provided for the first time detailed information about Iranian "experiments" with technologies necessary to build nuclear warheads for missiles. Iran, moreover, has continued to accumulate uranium enriched to 20 percent U-235, the aspect of its nuclear program of greatest concern to the international community. In February, the IAEA confirmed Iran's announcement that it is stepping up production of this what-could-be-stock for weapons-grade uranium, and moving production to Fordow, a new facility that is better protected from air attack. For its part, the international community began to tighten political and economic pressures on Iran markedly in mid-2010 and again in late 2011. Increasingly frequent threats of military strikes on Iran's nuclear facilities and acts of sabotage and assassination also ratcheted the pressures on Tehran. By the early months of 2012, these coercive policies were beginning to yield results, and the Iranian regime faced a deteriorating economy, an increasingly fractious domestic political scene, and growing international isolation.

In March 2012, Tehran and Washington and its allies agreed to resume negotiations on the nuclear issue without preconditions. However, the prospects for a successful outcome are doubtful given the two sides' distrust and fundamental antagonisms. Moreover, the US and its partners have not balanced their tightening coercive policies with positive inducements to encourage Iran to reach a peaceful accommodation. In the absence of any olive branch, the broadening sanctions, accelerating pace of covert operations, and repeated threats of military attack could only be interpreted by Iranian leaders as indicators that the US and its partners have no serious interest in a negotiated solution to the nuclear program.

In this report, we review developments in the Middle East between 2010 and early 2012, and provide our personal views on how the United States can persuade Iran to negotiate limitations on its nuclear program that can hold it reliably short of a weapons capability, without instigating a new war in the Middle East. We review the status of Iran's nuclear and missile programs, the effects of sanctions and other coercive measures, the status of internal politics in Iran and the United States, and, most importantly, the populist movements that are transforming governance and alliances in North Africa and the Middle East, with particular emphasis on the continuing struggle in Syria.

Our prescription is founded on the observation that the conflict between the US and Iran predates and goes well beyond the nuclear issue—indeed, that it is really a consequence of more fundamental differences between the two states. Iran's unrelenting hostility to

Israel, its efforts to undermine neighboring Arab governments friendly to the US, and its goal of ejecting US-military forces from the region all challenge fundamental American interests. For their part, Iranian leaders seem to believe that the US wants nothing less than to overthrow their regime. A basic, enduring lack of trust characterizes US-Iran relations, a result of the decades-long absence of official communications.

Given these fundamental issues, the increasing threats of military action against Iran and Iran's counter-threats against Israel and the US have to be taken seriously. An air attack on Iran's nuclear facilities, and, perhaps, on its military assets to limit any potential retaliation, could prompt more wide-spread military conflict in the Middle East whose dimensions are not predictable. What can be predicted are the negative consequences for the global economy as oil prices rise and equity markets crash; the severely negative political consequences for the US, including the radicalization of many Arab states in transition; the antagonism of people in other Islamic nations and states that value the rule of law; the fracturing of the global coalition currently working to isolate Iran and pressure it through sanctions; and the unification of the currently alienated Iranian population and its rededication to building nuclear weapons. Bombing Iran to prevent it from acquiring nuclear weapons would not only be incredibly "stupid," as noted by former Mossad Chief, Meir Degan, it would be totally immoral and contrary to long-standing US principles of legal and proper international behavior.

The 40-year long "Cold War" between the US and the Soviet Union was marked by an unrelenting ideological struggle, economic warfare, a secret war between covert operatives, dramatic military confrontations, limited wars fought through proxy nations and organizations, and frightening threats. It also featured, after its earliest years, a wide variety of cultural, scientific, and other exchanges intended to put a human face on the apparent enemy, and a host of private and official negotiations—among other things, on ways to limit the most dangerous types of weapons, regional issues, the establishment of channels of communications, the development of economic relationships, and human rights.

The conflict between the US and Iran has continued for more than 30 years. It has all of the negative aspects of the Cold War—ideological struggle, economic warfare, covert operations, military confrontations, proxy wars, and nasty rhetoric. Except for brief moments, though, it lacks the positive means used to limit the Cold War that eventually led to its end. There are no direct, official negotiations between the US and Iran. Private exchanges are tightly limited as well.

The US-Iran conflict also lacks the enormity of stakes of the Cold War. When the US and Soviet Union each maintained tens of thousands of nuclear warheads on high alert, the world truly faced an "existential threat." While Iranian forces and their proxies can certainly inflict substantial damage on near-by countries, they pose no serious threat to the US or its allies beyond the Middle East. Moreover, while Iran is certainly a major nation with a proud history and refined culture, its weak economic resources and low level of development mean that its ambitions far outweigh its means to achieve them.

We conclude that the US should utilize all potential conduits of communications to open negotiations with Iran—not only on the nuclear issue, but also on other issues upon which the two states might find common ground, such as the drug trade, Afghanistan,

and maritime security. The November 2010 recommendations of the Iran Study Group, 40 experts jointly convened by the US Institute of Peace and the Stimson Center, remain valid. The US should rebalance its policy by reinvigorating efforts to engage Iran. Like the early days of the Cold War, the current enemy lacks a human face. To reduce the risks of military conflict and help reach a negotiated solution to the nuclear impasse, the US should make a renewed and genuine effort at engagement. This will be difficult given years of mutual aggression and scant communication, but proving that the US is committed to engagement could encourage key actors in Iran to conclude that it is time to enter into serious negotiations. In our view, US policies should be founded not only on our concerns about a nuclear-armed Iran, but also on a realistic understanding of the risks of military conflict with Iran. We need to put Iran's nuclear threat in perspective and work more seriously to engage Iran on the full range of issues that divide us.

Iran in Perspective

The 2010 Iran Study Group (ISG) convened by Stimson and the US Institute of Peace examined Iran's nuclear program, its domestic and regional contexts, and the options available to the international community to halt the program short of a weapons capability. In its report, the ISG affirmed that Iran's nuclear program—ostensibly intended for peaceful purposes—raised serious concerns that Tehran was preparing to develop and acquire nuclear weapons. As a result, the experts concluded, the international community should continue to pursue a two-track approach to persuade Tehran to negotiate limitations on its nuclear activities that could ease international concerns. On one hand, the international community should continue to limit Iran's ability to strengthen its nuclear and military capabilities through the diligent application of export limitations, as well as to pressure the Iranian regime through financial sanctions and other means. On the other hand, the community should seek to engage Iran diplomatically and offer inducements to persuade Iranian leaders to negotiate. In its most important finding, however, the study group concluded that this two-track approach had become unbalanced and that bolstering the positive track in Iran diplomacy, making evident the benefits to Iran of ending the nuclear controversy, is necessary to persuade Iranian leaders that it would be in their best interest to negotiate. In particular, the ISG noted that any agreement would have to accept Iran's right to peaceful uses of nuclear energy, including the right to enrich uranium, albeit—given the covert history of the program—under strict international supervision and with various conditions placed upon it.¹

No progress has been made towards resolving the nuclear issue since the ISG report was issued in November 2010, and relations between Iran and other nations have deteriorated significantly. Over these 16 months, Iran emphasized and often exaggerated its military capabilities through missile tests and naval exercises, as well as through a variety of aggressive verbal threats. In addition, it sought to expand its influence in near-by states by building close ties with the government of Iraq and by supporting the Assad regime in Syria. According to US sources, Iranian Special Forces (Quds Force) were active in Iraq, Lebanon, and Syria, aiding militias and political factions in the first two countries, and helping the Assad regime in its struggle to squash the budding revolutionary movement in Syria. There were also reports of Iranian support of the Taliban in Afghanistan, a development that Americans found repugnant given the ongoing involvement of US forces in that nation.² US officials were also particularly outraged when they uncovered an apparent plot to assassinate

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- 1 Barry Blechman and Dan Brumberg, "Engagement, Coercion, and Iran's Nuclear Challenge: Report of a Joint Study Group on US-Iran Policy," (Stimson Center and US Institute for Peace, 2010). http://www.stimson.org/images/uploads/research-pdfs/Engagement_Coercion_and_Irans_Nuclear_Challenge.pdf.
 - 2 US Department of State, "Background Note: Iran – US-Iranian Relations," (Department of State – Bureau of Near Eastern Affairs), <http://www.state.gov/r/pa/ei/bgn/5314.htm>.

the Saudi ambassador to the United States in Washington by an Iranian-American in Texas and his cousin in Tehran, an official of the Quds Force.³

At the same time, Iran found itself increasingly isolated on the global stage and faced deepening economic problems at home as a result of the US-led drive to coerce Tehran into giving up its nuclear weapons program through a variety of multinational and unilateral sanctions. Iran's support for the Assad regime's brutal repression of the Syrian opposition movement was especially harmful to Iran's position in the Middle East, causing a significant rift in its relations with Turkey and harming its image among Arab populations in democratizing nations. Moreover, a series of incidents at Iranian military and nuclear facilities, some of which led to losses of lives, were attributed to covert operations undertaken by the US, Israel, Saudi Arabia, or some combination of the three. The murder of a fourth Iranian nuclear scientist in January 2012, allegedly by an Israeli operative, was a repugnant expression of the covert campaign against Iran's nuclear program.⁴ The insulting language and threats of prominent American and Iranian politicians directed at each nation only added to an already tense situation which, at times, seemed headed inevitably to armed conflict.⁵

As a result, there was virtually no dialogue between the two nations in 2011. The US attempted to engage Iran diplomatically on Afghanistan, but Tehran refused to hold private, bilateral talks and, although Iran sent Foreign Minister Ali Akbar Salehi to the Istanbul conference on Afghanistan in September and another meeting in Bonn toward the end of the year, he reportedly added little to the conversation. At the same time, Iran signaled several times during the summer and fall of 2011 that it was prepared to discuss its growing stock of 20 percent enriched uranium, but the US refused to be drawn into such discussions.⁶ These signals were sent indirectly, first through Russian Foreign Minister Lavrov in the summer and, subsequently, through individual discussions involving President Ahmadinejad and Foreign Minister Salehi with private American citizens during the UN General Assembly session in the fall.⁷ At the start of 2012, Foreign Minister Salehi stated that Iran was prepared to resume negotiations and followed up with a letter confirming Iran's willingness to talk in February.⁸ In March, the P5+1 contact, Lady Ashton, accepted the Iranian offer on behalf

3 US Department of Justice, "Two Men Charged in Alleged Plot to Assassinate Saudi Arabian Ambassador to the United States," (Department of Justice – Office of Public Affairs, October 11, 2011), <http://www.justice.gov/opa/pr/2011/October/11-ag-1339.html>.

4 Thomas Erdbrink and Joby Warrick, "Iranian Scientists Involved in Nuclear Program Killed in Tehran Bomb Attack," *Washington Post* (January 11, 2012), http://www.washingtonpost.com/world/iranian-scientist-killed-in-tehran-bomb-attack/2012/01/11/gIQAT1V7pP_story.html.

5 Phoebe Greenwood, "Israeli Secret Service the Mossad Linked to Iran Military Blast," *The Guardian* (November 14, 2011), <http://www.guardian.co.uk/world/2011/nov/14/israel-mossad-iran-blast>.

6 "Lally Weymouth Interview with President Ahmadinejad," *Washington Post* (September 13, 2011), http://www.washingtonpost.com/world/middle-east/transcript-of-the-ahmadinejad-interview/2011/09/13/gIQA7cFIPK_story.html.

7 Henry Meyer, "Russia Says Iran Ready for Negotiated Deal," *Bloomberg Business Week* (November 14, 2011), <http://www.businessweek.com/news/2011-11-14/russia-says-iran-ready-for-negotiated-deal-on-nuclear-issue.html>; also private conversations with participants in the Fall 2011 discussions.

8 Jonathan Tirone and Nicole Gauette, "Iran Offers 'Readiness' for Talks as It Faces Financial Cutoff," *Bloomberg Business Week* (February 19, 2012), <http://www.businessweek.com/news/2012-02-19/iran-offers-readiness-for-talks-as-it-faces-financial-cutoff.html>.

of the six nations.⁹ As we went to press, it appeared that talks would resume in the spring, but given the context of relations, one would not expect rapid progress.

In short, relations between Iran and the international community, particularly the US and its allies in Europe and the Middle East, worsened significantly since the ISG report was issued in late 2010. Despite the potential renewal of talks, this deteriorating context has made the negotiated resolution of the nuclear issue and other problems seem unlikely. In this monograph, the authors review and assess the factors leading to these problems, describe alternative scenarios that may evolve over the next few years, and, in light of those possibilities, assess US strategic options.

Factors Driving the Situation

The key factors that seem to dominate the evolution of US-Iran relations include: (i) the slow but continuing advances in Iran's nuclear and missile development programs; (ii) the effects of Iran's anti-US activities in the Middle East and elsewhere; (iii) the effects of US (and Israeli) coercive policies, including sanctions, threats, and covert operations; (iv) the internal politics in Iran and in the US; and (v) the vast political changes sweeping the Middle East. We discuss each of these in the following sub-sections.

