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Iran: *Assessing U.S. Strategic Options*

Edited by James N. Miller, Christine Parthemore, Kurt M. Campbell
Contributing Authors: Dennis Ross, Suzanne Maloney, Ashton B. Carter,
Vali Nasr, Richard N. Haass



Center for a
New American
Security

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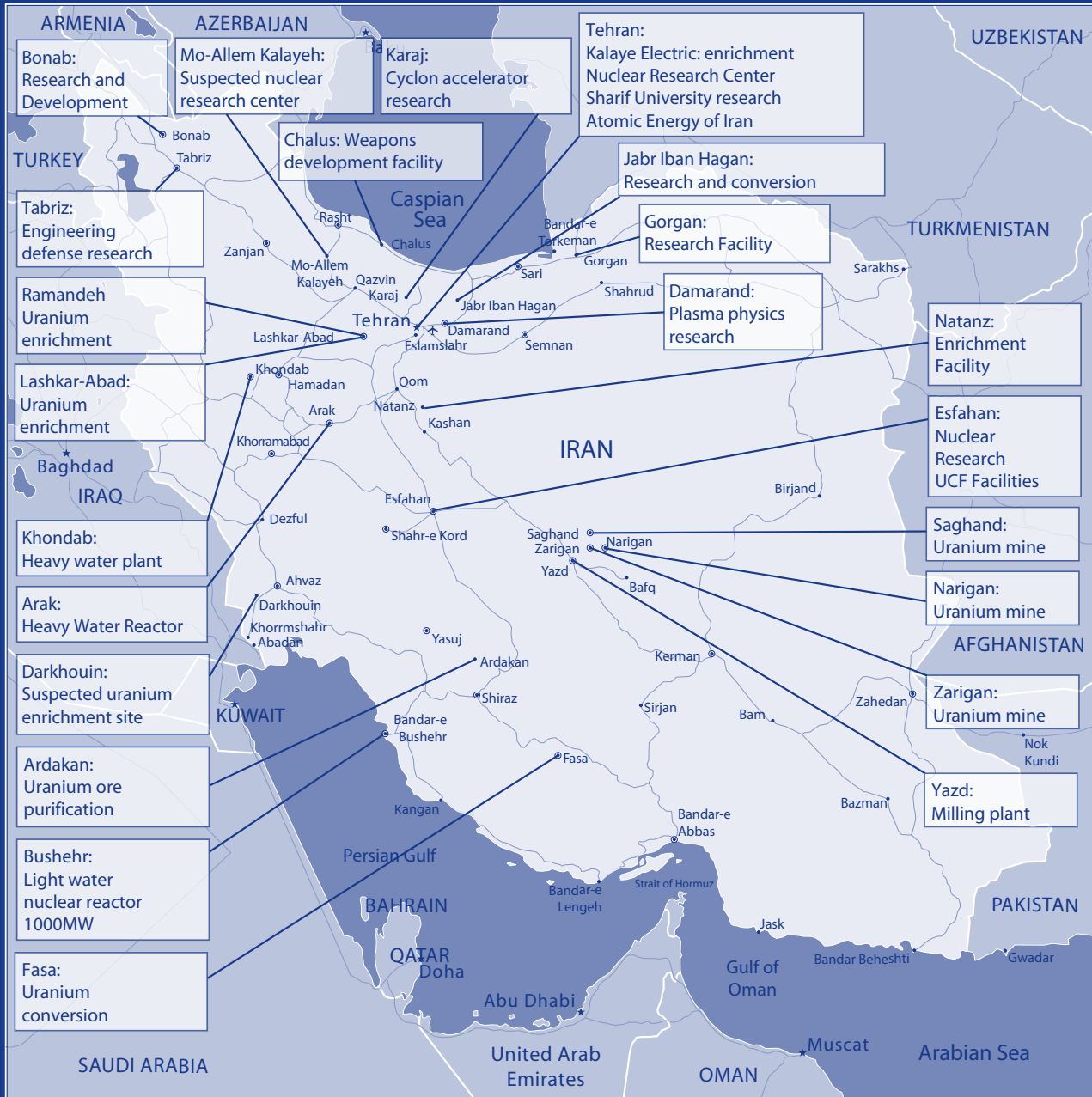




CHAPTER I:
GAME-CHANGING DIPLOMACY:
A NEW AMERICAN APPROACH TO IRAN

By James N. Miller, Christine Parthemore, Kurt M. Campbell

IRAN NUCLEAR SITES



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GAME-CHANGING DIPLOMACY: A NEW AMERICAN APPROACH TO IRAN

By James N. Miller, Christine Parthemore,
Kurt M. Campbell

Introduction

Coping with Iran's nuclear program will be at or near the top of the list of thorny foreign policy challenges the next American president inherits. The atomic clock is ticking as Iran continues to pursue a uranium enrichment program that could provide enough material for a nuclear weapon within several years. Choices on Iran will also affect the next administration's ability to manage other top-tier security and foreign policy problems including the wars in Iraq and Afghanistan, the pursuit of Middle East peace, relations with Russia and China, nuclear nonproliferation, energy security, and (given the involvement of the United Kingdom, France, and Germany in current negotiations) even transatlantic relations.

In order to explore the full range of options available to the next president, in early 2008 the Center for a New American Security (CNAS) convened a bipartisan group comprised of experts on foreign policy and national security, retired military personnel, former diplomats and other government officials, and specialists on Iran and the region. This Experts Group (for membership, see Appendix B) met four times to discuss and debate papers addressing a range of U.S. policy options. Ambassador Dennis Ross presented a paper on diplomatic strategies for dealing with Iran, and Dr. Suzanne Maloney wrote on Iranian perspectives and potential responses. Dr. Ashton Carter evaluated various U.S. military options, and Dr. Vali Nasr described likely Iranian reactions and other potential impacts. Ambassador Richard Haass considered the challenges of living with a nuclear Iran. Their insightful papers comprise the subsequent chapters of this report.

Based on these papers and Experts Group discussion, as well as additional research and analysis, three CNAS authors (Miller, Parthemore, and Campbell) wrote this integrating chapter that places U.S. policy on Iran in the context of broader U.S. strategic interests and objectives,

and proposes a way ahead for the next administration. This chapter builds heavily on the chapters that follow and on comments from the Experts Group, but represents solely the views of the three CNAS authors.

“After a strike, Iran could end IAEA inspections, rebuild its facilities, and begin again. Within a few years, Iran’s nuclear program could be back to where it is now. Iran has surely prepared for this scenario, hiding and dispersing the key ingredients of a reconstituted program.”

—Ashton Carter

The starting point for developing a strategy to cope with Iran’s nuclear program is to define U.S. interests, and establish realistic objectives in support of these interests that take into account Iranian perspectives. After addressing these issues, this chapter describes and makes the case for the next administration to pursue **game-changing diplomacy** with Iran, which involves de-emphasizing near-term threats of military action, giving first priority to getting comprehensive verification in place for Iran’s nuclear

program, and negotiating directly with Iran on a broad range of issues. U.S. proposals would be designed to be credible to international audiences including the Iranian people. Prior and ongoing consultation with American friends and allies would be critical to the success of this approach.

The case for game-changing diplomacy is based on three key judgments. First, military strikes would at best delay Iran’s nuclear program, and likely cement rather than weaken Iranian commitment to nuclear weapons. If undertaken without broad international support, military strikes would undercut American prestige and power, complicate already challenging situations in Iraq and Afghanistan, and make prospects for progress on Middle East peace even more distant. Thus, military strikes should be seen as a highly problematic last resort, to be considered only after all other options have failed.

Second, given the differing interests and views of key players including Russia and China, there is no realistic possibility that the current U.S. position — of applying coercive pressure on the Iranian leadership to cause it to give up its right to enrich uranium — will work. Thus, the United States and the international community should pursue the more limited and urgent near-term goal of getting comprehensive verification in place, while continuing to work to convince Iran that it is in its interests to forego enrichment.

Third, if properly vetted with U.S. friends and allies, a diplomatic initiative on Iran will help build U.S. credibility internationally, while at the same time increasing the likelihood of an acceptable resolution to the nuclear standoff. Depending on the Iranian response, it may also serve other American interests, including stabilizing Iraq and Afghanistan and further suppressing al Qaeda. Thus, while its success is by no means guaranteed, game-changing diplomacy is the best available option for the next American president.

It is important to understand that game-changing diplomacy is not “game-ending” diplomacy. The Iranian government may reject U.S. overtures, or may appear to accept them and then cheat or renege on them. Key to fashioning an effective game-changer is ensuring that the interests of the United States and its allies are well protected no matter how Iran responds.

Some may object to the United States negotiating with Iran. It is flaunting the Non-Proliferation Treaty (NPT), supporting terrorism, threatening U.S. friends and allies, and providing weapons in Iraq that have killed American soldiers. How could the United States negotiate with such a regime? The answer is quite simply that it is in the national security interests of the United States to do so. There is much historical precedent: both Republican and Democratic presidents have negotiated with American adversaries many times in the past, including with the Soviet Union throughout most of the Cold War. Game-changing diplomacy is not a favor to Iranian hard-liners. Indeed it is intended to advance U.S. interests and present Iranian hard-liners with a dilemma: if they accept a reasonable proposal from the United States and the West, they will empower moderates within Iran. If they do not, they will increasingly distance themselves from the Iranian people, undercutting the fundamental basis of their power and raising the prospects for internal regime change over time.

The most critical American negotiations for game-changing diplomacy are not with the Iranians, but with our friends and allies in the region and in Europe. It is imperative that the security interests and perspectives of Israel, Saudi Arabia, Iraq, and others in the region be taken into account, and equally important that NATO allies France, Germany, and the United Kingdom support a change in strategy toward Iran. Maintaining Chinese and Russian support

will also be important, particularly if Iran does not fully cooperate.

Because of the Bush administration’s history of reciprocating Iran’s strident rhetoric, it may not be willing to pursue the sort of game-changing diplomacy proposed in this report. And in its few remaining months it may not have the time or the necessary credibility with allies to successfully engineer a change of course even if it wanted to do so. Therefore this report focuses on what the next American president might do. Given that the Iranian nuclear program will have progressed during the remainder of the Bush administration, coping with Iran will be one of the most urgent issues on the new president’s overflowing foreign policy plate.

U.S. Interests and Objectives

Iran’s nuclear program directly affects four broad U.S. national interests: stemming nuclear proliferation; combating international terrorism including reducing the prospects for catastrophic attacks on the United States; enhancing stability in the Middle East; and reestablishing America’s position of global leadership. In support of each of these interests, the United States should pursue specific achievable near-term objectives and long-term goals as described below.