I. Iran is continuing to make slow progress toward a deliverable nuclear weapons capability

Iran's nuclear and missile programs are well documented by the International Atomic Energy Agency (IAEA), the Institute for Science and International Security (ISIS), and the International Institute for Security Studies (IISS) and, thus, need only be summarized here.¹⁰

Iran's missile programs are continuing to make progress, although at a slower pace due to international sanctions, covert operations, and accidents. For example, an explosion at an Iranian missile development facility near Tehran in November 2011 is a major blow to the program and its efforts to develop more advanced solid-fuel and longer-range missiles.¹¹ An Iranian space launch also failed in October, a setback to the country's development of a multistage long-range missile.¹² Iran's operational missiles best suited for delivering nuclear warheads, Shahab-3, or a modification called the Ghadr-1, are liquid fueled, meaning

9 Julian Borger, "Western Powers Agree to Resume Iran Talks over Nuclear Programme," *The Guardian* (March 6, 2012), <http://www.guardian.co.uk/world/2012/mar/06/west-iran-talks-nuclear-programme>; Justyna Pawlak, WRAPUP 5-Big Powers Accept Iran Offer of Nuclear Talks - EU's Ashton," *Reuters* (March 6, 2012), <http://www.reuters.com/article/2012/03/06/iran-nuclear-idUSL5E8E69AH20120306>.

10 International Atomic Energy Agency, "IAEA and Iran," <http://www.iaea.org/newscenter/focus/iaeaairan/index.shtml>; Institute for Science and International Security, "Nuclear Iran," <http://isisnucleariran.org/>; International Institute for Security Studies, "Strategic Dossiers," <http://www.iiss.org/publications/strategic-dossiers/>.

11 David Sanger and William Broad, "Explosion Seen as Big Setback to Iran's Missile Program," *New York Times* (December 4, 2011), <http://www.nytimes.com/2011/12/05/world/middleeast/blast-leveling-base-seen-as-big-setback-to-iran-missiles.html>.

12 *Agence France-Presse*, "Iran 'Failed' with Space Monkey Launch," (October 12, 2011), <http://www.google.com/hostednews/afp/article/ALeqM5gJKz6xGAnEWwiGPlslaWxOlmG89Q?docID=CNG.983e76b03275e9c03f15821559210ce1.41>.

warning time would likely be available if they were readied for launch. Moreover, with a payload of the size required for a nuclear warhead, these missiles would be unable to reach targets in Israel, much less Europe, if deployed safely deep within Iran. The development of the solid-fueled Sajil-2 with a considerably greater range, once thought likely to become operational in 2012, may have been delayed by the aforementioned explosion at the missile development facility.¹³ Iran seems unlikely to have the capability to deploy an inter-continental range missile, one capable of reaching the US, for many years.¹⁴ (Figure One shows the potential range of Iran's missiles most likely to be armed with nuclear warheads, assuming they were carrying a payload of that size.)

Figure One



13 International Institute for Strategic Studies, "Iran's Ballistic Missile Capabilities: A Net Assessment," (London: IISS, 2010), p. 61.

14 Mark Mazzetti and William J. Broad, "Wider Window Into Iran's Missile Capabilities Offers a Murkier View," *New York Times* (December 3, 2010), <http://www.nytimes.com/2010/12/03/world/middleeast/03wikileaks-missile.html>; International Institute for Strategic Studies, "Iran's Ballistic Missile Capabilities: A Net Assessment," (London: IISS, 2010); William Maclean, "Iran Over Decade Away from Anti-U.S. Missile: Study," *Reuters* (May 10, 2010), <http://www.reuters.com/article/2010/05/10/us-nuclear-iran-missiles-idUSTRE6492GT20100510>.

Iran also continued to accumulate uranium enriched to 3.4 percent U-235 (shown in Figure Two on page six), and a smaller amount enriched close to 20 percent (shown in Figure Three on page six). The former, Iranian officials state, will be used for power reactors; the latter for Tehran's research/medical reactors. Although Iran has announced ambitious plans to build additional reactors for peaceful purposes, the amount of enriched uranium already accumulated clearly exceeds its current and prospective requirements, thus raising serious questions about the stated "peaceful purposes" of the enrichment program.

Iran made only limited advances in its enrichment technologies, however, during 2011. The country appears to be having difficulty producing advanced centrifuges it claims to have developed, while the percentage of its older centrifuges actually in use seems to fluctuate, according to IAEA reports.¹⁵ These difficulties appear to be a result of international sanctions on Iran's purchases of materials required for its nuclear infrastructure. In a move reflecting both Iran's continuing problems developing more advanced centrifuges and the possible military goals of the enrichment program, Iran began moving older centrifuges from the main facility at Natanz to the better protected underground facility at Fordow during 2011.¹⁶ An official of Iran's Atomic Energy Organization, Hassan Abbassi, said that Fordow would become the facility used to triple production of 20 percent uranium. The Iranians began to install centrifuges in Fordow in December 2011 and the IAEA reported in February that production indeed had begun.¹⁷ Although the IAEA will continue to monitor uranium enrichment at the Fordow facility, as well as at Natanz, the continuing accumulation of 20 percent enriched uranium would significantly diminish the time necessary for Iran to manufacture nuclear weapons in greater numbers, should it decide to withdraw from, or violate its commitments to, the Nuclear Non-proliferation Treaty (NPT).¹⁸

Currently, Iran has enough enriched uranium on hand that if it were further enriched to the 90+ percent level, there possibly would be enough to build four bombs. Most informed observers believe the Iranians possess sufficient knowledge to build a crude device within one year of a decision to do so. Building nuclear warheads for missiles would be more difficult. Secretary of Defense Leon Panetta stated in a 2012 interview that it would take an additional one to two years for such a step.¹⁹ Israeli officials have more pessimistic views,

15 Director General Yukiya Amano, "Implementation of the NPT Safeguards Agreement and Relevant Provisions of the Security Council Resolutions in the Islamic Republic of Iran," (November 8, 2011), p. 3, <http://www.iaea.org/Publications/Documents/Board/2011/gov2011-65.pdf>; Amano, "Implementation of the NPT Safeguards Agreement and Relevant Provisions of the Security Council Resolutions in the Islamic Republic of Iran," (February 24, 2012), http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_Report_24February2012.pdf.

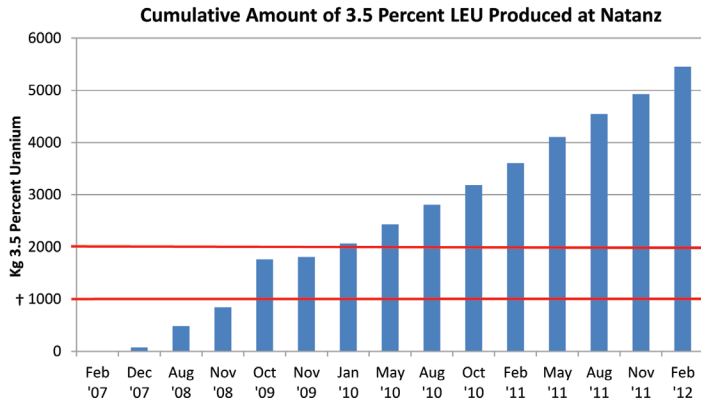
16 George Jahn, "Iran Nuke Work at Bunker is Confirmed," *Associated Press* (January 9, 2012), <http://news.yahoo.com/iran-nuke-bunker-confirmed-115201184.html>.

17 Parisa Hafezi, "Iran Says Enrichment Starts in Fordow: State TV," *Reuters* (January 9, 2012), <http://www.reuters.com/article/2012/01/09/us-iran-enrichment-fordow-idUSTRE80810H20120109>; Amano, Op. cit., (February 24, 2012).

18 David Albright, Paul Brannan, and Andrea Stricker, "Moving 20 Percent Enrichment to Fordow: Slow Motion Breakout Continues?" Institute for Science and International Studies (June 8, 2011), <http://www.isisnucleariran.org/brief/detail/moving-20-percent-enrichment-to-fordow-slow-motion-breakout-continues>.

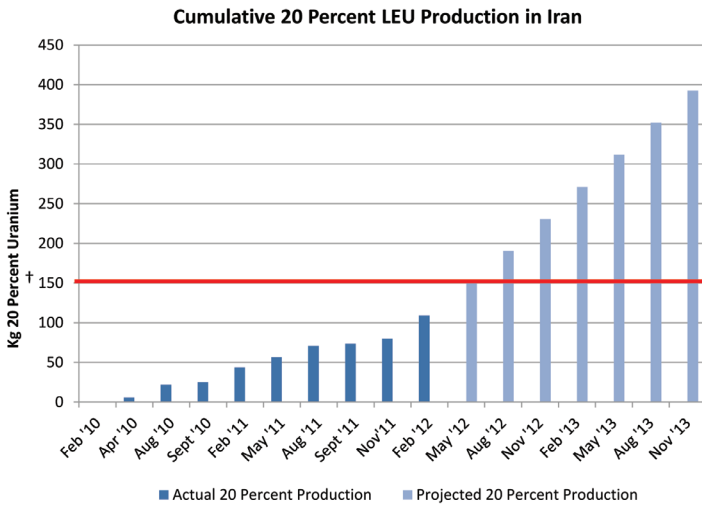
19 60 Minutes Interview with Secretary Leon Panetta, "The Defense Secretary: Leon Panetta," Scott Pelley, *CBS News* (January 29, 2012), <http://www.cbsnews.com/video/watch/?id=7396828n>.

Figure Two^{2,3,4,5}



These figures do not represent stocks on hand, as some portion is recycled to produce 20 percent enriched uranium. As of January 31, 2012, the US Intelligence Community estimated that Iran possessed 4150 Kg of 3.5 percent enriched uranium. It is estimated that between 1,000 and 2,000 Kg of uranium hexafluoride enriched to 3.5 percent U-235, depending on enrichment methods, is required to make enough weapons grade uranium for one nuclear weapon.

Figure Three^{1,2,3,4,5}



As of February 2012, Iran's 20 percent LEU production rate stood at 4.5 Kg/month. Iranian officials claim that when the new plant at Fordow is fully operational the production rate will increase threefold (approximately 13.5 Kg/month). An IAEA report released on February 24th, 2012 indicates that the Fordow Fuel Enrichment Plant is operational. *It is estimated that about 200 Kg of uranium hexafluoride enriched to 20 percent U-235 is required to make enough weapons grade uranium for one nuclear weapon.

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1. David Albright, Paul Brannan, and Andrea Stricker, "Moving 20 Percent Enrichment to Fordow: Slow Motion Breakout Continues?" (Institute for Science and International Security, June 8, 2011), <http://www.isisnucleariran.org/brief/detail/moving-20-percent-enrichment-to-fordow-slow-motion-breakout-continues>
2. David Albright, Paul Brannan, Andrea Stricker, and Christina Walrond, "ISIS Analysis of IAEA Iran Safeguards Report: Part 1." (Institute for Science and International Security, 2011).
3. David Albright, Paul Brannan, and Christina Walrond, "ISIS Analysis of IAEA Iran Safeguards Report" (Institute for Science and International Security, February 24, 2012), http://isis-online.org/uploads/isis-reports/documents/ISIS_Analysis_IAEA_Report_24Feb2012.pdf.
4. Director General Yukiya Amano, "Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions in the Islamic Republic of Iran. Rep. nos. GOV/2007/48 & 58; GOV/2008/4, 15, 38, & 59; GOV/2009/8, 35, 55, & 74; GOV/2010/10, 28, 46, & 62; GOV/2011/7, 29, 54, & 65; GOV/2012/9," (International Atomic Energy Agency, 2007-2011), http://www.iaea.org/newscenter/focus/iaearan/iaea_reports.shtml.
5. Ivanka Barzashka, "Using Enrichment Capacity to Estimate Iran's Breakout Potential." (Federation of American Scientists, January 21, 2011), http://www.fas.org/pubs/_docs/IssueBrief_Jan2011_Iran.pdf.

although there is considerable debate in Israel on this point.²⁰ In November 2011, the IAEA reported in detail on Iran's experiments with various technical capabilities necessary to build such a warhead. Most of these took place prior to 2003, but it cannot be discerned from the report whether or not such experiments have continued covertly, nor how close Iran might be to having mastered the necessary technologies.²¹ In February 2011, IAEA officials visited Tehran twice for discussions of the questions raised in the November report, but were denied access to the military base at Parchin, the alleged location of some of the most worrisome "experiments."²² Only a small number of Iranians know how close the country is to developing an operational weapon; nor is it known whether or not Iran's leadership has made such a decision.

II. Iran is continuing to challenge US interests and allies throughout the Middle East and, to a lesser extent, in other parts of the world.

Iran's continuing nuclear and missile programs provide worrisome backdrops for Tehran's relations with the US and other nations. Furthermore, Iranian actions to enhance its influence in the Middle East are a more proximate cause of rising tensions. Tehran's long-standing support for Hezbollah in Lebanon, and recent support for Islamic Jihad and Hamas in Gaza, threaten and anger Israel. The most provocative actions from an American perspective have been Iran's technical support for Shi'a militias in Iraq and, some have alleged, for the Taliban in Afghanistan. According to reports, Iran provided specialized equipment and technical advice that enabled these groups to build more effective explosive devices and, thus, kill and injure more American service men and women deployed in those nations.²³

Additionally, Iran has attempted to showcase its military weight by harassing American warships in the Gulf, repeatedly demonstrating its military capabilities through missile tests and other activities, and making threatening comments. In February 2011, for example, Iran sent two naval vessels, including a warship, through the Suez Canal to make a port call in Syria, the first time its navy has ventured into the Mediterranean since the 1979 Revolution.²⁴ It repeated the trip in February 2012, making a show of support for the beleaguered Assad regime at a critical time.²⁵ Most recently, Iran tested anti-ship cruise missiles as part of naval war games near the Strait of Hormuz. This exercise coincided with threats by Iranian authorities, who said they would close the Strait if the European Union placed an embargo on purchases of Iranian oil, which it was considering and subsequently

20 Ronen Bergman, "Will Israel Attack Iran?" *New York Times* (January 25, 2012), <http://www.nytimes.com/2012/01/29/magazine/will-israel-attack-iran.html?pagewanted=all>.

21 Amano. Op.cit.; Dr. John Chipman, Iran's Ballistic Missile Capabilities: A Net Assessment (May 10, 2010), <http://www.iiss.org/publications/strategic-dossiers/irans-ballistic-missile-capabilities/press-statement/>.

22 *BBC News Middle East* "Iran 'Bars' IAEA Nuclear Inspectors from Parchin Site," (February 22, 2012), <http://www.bbc.co.uk/news/world-middle-east-17122738>.

23 US Department of State, "Background Note: Iran – US-Iranian Relations," (Department of State – Bureau of Near Eastern Affairs), <http://www.state.gov/r/pa/ei/bgn/5314.htm>.

24 *Associated Press*, "Iranian Naval Vessels Enter Suez Canal," (February 22, 2011), <http://www.foxnews.com/world/2011/02/21/official-iran-naval-ships-enter-suez-canal/>.

25 Liam Stack, "Iranian Ships Reported to Leave Syria," *New York Times* (February 21, 2012), <http://www.nytimes.com/2012/02/22/world/middleeast/iranian-ships-reported-to-leave-syria.html>.

Figure Four
Key Iranian Military Actions and Threats: November 2010 through February 2012

Military Drills		
02/2012	Proposed Great Prophet VII Military Drills	Iranian media sources report that these military drills will differ significantly from those in the past, but will occur in the Strait of Hormuz. ¹
01/07 - 01/09/12	Martyrs of Unity (Shohadaye Vahdat) Military Drills	IRGC ground forces participate in a series of military drills in Northern Iran aimed at strengthening Iranian border security and practicing asymmetrical war strategies. Domestically produced weapons are also tested according to Iranian media sources. ²
Naval Drills		
02/18 - 02/21/2012	Iranian Warships Visit Syria	Two Iranian warships dock at the Syrian port of Tartus amid heightening tensions between the West and the Assad regime. The exact purpose of the trip remains unclear. ³
12/24/11 - 01/03/12	Velayat-90 Naval Drills	Iran's naval forces (IRGCNF) conduct ten days of war games in the Strait of Hormuz, including the deployment of aircrafts and attack boats capable of firing missiles and torpedoes. IRGC ground forces also participate in land drills near the strait. ⁴
02/22/11	Iranian Naval Ships Enter Suez Canal	Two Iranian warships enter the Suez Canal on their way to Syria to participate in a year-long training mission. This is the first time Iranian warships have entered the canal since the 1979 Revolution. ⁵
Missile Tests		
01/07 - 01/09/12	Martyrs of Unity (Shohadaye Vahdat) Military Drills	Iranian media sources show a series of missile launches from shoulder-fired units, helicopters, tanks, and other mobile launch devices. ⁶
12/24/11 - 01/03/12	Velayat-90 Naval Drills	A series of short, medium, and long-range missiles and torpedoes are tested. Missiles are launched from land based locations, attack boats, and helicopters.
06/28 - 07/08/11	Great Prophet VI Military Drills	Over fourteen missiles are test-fired including nine Zelzals, two Shahab-1, two Shahab-2, and one Shahab-3. Domestically manufactured missile silos are unveiled and tested with Fateh 110 missiles. ⁷
02/08/11	"Persian Gulf" (Khalij Fasn) Supersonic Missile Test	Iran test-fires a supersonic ballistic surface-to-sea missile called the "Persian Gulf." Iranian media sources claim the rocket is capable of traveling 300 km and possesses anti-radar technology. These sources also claim that Iran intends to mass produce ballistic missiles. ⁸
11/19/10	S-200 Missile System Launch	Iran successfully test-fires its S-200 Air Missile Defense System as part of a five day military drill aimed at enhancing its ability to protect indigenous nuclear facilities. ⁹
Other Acts of Aggression		
02/13 - 02/14/12	Israeli Diplomatic Personnel Targeted in Bomb Attacks	Israeli officials are targeted in a series of bomb attacks in the capitals of India and Georgia. The following day, a house, rented to men carrying Iranian passports, explodes in Bangkok while a fleeing assailant attacks a taxi driver and Thai police forces with explosives. Intelligence sources liken the attacks and question the role of Iranian security forces in the incidents. ¹⁰
01/30/12	Iran Unveils Intelligent Munition	Iran claims it has manufactured laser-guided artillery shells capable of hitting moving targets with a high degree of accuracy. ¹¹
12/27/11 - 01/24/12	Threatened Closure Strait of Hormuz	Iranian officials threaten to close the Strait of Hormuz in response to tighter sanctions implemented by the US and members of the EU. US officials declare that a closure of the Strait will not be tolerated. ¹²
05/24/11	Assassination Attempt Saudi Arabian Envoy	A plot to assassinate the Saudi Arabian ambassador to the US is uncovered. An Iranian-American with direct links to the Iranian government is accused of trying to kill Adel al Jubeir with the help of a Mexican drug cartel. ¹³

enacted.²⁶ Figure Four lists Iran's military exercises, missile tests, incidents of harassment, and some of its more egregious threats since release of the ISG report. Such Iranian military bravado is not new, but its frequency increased in 2011. In 2008, for instance, several Iranian Revolutionary Guard Corps (IRGC) boats reportedly harassed US Navy ships.²⁶ Although many of these threats and actions are more rhetorical in nature than accurate reflections of Iran's military might, such behavior makes clear Iran's aim to assert itself and challenge US interests in its neighborhood.

Beyond the Middle East, Iranian leaders, since the early days of the revolution and more recently the war with Iraq, have sought to establish Iran as the leader of a bloc of nations that are opposed to the established international order led by the US and its allies. Under President Ahmadinejad, the continuation of this policy has led to forays—political and economic—into Latin America, where he finds common cause with anti-US leaders such as Hugo Chavez of Venezuela, as well as the president's annual tirade at the UN (and the predictable walk-out by the US and other delegations—neither of which provides even good theater at this point, much less good diplomacy).

Ahmadinejad's efforts to gain world recognition were considerably weakened during 2011 as the US withdrawal from Iraq and the generally more accommodating multilateral diplomacy of the Obama administration improved perceptions of the US in many nations.

Sources for Figure 4

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3. <http://www.nytimes.com/2012/02/22/world/middleeast/iranian-ships-reported-to-leave-syria.html>
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26 *Al Jazeera*, "Iran Test-Fires Missiles in the Gulf," (January 2, 2012), <http://www.aljazeera.com/news/middleeast/2012/01/20121273047336215.html>; *BBC News Middle East*, "Iran Threatens to Block Strait of Hormuz Oil Route," (December 28, 2011), <http://www.bbc.co.uk/news/world-middle-east-16344102>; Ewa Krukowska and Gregory Viscusi, "EU Diplomats Agree on Iran Oil Embargo," *Bloomberg* (January 23, 2012), <http://www.bloomberg.com/news/2012-01-23/european-union-diplomats-said-to-agree-to-introduce-embargo-on-iranian-oil.html>.

For example, during his trip to Latin America in January 2012, Ahmadinejad was not received by Brazil, the region's most important power, a former ally, and growing trading partner.²⁷

The intensifying conflict among Iran's rulers and Iran's support for President Assad's crackdown on Syrian protestors were particularly harmful for perceptions of Iran in many nations.²⁸ At this point, Iran's forays outside the Middle East can be considered annoyances, rather than serious threats to US interests. Overall, despite Iran's efforts to challenge US interests, the events in 2011 suggest a weakening of Iran's global position, inside and outside the Middle East.

III. The US, its allies, and strategic partners continued to pressure Iran through political condemnation and isolation, trade and financial sanctions, and covert operations.

Trade sanctions seek to deny Iran access to the specialized materials and equipment needed for its nuclear and missile programs, as well as to prevent Iran from acquiring military equipment and other advanced technologies. UNSC Resolution 1929, adopted in June 2010, greatly strengthened the trade sanctions embraced by the international community as a whole, and appears to have been implemented relatively successfully in 2011, demonstrated by Iran's continuing inability to produce more advanced centrifuges and acquire major pieces of military equipment.

Financial sanctions aim to pressure the regime by preventing it from doing business with the international community. The most powerful of these sanctions have been imposed unilaterally by the US, the EU, and a handful of other allied nations. They have caused significant problems for the Iranian economy and are likely to have even greater effects in the future. Both the US and EU tightened implementation of financial sanctions during 2011, causing companies, financial institutions, insurers, and governments around the world to choose between doing business with Iran and doing business with the world's advanced economies. As a result, virtually all energy companies (other than China's) have suspended operations in Iran, setting back development of the country's oil and offshore gas reserves – a blow to development plans. Iran faces a variety of other problems as a result of financial sanctions, which affect virtually all segments of its economy, as evidenced by the precipitous fall in the value of the Iranian currency, the rial, relative to the dollar and the euro. Although the short-term effects of financial sanctions on Iran's economy have been partly offset by the relatively high price of oil during 2010 and 2011, the sanctions will bite more and more deeply as time goes on, as development of new energy resources falters, and, particularly, as production from Iran's existing oil fields declines, which appears to be occurring.

Moreover, following issuance of the IAEA report in November 2011 detailing Iran's "experiments" with technologies required for nuclear missile warheads, pressure increased

27 "Iran and Latin America: Brothers in Arms?" *The Economist* (January 14, 2012), <http://www.economist.com/node/21542782>.

28 James Zogby, "Arab Attitudes Toward Iran, 2011," (Arab American Institute Foundation, 2011), http://aai.3cdn.net/fd7ac73539e31a321a_r9m6iy9y0.pdf.

in the US and EU to broaden effects of the sanctions by including Iran's Central Bank (ICB) as a sanctioned entity. The UK and France acted almost immediately to add the ICB to their blacklists. The Obama administration declared the ICB to be a "primary money-laundering concern" in November, noting that anyone doing business with the ICB risked losing access to US financial institutions.²⁹

Furthermore, the Congress passed legislation at the very end of 2011 that *requires* the administration to sanction entities that do *significant* business with the ICB. The legislation's authors hope that it will result in a virtual embargo on Iranian oil sales, although the final version of the legislation provided some leeway for the administration in imposing the sanctions.³⁰ The immediate effect was to cause a significant decline in the value of Iran's currency as traders and businessmen became concerned that the ICB sanction would make it extremely difficult for them to do business with any foreign entities.³¹ For example, it could complicate how Asian nations, which are Iran's primary oil consumers (China, India, Japan, and South Korea), pay for the oil they import from Iran. Currently, the ICB maintains bank accounts in all of these countries, other than India, through which payments are channeled.³²

While President Obama had little choice but to sign the legislation—it was embedded in the Defense Department's authorization bill—the final language offers some flexibility to the administration in imposing penalties on countries that continue to deal with the ICB, giving it room to maneuver with countries like China and Japan, with whom the US has a variety of critical interests. Still, authors of the legislation hope that the added complication (and cost) of doing business with Iran will encourage all Iranian oil consumers to find alternative sources. Early in 2012, there seemed to be support for this position as the EU, after dithering for several months, finally agreed to an embargo on Iranian oil imports, albeit with a six-month delay to permit its members to find alternative sources.³³ Also in January, Japan indicated that it might reduce its oil imports from Iran and the Indian government indicated it was considering its own options.³⁴ Although Iran's largest customer, China, stated that proliferation issues should not be mixed up with business matters, Premier Wen visited other nations in the Gulf, suggesting China too might be considering alternatives, or perhaps just exerting pressure on Iran to extract price concessions. An Indian official also

29 US Treasury Department Announcement (November 21, 2011), <http://www.treasury.gov/press-center/press-releases/Pages/tg1367.aspx>.

30 National Defense Authorization Act for Fiscal Year 2012 (S.1867), p. 597, <http://www.gpo.gov/fdsys/pkg/BILLS-112s1867es/pdf/BILLS-112s1867es.pdf>.

31 Thomas Erdbrink, "Iranian Currency Slides under Latest U.S. Sanctions," *Washington Post* (January 2, 2012), http://www.washingtonpost.com/world/irans-rial-slides-under-latest-us-sanctions/2012/01/02/gIQAHX8MWP_story.html.

32 Ju-min Park and Risa Maeda, "Asia Frets over Oil as US Eyes New Iran Sanctions," *Reuters* (December 15, 2011), <http://www.reuters.com/article/2011/12/15/us-oil-iran-asia-idUSTRE7BE0XA20111215>.