STEMMING NUCLEAR PROLIFERATION

It is a long-standing vital interest of the United States, and indeed of the broader international community, to stem the proliferation of nuclear weapons. Iran’s nuclear program is critically important in this regard, and it is also important to recognize that what happens with Iran will affect the viability of the Non-Proliferation Treaty regime. An uncontrolled and unverified enrichment program or an Iranian bomb could cause others in the region including Egypt, Turkey, and Saudi Arabia to seriously consider the nuclear option themselves. A regional breakdown could have global consequences.

Put Verification First. The United States should acknowledge that Iran has the right to enrich uranium under the NPT, and give urgent priority to getting in place extensive verification (full-scope International Atomic Energy Agency (IAEA) safeguards including the Additional Protocol) in order to avoid a loss of nuclear material accountability similar to what occurred in North Korea. This diverges from current U.S. policy in that it would recognize the fact that although it is not optimal, enrichment is occurring in Iran and its cessation should not be a precondition for

“More fingers on more triggers and more nuclear material in a part of the world associated with instability would be a strategic nightmare.”

—Richard Haass

negotiations. Unlike current U.S. policy, putting verification first would likely gain broad international support, and should be acceptable to Iran. If Iran will not accede to this step quickly it will be clear that it is intent on violating the NPT, increasing the prospects for building an international consensus on much stronger measures than would otherwise be possible.

Limit Iranian Nuclear Activities as Much as Possible in the Long Term. The long-term U.S. goal for Iran’s nuclear program should be the voluntary, permanent, and verified Iranian suspension of enrichment, combined with a continued Iranian commitment not to develop nuclear weapons.

This differs from current U.S. policy in being voluntary; the United States would acknowledge Iran’s right to enrich uranium under the NPT despite its past transgressions. After years of failed multilateral efforts, it should be clear that Iran will not accept a permanent ban on enriching uranium; continuing to pursue this option is a prescription for policy drift toward much worse outcomes. (The annex to this chapter assesses six possible outcomes for Iran’s nuclear program, in order from most to least preferred from an American perspective.)

Prevent Further Proliferation. A key goal of U.S. policy should be to minimize proliferation in the Middle East and globally. The best case would be if Iran acceded to pressure to stop its nuclear program, but it is clear that this is not achievable under the current strategy. The next-best case is if Iran is punished for its earlier non-compliance with the NPT and then brings its nuclear program into full compliance, which is the goal of the approach proposed in this paper. The worst case is if Iran has an unconstrained and unverified nuclear program and possibly a nuclear weapon capability, which current U.S. policy makes more likely.

COMBATING INTERNATIONAL TERRORISM

Combating terrorism has long been an American national security priority; since 9/11 it has been rightly regarded as a vital interest, and this will remain the case for the indefinite future. The nightmare terrorist scenario would involve the use of nuclear weapons, and averting this outcome is at or very near the top of America’s most vital interests.

Ensure No Iranian Transfer of Nuclear Weapons or Materials. Given Iran’s historical support of terrorist groups including Hamas and Hezbollah, and its transfer of weapons technology to other states and of improvised explosives to insurgent groups in Iraq, the risk that Iran would transfer

nuclear weapons or materials to terrorist groups cannot be ignored. Preventing this outcome must be an urgent priority for the United States.

Seek Iranian Cooperation against al Qaeda. There is no love lost between Shia-dominated Iran and al Qaeda, which is dominated by the most radical branch of Sunnism. Indeed, Iran has reportedly imprisoned more than one hundred al Qaeda operatives, and initially assisted the United States in the Afghanistan War against the Taliban. Although there are recent reports that Iran may be negotiating with some al Qaeda members, perhaps in an effort to put pressure on the United States to end its threat of regime change, there could be numerous future opportunities for the United States and Iran to work together to combat al Qaeda.

End Iranian Support of Terrorism over the Long Term. The United States should continue to pressure the Iranian regime to end its support of terrorist groups, and more particularly its support of terrorist acts. Americans should not expect that Iran will stop supporting groups such as Hamas and Hezbollah, particularly in the near term, but instead should pressure Iran to encourage them to foreswear violence and enter into relevant political processes. Because Hamas and Hezbollah have significant local support—Iran feeds them but did not give birth to them—success on this goal will require significant progress on Middle East peace.

ENHANCING STABILITY IN THE MIDDLE EAST

Because of its historical, political, and economic importance, and the presence of a number of U.S. friends and allies, stability in the Middle East is vital for American security. The United States should pursue four specific Iran-related objectives in support of this interest, as described below.

Encourage More Positive Iranian Roles in Iraq and Afghanistan. The United States is at a critical

“War with Iran will not make success in Afghanistan or Iraq more likely, but less so. It will also put desired outcomes in the Global War on Terror and conflicts in Palestinian Territories and Lebanon out of reach. Democracy, moderation, and lofty goals for setting the Middle East on the right course will be overshadowed by anger and extremism.”

— Vali Nasr

juncture in both Iraq and Afghanistan. As long as it appears that the American military will stay in Iraq indefinitely, Iran will fear that the United States is attempting to encircle Iran or is preparing for larger-scale attacks, and so will foment problems in order to bleed the United States, much as U.S. support of the mujahedeen bled the Soviets in Afghanistan. However, as the United States begins to transition its role in both countries from combat to support for the host governments, Iran will see it as increasingly in its interests to support stability in Iraq and

Afghanistan in order to avoid chaos on its borders. This is not to say U.S. and Iranian interests coincide entirely: Iran may well attempt to bloody the United States further even as it draws down its presence. A challenging process is ahead in both Iraq and Afghanistan, but Iranian cooperation could make an American drawdown following successful stabilization much more feasible and less costly. This may be possible not because Iran wants to help the United States (quite to the contrary), but because doing so would be in Iran's self-interest.¹

Moderate Iranian Behavior in Support of Middle East Peace. Iran's leadership seems to feel ascendant at present. And why not? The United States eliminated its two principal adversaries, the Taliban in Afghanistan and the Saddam Hussein regime in Iraq, and the American military remains tied down in both countries. Iran has a remarkably free hand to undermine American efforts in the region by supporting insurgents in Iraq, Hezbollah in Lebanon, and Hamas in the Palestinian-held territories—all while continuing to refuse to accept Israel's right to exist as a state. Working to moderate Iranian behavior is a key step toward the high-level U.S. interest of enhancing stability in the Middle East.

Maintain Flow of Oil and Natural Gas. The United States and the international community could withstand a temporary reduction or interruption of energy supplies from the Gulf, albeit with some pain. However, a prolonged interruption of Iranian oil and natural gas, whether due to sanctions, blockade, or war, would have a major impact on the U.S. and global economy. Energy security must be a major factor in any U.S. strategy for Iran and the Middle East. Iran has the second largest oil reserves in the world after Saudi Arabia, is fourth on the list of top crude oil exporters, and holds the second largest natural gas reserves in the world, which are largely untapped.²

Bring Iran into the Community of Nations over the Long Term. The United States should work to encourage Iran's long-term transition from a revolutionary regional power to a participant in the global economy and political system. This would require Iran to modify its behavior significantly, including its support for terrorism and its nuclear program. This goal seems far-fetched today, but the same was true of the American Cold War goal of the Soviet Union changing fundamentally over the long term.

REESTABLISHING U.S. GLOBAL LEADERSHIP

Immediately upon taking office the next American president must work to rebuild America's tattered relations with friends and allies, its military strength, and its economic vitality. The degree of success on Iran will affect America's credibility and ability to manage other top-tier security and foreign policy problems, including the wars in Iraq and Afghanistan, the pursuit of Middle East peace, relations with Russia and China, and even the future of America's relationship with allies and the United Nations.³

Strengthen U.S. Relationships with Other Players in the Region. The United States should work to improve its regional standing by directly engaging friends and allies in the region, including the Gulf Cooperation Council states, Israel, Lebanon, and Turkey. Appropriate U.S. actions will vary by country, and of course must account for these countries' interests beyond Iran. The full range of U.S. assistance should be considered with friends and allies, including arms sales, technology sharing, economic and development assistance, and combined military training and exercises. Some have speculated that the United States might be able to "peel" Syria from Iran, and despite real concerns about the Assad regime, the idea of a *modus vivendi* with Syria should be considered.

Integrate Iran as Possible; Deter and Contain It as Needed. Ultimately, Iran, and Iran alone, can determine whether it moves toward integration in the international system, or becomes an isolated pariah state. Unless and until there is a fundamental change in the regime, however, the U.S. must have policies in place aimed at deterring and containing Iran. This is not to suggest a “hot war” is inevitable. The United States pursued deterrence and containment of the Soviet Union and avoided war for decades.

Iranian Perspectives

Considering the perspectives of Iran’s leadership and public is critical for assessing various U.S. options on Iran’s nuclear program. There is considerable uncertainty regarding the relative power of various internal players in Iran; American policies must not assume a degree of knowledge of Iran’s inner workings that cannot be achieved.

IRAN’S NUCLEAR ASPIRATIONS

Iran’s leadership is not significantly divided on the nuclear power issue; there is no leadership group that would be willing to give up Iran’s “right” to enrich uranium as allowed under the NPT. Iranian leaders have repeatedly emphasized their rights under the treaty, and have strong support for this position in the Iranian public—a 2008 poll found that over 80 percent of Iranians believed it is “very important” for Iran to have a full-cycle nuclear energy program. It is highly unlikely that a new Iranian president will come to power in the 2009 elections, or anytime within the foreseeable future, who would be willing to compromise on this matter of principle and give up the right to enrichment and reprocessing. The good news, from an American perspective, is that just 20 percent of Iranians surveyed thought Iran should develop nuclear weapons, and more than 60 percent thought Iran should remain a member of the Non-Proliferation Treaty.⁴

It is unclear whether and how deeply Iran’s leadership is committed to developing nuclear weapons. The Iranian leadership has repeatedly denied any intent to develop nuclear weapons, including a recent and direct statement by Supreme Leader Ali Khamenei.⁵ In the unclassified version of the December 2007 National Intelligence Estimate (NIE), the U.S. intelligence community reported that Iran stopped its nuclear weapons program in 2003 for at least several years, and that as of mid-2007 it remained halted. However, it also noted that Iran continued to dabble in various technologies that could become components of a nuclear weapons program. And in any event, Iran continues to creep closer to that goal. As one observer has noted, “Weaponizing is not the issue, developing fissionable materials is. Because compared with producing fissionable material, which makes up the core of nuclear bombs, weaponizing it is neither particularly difficult nor expensive.”⁶

Whatever Iran’s current commitment to nuclear weapons development, it is important to note that much of what Iran has done or is suspected of doing in the nuclear area has been covert. Many of Iran’s nuclear-related sites have been discovered first by intelligence, not by Iran’s declaration. As the NIE expressed, “We assess with moderate confidence that Iran probably would use covert facilities—rather than its declared nuclear sites—for the production of highly enriched uranium for a weapon.”⁷ Given past Iranian behavior, it is entirely reasonable to consider the possibility that it may restart a covert nuclear weapons program if it has not already done so. This would be considerably more difficult under full-scope verification procedures.

LIKELY IRANIAN VIEWS OF MILITARY CONFLICT

In the wake of the December 2007 U.S. NIE finding that Iran had suspended its nuclear weapons program in 2003, Iran’s leadership likely believes that any U.S. domestic and international support

for military strikes (setting aside a small minority in the United States, and Israel) has evaporated. Despite recent saber rattling by President Bush and Israeli Prime Minister Ehud Olmert, Iran's leaders will most likely retain this perspective for the remainder of the Bush presidency.

As Vali Nasr suggests in his chapter, Iranian responses to U.S. or Israeli military tactics would likely include inflammatory actions in Afghanistan and Iraq to divert U.S. attention; asymmetric tactics, particularly against the U.S. Navy in the Persian Gulf and against countries that host U.S. troops; symbolic terror acts and anti-American propaganda campaigns outside of the Middle East; and domestic strategies to defend its territory against external attack and internal unrest.⁸

*“...whenever military
action is contemplated,
one must ask the question,
‘What happens next?’”*
—Ashton Carter

It is likely that Iranian leaders believe that the United States would suffer more from military attacks than would Iran. With several recent examples including Iranian speedboats harassing U.S. ships and its interference and provision of lethal assistance to militias in Iraq, Iran continues to flaunt its inclination to use asymmetrical tactics should it become embroiled in confrontation.⁹ Iran has also test-fired missiles on many occasions, some of which including the Shahab-3 have the range to strike Israel.¹⁰ Such tests have at times come on the heels of intensified Western pressure on Iran to come clean on its nuclear

program, though it always proclaimed no link between its nuclear and military activities.

IRANIAN INTERVENTION IN IRAQ AND THE MIDDLE EAST

Iran has for several years been exporting material and technological know-how to Iraqi insurgents, in the form of improvised explosive devices (IEDs) and particularly the powerful explosively-formed penetrators. It backs many different militias and factions in Iraq, predominantly Shia, several of which are in conflict with one another or with the central government. At the same time, Iran has supported U.S. partners in the Iraqi government, including the Dawa party and the Islamic Supreme Council of Iraq. General David Petraeus and U.S. Ambassador to Iraq Ryan Crocker testified in April 2008 that Iran was continuing to play a destructive role in Iraq, verging on waging a proxy war with the United States. At a minimum, Iran is fomenting conflict and hedging its bets.

With Iranian-backed Hezbollah forces' perceived success against the Israeli army in Lebanon in 2006, Iran's popularity among Arab Muslims—or at least the popularity of its confrontational stance against the United States and Israel—is increasing. Secular-leaning or moderate governments in the region are concerned that Iran's theocratic Islamist message is increasingly appealing to their populations. Since the decimation of Saddam Hussein's Iraqi military and the Taliban in Afghanistan, Iran is considered by many to be the most important single player in that region.

IRAN'S LEADERSHIP CADRE: MUCH UNCERTAINTY

The United States and the international community should attempt to tailor diplomatic strategies to account for the views of key members of the Iranian leadership, as well as the Iranian people. They must do so in the understanding that the bottom-line views and power relationships among Iran's leaders are likely to be opaque. However,

it is reasonable to act on the basis that Iranian decisions will generally be based on a calculation of self-interest (including consideration of domestic politics and power as well as Iran's international position).¹¹

The most often debated issue relating to the Iranian leadership today is the significance of tensions between President Mahmoud Ahmadinejad and Supreme Leader Ayatollah Ali Khamenei. Khamenei has scaled back his past public support for the president's floundering economic policies. After years of economic stagnation, Khamenei endorsed privatization of state-run businesses, but much to his frustration, little of this has been carried out. In another telling example of head-butting at the top levels of political leadership, Khamenei recently overruled Ahmadinejad in requiring the government to increase natural gas deliveries to cold northern regions of the nation where supplies were running low.¹²

There is some speculation that while conservatives still control Iran's government, different factions may now provide more of a check on Ahmadinejad's governing.¹³ One observer notes that "power is distributed among combative elites within a delicate system of checks and balances defined by religious as well as civil law, personal relations and the rhythm of bureaucracy."¹⁴ However, the prospects for near-term change should not be over-stated. For example, a significant fraction of the 290 current parliamentarians and other high-level officials are former members of the Iranian Revolutionary Guard Corps (IRGC), a group particularly affected by the nation's years of war with Iraq. The IRGC's influence is also prevalent at the local level within Iran, and it controls hundreds of businesses and contracts, giving it a strong hand in the economic sphere as well.

“In a political environment perpetually marked by competition for power and deep-seated concerns about regime survival, the notion of engaging Washington has been both the third rail and the holy grail of Iranian politics. That combination has tended to paralyze Iran’s leadership and bureaucracy.”

— *Suzanne Maloney*

LONG-TERM POSSIBILITIES FOR IRANIAN REFORM

Internal trends in Iran offer a positive outlook for its political and economic liberalization over the long term. Satellite television is widespread, and Internet usage is growing. Western-style stores with U.S. name-brand clothing and wares have popped up around Tehran despite sanctions. Business leaders are vocal about the need for more trade and tourism. Of Iran's more than 70 million people, nearly two-thirds are under the age of 30. Inflation has been rising recently; with the unemployment rate between 10 and 25 percent, the vast young population is burdened by poor job prospects, and there is significant interest in change.¹⁵

The Iranian public still has a higher opinion of the United States than do most countries in the Middle East, including a number of U.S. allies. One 2008 poll indicated that the Iranian public views the American people favorably by a slight majority, but views the United States and its current government in overwhelmingly negative terms. Seventy-five percent of respondents answered that the United States has a “mainly negative” influence in the world, while more than half held Iraqi cleric and militia leader Moqtada al-Sadr in a favorable light.¹⁶

“Iran must see that the costs of pursuing the nuclear option are real and will not go away, but that Iran has a door to walk through and can see what is to be gained by giving up the pursuit of nuclear weapons—and those gains are meaningful to the Iranian leadership.”

—Dennis Ross

While not certain, it is very possible that the youth bulge in Iran and economic liberalization will ultimately result in a moderation of the regime. However, it is very clear that given strong Iranian nationalism in all sectors of the population, any attempt to impose regime change on

Iran from the outside would unite the population in support of its government. A patient strategy of containment and deterrence, paired with efforts to bring Iran into the community of nations, has the best prospects for long-term moderation of the regime.

Game-Changing Diplomacy

The next American president must come to office with an Iran plan ready to implement on Day One of his administration. That plan should center on conducting game-changing diplomacy with Iran.

Before describing what game-changing diplomacy is, and how to pursue it, it is important to say what it is not: game-ending or game-winning. The United States will continue to have significant points of friction with Iran for the foreseeable future. The purpose of game-changing diplomacy is to change the nature of the game so that the United States and the international community are better positioned to succeed. This requires moving the ball further and further into Iran’s court, putting the onus on it to make hard choices.

Game-changing diplomacy means inviting Iran to the bargaining table without preconditions—but with a specific set of proposals and with the Iranian alternative to a negotiated outcome appearing unreasonable to their population and to the global community. Proposals should be structured to be so clearly reasonable that if they do not work out, it is clear to the Iranian people and other audiences in the Middle East that the Iranian government is at fault.

The next president should shift from portraying Iran as part of an Axis of Evil to offering to put U.S.-Iranian relations on a fundamentally different course. Rhetoric will be critical: the president’s early statements on Iran will set the tone for the relationship, possibly for years. Whether any such diplomacy succeeds with

Iran will depend on the regime's response, but a properly constructed proposal could appeal to the Iranian people as well as others in the region and globally.

Negotiations with Iran should be conducted in multiple fora. A proposal in the nuclear arena for immediate progress might be presented in the P5+1 negotiations or bilaterally, depending on negotiated arrangements with U.S. friends and allies.¹⁷ Regional talks on Iraq would continue and could be expanded. And the United States would propose bilateral talks with Iran on the full range of issues affecting U.S.-Iranian relations. These meetings would take place without precondition, though not without staff-level preparation to ensure high-level talks are productive.¹⁸ In his chapter, Dennis Ross provides a deep exploration of the tools for and mechanics of such diplomacy.

Game-changing diplomacy would have six main elements:

- de-emphasize military threats;
- make comprehensive verification the urgent priority for Iran's nuclear program, while continuing to press Iran to voluntarily forego enrichment;
- initiate serious discussions with Iran on Iraq, Afghanistan, al Qaeda and broader Middle Eastern peace;
- offer to establish bilateral relations;
- offer the possibility of relief from sanctions and over time additional economic and political incentives to provide Iran the chance to join the international community; and
- condition incentives and progress in bilateral relations on Iranian behavior.

Three key enablers will be critical to successful game-changing diplomacy: developing and

maintaining a strong international coalition, building domestic support in the United States, and creating bargaining leverage. Game-changing diplomacy must be backstopped by continuing containment and deterrence of Iran, and preparing for a possible return to coercive diplomacy. The United States must also prepare for the possibility of significant military action should it be necessary in the future, for example if Iran crosses redlines such as the transfer of nuclear materials. Each of these issues is discussed below.

DE-EMPHASIZE MILITARY THREATS

The United States should de-emphasize the possibility of military action against Iran in the near-term, while not forever foreswearing such a course of action.

“With regime survival in mind, talk of war has made Iranian rulers less pliable. It is not just the nuclear program at stake, but the future of the Islamic Republic.”

— Vali Nasr

The Bush administration has put heavy emphasis on the threat of military force in an attempt to pressure Iran into giving up its nuclear program. And while this threat was significantly undercut by the December 2007 National Intelligence Estimate's assessment that Iran halted its nuclear weapons program in 2003 (at least temporarily), speculation remains rife that President Bush will

order military strikes against Iran during the waning months of his administration.

U.S. military threats have had the opposite effect as intended. Rather than leading Iran to halt uranium enrichment, the threats have hardened the resolve of the Iranian leadership and enhanced its credibility with the Iranian people, thereby reducing rather than increasing political space for a political deal. Moreover, the greater the threat of U.S. military action, the more utility Iran sees in having a nuclear deterrent of its own. Ill-timed military threats strengthen Iran's diplomatic hand while weakening the American position.

The only way the United States could conclusively impose its will on Iran would be—in theory—to invade and occupy Iran and install a new regime. Such an operation would be extraordinarily costly in terms of dollars, lives, and U.S. prestige, far more so than the Iraq War. And it would be far more likely to fail than succeed. This “option” is clearly off the table.