33 Ewa Krukowska and Gregory Viscusi, "EU Diplomats Agree on Iran Oil Embargo," *Bloomberg* (January 23, 2012), <http://www.bloomberg.com/news/2012-01-23/european-union-diplomats-said-to-agree-to-introduce-embargo-on-iranian-oil.html>.

34 *BBC News Asia*, "Japan 'to Reduce Iran Oil Imports'" (January 12, 2012), <http://www.bbc.co.uk/news/world-asia-16523422>; *Reuters*, "India to Buy Iran Oil Despite US Sanctions-Minister," (January 12, 2012), <http://www.reuters.com/article/2012/01/12/india-iran-imports-idUSL3E8CC3ZM20120112>.

indicated that the new sanctions might permit India to negotiate better terms for Iranian oil.³⁵

Some have expressed concern that reductions in Iranian oil exports would increase prices and backfire against Western economies. Indeed, when the EU began to contemplate its embargo (and Iran threatened to cut off shipments through the Strait of Hormuz in retaliation), prices jumped four percent.³⁶ With continuing tensions in the Middle East, oil prices have continued to rise, at least into March 2012. Offsetting the pressure on prices is the rising substitution of gas for oil in the US and elsewhere, Saudi Arabia's statement that it is prepared to step up production to compensate for any decline in OPEC exports,³⁷ and rising production in Libya and Iraq.³⁸ On the whole, however, continuing worries about Iranian oil supplies, either because of the embargo or the possibility of war in the Middle East, seem likely to keep upward pressure on oil prices indefinitely.

The US and other nations also have sanctioned specific individuals and entities in Iran that are believed to be directly involved in the nuclear program and human rights abuses.³⁹ The assets of these individuals have been frozen when discovered, and their travel across international boundaries has been hindered. Critics of the administration contend that many more individuals and entities should be identified and treated in the same manner, and legislation to compel such action is pending in Congress.⁴⁰

Finally, although some of these incidents may have been the result of accidents rather than sabotage, the pace of covert operations in Iran appears to have stepped up in 2011. Most notable are the previously mentioned murder of an Iranian nuclear scientist, the explosion at Iran's main missile development facility in November, and an explosion in Isfahan a few weeks later that one report suggested damaged a uranium conversion facility. There was also an explosion in Yazd late in the year; one report claimed it damaged a North Korean effort to help Iran develop maraging steel—a key ingredient in advanced centrifuges.⁴¹

35 Nidhi Verma, "India Drawn to Iran's Favorable Oil Terms: Minister," *Reuters* (January 23, 2012), <http://www.reuters.com/article/2012/01/23/us-india-iran-idUSTRE80M1AF20120123>.

36 Aaron Smith, "Oil Prices Spike 4% on Iran Supply Threats," *CNN Money* (January 3, 2012), http://money.cnn.com/2012/01/03/markets/oil_iran/index.htm.

37 Grant Smith and Wael Mahdi, "Saudis Signal They're Ready to Increase Oil Output After OPEC Disagreement," *Bloomberg* (June 10, 2011), <http://www.bloomberg.com/news/2011-06-10/saudis-show-they-re-ready-to-deliver-on-surge-in-oil-production.html>.

38 Karim Sadjadour, NPR Interview, "U.S. Sanctions Target Iran's Central Bank," *National Public Radio* (January 3, 2012), <http://www.npr.org/2012/01/03/144609410/u-s-sanctions-target-irans-central-bank>.

39 Executive Order 13553 of September 28, 2010, "Blocking Property of Certain Persons With Respect to Serious Human Rights Abuses by the Government of Iran and Taking Certain Other Actions," <http://www.treasury.gov/resource-center/sanctions/Documents/13553.pdf>; United Nations, "Security Council Imposes Additional Sanctions on Iran," <http://www.un.org/News/Press/docs/2010/sc9948.doc.htm>.

40 *Reuters*, "Senators mull sanctions on Iran's Ahmadinejad," (February 1, 2012), <http://news.yahoo.com/senators-mull-sanctions-irans-ahmadinejad-224219814.html>.

41 Ron Ben-Yishai, "Did Iran Blast Target Steel Needed for Nuke Program?" *YNet News* (December 12, 2011), <http://www.ynetnews.com/articles/0,7340,L-4160626,00.html>; It should be noted that the US has stated forcefully it was not responsible for the assassination of the Iranian scientist. *Al Jazeera*, "US Condemns Iranian Nuclear Scientist Killing," (January 12, 2012), <http://www.aljazeera.com/news/americas/2012/01/201211244648837585.html>.

Given Iranian support for terrorist activities in the Middle East directed at US military personnel and the apparent US support for covert operations within Iran, it seemed as if the US and Iran were already at war in 2011. This impression was reinforced by the rhetoric of political leaders in both nations, and by mutual threats concerning the possible closure of the Straits leading into and out of the Persian Gulf at the end of the year.

IV. Intense political struggles in both nations contributed to the rising tensions, and made communications and negotiations extremely difficult.

The US presidential campaign was in full swing by the summer of 2011, and the Republican candidates strove mightily to outdo one another in their condemnations of Iran, their criticisms of the Obama administration's allegedly weak responses to Iranian provocations, and their virtual promises to attack Iran militarily if elected president.⁴²

Other political voices in Washington, particularly in Congress, added to the war fever. When Secretary of Defense Leon Panetta cautioned against war with Iran in December 2011 (echoing his predecessor, former Secretary Robert Gates), he was accused of giving comfort to the enemy.⁴³ Criticisms of the speech by Israeli officials and by prominent and politically active Jewish-Americans led the administration to dispatch diplomats to Tel Aviv to discuss the "red-lines" that would trigger US military efforts to stop an Iranian nuclear weapon.⁴⁴

Even more surprisingly, then-chairman of the Joint Chiefs of Staff Michael Mullen was criticized soundly when he suggested in the summer of 2011 that it would be a good idea to establish a means of communications between the US and Iran, similar to mechanisms that had been established between the US and the Soviet Union during the Cold War. These could help avoid, or reduce the consequences of, naval incidents in the Persian Gulf.⁴⁵

Although President Obama and his team continued to refuse to be drawn into the war fever, the Republicans' fiery rhetoric and pressure from Israel, its lobby-AIPAC, and its many supporters in Congress caused the administration to modify its approach to Iran. Despite the fact that polls showed the public was divided on the desirability of military action against Iran, should sanctions fail to prevent Tehran from acquiring a nuclear weapon, the administration appeared determined to show it had adopted a tougher stance.⁴⁶

42 For example, "Rick Santorum, I Would Bomb Iran Nuclear Sites," *Huffington Post* (January 1, 2012), http://www.huffingtonpost.com/2012/01/01/rick-santorum-iran-iowa-caucuses-2012-_n_1178483.html.

43 Secretary of Defense Leon Panetta, "Remarks at 2011 Saban Center Forum 'Strategic Challenges in the Middle East,'" (December 2, 2011), <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4937>.

44 Eli Lake, "US, Israel Discuss Triggers for Bombing Iran's Nuclear Infrastructure," *The Daily Beast* (December 28, 2011), <http://www.thedailybeast.com/articles/2011/12/28/u-s-israel-discuss-triggers-for-bombing-iran-s-nuclear-infrastructure.html>.

45 Jim Garamore, "Chairman Concerned Over Lack of US-Iran Contact," *American Forces Press Service* (September 14, 2011), <http://www.defense.gov/news/newsarticle.aspx?id=65334>.

46 For poll data, see: Peter Brown, "American Voters Say Iran Sanctions Aren't Working, Quinnipiac University Poll Finds; 50 Percent Say Bomb Iran if Sanctions Don't Work." (Quinnipiac University, November 23, 2012), <http://www.quinnipiac.edu/institutes-and-centers/polling-institute/national/release-detail?ReleaseID=1677>.

Whereas it once characterized its policies toward Iran as balanced, including both punitive measures to compel negotiations and incentives to encourage negotiated solutions, by the end of 2011 it became clear that the administration no longer was interested in appearing conciliatory. In a November speech, for example, National Security Advisor Tom Donilon barely mentioned the once-ballyhooed effort in 2009 to engage Iran in a dialogue, emphasizing instead the growing list of sanctioned entities and the other efforts to isolate and punish the Islamic Republic.⁴⁷ The US would likely enter negotiations only if they appeared to be the result of pressures put on the Iranian regime by the president's diplomatic strategy of isolating and sanctioning Tehran—a result that seems to have been achieved in February. (Similarly, the Iranians quietly tabled their letter agreeing to start talks on the same day that President Ahmadinejad was trumpeting new advances in the nuclear program). Given that the talks will take place during the US election campaign, the President seems unlikely to be willing to make significant concessions in order to complete an agreement.

Moreover, in a speech to the AIPAC conference in Washington on March 4, 2012, President Obama spelled out explicitly for the first time that the iconic “all options are on the table” means that if diplomacy and sanctions fail, he would use military force to stop Iran from acquiring nuclear weapons. Although this statement did not go as far as Israeli Prime Minister Netanyahu wanted (he pressed the US to pledge to prevent Iran from acquiring a nuclear “capability”), the American president drew a firm “red-line” for the first time.⁴⁸

A similar dynamic was at work in Tehran.⁴⁹ A public political struggle between President Mahmoud Ahmadinejad and Supreme Leader Ayatollah Ali Khamenei emerged during late 2010, and intensified throughout 2011. The former seems to represent a younger generation of Iranians, veterans of the Iran-Iraq War and generally from outlying provinces, not Tehran. Ahmadinejad's cohort challenged the prerequisites, and political and economic power that had been accumulated by the ruling elites, especially those of the clerical establishment. During the year, Ahmadinejad appeared to position his allies so that they would do well in the March 2012 legislative elections and the presidential election in June 2013. Some of his supporters, in fact, promoted interpretations of the Koran and other religious writings that suggest it is not necessary to have a Supreme Leader—a means of strengthening the power of the elected president. Supreme Leader Khamenei sensed these machinations and struck preemptively by reversing many of Ahmadinejad's appointments, and humiliating him publicly on several occasions. Other members of the ruling elites

47 Brookings Institution, “Iran and International Pressure: An Assessment of Multilateral Efforts to Impede Iran's Nuclear Program,” featuring Tom Donilon, Full Transcript (November 22, 2011), http://www.brookings.edu/~media/Files/events/2011/1122_iran_nuclear_program/20111122_iran_nuclear_program_keynote.pdf.

48 Jeffery Goldberg, “Obama to Iran and Israel: ‘As President of the United States, I Don't Bluff,’” *The Atlantic* (March 2, 2012), <http://www.theatlantic.com/international/archive/2012/03/obama-to-iran-and-israel-as-president-of-the-united-states-i-dont-bluff/253875/>; The White House “Remarks by the President at AIPAC Policy Conference,” (The White House—Office of the Press Secretary, March 4, 2012), <http://www.whitehouse.gov/the-press-office/2012/03/04/remarks-president-aipac-policy-conference-0>; The White House, “Remarks by President Obama and Prime Minister Netanyahu of Israel” (The White House—Office of the Press Secretary, March 5, 2012), <http://www.whitehouse.gov/the-press-office/2012/03/05/remarks-president-obama-and-prime-minister-netanyahu-israel>.

49 The internal politics in Tehran is explored in detail in Appendix I to the electronic version of this document. See http://www.stimson.org/images/uploads/Iran_in_Perspective_Appendix_I.pdf.

rallied with the Supreme Leader, particularly the Larijani brothers, who control both the Majlis (Parliament) and the judiciary. Most importantly, the IRGC, the most powerful institution in Tehran, remained loyal to Khamenei, even though there was evidence of dissent within its ranks.⁵⁰ The Supreme Leader's victory was so overwhelming that by the end of the year he established a process that could result in constitutional amendments eliminating the presidency altogether, replacing it with a ministerial system reporting to the Majlis—whose potential candidates are screened by the Supreme Leader's allies before they are permitted to run for office. And indeed, in March, Khamenei and his allies emerged triumphant in the Majlis elections.

The irony with respect to US-Iran relations is that despite Ahmadinejad's rhetoric and penchant for outrageous statements, he is the member of the Iranian leadership who appears to be most interested in reaching some sort of accommodation with the US on the nuclear issue. He apparently finds the isolation resulting from the conflict to interfere with his regional and global goals, to say nothing of the difficulty of dealing with the economic privations caused by the sanctions. The aforementioned suggestions of possible negotiations on the 20 percent enriched uranium all originated with the president or his appointees. On the other hand, the Supreme Leader apparently is intensely distrustful of the US ("the great Satan" in the clerics' lexicon) and believes it is impossible to reach a negotiated settlement in the current climate. As Khamenei strengthened his position over the course of the year, the possibility of meaningful negotiations became more remote, unless there are fundamental changes in circumstances.

In short, politics in both Washington and Tehran make a negotiated resolution of the nuclear issue, or any other issue between the two nations, very unlikely, at least until after the two nations' presidential elections. Any realistic policy suggestion must recognize this problem, and seek to buy time while waiting for a more favorable political atmosphere.