The impact of more limited military strikes on Iran's nuclear program would be transitory both in scope and duration, perhaps delaying an Iranian nuclear weapon by a few months to as much as two or three years, depending on a number of factors including the extent of any covert Iranian nuclear program. The United States would not know the effects of attacks with certainty.

Iran would have many options for responding to an attack on its nuclear facilities. In addition, Iran would be able to rebuild its nuclear capabilities and ultimately develop nuclear weapons over a period of several years following any strikes.

Military action against Iranian nuclear facilities before U.S. allies had given up on diplomacy would seriously harm U.S. relations with regional allies and others including China and Russia. Although many Iranians have a positive view

of the United States and the West, there is also a very strong sense of Iranian nationalism. Military attacks would increase popular support of the current regime, inflame popular opinion overwhelmingly against the United States, and boost the commitment of the Iranian people to a nuclear program. Indeed, considering likely Iranian and international reactions, U.S. military strikes may be the most likely way to cement Iranian commitment to developing nuclear weapons.

Some have suggested that if Iran is willing to verifiably give up its nuclear program, the United States should offer a “security guarantee” (i.e., promise not to attack Iran militarily).¹⁹ While the United States should certainly consider the use of force only as a last resort, it cannot credibly give Iran such a guarantee in exchange for Iran stopping its nuclear program. The reason is simply that Iran may sponsor or undertake attacks against the United States or our friends and allies. For example, if Iran attacked a U.S. ally in the region or sponsored a terrorist attack against the American homeland, the United States would be fully justified in pursuing a military response and certainly would not want to give up that option, or the deterrent effect of its threat. Thus, any security guarantee would have to be in the much broader context of Iran stopping its support for terrorism and not engaging in regional aggression. Such changes may be possible over the long term, but progress on nuclear issues should not await such fundamental changes in Iranian behavior.

MAKE PROGRESS ON NUCLEAR ISSUES: VERIFICATION FIRST
President Ronald Reagan's famous dictum for arms control with the Soviet Union was “trust, but verify.” For Iran, the United States should invert this to “verify, then build trust.”

The immediate priority for the United States and the international community should be

reestablishing a comprehensive verification regime as quickly as possible. Iran stopped its voluntary adherence to the IAEA Additional Protocol and associated challenge inspections in 2006; it should be a top priority that such inspections resume. The failure to conduct inspections in North Korea led to the current situation where enough fissile material for as many as 8 to 10 bombs is unaccounted for. The United States and international community must not drift toward an analogous situation in Iran.²⁰

Iran is effectively stalling for time because it is able to dismiss the U.S. and P5+1 group proposal for suspension of enrichment as a precondition for talks. Russia and China appear less concerned about Iranian proliferation and seem to be willing to accept this stalemate. The EU3 (the United Kingdom, France, and Germany) and the United States should ask themselves whether they prefer to stand on principle as Iran proceeds with its nuclear program, or begin to take serious steps to at least get comprehensive verification in place.

Under a comprehensive inspection regime, the international community would either conduct international enrichment on Iranian soil or (at least initially) allow Iran to conduct enrichment under tight verification controls. Either would be strongly preferable to unverified Iranian enrichment. If Iran is willing to agree to international enrichment or Iranian enrichment with the full suite of IAEA safeguards and Additional Protocol measures, the risks of an Iranian nuclear bomb would be significantly reduced.

While Iran will almost certainly not give up its right to enrich uranium or reprocess plutonium under the NPT, it is possible that as part of a broader agreement it might decide to “unilaterally” suspend enrichment “temporarily.” And it is possible that such a temporary suspension could be extended indefinitely over time. The Iranian leadership would probably prefer to produce a

“Key to the success of both diplomatic processes [improved Iranian diplomatic relations with Saudi Arabia and Britain] was the ability and willingness of Iran’s adversaries to accept a considerable degree of ambiguity in Iran’s undertakings and to provide significant scope for face-saving rhetoric and actions.”

— Suzanne Maloney

significant amount of unaccounted-for uranium before agreeing to such a suspension, and it might attempt to stall any agreement. This possibility increases the importance of moving quickly to a new approach.

In the end, if the Iranian leadership is absolutely committed to developing a latent or overt nuclear weapons capability, diplomatic overtures will not solve the nuclear issue. But it is important to try. If this reasonable approach is not accepted by Iran, then it should be possible to get UN Security Council agreement for much stricter economic and political sanctions that really impose hardship on the Iranian regime. Thus, even if diplomatic efforts in the end do not solve

“The absence of any U.S.-Iran bilateral channel raises questions about U.S. willingness to commit to diplomacy and may have the perverse effect of reinforcing Iranian interest in progressing in the nuclear realm so that the United States will be forced to take it seriously and engage it directly.”

—Richard Haass

the nuclear issue with Iran, they may open a door for international pressures strong enough that Iran can no longer pursue enrichment at such little cost.

The long-term U.S. and international objective for negotiations on Iran’s nuclear program should be to create conditions where Iran voluntarily and indefinitely suspends enrichment in a verifiable way. This goal may be impossible to achieve in the near term, but unlike the current goal of having Iran permanently forswear enrichment, it is plausible for the longer term.

CONDUCT DISCUSSIONS ON IRAQ, AFGHANISTAN, AND OTHER REGIONAL ISSUES

The United States should continue discussions with Iran regarding Iraq, and seek to make Iran a partner in establishing conditions for security and stability. As American forces continue to

draw down in Iraq over the coming years, the United States should welcome Iran as a partner in supporting the central government and other legitimate authorities. This approach is based on the recognition that Iran has strong interests in Iraq, and will be Iraq’s neighbor long after U.S. forces have left. The *quid pro quo* from Iran is that it cease providing lethal aid and military support to insurgent groups.

Accelerating broader regional negotiations on Iraq should be a high priority for the next administration, and Iran should be invited to be a party to the negotiations. (This does not preclude bilateral or multilateral U.S. discussions with friends and allies; indeed such discussions will be critical.) Iran would be offered the opportunity to play a constructive role in these negotiations, and to provide resources to help rebuild the Iraqi economy.

For the near term at least, the Iranian regime may modulate its activities in Iraq and the rest of the region, but is unlikely to fundamentally change its regional policies, meaning that it will continue to support Hamas and Hezbollah, and will continue to sometimes help and sometimes undermine U.S. efforts in Iraq and Afghanistan. American leaders should not have, or encourage, unrealistic expectations about Iran quickly changing its spots. However, the United States can reasonably ask Iran to support the integration of Iraqi militias into Iraq’s political processes, the inclusions of Hamas and Hezbollah in their respective political systems in Lebanon and the Palestinian territories, and a renunciation of violent solutions in the process of moving toward such inclusion. The long-term goal should be to move Iran away from its support of armed resistance and the maintenance of militias.

The United States should define a clear redline between Iran’s support of indigenous political movements and its support of terrorist acts. Iran

has been implicated in the latter in the past, and if it wishes to become a legitimate player in the region and globally, such support must cease. The threat of a military response to such activities must remain on the table.

OFFER TO ESTABLISH BILATERAL RELATIONS

Because of the poisoned history of U.S.-Iranian relations, direct negotiations have been verboten for decades except for very narrow channels, such as recent discussions restricted to the topic of Iraq. However, the need for direct talks can be understood by considering a hypothetical: If Iran achieves a nuclear weapons capability, it will be essential for the United States to have direct communications with the regime as it does with Russia and China, and for that matter with North Korea. If the United States would do so for a nuclear Iran, why should it not do so for a non-nuclear Iran?

A new diplomatic tack being suggested by a number of American politicians and analysts from both sides of the aisle is to attempt to negotiate directly with the Supreme Leader, Ayatollah Ali Khamenei. U.S. focus on Khamenei's importance is relatively recent, as Iran's presidents and parliamentarians were the centers of focus and assumed — albeit many think incorrectly — to be the drivers of action and trends since his tenure as Supreme Leader began.²¹ Iran is home to an extremely complicated government bureaucracy with multiple power centers. Today the role that Ayatollah Khamenei plays is clearly strong, and the United States should aim to include him and his representatives in negotiations.

The next American president should publicly state that the United States is willing to negotiate in good faith with Iran on a range of issues including regional security issues and trade. Relatively small confidence-building steps could be proposed initially, including increased educational and cultural exchanges. Such measures will

have limited cost, and initially limited impact, but provide a base for other discussions including on economic issues. The next American president should also essentially remove Iran (and North Korea as well) from the Axis of Evil, and indeed should eschew such terminology, which does little aside from strengthening Iranian hard-liners and undercutting Iranian popular support for the United States.

The American and Iranian people appear to be well ahead of their current political leadership. A clear majority in both nations supports talks with one another, as well as economic and social exchanges.²²

OFFER IRAN A PATHWAY INTO THE INTERNATIONAL COMMUNITY

The president should make clear to the Iranian government and the Iranian people that the United States will support the integration of Iran into the international community, but that Iran

“Both sides believe that they have been mistreated by the adversary’s persistent hostility, underhanded diplomacy, and fundamental treacherousness.”

— Suzanne Maloney

must change its policies and behaviors. In particular, in addition to taking steps on its nuclear program, Iran must refrain from undertaking or supporting terrorist acts or aggression. Over time,

it must become a partner rather than an impediment to Middle East peace.

It would be unrealistic to expect an immediate transformation of the Iranian regime. But the United States should not shrink from clearly stating that if Iran wants to be accepted as a state in good standing in the international community, it must act like one.

The Iranian reward for cooperation on nuclear issues, terrorism, and Middle East peace—integration into the international community—may be seen by many in the Iranian leadership as a double-edged sword. It would advance Iran economically, but it could also strengthen moderates in Iran and over time increase pressure for political reform. Therefore, while the United States and the international community should certainly offer Iran the possibility for integration, it should not expect the Iranian leadership to jump quickly at the opportunity.

Given the view of many in Iran's leadership that it is a revolutionary power, the United States cannot expect Iranian moderation to occur quickly. As with the Soviet Union during the Cold War, the United States must patiently work to contain Iranian influence while encouraging internal reform. Given the demographics of Iran's youth bulge, the population's apparent openness to the West, and its (albeit stressed and constrained) internal political processes, over time the prospect for change is very real. Such change is not inevitable, however, and if at all possible the United States should avoid setting it back through bellicose statements or ill-advised military action.

CONDITIONALITY

The next president should offer to conduct negotiations with Iran across a wide range of issues. There would not be preconditions for conducting the negotiations, but American positions in the negotiations would depend on Iranian actions.

The United States negotiated with the Soviet Union during the Cold War, and did not precondition participation on the U.S.S.R. agreeing to specific outcomes. The Bush administration is now negotiating with North Korea despite its development and testing of nuclear weapons. It is past time to negotiate directly with Iran.

Conditionality means that progress in negotiations will depend on Iran's willingness to compromise as well as moderate its behavior in the region. In the bilateral relationship, even modest steps such as cultural and educational exchanges will be difficult to sustain if Iran does not moderate its rhetoric and behavior. And more significant steps aimed at allowing Iran to join the international community will only be possible if Iran comports itself accordingly.

It will probably take a year to a year and a half to judge the effects of an initial diplomatic outreach to Iran. In early 2009 the United States would conduct internal discussions, consultations with friends and allies, and preparation for negotiations, with an offer to meet with Iranian negotiators by spring 2009. Iranian leaders may be preoccupied with elections scheduled for mid-2009, and therefore respond slowly. As Iran does begin to respond, the United States must be prepared for either Iranian agreement or rejection, and condition its actions accordingly.

Key Enablers

The success or failure of game-changing diplomacy will be determined largely by the ability to establish and sustain an international coalition, create adequate support in the United States, and develop leverage for negotiations. All three efforts will require presidential leadership.

BUILDING AND MAINTAINING AN INTERNATIONAL COALITION

The development of a sustainable coalition is critical to the success of game-changing diplomacy. The international groundwork must be laid carefully.

In order to avoid surprising American friends and allies, before being announced this policy shift should be discussed with key players including the P5+1 group, Israel, and Arab allies in the Gulf. A botched effort could significantly set back diplomatic efforts including those of the P5+1 group on Iran's nuclear program, decrease U.S. power and prestige, and make a good diplomatic solution less likely.

Accepting Iran's right to enrich uranium under full-scope safeguards should help keep China and Russia on-board diplomatically. In exchange both countries should be pressed to agree to a UN Security Council resolution stating that if Iran does not fully comply, it will face a united international response. The details of any response will have to be negotiated to some degree, but China and Russia should agree that sanctions would include a complete suspension of nuclear cooperation as well as additional economic sanctions. And they should understand (and confirm to Iranian leaders) that transgressions will raise a significant risk of military strikes.

Several close American allies—in particular France, Great Britain, and Israel—may not favor allowing Iran to enrich uranium after its past transgressions and given its continued threats. Other friends and allies, including Saudi Arabia, Egypt and Turkey may fear that this is the first step toward the United States accepting an Iranian nuclear bomb. U.S. negotiations with these and other key actors will be essential to the success of game-changing diplomacy. If handled well, negotiations with U.S. friends and allies will strengthen the coalition and increase dramatically the chances for success. As these negotiations are initiated, the United States must acknowledge that choices on Iran will have ripple effects in the region and globally, and should propose means to strengthen its friends and tighten the American commitment to their security.

Close consultations must begin well before any negotiations with the Iranians, and continue throughout the process. The United States must make clear to our friends and allies in the region through words and actions that it will support them strongly, and will continue to contain Iran and counter subversive actions by groups it supports including Hamas and Hezbollah.

BUILDING CONSENSUS AT HOME

The hard reality is that Iran's nuclear program will remain a long-term challenge for the United States and the international community. Although the details would play out differently in each case, this is true whether one's preferred option is game-changing diplomacy, a more coercive approach like the one the Bush administration is pursuing, military strikes, or deciding to live with the Iranian bomb through containment and deterrence. Iran is not going to quickly give up its nuclear program, and absent egregious Iranian behavior such as the use or transfer of nuclear weapons, the United States is not going to attempt to impose a regime change by military force.

This means that the Iran nuclear issue, like the one in North Korea which has bubbled for decades, will probably not be completely solved in the next administration's first term, or for that matter its second term. American policy would be much more effective if leaders of both political parties could build a working bipartisan consensus that would allow the sustainment of U.S. policy toward Iran over the long term. During the Cold War, despite heated arguments over details, a workable bipartisan consensus was established over time that supported negotiations with the Soviet Union as well as a long-term strategy of containment. The result of such sustained efforts over time was a fundamental strategic change that significantly reduced the nuclear threat to the United States. The same outcome is possible

regarding America's Iran policy, if there is real leadership from both sides of the aisle.

CREATING LEVERAGE

Many have suggested that the United States must first increase its leverage in order to negotiate effectively with Iran. For example, Thomas Friedman wrote recently: "When you have leverage, talk. When you don't have leverage, get some. Then talk."²³ To many, a credible threat of the use of force is seen as the ultimate leverage. The problem in the case of Iran is that, as noted above, when push comes to shove, U.S. or Israeli military attacks before the diplomatic option is clearly exhausted would likely lock in an Iranian bomb, strengthen Iranian hard-liners, and reduce international support — thereby reducing rather than increasing U.S. leverage.

"When one considers that Iran derives 85 percent of its export income from its sale of oil, and that those revenues constitute half of the government's total revenues, it is not hard to see the potential for leverage."

—Dennis Ross

Because Iran could have enough uranium for a nuclear weapon within several years, the next American president will have a relatively brief window of opportunity to develop leverage in support of diplomacy. It would of course be

preferable if the United States could first rebuild its prestige in the region and globally, but there will not be much time to do so before initiating diplomatic (or any other) measures. Instead, the United States will need to develop leverage on the fly, as an integral part of its diplomatic efforts.

The pursuit of game-changing diplomacy is itself the essential first step for the United States to gain leverage. A well-conceived and well-implemented diplomatic initiative will increase U.S. credibility in the region, with several major allies, and with the Iranian people. If the United States and others acknowledge Iran's right to enrich uranium under the NPT and then demand that it accept full-scope verification including the Additional Protocol and other measures, Iran must either accept or be perceived as clearly undermining the NPT. In either case, the United States will have improved its position. Given the bizarre statements by Mahmoud Ahmadinejad on a range of topics, the fact that Iran is currently seen as the more reasonable party by many actors in the region suggests that American credibility and leverage need reinforcement.

The United States should create leverage by working with friends and allies in the region, including Israel and Arab allies, to improve their security position vis-à-vis Iran. This is not a bargaining chip that the United States would trade away, nor should it involve saber rattling, but is simply a concerted effort to improve the security positions of our friends. In addition to diplomatic consultations, this means working with allies to improve theater missile defenses, counterterrorism, and other capabilities, and may also involve moving toward more explicit security guarantees for both Israel and Arab states in the region. This will help the United States and our friends deal with Iran from a position of relative strength.

In the absence of an international coalition, saber rattling will not increase American and international community leverage on Iran at this point; nor will continuing on the path of recent years that is showing no payoff. Publicly emphasizing Iran's opportunities for a new start, while quietly but clearly noting to Iran the potential costs of saying no, is much more likely to succeed.

Finally, if a sustained American diplomatic initiative with Iran does not lead to progress on its nuclear program and moderated Iranian behavior in other areas, then the United States should work with the international community to put in place sanctions that have real bite. Getting UN Security Council agreement on such measures will be essential, and while difficult, will be much more possible in the wake of Iranian rejection of a clearly reasonable proposal on its nuclear program and a broad diplomatic initiative.

Backstopping Game-Changing Diplomacy

It will probably take a year or more to judge the effects of game-changing diplomacy. The early part of 2009 will likely be consumed by internal U.S. discussions, consultations with friends and allies, and preparation for negotiations. While an initial offer should be made as early as possible in 2009, given the timing of Iranian elections in mid-2009, the Iranian side may be largely pre-occupied with domestic issues and therefore respond slowly. The United States must be prepared for either Iranian agreement or rejection — or perhaps most likely a conflicted and ambiguous response.

Because the United States cannot predict with confidence how Iran will respond to game-changing diplomacy, it is essential to take concrete steps to deter and contain Iran, to prepare for returning to a more coercive approach if necessary, and to prepare for military conflict should Iran cross redlines (such as transferring nuclear material to a terrorist group) that makes this necessary.

DETERRENCE AND CONTAINMENT

Given the uncertainty associated with intelligence regarding Iran's nuclear efforts, U.S. strategy should not assume that American policymakers know the exact status of Iran's nuclear program today or in the future. Verification protocols associated with any agreement will be important but will not be foolproof. We may underestimate or overestimate — or do both at different times, as was the case for Iraq's weapons of mass destruction programs and indeed for assessments of the Soviet Union during the Cold War.

“Tougher policies — either military or meaningful containment — will be easier to sell internationally and domestically if we have diplomatically tried to resolve our differences with Iran in a serious and credible fashion.”

— Dennis Ross

Deterrence will be a critical part of U.S. policy for dealing with Iran's nuclear program, and Iran more generally, for the indefinite future. The focus of the deterrence may change, but it will still be essential. For example, if Iran agreed to give up its nuclear program, the United States and others would want to deter its resumption. At the other extreme, if military strikes were undertaken, deterring Iranian escalation would

be a top priority. And if Iran develops a nuclear capability, deterring the expansion of the program, the threat or use of nuclear weapons, and the transfer of weapons or materials, will be key U.S. objectives.

“[If Iran achieves nuclear capability] The focus should be on establishing robust deterrence to prevent Iranian use of nuclear weapons against anyone or transfer of nuclear materials to anyone.”

—Richard Haass

The United States must make clear to Iran (and other states) that any transfer of nuclear weapons or materials will be discovered and punished. The Bush administration, to its credit, has recently begun to address both elements of this problem, increasing funding for nuclear forensics and modifying its deterrent statements to address the threat of transfer.²⁴ The missing piece of the puzzle for Iran today is an in-place verification regime that would make any transfer much more likely to be uncovered. In addition, as noted by Richard Haass, in order to deter the transfer of nuclear materials or the delivery of a smuggled nuclear weapon, the United States and the international community must work to significantly improve capabilities for nuclear forensics to aid attribution. In addition to accelerating

investments in new technologies, the United States should propose an international repository of nuclear material samples, and lead by example by providing samples of its own highly enriched uranium and plutonium.

Containing Iranian influence will be a key goal of U.S. policy unless and until Iran not only gives up its nuclear program, but stops its support of terrorism and its attempts to undermine or control regimes in the region such as Lebanon, and accepts Israel as a state. Containment may be much more challenging if Iran acquires nuclear weapons, since it may believe that it could then deter the United States and others from interfering.

Many of the most important steps to contain Iran must be directed at others in the region. Achievement of an Israeli-Palestinian peace deal would remove this as an issue for Iran to play against the United States and Israel; a much more aggressive and sustained pursuit of such a deal by the next administration could in itself help significantly. U.S. support of Arab efforts for a Palestinian national dialogue that brings Hamas into the political process would help movement on peace, and at the same time strengthen U.S. relations with Egypt and Saudi Arabia. Engaging Syria directly, and giving it incentives to play a constructive role in Lebanon, would also help contain Iranian influence. The details of such a broad range of potential diplomatic initiatives are beyond the scope of this paper, but developing an integrated strategy along these lines should be an early priority for the next administration.