V. The political upheavals that swept the Middle East in 2011 are altering both the US' and Iran's geo-strategic positions in the region, and have the potential to cause fundamental change in the dynamics of the US-Iran conflict.⁵¹

In a sense, the "Arab Spring" found precedent in the popular demonstrations in Tehran and other Iranian cities following the disputed election of President Ahmadinejad in June 2009. Certainly, the techniques of organization and protest were first tested there—the use of new media, social networking, and mass crowds in peaceful protests on the cities' central squares. Iran was also the laboratory for the techniques of violent repression that have been emulated by some of the embattled Arab regimes—violence by military, police, and government-backed militia units against unarmed protesters; mass arrests; torture and

50 Muhammad Sahimi, "A Growing Rift in the Revolutionary Guard?" *PBS Tehran Bureau* (January 23, 2012), <http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2012/01/news-a-growing-rift-in-the-revolutionary-guard.html>.

51 The consequences of the "Arab Spring" for Iran are discussed at length in Appendix II to the electronic version of this document. See http://www.stimson.org/images/uploads/Iran_in_Perspective_Appendix_II.pdf.

imprisonment without trial; and threats against family members to induce confessions and the compromise of fellow protestors.

The protests in Arab nations have continued sporadically for a year, but the ultimate results are still far from obvious. Four regimes have been toppled—Tunisia, Egypt, Libya, and Yemen; several have made reforms—Morocco, Jordan; several seem to have emerged unscathed—Saudi Arabia, the Emirates, Kuwait; others remain embattled—Bahrain, Syria. With respect to the US' and Iran's relative positions, several changes seem clear, while the longer-term effects remain unknown.

- ▶ Generally speaking, the US position seems to have been strengthened in the short-term. Ironically, while American support for the overthrow of the Tunisian and Egyptian dictators—to say nothing of its supportive political and military role in the rebellion against Qaddafi in Libya—placed it on the side of democratization, its quiet acquiescence to maintain the status quo in the monarchies in the Gulf (and only modest reforms in Jordan and Morocco) has led to closer relations between Washington and the governments of all the latter countries.
- ▶ Although the fall of Mubarak in Egypt can be seen as a loss to the US, the effects have been relatively muted. The Egyptian military has remained in control and relatively cooperative with the US and Israel, at least so far as security issues are concerned. Moreover, the Islamic parties that have gained control of the new parliament and likely will control the constitutional process seem intent on pursuing pragmatic and moderate policies so far. Obviously, the situation is fluid and the ultimate consequence of Mubarak's fall is uncertain.⁵²
- ▶ Although Iran attempted to portray itself as the defender, if not instigator, of the democratic revolt in the Middle East, its own record in repressing the domestic Iran opposition movement—together with its overt alliance with the Assad regime in Syria and specialized support and tutoring of Syria's security units attempting to repress a likely full-fledged revolution—made clear that Iran stood firmly in favor of authoritarianism and violent repression among governments it saw as friendly.
- ▶ The US withdrawal from Iraq brought some short-term benefit to Iran, given its friendly relations with the Shi'a government in Baghdad. But the end result is far from certain. The religious bond between the Iranian and Iraqi governing authorities may not carry much weight when the two countries' national interests conflict. Memories of the long and brutal Iran-Iraq War remain vivid. Moreover, there are historical differences between Arab Shi'a and Persian Shi'a, which soon came to light. For example, strident opposition emerged when Ayatollah Mahmoud Hashemi Shahroudi, a former member of the Iranian government, announced he would move to Najaf, Iraq, in the apparent beginning of a challenge to the authority of Ayatollah Sistani, long the most revered

52 The arrest and threatened trial of 19 Americans associated with NGOs in early February obviously could lead to a breakdown of relations between the US and the military government, so the judgment above is clearly tenuous. Adam Entous and Julian E. Barnes, "New Egypt More Distrustful Than Old, U.S. Groups Say," *Wall Street Journal* (February 8, 2012), <http://online.wsj.com/article/SB10001424052970203315804577209501634231284.html>.

religious leader of Iraqi Shi'a.⁵³ The political situation in Iraq is far from settled. Iran appears to be nurturing ties covertly with more extreme Shi'a groups in Iraq than those represented in the government of Nouri al-Maliki, which may portend further problems should significant civil conflict reappear in Iraq. If and how Iran may benefit from the US withdrawal from Iraq remains to be seen. The strategic interests of Iran and the US align to the extent that they both wish to avoid chaos in Baghdad. Therefore, unless open conflict erupts between Iran and the US, Iran will likely only push its efforts in Iraq so far, leaving room for cooperation.

- ▶ The evolution of the situation in Syria is clearly the determining factor in Iran's future position in the Middle East outside the Gulf. Tehran's support of President Assad and the existing regime has already harmed its once close relations with Turkey, a country that has become a leader of support for the Syrian revolution. Turkey had been a key interlocutor for Iran in its conflict with the Western nations, but Iran's support for the Syrian establishment has introduced strains in that relationship. At the same time, Turkey and the US have moved closer, particularly as a friendly relationship has developed between Presidents Erdogan and Obama; the US now seems willing to utilize Turkey as an even-handed means of communicating with Iran. If the Syrian situation continues to worsen, ties between Iran and Turkey will be strained even further. Should the Assad government fall and be replaced with one less friendly to Iran, it would be a devastating blow to the Islamic Republic, greatly complicating logistics between Iran and its Hezbollah ally in Lebanon, and truly isolating Iran in its own neighborhood.
- ▶ Longer term trends in the Middle East are hard to predict. If democratically-elected regimes come to power in various nations and establish stable, rules-based internal orders, democratic governance, and relatively honest local authorities, the region could become more peaceful and negotiated solutions can be found to solve long-standing conflicts. On the other hand, the so far apparently beneficial changes in the Middle East may well deteriorate from the US' perspective over time. Although for now this seems an unlikely outcome, democratic elections in North Africa could bring extreme Islamist elements to power that would work to undermine US interests in the Middle East, and to catalyze more active conflicts with Israel and subversion of the conservative monarchies on the Gulf. If the revolt against Assad fails and he stabilizes Alawite rule in Syria, Iran's loyalty will be rewarded; those who sided against Assad may be prompted to mend fences as well, with improvements in their Iranian relations a probable side benefit. Finally, the political situation in Iraq is far from settled, and the government of Nouri al-Maliki may find closer relations with Iran an important support in its efforts to maintain control of the country in the face of Kurdish and Sunni opposition.

These possibilities notwithstanding, overall the events in the Middle East in 2011 seem to have diminished Iran's role as a global actor, isolated Tehran within its own neighborhood, and put the US in a better position to work with Arab countries on the Gulf and other Middle Eastern nations to seek an end to Iran's nuclear program and resolve other issues

53 Liz Sly, "Iraq's Shiites in No Mood to Embrace Iran," *Washington Post* (December 14, 2011), http://www.washingtonpost.com/world/middle_east/iraqs-shiites-in-no-mood-to-embrace-iran/2011/12/14/gIQANYRUuO_story.html.

diplomatically. The irony is that just as the US' diplomatic leverage has increased, American politics make it virtually impossible for the administration to mount a diplomatic offensive.

Possible Scenarios

Overall, events that have taken place since the ISG report was released in November 2010 bode ill for the prospects of agreement to halt the Iranian nuclear program short of a weapons capability. The politics in both Tehran and Washington will make diplomatic progress extremely difficult for another two years. In the meantime, the current Iranian regime seems undeterred by the prospect of worsening economic hardships, showing few signs of willingness to curtail its nuclear and missile programs in order to ease economic pressures and end its political isolation—at least on the terms currently being offered by the US and its allies. Whether Tehran will actually acquire nuclear weapons is uncertain, however, as a decision to cross the line between activities that can be claimed as peaceful in purpose and overt actions toward building nuclear weapons would carry great peril for the regime, as described shortly.

If a negotiated solution is not possible in the mid-term, how might events unfold? In this section, we outline three scenarios, each representative of a course of action that broadly defines the range of possibilities. Forecasting which of these scenarios is most likely should have first-order effects on US policy decisions.

Scenario I: A Military Conflict with Iran

As this publication went to print, the possibility of a military conflict with Iran looms large over the world stage.

In the next two years, the US and some of its allies could decide to initiate a preventive attack on Iran because they conclude that Iran is moving inexorably toward acquiring operational nuclear weapons, the strategy of sanctions/isolation/covert operations is not working, and/or that a nuclear-armed Iran would pose unacceptable risks to US and allies' interests in the Middle East. Such a conflict might also be precipitated by a unilateral Israeli air strike intended to delay the Iranian nuclear program, as some Israeli leaders have recommended. Iran would not be likely to withstand such an attack without retaliating, leading to fighting on Israel's borders and strikes into Israel, either of which could lead to a much wider conflict in the Middle East. Such a scenario could play out as early as the summer of 2012, a time when Israeli Prime Minister Netanyahu might calculate he would have maximum leverage over the Obama administration in gaining support for an Israeli-led action. Alternatively, the conflict could be initiated preventively by a second Obama administration or by a Republican administration in 2013—following the revelation of further developments in the Iranian nuclear and missile program (or intelligence assessments by Israel or others that such progress is being made).

A military conflict with Iran also could result from a decision by Tehran to cross the line between nuclear activities that can be considered peaceful in purpose versus overt actions that make it clear nuclear weapons are being acquired. In the consolidation of power in Tehran by Ayatollah Khamenei, his dismissal of any prospect for negotiated resolution of

Iran's conflicts with the US and its allies, a sense that events—in the Middle East and in Iran—may be trending against the leadership, and a conclusion that Israel and/or the US is preparing to conduct a preventive strike against Iran's nuclear and military infrastructure, could lead to the decision that Tehran's only viable option is to quickly acquire operational nuclear weapons and hope that Iran's enemies do not strike during the time required to do so. The logic would be that once Iran possessed operational weapons, the West would not dare to attack, and that possession of operational weapons would enable Iran to act more aggressively in pursuit of its aims in the region without fear of retaliation, and cause other neighboring states to seek accommodation rather than confrontation. This would be a risky course of action given the likelihood that other nations would learn of this plan before Iran acquires such weapons, but it is plausible.

Iranian leaders would no doubt attempt to accomplish as much of a weapons acquisition process as possible in secret—an objective that would be greatly advanced if there are additional secret enrichment facilities in Iran, as some have charged.⁵⁴ If such facilities do not exist, however, Iran would have to utilize the partially enriched uranium at Natanz and Fordow, now monitored by the IAEA. Because this would be recognized within weeks by IAEA inspectors, Tehran may choose to find some pretext to expel the IAEA from Iran, as did North Korea when it decided to acquire operational weapons. Although such an action would be a clear signal that Iran had decided to acquire weapons, there could be sufficient ambiguity in the pretext given for the expulsion that nations preferring to not act militarily against Iran would have diplomatic cover for their inaction.⁵⁵

No matter how Iran decides to cross the line, during the time necessary to further enrich its uranium to the 90+ percent level, utilize it to build nuclear weapons (perhaps six months to one year to build a few crude devices), and beyond, Iran would be in grave danger. The US and its allies chose not to act militarily against North Korea when it followed such a course of action, but Pyongyang has a strong backer in China and, in addition, is able to hold millions of South Koreans living in Seoul at risk with conventional artillery. While China and possibly Russia likely would block any effort by the US and its allies to gain UN Security Council support for military action against Iran if it followed such a course, it is doubtful that either state would come to Iran's defense militarily. In the run-up to the war, Iran would no doubt threaten retaliatory actions against military and civilian facilities in the Gulf, threaten attacks by Hezbollah and other terrorist organizations against Israel, as well as threaten other military actions, such as closure of the Strait of Hormuz. However, given how frequently and stridently the US and some European leaders have said that Iran would not be permitted to acquire nuclear weapons, there would be great pressure on any

54 Pam Benson, "Iran Opposition Backers Claims Find of Secret Iranian Nuclear Facility," *CNN World* (April 7, 2011), http://articles.cnn.com/2011-04-07/world/iran.opposition.secret.site_1_centrifuges-nuclear-program-nuclear-inspector?_s=PM:WORLD; Jay Solomon, "Iran Dissidents Pinpoint Alleged Nuclear Site," *Wall Street Journal* (September 10, 2010), <http://online.wsj.com/article/SB10001424052748703960004575482202660590436.html>.

55 David Albright, Paul Brannan, and Andrea Stricker, "Avoiding the Legitimization of Iranian Enrichment," (Institute for Science and International Security Report, October 26, 2010), <http://isis-online.org/isis-reports/detail/avoiding-the-legitimization-of-iranian-enrichment/>; David Albright and Christina Walrond, "Determining the Purpose of Iran's Growing Stock of 19.75 Percent Enriched Uranium," (Institute for Science and International Security Report, September 21, 2011), http://www.isisnucleariran.org/assets/pdf/Determining_the_purpose_of_IRans_growing_stock_of_1975_21Sept2011.pdf.

US president to mount an attack—with or without a UN mandate—if there was conclusive evidence that Iran was building nuclear weapons.