**RETURN TO COERCIVE DIPLOMACY:
A SECOND-TO-LAST RESORT**

There are many possible reasons why Iran might shirk off a diplomatic initiative from the United States and the international community. The hard-line leadership may fear that accepting a deal will strengthen moderates in the regime. It

may see the change in negotiating approach as a sign of American and coalition weakness. It may believe that it can cut separate deals with Iraq and others in the region. Or it may attempt to simply stall for time as it moves forward with its nuclear program. A combination of the above factors may lead Iran to stall or say no.

If Iran refuses to verifiably constrain its nuclear program, the United States and the international community could in principle learn to live with a nuclear Iran, and revert to a policy of containment and deterrence. Both because of the risks involved with a nuclear Iran and the possible breakdown of the NPT regime, however, the United States should instead lead a reinvigorated initiative to apply severe sanctions to Iran. If America has skillfully played its diplomatic hand, it should be possible to get significantly increased European, Russian and Chinese support, and UN Security Council agreement, for measures to cut off and isolate Iran.

At the top of the list of possible sanctions would be a cutoff of all nuclear-related materials, including for nuclear power. This would slow, but not stop the Iranian nuclear program.

Additional economic and political sanctions on Iran would be designed to put extreme pressure on the regime, for example measures to further target their banking systems and non-nuclear energy exports or imports. Such steps could be extremely costly and affect the global economy, but almost certainly less so than war.

If combined with an effective public diplomacy campaign, significantly stepped-up international pressure could generate an internal debate within Iran that would over time put increased pressure on hard-liners. Such a debate is relatively muted today because Iran's population sees its pursuit of nuclear power as legitimate, and because the international community has been divided over

how to deal with Iran. There are no guarantees that coercive pressure will have this effect, or that it will be sufficient to change the regime's mind let alone change the regime. However, if Iran faces a broad international coalition, the prospects for success will be far greater than they are today.

MILITARY STRIKES: A LAST RESORT

At the end of a failed diplomatic effort, and subsequent increases in coercive pressures, such as significantly tightened sanctions, is the possibility of military strikes against Iranian nuclear facilities. Because of its negative consequences on the prospects for peace in the region and other U.S. interests, military action must be a last resort that would be applied only if Iran acts egregiously and/or in defiance of a broad international coalition.

“Unfortunately, a strike on Iran’s nuclear complexes would not have as decisive a technical result as either Osirak [was] in 1981 or Yongbyon [would have been] in 1994.”

—Ashton Carter

Military action that was not preceded by exhaustive diplomatic efforts would likely reinforce Iran's drive for a nuclear weapon while triggering severe negative consequences in Iraq, more broadly in the region, and internationally. And if military strikes are in fact undertaken, diplomacy will be essential beforehand to develop as broad

support as possible, and afterwards to contain and deter Iran from escalation.

To be clear though, even if it is eventually the case that the United States has exhausted all other options with Iran and military action is needed, diplomatic options along the way should never be seen as merely clearing the way for an attack. Future administrations must make their goals for Iran absolutely clear to that country, to our allies, and to the world in order to quash any perception that U.S. diplomacy is simply a pretext aimed to clearing a path to military strikes. Large-scale military action is truly a last resort; it is not an inevitable end point.

“If the popularity of Hezbollah after the summer 2006 Lebanon War is any indication, the Saudis and other Arab governments fear that a battered and defeated Iran could nevertheless emerge as the victor.”

— Vali Nasr

In the aftermath of military strikes, Iran would be set back only temporarily in its nuclear work, and unless a broad coalition supported the attacks the Iranian regime could be strengthened politically rather than weakened. Iran could rebuild its nuclear program over the next several

years, and do so in ways that would be much less susceptible to attack.

It is possible Israel will strike Iran’s nuclear facilities if the United States does not. If so, particularly in the wake of U.S.-supported Israeli attacks on Syria’s nascent nuclear program, the United States would almost certainly be perceived as having assisted the Israelis whether it did or not. And Middle East diplomacy would be even more challenging than it is today. On the other hand, it is likely that the Iranian leadership takes the threat of an attack by Israel seriously, and the more sober among them realize that such a war could have enormous costs to Iran. Thus, the threat (versus the actuality) of Israeli attack can strengthen the U.S. negotiating hand with Iran.

Iran would have a range of escalatory options in response to U.S. strikes, a number of which are described by Vali Nasr. If its main goal were to portray itself as a victim of American aggression, Iran might undertake a massive propaganda campaign, temporarily withhold oil and gas shipments, and increase its support of Hamas, Hezbollah, and insurgent groups in Iraq. If it wished to foment broader discord and escalate the conflict, it could attack U.S. and Western shipping in the Persian Gulf, and significantly ramp up its paramilitary operations and support to terrorism in the region, and potentially against the United States. This could undermine the core U.S. objective of increasing stability in the Middle East.

Thus, military attack should be seen only as a highly problematic last resort, to be considered only after all other options have failed. If military action is ultimately undertaken, the United States must be prepared for the possibility of significant escalation, and must have worked in advance to build the strongest and broadest possible coalition.

Conclusion

The United States should pursue game-changing diplomacy with Iran. This means developing a specific set of reasonable proposals to which Iran would be expected to respond. Proposals should be structured to have the best possible prospects of success, but so that if they do not work out, it is clear to all that the Iranian government is to blame. Thus, game-changing diplomacy is designed to advance U.S. interests irrespective of how Iran responds.

If Iran accepts intrusive verification of all nuclear activities, nuclear risks to the international community will be reduced. If it is willing to go further on nuclear issues and in other areas, such as cooperating on Iraq and Afghanistan and curtailing its support of terrorism, Iranians will benefit greatly by the elimination of sanctions and increased integration into the international system. Hard-liners in the Iranian regime, however, might find such integration a negative, rather than positive outcome, and so block such progress.

If Iranian leaders spurn diplomacy, the stage will be set for gaining broad agreement for tougher measures to inflict increased pressure on Iran to cooperate—as long as the United States has first developed the necessary international support. After a serious attempt to make diplomacy work, there will be a much better chance that China and Russia would participate in tougher sanctions. And if Iran refuses to accept adequate verification on its nuclear activities or crosses a redline such as transferring nuclear material to a terrorist group, military action would be on the table as a last resort.

In order to make game-changing diplomacy work, the next president must work to build a sustainable international coalition, a working consensus at home, and bargaining leverage. Each of these tasks will be challenging. Appointing a talented and highly-regarded senior administration

official to lead the charge will be very important, and presidential leadership will be essential.

While the next president must move quickly to start game-changing diplomacy, he must also assure that U.S. policy takes a long-term perspective. The next steps the United States takes on Iran's nuclear program will be just that: next steps, not final answers. But by changing the nature of the game, an American diplomatic initiative will significantly increase the prospects for both near-term and long-term success.

Annex. Iran's Nuclear Program: Searching for a Viable End State

Keeping in mind all key U.S. objectives including verifiably halting Iran's nuclear enrichment over the long term, what should be the objectives of United States policy toward the Iranian nuclear program? Equally important, what outcomes should it attempt to make less likely? Possible outcomes for Iran's nuclear program are described below, from best to worst case from the American perspective.

1) VERIFIED PERMANENT BAN ON ENRICHMENT AND REPROCESSING

The best-case outcome for the United States would be if Iran agreed to permanently fore-swear enrichment of uranium and reprocessing of plutonium, subject to stringent verification—and then stuck by this deal. This outcome is demanded in UN Security Council Resolutions and in P5+1 group negotiations (involving the five UN Security Council members plus Germany). Iran has repeatedly rejected these demands, despite offers of economic carrots including assistance with light-water reactors to provide nuclear energy, and the application of sticks in the form of economic sanctions.

It is highly unlikely that Iran will give up its rights under the NPT to produce fissile material, and virtually certain that it will not do so under pressure. There is broad and deep support in the Iranian government, and in the Iranian

population, for an Iranian nuclear energy capability. It is seen as a right that must not be abridged.

2) VERIFIED “TEMPORARY” (AND INDEFINITE) SUSPENSION OF ENRICHMENT

From the U.S. perspective, the second-best outcome would be if Iran accepted intrusive verification and voluntarily suspended uranium enrichment while not foreswearing its rights under the NPT — and if this situation continued indefinitely. In fact, the regime implemented such a suspension from November 2004 to August 2005, after which it broke the seals on uranium enrichment equipment in Isfahan. Iran has signed (though not ratified) the IAEA Additional Protocol, which calls for strict verification procedures, and indeed agreed for a period of time to go even further, so there is some precedent for this outcome.

The goal, of course, would be for Iran to continue its suspension of uranium enrichment indefinitely. Such an outcome would allow Iran to assert its right to enrich under the NPT, even while fuel for Iranian reactors would in fact be leased (presumably at very favorable subsidized rates) to Iran by other states or a consortium under IAEA oversight.

The difference between this outcome and Iran’s agreement to “permanent” cessation — aside from its much greater likelihood of actually occurring — is in fact relatively small and largely symbolic. In either case, Iran would be subject to intrusive verification and would be given incentives to continue the suspension. In either case, Iran could later change its mind and throw out inspectors and restart its enrichment program. Finally, in either case the international community would have to contend with the possibility that Iran had an additional covert program and/or had surreptitiously purchased nuclear materials from another state such as North Korea. However, the presence of inspectors in country

would give U.S. policymakers and the international community more warning of such outcomes and a better knowledge base on which to make policy.

An international agreement to lease low-enriched uranium as nuclear fuel to not only Iran but other nations could help encourage Iran to suspend its enrichment efforts, with the economic benefits of subsidies providing additional motivation. In late 2007, for example, Russia delivered enriched uranium fuel rods to Iran; in the future, similar deliveries as part of a multilateral agreement or an international fuel consortium could increase oversight of Iranian use of that fuel.²⁵ Such a measure makes sense in any event, and even if Iran did not agree to participate initially, the fact that many other nations were doing so could help increase its willingness to join in over time.

3) INTERNATIONAL ENRICHMENT IN IRAN

In May 2008, Iran put a new option on the table: that the international community enrich uranium at various locations across the globe, and that Iran be designated as one such location.²⁶ This reasonable-sounding proposal may have been intended primarily for propaganda value, offered in the expectation that it would make it much harder for the Bush administration to claim that military strikes are needed because there is no chance of diplomatic progress. Iran may also have hoped that the United States and the EU3 would reject the proposal out of hand, but that China, Russia, and others might find it acceptable or at least worth considering, and so the P5+1 group might be further split. It is also possible that Iran will either attach conditions to this proposal or drag its feet on real discussions, and is simply using this proposal to buy time as it advances its ongoing enrichment efforts.