In short, the US and its allies, Israel, or Iran could take actions over the next two years that would likely lead to military conflict in the Middle East. Even if Iran managed to acquire a small number of nuclear weapons in secret and then declared its weapons status with a test or verbal declaration, the much larger size of Israeli and US nuclear arsenals could well give the US and/or Israel the confidence to initiate a conventional conflict nonetheless.

The course and consequences of such a conflict are impossible to predict. There would certainly be considerable loss of life and damage in many parts of the Middle East, and severe economic consequences as oil shipments would be disrupted—at least for a time—and prices would skyrocket. Even the crisis leading up to a war would have significant effects on oil prices and thus on world financial markets and economies. A survey of oil market participants by the Rapidan Group, for example, suggests that oil prices might rise between \$15 and \$40 a barrel in the first few hours of a conflict. Looking at a variety of scenarios, participants in the Rapidan survey predicted increases between \$11 and \$61 a barrel, on average, 30 days following the start of hostilities.⁵⁶

An attack on Iran would be condemned widely by publics in the Muslim world, even if many Arab governments would be pleased that the Iranian nuclear threat was being confronted. The attack would unite the Iranian public behind their rulers, as it would demonstrate the truth of the founding myth of the Islamic Republic—the unending hostility and threat from the West. Yet another US military intervention against a Muslim nation would also have long-term consequences for US relations with Muslim countries. If the US were to initiate a third military conflict in less than 15 years in the Middle East, it would affect perceptions of this nation in many parts of the world, especially Europe and Latin America.

In the best-case scenario, US and allied air strikes would cripple Iran's nuclear infrastructure and military capabilities and—given its weakened state—Iran would content itself with isolated retaliatory actions that would cause modest levels of deaths and destruction in Israel and to Western facilities in countries supporting the attack. Iran would turn immediately to the task of restarting its nuclear program and rebuilding its military forces, as well as consolidating its improved political position. The time it would take for the Islamic Republic to regain the status that its program had achieved prior to the attack would depend on too many unknown factors to hazard a guess, but research by Israeli nuclear expert Avner Cohen suggests that the successful Israeli attack on the Osirak reactor in Iraq in 1982 led to a renewed effort by Baghdad to acquire nuclear weapons through alternative means. Other experts have reached similar conclusions.⁵⁷

The Iranians could worsen the political consequences of the attack for the US and its partners in the enterprise, and accelerate their nuclear renaissance, if they showed restraint in their military response. In such a case, the international coalition that has isolated Iran

56 Robert McNally, "Energy Brief: Managing Oil Market Disruption in a Confrontation with Iran," (Council on Foreign Relations, 2012), p. 5.

57 Avner Cohen, "A New Nuclear Reaction," *Haaretz* (November 13, 2011), <http://www.haaretz.com/print-edition/opinion/a-new-nuclear-reaction-1.395244>; Richard K. Betts, "The Osirak Fallacy," *The National Interest* (Spring 2006), http://findarticles.com/p/articles/mi_m2751/is_83/ai_n16129963/.

would collapse and the sanctions regime would likely wither, giving the Iranians better access to necessary nuclear ingredients.

In the worst-case scenario, Iran would persevere in conducting a wider Middle East military and terrorist campaign regardless of the damage inflicted by US/allied air strikes, much as they sustained the war against Iraq in the face of massive damage and losses of lives. In this case, ending the conflict could eventually require an invasion and occupation to replace the government in Tehran. This could lead to a prolonged insurgency and a protracted conflict far worse than the war in Iraq. The long-term economic, political, and military effects of such a contingency could not possibly be predicted with any degree of confidence.

In short, whether caused by an Israeli air strike, a deliberate decision by the US and partner nations to terminate the Iranian nuclear program, or a decision by Iran to cross the nuclear weapons threshold, any scenario that leads to a conflict with Iran would intrinsically carry risk of significant harm to fundamental US interests. In our view, US policies should be founded on a realistic understanding of the full range of risks of such a conflict, and that the US should instead devise a diplomatic strategy that makes possible negotiated constraints on Iran's nuclear program reliably sufficient to ensure that Iran's peaceful uses of nuclear energy could not quickly be transformed into a nuclear arsenal.

Scenario II: Pragmatism Triumphs in Tehran

Although far from opaque, like our insights into North Korea, the picture of economic, political, and cultural developments in Iran presented in public sources—print, electronic, and personal—is similarly insufficient for rational decision-making.⁵⁸ Many expatriate Iranians and American-Iranians with relatives still living in Iran suggest that Iranians on the whole are modern and Western-oriented, desirous of ending their political isolation and economic deprivation, and alienated from the government and its supporters whose policies have created this situation. Their displeasure is fueled also by the economic corruption that attends political governance in Iran, a sense that the elites are not only wielding unfettered power but also are benefitting economically from their privileged positions. The few Western tourists who venture to Iran reinforce this picture of a sophisticated Iranian citizenry anxious to transform their government, or at least its policies, and rejoin the international community. The populist protests against the disputed election of President Ahmadinejad in June 2009 made clear that a sizable portion of Iran's population falls into this camp.

Yet, even the reformist Iranian presidents in the 1990s were unable to move the country very far from conservative rule, and President Ahmadinejad defeated the reformers in an apparently fair election in 2005. Moreover, Supreme Leader Khamenei and his allies in the IRGC and other security services were able to squash the democratic protests that followed Ahmadinejad's second and disputed election in 2009 and this so-called "Green Movement" shows few signs of rebounding. Iran's official vitriol against Israel, the US position in the Middle East, and neighboring Sunni-led governments obviously resonates with some portion of Iran's citizens. Clearly, a segment of the population genuinely supports the

58 Although one cannot be certain, it's doubtful that official sources present a picture that's very much clearer.

current leadership and the concept of theocratic rule; how large it may be, and whether it constitutes the majority or a minority, no one seems able to confirm.

Although its oil revenues keep most Iranians from economic impoverishment, the country's isolation is clearly hurting it economically. If trade and financial sanctions continue to broaden, and their implementation continues to grow tighter, as they have throughout 2010 and 2011, the situation will worsen over time. With high unemployment, a plummeting currency, rising inflation, and an economy dependent primarily on an ability to sell large quantities of oil at high prices, Iran's economic prospect is bleak and growing bleaker. At some point, perhaps already, members of the ruling elites may begin to worry that spreading poverty and the lack of opportunity for younger Iranians will lead to social unrest, that the working classes will join the Western-oriented upper and middle classes in demanding not only a new course on the world stage, but also a new government to implement it.

This of course is the theory behind the US/allied sanctions policy. It is assumed that as the Iranian economy is squeezed, pragmatic voices within the ruling elites will come forward and argue that it is necessary to seek a deal, and that this point of view, reluctantly or not, will eventually be embraced by the leadership overall. Unfortunately, there is little evidence to support this theory as Iran continued, and even trumpeted its nuclear achievements throughout 2010 and 2011, while showing little interest in negotiations. On the other hand, it can be argued that the policy has not been given enough time to work, that meaningful sanctions were not put into place until mid-2010, and that it has taken the 18 months since then to implement them successfully. Conceivably, Iran's decision in February 2012 to agree to enter negotiations is the first sign that the theory is sound.

An extreme version of this scenario would postulate that Iran's rulers may be unable or unwilling to respond to evidence that a critical mass of the population is becoming desperately unhappy, and that a popular uprising will occur that will result in a change in the regime and a more accommodating position on negotiations with the West. Indeed, some argue that this should be the goal of US policy, and that it is within reach.⁵⁹ Most experts reject this position; however, arguing instead that evidence of deliberate efforts by the US to undermine the regime only reinforces its standing with the general Iranian population.⁶⁰

Thus, the second scenario envisions that at some point over the next several years, power shifts among the elites in Tehran in such a way that a new consensus emerges and the government becomes willing to negotiate seriously on the nuclear issue—and perhaps on other issues as well. Getting to an agreement will be difficult as long as the US presidential election campaign is still underway, as the US will have to demonstrate a greater flexibility on key issues if progress is going to be possible. Virtually all Iranians agree on their right to utilize nuclear power for peaceful purposes, for example, and take pride in their accomplishments along those lines. The negotiations will have to be about how peaceful applications can be accomplished while assuring the international community that Iran

59 Richard N. Haass, "Enough is Enough," *The Daily Beast* (January 21, 2010), <http://www.thedailybeast.com/newsweek/2010/01/21/enough-is-enough.html>.

60 Paul Pillar, "Inevitable and Unpredictable Regime Change in Iran," *The National Interest* (May 14, 2011), <http://nationalinterest.org/blog/paul-pillar/inevitable-unpredictable-regime-change-iran-5314>.

is not hiding preparations for a sudden break-out into a weapons capability, rather than focusing on Iran's fundamental rights to nuclear energy, including its right to operate a complete fuel cycle under international supervision, if it chooses to do so.

While not the most likely scenario, one should not rule out the possibility that power shifts in Tehran will lead to a new willingness to negotiate. Given the Iranians' apparent sensitivity to the Iran Central Bank sanctions and the rapidly escalating war of words concerning access to the Gulf, cautions (and hard bargaining on oil prices) from such key customers and allies as China could conceivably nudge Tehran to be more flexible at the negotiating table in 2012. The US and allied governments should be sensitive to hints that such a change might be possible, and act to encourage movement in that direction by exhibiting the possibility of greater flexibility in long-standing US positions.

Scenario III: More of the Same

If only international relationships were like the movies! A problem is described, the plot unfolds with ups and downs, but the story comes to a decisive ending—for better or for worse. Unfortunately, conflicts between nations rarely come to definitive endings.

Presuming the US and Iran manage to avoid war over the next few years, their relationship is most likely to continue along the same lines that it has been confined for the past 30 years. Iran will persist in seeking to develop its nuclear and missile capabilities, but holding the former short of a definitive weapons capability so as to avoid provoking an attack, and alienating its few remaining international supporters. It will also continue to pursue its goals in the region—strengthening its influence in regional affairs; building closer ties to Shi'a governments, organizations, and communities; building up threats to Israeli security; and, to the extent possible, undermining the US position throughout the region. For its part, the US will do whatever it can to contain these threats: by strengthening its military and political relationships with neighboring states that feel threatened by Iran; by working with them to build up their defense capabilities; by seeking to curtail the capabilities and activities of terrorist organizations controlled or influenced by Iran; by working through the UN and with like-minded nations to isolate Iran economically and politically; by pressuring Iran's government to negotiate seriously by hampering its economic growth and well-being; and, perhaps, by seeking to delay advances in Iran's nuclear and missile capabilities through covert operations, alone or together with other states.

In such a scenario, there are opportunities and dangers for both sides. At times, Iran or its allies may seem to advance; at others, the US and its allies will seem to be gaining the upper hand. Most often, developments will not be determined by either the US or by Iran—but by events in the region that neither controls. Some of these developments will be important; most will not. From a US perspective, most important would be the fall of the Assad regime in Syria and its replacement with a government hostile to Iran, given the latter's support for Assad. Such a regime change would be a major blow to Iran's strategic and political position—making it far more difficult for Iran to support its allies on the Mediterranean, isolating it even further within the Middle East. Indeed, a setback of this magnitude could lead to a power shift in Tehran, moving us to Scenario II, in which a negotiated solution becomes feasible. From an Iranian perspective, the accession

of extreme Islamist governments in Egypt and other states, governments willing to adopt a more openly hostile stance against Israel and the US, could have similarly momentous implications. Although such governments are unlikely to find common cause with Iran except on the issue of Palestine, such changes would drastically undermine the US position in the region and raise the possibility of armed conflict with Israel to a much higher level.

Setting aside the possibility of such seismic shifts, the key characteristics of US policy in a scenario of “more of the same” should be patience and caution. The former will provide time to build up the capabilities of, and cooperation among, Iran’s adversaries within the region, so that they can be confident of their security even if Iran continues to move toward a nuclear capability, as well as time for the sanctions and isolation policy to affect Iran’s internal politics. At the same time, caution is necessary so that the hostile rhetoric and military maneuvers likely to continue to characterize the relationship do not lead to an unwanted war. Communications are essential and, if circumstances permit, ideas like Admiral Mullen’s—to establish military protocols and communications links—should be explored.

US Strategic Options

Most discussions of US policy toward Iran center on tactical options—to place this or that type of sanction on the country, how to respond (or not) to a particular Iranian provocation, how to test (or not) a signal from Iran that it might be ready to negotiate seriously. Such discussions are necessary and important, as decisions must be made on a daily basis in what is, at times, a rapidly evolving situation. In this monograph, however, we would like to step back and look at US-Iranian relations from a strategic perspective. For this purpose, we can consider three “meta-options” for the US and its allies: (i) military action, (ii) a reinvigorated and more concerted effort to engage Iran diplomatically, and (iii) a mixed strategy founded on a determination to persuade Iran that it is in its own interest over the long term to co-exist peacefully in the Middle East. Readers will recognize that, as described, each of these meta-strategies is a symbolic stand-in for dozens of far more nuanced strategies that would be possible in each general category.