Notwithstanding these concerns, an outright rejection could miss a possible opportunity and further split international consensus on Iran,

and so would be a mistake on both substantive and political grounds. Details will matter, and indeed depending on how fuel storage and control is conducted, international enrichment in Iran could well be indistinguishable from Iranian enrichment in Iran (considered below). In either case, it would likely be Iranian personnel operating the facilities, and IAEA personnel conducting oversight and inspections. However, this outcome would be marginally preferable to Iranian enrichment if, as a matter of law and practice, all relevant equipment and enriched uranium were owned by the IAEA.

4) IRANIAN ENRICHMENT UNDER TIGHT VERIFICATION

The fourth-best outcome, from an American perspective, would be if Iran were allowed to enrich uranium under a tight verification regime. This is essentially what Iran's position has been for most of the last several years. This outcome should be acceptable to the United States as an *initial* step, and the sooner the better.

There are five major downsides to this outcome relative to those considered previously. First, Iran would have a much greater capability for rapid breakout to a nuclear weapons capability, since it would have the necessary expertise and infrastructure. Second, and more subtly, Iran would have a better cover for any covert enrichment to bomb-grade uranium at secret facilities; this risk would be reduced but not eliminated by IAEA challenge inspections. Third, Iran would have succeeded in its stated goal, and the international community would have essentially blinked. This result might empower and embolden conservatives in Iran, and would send the signal that cheating on the NPT — as Iran clearly did for a number of years — will not have very severe consequences. Fourth, if America's allies, and particularly the EU3, did not agree to this change in policy there could be significant diplomatic costs for the United States. Finally, if this outcome were not acceptable to Israel, it might follow

the precedents of its Iraq Osirak reactor attack of 1986 and its Syrian attack of September 2007, and undertake strikes on Iran.

Because of these significant downsides, verified Iranian enrichment should be seen only as a marginally acceptable first step. And the only reason it is acceptable even as a first step is that the current path we are on, Iranian enrichment without necessary verification, is far worse.

5) IRANIAN ENRICHMENT WITHOUT ADEQUATE VERIFICATION

The second-worst outcome from an American perspective is if Iran were to conduct enrichment without adequate IAEA safeguards and inspections. This is precisely what is happening today, and the risks of material diversion to a nuclear weapons program grow by the month.

The downsides of continuing down the current path are manifest, and very analogous to the North Korean situation after the complete breakdown of the Agreed Framework agreement in the early 2000s: Iran could develop weapons-grade material for bombs and within at most several years be either a latent or a *de facto* nuclear weapons power. Given Iran's past transfer of missile technology and its support of terrorist groups, the international community would also have to consider the possibility that Iran might transfer nuclear material to other states or to terrorist groups. States such as Egypt, Saudi Arabia, and Turkey might seriously consider developing (or perhaps purchasing) their own nuclear weapons. Efforts to denuclearize North Korea would be set back, and indeed a broad breakdown of the Non-Proliferation Treaty regime would be possible just as treaty signatories head into the 2010 NPT Review Conference.

6) AN IRANIAN NUCLEAR WEAPONS CAPABILITY

Clearly the worst case from the perspective of the United States and the international community would be an Iranian nuclear weapons capability.

Such a capability might be demonstrated by nuclear testing as India, Pakistan, and North Korea have done. Or it could be broadly hinted at but unstated, as with Israel and previously with South Africa's much smaller program.

It is possible in theory that acquiring the bomb would cause Iran to act more responsibly, as some such as Kenneth Waltz have suggested more generally of nuclear powers. At least equally likely, Iran's more radical leadership would feel empowered and emboldened, and believe they had much greater freedom of action with a nuclear deterrent. If so, given Iran's refusal to recognize the state of Israel and its inflammatory threats against this U.S. ally, the prospects for a nuclear conflict in the Middle East could not be discounted.

Iranian leaders are likely to recognize the incredible risks they would run in overtly pursuing a nuclear weapon. Therefore they are far more likely to pursue a covert program that provides an ambiguous capability which may or may not be weaponized at a given point in time. Because of the risks associated with developing nuclear weapons, by far the most likely pathway to this outcome is the conduct of military strikes on Iran that cause its leadership and people to believe that nuclear weapons are needed to deter further attacks, and it would provide international acceptance of Iran as the aggrieved party.

APPROPRIATE AND ACHIEVABLE U.S. GOALS

After several years of effort in the EU3 and P5+1 talks with Iran, it should be clear that Iran will not accept a permanent ban on enriching uranium (outcome #1 above). Continuing to pursue this option is a prescription for policy drift toward much worse outcomes including potentially an Iranian nuclear bomb.

From a U.S. perspective, creating conditions where Iran voluntarily and indefinitely suspends enrichment (outcome #2 above) should be the U.S. and

international objective for negotiations. It would mean acknowledging Iran's right to enrich uranium despite the fact of its past covert weapons program, and would also involve the suspension of economic sanctions. This approach would be most likely to be successful in the context of direct U.S.-Iranian negotiations on a range of issues.

Two possible outcomes would be marginally acceptable from the U.S. perspective, depending on the details: international enrichment on Iranian soil (outcome #3 above), and allowing Iran to conduct enrichment under tight verification controls (outcome #4 above). Both of these outcomes are strongly preferable to unverified Iranian enrichment, and both could serve as a first step for movement to Iran's ultimate agreement to no production of fissile material on its territory. This goal (outcome #2 above) should remain U.S. long-term policy.

Unlimited and unverified uranium enrichment or an Iranian bomb (outcomes #5 or #6) would represent major policy failures for the United States and the international community. They are unacceptable as negotiated outcomes. If Iran is committed to either of these outcomes, much harder-hitting sanctions would be the first recourse. And although U.S. military strikes might only delay Iran's efforts, given the importance of demonstrating that flaunting the Non-Proliferation Treaty carries a steep price, military action would have to be on the table.

A key question for all of the above possible outcomes is how U.S. friends and allies would respond. Israel's possible reaction is of special concern, and in particular whether it would refrain from conducting military strikes if Iran moved forward with enrichment under tight IAEA safeguards. Since an implicit Israeli threat might provide some leverage to the United States (while an explicit threat or attack could make a deal impossible), it is probably preferable that Israel's bottom line on this issue be ambiguous to Iran.

ENDNOTES

- ¹ “[B]oth the United States and Iran ultimately have an interest in an American departure from Iraq that avoids leaving behind either a failed state or permanent U.S. bases.” See Colin H. Kahl, Michèle A. Flournoy, and Shawn Brimley, *Shaping the Iraq Inheritance* (Washington, D.C.: Center for a New American Security, 2008): 42-43.
- ² British Petroleum, BP Statistical Review of World Energy,” (2007). It is important to note that Iran is not without vulnerabilities, in particular its dependence on imported refined petroleum products due to its lack of domestic capacity.
- ³ For a fuller discussion on restoring U.S. global leadership, see Michèle A. Flournoy and Shawn Brimley, et al., *Finding Our Way: Debating American Grand Strategy* (Washington, D.C.: Center for a New American Security, 2008).
- ⁴ WorldPublicOpinion.org, “Poll of Iranians and Americans,” (7 April 2008), at <http://www.worldpublicopinion.org/pipa/articles/brmiddleeastnafricara/469.php?lb=brme&pnt=469&nid=&id>.
- ⁵ Ayatollah Ali Khamenei stated on June 3, 2008 that Iran “is not seeking a nuclear weapon,” which would “only incur high costs and have no use. They do not bring power to a nation.” See Scott Peterson, “Nuclear Report: Parsing Iran’s Intent,” *Christian Science Monitor* (5 June 2008).
- ⁶ Dennis Ross, “The Can’t-Win Kids,” *New Republic Online* (12 December 2007).
- ⁷ U.S. Director of National Intelligence, “Iran: Nuclear Intentions and Capabilities,” National Intelligence Estimate (November 2007).
- ⁸ Vali Nasr, “The Implications of Military Confrontation with Iran,” (Washington, D.C.: Center for a New American Security, 2008): 10.
- ⁹ Thom Shanker, “Iran Encounter Grimly Echoes ‘02 War Game,” *The New York Times* (12 January 2008).
- ¹⁰ Christine Hauser, “Iranian Military Tests Ballistic Missiles,” *The New York Times* (2 November 2006); and Nazile Fathi, “Iran Fired Versatile Missile in a ‘Defensive’ Test,” *The New York Times* (1 April 2006).
- ¹¹ The December 2007 NIE stated that “Tehran’s decisions are guided by a cost-benefit approach rather than a rush to a weapon irrespective of the political, economic, and military costs. This, in turn, suggests that some combination of threats of intensified international scrutiny and pressures, along with opportunities for Iran to achieve its security, prestige, and goals for regional influence in other ways, might — if perceived by Iran’s leaders as credible — prompt Tehran to extend the current halt to its nuclear weapons program. It is difficult to specify what such a combination might be.” U.S. Director of National Intelligence, “Iran: Nuclear Intentions and Capabilities,” National Intelligence Estimate (November 2007).
- ¹² For example, see Nazila Fathi, “A President’s Defender Keeps His Distance,” (8 January 2008) and “Iran Leader Backs Parliament in a Dispute With Ahmadinejad,” *The New York Times* (22 January 2008).
- ¹³ See, for example, “New Parliament, New Policies?” *The Economist* (21 February 2008); and the Saban Center and U.S. Institute of Peace Iran Working Group, “Analyzing Iran’s Domestic Political Landscape: 2008 and Beyond,” (14 March 2008).
- ¹⁴ Borzou Daragahi, “Iran’s Inner and Outer Circles of Influence and Power,” *Los Angeles Times* (31 December 2007).
- ¹⁵ For example, see “Iran’s Unemployment Falls to 10.3 pct-Minister,” *Reuters* (1 April 2008).
- ¹⁶ WorldPublicOpinion.org, “Poll of Iranians and Americans,” (7 April 2008), at <http://www.worldpublicopinion.org/pipa/articles/brmiddleeastnafricara/469.php?lb=brme&pnt=469&nid=&id>.
- ¹⁷ The P5+1 group includes the five permanent UN Security Council members (the United Kingdom, France, Russia, China, and the United States), plus Germany.
- ¹⁸ Ross focuses on traditional diplomacy including a proposed U.S.-Iran back channel for confidential negotiations. This chapter focuses on public diplomacy, but we recognize that traditional diplomacy will also be essential.
- ¹⁹ See discussions on this option, see “Offer Iran Security Guarantee to End Nuclear Impasse: Former UN Weapons Chief Blix,” *Associated Press* (31 August 2007); Flynt Leverett, “The Race for Iran,” *The New York Times* (20 June 2006); Bernard Gwertzman, “Albright: U.S. Should Offer Iran Security Guarantess to End Nuclear Weapons Capability,” Council on Foreign Relations interview with David Albright (6 February 2006); Conor Sweeney, “Russia Says ‘Six’ Could Guarantee Iran Security,” *Reuters* (14 May 2008); and Douglass K. Daniel, “No Security Guarantee for Iran, Rice Says,” *The Washington Post* (21 May 2006).
- ²⁰ The Bush administration’s Iran policy is mirroring its error in refusing for years to negotiate with North Korea — acting as if the North Korean, and now the Iranian — nuclear program will stand still if the United States refuses to talk. National Security Advisory Stephen Hadley stated recently: “To walk through the door of negotiation, Iran must first verifiably suspend its uranium enrichment program. We cannot allow the Iranian regime to use negotiations to stall for time, hedge its bets, and keep open an indigenous route to a nuclear weapon — something certainly no one should want.” Stephen J. Hadley, Remarks at the Proliferation Security Initiative Fifth Anniversary Senior Level Meeting (28 May 2008). Secretary of State Condoleezza Rice also stated on June 3, 2008 that “We would be willing to meet with them, but not while they continue to inch closer to a nuclear weapon under the cover of talk,” see Rice’s Remarks at the American-Israeli Public Affairs Committee Policy Conference, transcript at <http://www.state.gov/secretary/rm/2008/06/105521.htm>.
- ²¹ Karim Sadjadpour, “Reading Khamenei: The World View of Iran’s Most Powerful Leader,” (Washington, D.C.: Carnegie Endowment for International Peace, 2008): 2.
- ²² For example, see WorldPublicOpinion.org, “Poll of Iranians and Americans,” (7 April 2008): 9, 12, 17-18, at <http://www.worldpublicopinion.org/pipa/articles/brmiddleeastnafricara/468.php?lb=brme&pnt=468&nid=&id=>; and Susan Page, “Poll: Americans Split on Iran,” *USA Today* (6 November 2007).
- ²³ Thomas L. Friedman, “It’s All About Leverage,” *The New York Times* (June 1, 2008).
- ²⁴ National Security Advisor Stephen Hadley noted recently the need for “deterrence policy targeted at those states, organizations, and individuals who might assist terrorists in obtaining or using WMD can help the terrorists — help prevent the terrorists from ever gaining these weapons in the first place. The terrorists may not be deterrable themselves, but those they depend on for assistance may well be.”