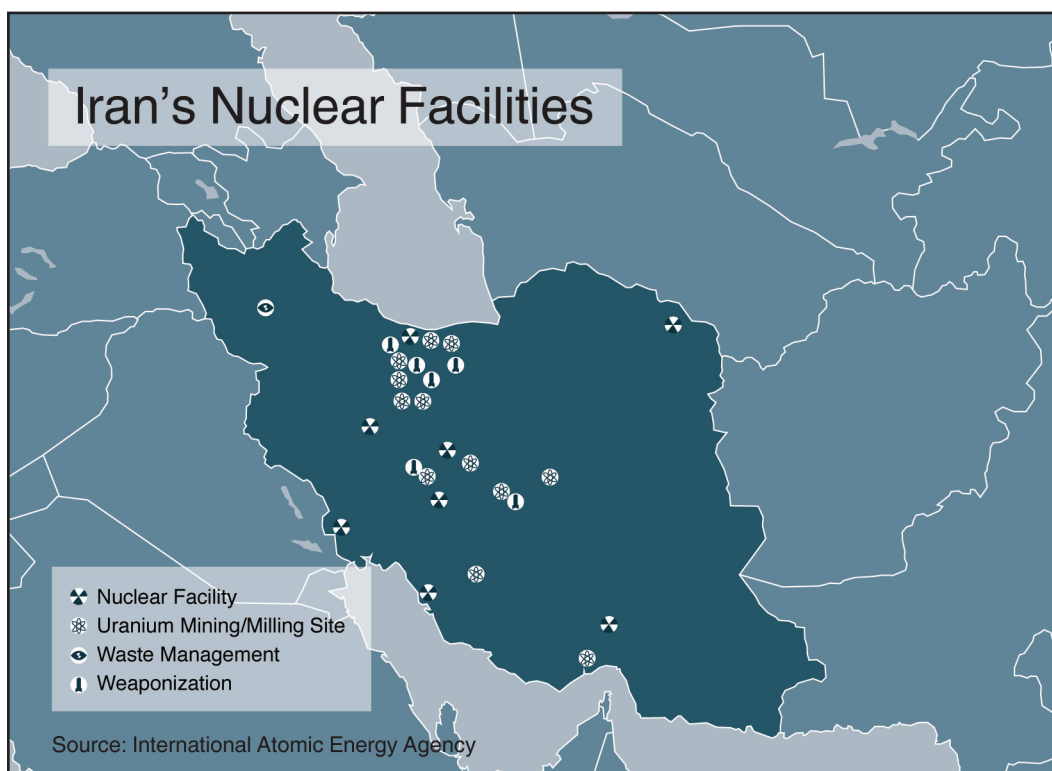
Meta-strategy I: Military Action

The case for military action is based on an assessment that Iran’s goals are fundamentally antithetical to US interests in the Middle East and the world, that once armed with nuclear weapons, Iran would become far more dangerous and difficult to stop from achieving its goals, and that the measures being used now to prevent Iran from acquiring nuclear weapons (sanctions, covert operations, diplomacy) may be slowing Tehran’s progress, and causing some economic hardships and political mischief within Iran, but ultimately will not prevent Iran from becoming a nuclear-armed power. From such a perspective, the Iranian challenge to fundamental US interests can only worsen over time and, therefore, that the US and like-minded states should act militarily in the near future to terminate Iran’s nuclear potential before it can produce operational weapons.

An invasion of Iran and replacement of its government would be the only way the US could terminate the Iranian nuclear weapons threat permanently. This would require a massive military operation and continuing occupation of the country—a course of action that virtually no one advocates. Instead, most advocates of military action envision air strikes to destroy Iran’s nuclear infrastructure, perhaps combined with operations by special forces against particularly important or difficult targets. This could be done on a small or large scale.

The smaller option would target only a few of Iran’s key facilities, particularly the uranium enrichment facilities at Natanz and Fordow and the heavy water reactor under construction near Arak. This is the type of strike that Israel might be able to carry out on its own. The question is what might be gained from such a pinprick. It would risk all the adverse military, political, and economic consequences associated with a larger strike on Iran, as described previously, but would probably only set back the program a year or two. As the saying goes, if one is going to strike a king (or a “Supreme Leader”), one had best kill him.

Figure Five



The more likely option would be an attempt to destroy Iran’s entire nuclear infrastructure—from its uranium mining and processing activities through its enrichment plants, milling centers, and research establishment. Given that Iran’s nuclear network is known publicly to include some 27 facilities scattered throughout the country, it would not be a small operation

by any means (see Figure Five).⁶¹ Moreover, in order to minimize losses to US and allied forces, the strikes would likely be preceded by attacks to destroy Iran's air defenses. Indeed, given that Iran could be expected to retaliate for any attack, US military officials and other experts have stated that the air strikes should also attempt to destroy as much of the Iranian military as possible to reduce Tehran's ability to hit back and, perhaps, be persuaded to forego retaliation all together.⁶² All told, this probably means an air campaign involving tens of thousands of sorties by aircraft and cruise missiles conducted over a period of weeks.⁶³

If carried out successfully, such a military operation would certainly set back the Iranian nuclear program—probably for years. If other nations could be persuaded to cooperate in continuing to prohibit exports of key materials and equipment to Iran, it might stymie the program for an indefinite period of time. The problem is that such a high-risk strategy could easily backfire.

In the previous section, we've discussed the consequences of a war between the US and other nations, and Iran. In addition to the danger of drawing the US into another continuing land war in the Middle East, and the economic consequences that would accompany any protracted conflict, the political repercussions would likely be severe. It would certainly unite Iranians behind their government and reinforce their determination to acquire nuclear weapons to avoid future attacks. Moreover, regardless of whether or not neighboring governments might secretly applaud the move, the reactions of most populations in the region would compel major changes in those governments' official relations with the US—conceivably leading to a sharp reduction in US military forces based in the region. Particularly at a time when the political futures of so many Arab nations are uncertain, an unprovoked US attack on Iran could have devastating long-term effects on perceptions of the US in many nations of North Africa and the Middle East and, consequently, on the make-up and policies of the governments that emerge eventually from the current transitions. Globally, it would break up the coalition that the US has constructed to isolate and sanction Iran, in all likelihood gaining backing for Iran, not only from already friendly nations, like China, but also from some now-close US allies in Europe and elsewhere. As such, Iran's attempt to build a nuclear weapons program would be greatly accelerated.

And, finally, there is a moral question. Even if it did not devolve into one of the worst-case scenarios, an attack on Iran's nuclear infrastructure, armed forces, and central command facilities would no doubt cause significant damage and losses of lives. Modern weapons are far more precise than their predecessors, but intelligence is never perfect, nor weapons always impeccable in their performance. The kind of air campaign described above would lead to the deaths of thousands of Iranians, most in the armed forces or Revolutionary

61 Council on Foreign Relations, "Crisis Guide: Iran," http://www.cfr.org/interactives/CG_Iran/index.html?cid=nlc-religion-religion_and_foreign_policy_bulletin-link5-20111006#/iran%27s-nuclear-program/.

62 Yitzhak Benhorin, "Attack on Iran Would Ignite Regional Conflict," *YNet* (November 3, 2011), <http://www.ynetnews.com/articles/0,7340,L-4143358,00.html>.

63 Anthony H. Cordesman, "Israeli and US Strikes on Iran: A Speculative Analysis," (Center for Strategic and International Studies, March 5, 2007), http://csis.org/files/media/csis/pubs/070305_iran_israelius.pdf; Elisabeth Bumiller, "Iran Raid Seen as a Huge Task for Israeli Jets," *New York Times* (February 19, 2012), <http://www.nytimes.com/2012/02/20/world/middleeast/iran-raid-seen-as-complex-task-for-israeli-military.html?pagewanted=1&sq=iran&st=cse&scp=3>.

Guards, but many civilians as well, either working for the government or not. A particular danger would result from the dispersal of radioactive substances. Presumably, the US would not attack the working reactors in Tehran and Bushehr, which are not relevant to the weapons program, but the long-term consequences of attacking uranium processing and enrichment facilities, as well as research labs, are hard to foresee.

There is a clear distinction between *preemptive* and *preventive* wars. If the US had hard intelligence that Iran possessed nuclear-armed missiles and that, in fact, it was preparing them for launch, a preemptive air attack could certainly be justified under international law—and by common sense. However, launching massive air attacks because the US and some other governments believe that Iran may be seeking to acquire nuclear weapons, or even if there is hard evidence that they are seeking such capabilities, cannot be justified under any legal or ethical code. It would represent a fundamental repudiation of professed American values and our historical backing for the rule of law. It would, simply put, not only be counter-productive and hurt US interests deeply, it would be terribly wrong.

Meta-strategy II: Engagement

Although the US maintains it conducts a balanced policy toward Iran—offering the possibility of improved relations through negotiations while pressuring the regime in Tehran through sanctions and other means—to many observers, this approach is inherently contradictory. Why, they ask, should Iran trust the US enough to negotiate seriously while it is being isolated politically and economically, subjected to covert operations, and threatened almost daily with military attack? From this perspective, the US has made a few gestures of conciliation strictly to create an illusion of reasonableness in order to persuade other nations to join it in imposing Draconian sanctions. Moreover, these critics argue, other than promising not to seek any additional UN sanctions, the US has never made clear what Iran would have to gain by negotiating controls on its nuclear program. The US' official position has been that Iran would have to at least suspend its enrichment of uranium, even to the low levels required for power reactors, while greater international monitoring and controls were put in place.⁶⁴

There are also those who contend that engagement should not be attempted at all. Some of these critics argue that Iran would never see tangible benefits resulting from engagement—at least not benefits concerning its core interests—and thus will be unwilling to negotiate seriously in almost any capacity.⁶⁵ To bridge these two perspectives, it is essential to lay out what a genuine strategy of engagement would look like and to articulate what the possible benefits negotiations could bring for Iran.

A strategy that truly sought to engage Iran diplomatically would be configured differently from the current course of action. It would be based on an assessment that most Iranians,

64 Suzanne Maloney, "Obama's Counterproductive New Iran Sanctions," *Foreign Affairs* (January 5, 2012), <http://www.foreignaffairs.com/articles/137011/suzanne-maloney/obamas-counterproductive-new-iran-sanctions?page=show>; Bruce Laingen, "Ex-hostage: Time to Build Trust with Iran," *The Baltimore Sun* (January 19, 2011), http://articles.baltimoresun.com/2011-01-19/news/bs-ed-iran-20110119_1_enrichment-islamic-republic-nuclear-weapons.

65 Ilan Berman, "Why Engaging Iran Is (Still) A Bad Idea," *Forbes* (November 1, 2011), <http://www.forbes.com/sites/ilanberman/2011/11/01/why-engaging-iran-is-still-a-bad-idea/>.

including those in leadership positions, would prefer to avoid military conflict with the US and its partners, and to reverse Iran's growing political isolation and worsening economic situation. Such a policy would further assume that Iranian leaders have not yet decided to actually build weapons, but are determined to be treated no differently from any other nation in pursuing their rights to develop and utilize nuclear energy for peaceful purposes. Finally, the policy would assume that the coercive actions and rhetoric that the US has directed toward Iran in recent years have overwhelmed the few official statements calling for engagement and reconciliation, providing grist for Iran's hard-liners who maintain that the US is actually hoping to bring about fundamental change in the Islamic Republic, and that only the acquisition of nuclear weapons can protect the Republic from what otherwise would become, ultimately, an either overt or covert military action seeking to unseat the regime.

A policy that truly sought engagement, thus, would include at least four elements.

First, and most importantly, the US must make perfectly clear that it accepts Iran's right, like those of every other state that has signed the NPT, to enrich uranium and to pursue other technologies related to the peaceful uses of nuclear power. Iranian spokesmen say that the US position that Iran must cease enriching uranium is the biggest sticking point in getting the talks moving toward agreement. Iranians believe that this position is discriminatory, that it singles out Iran for punishment, and is simply unacceptable. There is wide consensus in Iran on this point—on its right to pursue peaceful applications of nuclear power, including the enrichment of uranium.

That said, those rights come with responsibilities, foremost among them to permit the IAEA to monitor the peaceful activities effectively. This would require clarifying the Agency's outstanding issues with Iran about its past activities and, most importantly, given Iran's history of developing its nuclear facilities in secret, implementing the Additional Protocol to Iran's Safeguards Agreement with the IAEA. This agreement, which has already been negotiated, would permit the Agency's inspectors to visit sites that have not yet been declared as nuclear facilities, in order to ensure that they, indeed, are non-nuclear. Many other countries have negotiated such agreements so it would not be discriminatory against Iran. Other conditions, such as the amount of enriched fuel stored in Iran be commensurate with the requirements of the country's existing nuclear reactors and other facilities, would also be reasonable, in order to reassure the international community that Iran was not planning to suddenly break-out of the NPT and enrich the excess fuel to the levels required for weapons.

Second, the US should make clear that the benefits to Iran of negotiating an end to the nuclear impasse would not only include a lifting of sanctions, but also carry additional economic benefits as well. For the first, the US would have to persuade Iranians that Congress would be willing to move with the Executive Branch in the progressive lifting of unilateral US sanctions, not just the sanctions imposed by the UN. Beyond sanctions, the US and other Western nations have the capital and technology to help Iran resolve many of its economic problems—from development of its offshore oil and gas resources to the distribution of electricity within the country. Indeed, a non-threatening Iran would have the opportunity to work with neighboring nations on regional solutions to problems shared by many of

them—including water desalination, drug smuggling, piracy, building new oil pipelines, and the development of more efficient gas and electricity distribution grids. Ending its conflict with the West would open greater prospects for Iran’s economic development and better lives for its citizens. Obviously, many issues besides the nuclear question also would have to be resolved before these benefits could be realized, but resolution of the nuclear question would certainly be a good start toward a mutually beneficial relationship. These possibilities should be emphasized in communications with the Islamic Republic.

Third, the US should open multiple channels of communications with the regime. As far as public records indicate, such channels do not exist. President Obama’s initiative to engage Iran in 2009 consisted of a speech in Cairo, two letters to the Supreme Leader, and two Nowruz messages for the Iranian population at large.⁶⁶ A far more concerted communications campaign would be part and parcel of a serious engagement strategy. This would include diplomatic engagement at various levels, using such trusted intermediaries as Turkey whenever feasible. It would permit American diplomats in third nations and multinational organizations to interact normally with their Iranian counterparts, unlike the present situation in which such communications are prohibited. It would also include efforts to open additional channels of communications, such as a “hot line” between the two nations’ navies deployed in the Persian Gulf. And it also would make use of private emissaries—well-connected individuals who have conducted private discussions with nationals of the other nation—to reinforce the message that the US is now serious about negotiating a mutually acceptable end to the nuclear stand-off.

Fourth, a true engagement strategy would deemphasize the coercive elements in US policy. US officials should never make military threats against the Islamic Republic, even thinly veiled ones like, “all options remain on the table.” Everyone knows the US military has formidable capabilities; a perception reinforced by the significant, routine deployments of US air and naval forces in the Persian Gulf and elsewhere in the Middle East. Emphasizing the military threat the US could pose for Iran only reinforces popular support for the government’s hard line and provides incentives to Iran to develop nuclear weapons. The US should also cease covert operations and urge its allies who might also be carrying them out to do the same. Murdering nuclear scientists is guaranteed to make fruitful negotiations impossible. Beyond eschewing threats, the US could also dial down implementation of the sanctions. The new legislation imposing sanctions on entities doing business with Iran’s Central Bank, for example, permits the president to make exceptions under certain circumstances, such as for national security purposes or for demonstrated or anticipated cooperation on behalf of the waiver-seeking state. Use of these exceptions would obviously draw public attention and, in quiet third-party conversations, make clear that they are intended to show the US’ sincerity about beginning serious negotiations. Actions to implement sanctions imposed by other legislation could also be delayed for procedural reasons.

Implementation of this strategy would be difficult before the US presidential election, as unless it brought near-immediate results, it would gravely harm President Obama’s re-election campaign. After the election, however, assuming regional circumstances had

66 John Limbert, “The Obama Administration,” US Institute of Peace, <http://iranprimer.usip.org/sites/iranprimer.usip.org/files/The%20Obama%20Administration.pdf>.

not changed markedly, there would be opportunity to attempt this new conciliatory course. Would it be successful? No one can say.

It is possible that those in the IRGC committed to developing nuclear weapons have persuaded the Supreme Leader that they can do so without coming under military attack, or that they could withstand such an attack and persevere in their nuclear and regional goals. It is possible that the Iranian leadership overall is so committed to the goals of expelling the US from the Middle East and destroying the state of Israel that no inducements could persuade them to yield in their pursuit of operational nuclear weapons. It is possible that the decades of conflict between the US and Iran, and the fundamental issues between the two states, have made it impossible for the Iranian leadership to take any proffer of engagement sincerely and, in fact, to only interpret such initiatives as signs of US weakness and the correctness of their current course. If any of these possibilities are fact, a policy of engagement will fail (and could be counter-productive)—no matter how rich and varied the incentives that are on the table.

However, given that the economic and political situations within Iran, to say nothing of Iran's international position, have deteriorated significantly since the US attempt at engagement in 2009, perhaps a new and more vigorous attempt at engagement would have a chance to succeed. It is possible that Iranian leaders have tired of their international isolation, that they perceive their remaining standing in the region to be gravely endangered by the turmoil in Syria, or that they fear the worsening domestic economic situation will lead to such widespread unrest as to threaten the very existence of the regime. If these possibilities are fact, then Iran's leaders might seize a rejuvenated US/allied effort at engagement as an opportunity to set the nuclear issue aside, retaining peaceful nuclear applications as signs of their technological prowess, but negotiating the limitations needed for the international community to be assured that the peaceful program could not mask preparations for a sudden break-out and nuclear weapons threat.

Only under these circumstances could an engagement policy be successful.

Meta-strategy III: Moving Beyond the Nuclear Issue

As we have noted, the US' issues with Iran extend far beyond questions about its nuclear program. Most fundamentally, they pertain to Iran's regional ambitions—its efforts to extend its influence to other countries, subvert neighboring governments, weaken and eventually destroy Israel as a Jewish state, and not only to expel the US from the Middle East, but also to establish a new world order led by itself and like-minded nations. These goals are not shared by all Iranians, perhaps not even by a majority of Iranians, but they are certainly espoused by Supreme Leader Khamenei, the leaders of the IRGC, and by President Mahmoud Ahmadinejad and his ministers.

Viewed in this broader context, Iran's nuclear program—while a serious problem—is not the most important issue. Iran has pursued these goals for many years without nuclear weapons. If it were successful in developing such weapons, it might feel somewhat more confident and act even more aggressively toward their fulfillment, but it would not change the situation fundamentally. Given that both Israel, with an arsenal of hundreds of nuclear

weapons deployed on multiple types of platforms, and the US, with a nuclear arsenal of thousands of weapons deployed on hundreds of missiles and aircraft capable of reaching Iran within hours, have the capability to obliterate Iran, it would be suicidal for Iran to contemplate using any nuclear weapons it did acquire. And although Iranian leaders may be willing to sacrifice foot soldiers in suicidal attacks, as they did during the war with Iraq and in acts of terrorism, there is no reason to believe they would be willing to make themselves and their loved ones martyrs. Moreover, a nuclear war would mean the end of their dreams for a renewed Persian empire, an Iranian-dominated Middle East.

Consequently, it might be prudent for the US to reduce the prominence of the nuclear element in its conflict with Iran and seek to persuade Iranian leaders to alter their broader goals, including, along the way, any ideas they might have of acquiring nuclear weapons. Much of such a strategy is already being implemented; it is a question of emphasizing some elements and deemphasizing others.

First, the US should continue to do all it can to strengthen relations with neighboring states threatened by Iran, and help them develop effective means of defending themselves from Iranian military threats and subversion. Recent arms sales to Saudi Arabia, Kuwait, and UAE are cases in point. Persuading the Arab Gulf states to resolve their differences and to cooperate more closely in defense matters is also important, particularly with regard to establishing a regional missile defense network, as is being done in East Asia to defend US forces, Japan, and South Korea from North Korean missiles. In view of their troubling human rights records, the need to dampen criticism of the governments of Bahrain and Saudi Arabia for human rights abuses will be more difficult; this will be unpopular and undercut US efforts to promote respect for human rights elsewhere, but essential to building an effective coalition in the Gulf.

Second, the US should quietly increase efforts to transform the situations in Afghanistan and Iraq from zones of confrontation to areas of cooperation, and to confront Iranian support for the Assad regime in Syria.

- ▶ Successfully engaging the Taliban in peace negotiations could be a major step toward stabilizing Afghanistan. Successful peace negotiations, however, require the participation of all states with an interest in a stable Afghanistan – Pakistan, India, *and Iran*. Therefore, if talks begin, Iran should be invited to play a role in the negotiations, as they constructively did during the talks in 2002 following expulsion of the Taliban leadership.
- ▶ Subtle diplomacy is required to make clear to the Iraqi government that it would be foolish to align itself too closely with Iran, particularly as the latter is being increasingly isolated by other nations in the Middle East. Perhaps even more than in Afghanistan, the US and Iran have a common interest in avoiding civil war or chaos in Iraq. In principle, it provides another topic in which the two states could find mutual interest in accommodation.
- ▶ Syria poses a very different problem. If the Assad government were to fall, it would be a huge blow to Iran's regional aspirations and greatly complicate its efforts to pressure Israel through the terrorist organizations it supports in Lebanon and Gaza. However,

the US must walk a tightrope. Evidence of direct, unilateral US involvement in support of the Syrian opposition groups could easily backfire, lending support to Assad's claims that the demonstrations and near-insurgency are fueled by foreign interests. Instead, the US should work closely with Turkey, which has taken the lead in supporting the opposition, and, when possible, with the Arab League, taking its cues from those entities as to the kind and amount of support that would be most helpful. Conceivably, if the fighting in Syria continues to spill over the Turkish and Lebanese borders with refugees and even cross-border skirmishes, Ankara may decide to establish some sort of humanitarian corridor. The US should be prepared to support such an effort logistically and, if so requested, with airpower.

Third, at the same time that it is quietly increasing efforts to make implicitly clear to Iran's leaders that they will not be able to achieve their regional goals and are in danger of losing their closest ally in Syria, the US should reinvigorate efforts to engage Iran diplomatically. This would include many elements of the engagement meta-strategy described in the preceding section, such as clarifying the economic and political benefits to Iran of resolving issues peacefully, opening multiple channels of communications, avoiding threats, and ceasing lethal, covert operations within Iran. Unlike the engagement strategy, however, there should be no let-up on sanctions implementation, as the lifting of sanctions is an important bargaining chip in the talks, if they get started. Moreover, in this strategy, the nuclear issue would be only one of many topics that the US would express interest in exploring through negotiations. Although resolving the nuclear impasse remains an important priority, placing it in the context of the wider range of conflicts between the two states could have salutary effects in terms of directing talks toward a favorable outcome.

This is a long-term strategy that will require patience and persistence. It aims to make clear to Iran's leaders that they will not be able to achieve their most far-reaching goals in the Middle East—with a possible major setback in Syria—as the US is able to work constructively with neighboring states to contain their ambitions. Moreover, it suggests they will continue to suffer worsening economic deprivation so long as they refuse to negotiate seriously about nuclear and other issues. It also makes clear that the US does not wish to replace the regime in Tehran, at least not through its own actions, and is not contemplating military or covert operations to achieve that end. And finally, by implication, it suggests that acquiring nuclear weapons will not solve any of Iran's problems nor help it achieve its goals. It will only place Iran in greater isolation and greater jeopardy.

Conclusion

The “Cold War” between the US and the Soviet Union lasted for roughly 40 years; with the exception of World War II, antagonism between the two nations preceded it for decades. The Cold War was marked by an unrelenting ideological struggle, economic warfare, a secret war between covert operatives, dramatic military confrontations, limited wars fought through proxy nations and organizations, and insulting rhetoric and frightening threats. It also featured, after its earliest years, a wide variety of cultural, scientific, and other exchanges intended to put more of a human face on the alleged enemy and a panoply of private and

official negotiations—among other things, on ways to limit the most dangerous types of weapons, regional issues, the development of economic relationships, and human rights.

The conflict between the US and Iran has continued for more than 30 years now and was preceded, at least in the eyes of the Iranian leadership, by antagonistic relations for more than 20 years because of the US sponsored coup in 1953 and support of the Shah. It has all of the negative aspects of the Cold War—ideological struggle, economic warfare, covert operations, military confrontations, proxy wars, and nasty rhetoric. What it hasn't had, except for brief moments, are the positive means used to limit the Cold War that eventually brought it to a close. And unlike the Cold War, it does not have the enormity of stakes. When the US and Soviet Union each maintained thousands of nuclear warheads on high alert, the world truly faced an "existential threat." While Iranian forces and their proxies can certainly inflict substantial damage on near-by countries, they pose no serious threat to the US or its allies. Moreover, while Iran is certainly a major nation with a proud history and refined culture, its weak economic resources and low level of development mean that its ambitions far outweigh its means to achieve them—now and for a very long time into the future.

Perhaps it is because of this disparity that US politicians speak glibly about war with the Islamic Republic. This may also explain why the US government has been willing to pursue coercive policies, while being unwilling to make serious efforts to begin a process that might eventually reconcile the two sides, or at least permit them to live in what used to be called "peaceful co-existence." In our minds, it is time to rebalance this approach.

Iran's efforts to subvert its neighbors, destroy Israel as a Jewish state, and undermine the US position in the Middle East should be confronted. Cooperative policies with neighboring states and quiet efforts to undermine Iran's few regional allies through the support of third nations' efforts can accomplish this.

Iran's efforts to develop nuclear weapons should be thwarted through sanctions and diplomacy, but military threats and the assassination of nuclear scientists are clearly counter-productive. A more forthcoming attempt at engagement could well prove successful in negotiating a mutually acceptable agreement, providing the US is willing to accept Iran's rights—under effective international supervision—to use nuclear power for peaceful purposes.

Most importantly, the nuclear issue should be placed in context. It does not constitute an "existential threat." It is a complication of an already difficult relationship. US policy toward Iran should put the highest priority on containing Iran's ambitions in the Middle East. If successful in that respect, success on the nuclear issue will soon follow.