See Remarks by National Security Advisor Stephen J. Hadley at the Proliferation Security Initiative Fifth Anniversary Senior Level Meeting (28 May 2008).

²⁵ See, for example, Helene Cooper, "Iran Receives Fuel in Blow to U.S.," *The New York Times* (18 December 2007).

²⁶ See Farah Stockman, "Iran Cool to Suspending Nuclear Agenda: Diplomat Says Issue is One of National Pride," *The Boston Globe* (31 May 2008); and Julian Borger, "Iran Calls for Uranium Enrichment on its Soil, with World's Help," *The Guardian* (23 May 2008).



CHAPTER II:
DIPLOMATIC STRATEGIES FOR DEALING WITH IRAN

By Dennis Ross

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Since the Iranian revolution in 1979, American administrations have struggled to find the right diplomatic strategy for affecting Iran's leadership and the choices it makes. The Carter administration tried pressure, isolation, and engagement to resolve the hostage crisis. Ultimately, only indirect mediation was possible using the Algerians. The Reagan administration, seeing great danger in the possible spread of Khomeini's revolutionary ideology, drew closer to the regime of Saddam Hussein and supported Iraq in the war it initiated with Iran. But the Reagan administration also pursued covert engagement in its bizarre effort to trade arms to gain Iranian help to release American hostages held in Lebanon. The sordid nature of the Iran-contra affair, as well as the perception that there were no reliable or authoritative Iranian representatives to deal with, led the Bush 41 administration to use pressures and unilateral sanctions to try to alter Iranian behavior. The Clinton administration largely followed suit, emphasizing a similar policy of containment rather than engagement as the means of dealing with threatening Iranian behaviors.

In the later Clinton years, with the surprise election of a reformist Iranian president, Mohammad Khatami, the administration did seek engagement even lifting some sanctions and laying out a "roadmap" for developing relations. It was less the willingness of the United States to reach out than the internal constraints on Khatami that led to the failure of this initiative.

If history tells us anything, it is that forging an effective strategy toward Iran is no easy task. And, yet, it has probably never been more important.

Our Stakes in Changing Iran's Behavior

Iran has certainly posed challenges and threats to America's interests since the Iranian revolution in 1979. But in the 1980's, Iran was consumed and drained by eight and half years of war with Iraq. Even after the 1991 U.S. defeat of Saddam

Hussein in the first Gulf War, Iraq remained a threat and a counterweight to Iran. But that counterweight disappeared with our removal of Saddam's regime. And, today Iran seems to be on a roll, effectively challenging America's interests throughout the Middle East. From Iraq to Lebanon to the Palestinian Authority and Israel, Iran's policies are not only at odds with ours, but seem designed to frustrate and undermine U.S. goals and partners. Listen to Arab governments in the area in private, and one hears — as I often do — laments about Iran's growing strength in the region and its ability to exploit militancy and anger in the Middle East to put these regimes on the defensive. The fact that the complaints about Iran are made more in private than in public already says something about Iran's coercive potential in the area.

An Iran with a nuclear weapons capability would surely add to that coercive potential. Arab and Israeli leaders with whom I have spoken explain that they fear that should Iran have nuclear arms, it will change the landscape of the region. Its leaders will feel emboldened to use terror and terror groups to threaten or subvert others in the area, including particularly those who might be inclined to pursue peace with Israel, knowing that their nukes provide an umbrella of protection or a built-in deterrent against responses.

To be sure, Israelis are worried not only about an increasing Iranian coercive capability. They see an Iranian nuclear weapons capability posing an existential threat to the state of Israel. Tell the Israelis that Iran will act rationally, knowing that Israel can retaliate with a devastating nuclear counterstrike if Iran or its proxies ever used nuclear or dirty bombs against Israel, and they are not reassured. For starters, they point to the language of Iranian President Ahmadinejad, who has denied the Holocaust and Israel's right to exist; declared that Israel (or the "Zionist entity" as he refers to it) will be "wiped off the

face of the map;" and proclaimed that the countdown to its destruction is close at hand — most recently, Ahmadinejad declared that Israel's collapse is "imminent." Israelis take small comfort from those who are seen as more pragmatic than Ahmadinejad in the Iranian leadership, like former Iranian President Akbar Hashemi Rafsanjani; even he, they will point out, has said that Iran could absorb many nuclear bombs and survive and Israel, given its small size, could not survive even one.

It is not just Israel's small geographic size and concentrated population that worries Israelis. It is the ideological-messianic fervor of at least some in the Iranian leadership. The Israelis question whether that segment of the Iranian leadership (which believes in the apocalyptic return of the "Hidden Imam") can actually be deterred and believe that they cannot run the risk of trying to find out. As a result, the risk of an Israeli preemptive military action to blunt or delay the Iranian nuclear program is quite high.

That, alone, might argue for an intensive American effort to prevent Iran from developing or acquiring a nuclear weapons capability. As important as it is to avoid such an Israeli action, given all the possible consequences of it, we have additional reasons to prevent Iran from going nuclear. For one thing, the fear of increased Iranian coercive capabilities — particularly as it relates to being more aggressive in terms of pushing a Shia agenda or even subversion in states like Saudi Arabia — is likely to produce a perceived need for a counter nuclear capability. The Saudis have already expressed an interest in having nuclear power. While they may say they will not acquire a nuclear weapons capability, their words seem to parallel the Iranian-professed interest in having nuclear power — and the Saudis have no doubt that Iran is seeking a nuclear weapons status.

The Saudi relationship with Pakistan, previous secret arms deals between the two, and its financial means all suggest that the Saudis might buy or have Pakistan station nuclear weapons on Saudi soil to create their own deterrent of Iran. Egypt, given its status in the region, might also decide that it must develop its own nuclear capability. Several months ago, a senior Egyptian official told me that if Iran goes nuclear, “it will mean the end of the NPT.”

So our stakes in preventing Iran from going nuclear are very high. And certainly it has been the policy of the Bush administration to try to prevent it.

The Evolution of the Bush Administration’s Approach

During the first term of the Bush administration, there was never a single, clear-cut policy toward Iran. Was it regime change or a change in the behavior of the regime? There were two schools of thought, and President Bush never made a choice between the two. Consequently, there were elements of both present in the policy. For example, we would engage Iran on Afghanistan, but then include them in the Axis of Evil. Similarly, leading officials in the State Department were prepared to contemplate a “grand bargain” and engagement as the way to resolve the nuclear issue, even as those in the Pentagon and the White House rejected any readiness to make a deal with the Iranian government—emphasizing that any such deal would come at the expense of the true democrats in Iran and prolong the life of this unsavory regime.

The problem for the regime-changers was that the pace of Iran’s nuclear developments was certain to outstrip their efforts to promote the undoing of the regime. They might oppose any engagement with Iran; they might favor only pressure on Iran; and they might hope that Iran would be next after Iraq. But in the meantime Iran was proceeding

with its nuclear program, and the regime-changers were not in a position to alter that reality.

However, British, French, and German engagement with Iran gave those in the administration who favored engagement a vehicle to support. At one point, the EU-3’s efforts seemed to be producing as the Iranians agreed to suspend their program to complete the nuclear fuel cycle in return for seeing what inducements the Europeans could provide. The Bush administration was kept informed of the European efforts. In fact, the British, French, and Germans sought to coordinate fully with the administration, realizing that Iranians wanted not only what Europe could provide but also key “goods” from the United States: the unfreezing of Iranian assets, lifting our unilateral sanctions, and specific security assurances.

But formal coordination (not to mention any U.S. incentives for Iran) was beyond what the administration was prepared to do in its first term. That began to change in the second term. Even during the transition, President Bush began “signaling to foreign leaders visiting him in the Oval Office that he knew much had gone wrong in his first term, and he had empowered Ms. Rice to put a new emphasis on consultation and teamwork with allies.”¹ He echoed this theme during his February 2005 trip to Europe, and after that trip he authorized coordination with the EU-3 on Iranian policy and permitted them to offer limited incentives to the Iranians on America’s behalf.

There would be no direct U.S. engagement with Iran on the nuclear issue, but the United States now began to coordinate with the Europeans on all steps toward Iran. The essence of the approach was to let the Europeans talk to Iran, warn the Iranians of the consequences, including sanctions to be imposed if they persisted in their nuclear

efforts, and offer limited inducements to the Iranians to cease their program. Interestingly, the Iranian resumption of conversion of uranium ore to hexafluoride did not stop the United States from continuing to coordinate with the Europeans—even when the British, French, and Germans resumed their talks with Iran. The Europeans had warned the Iranians in the summer of 2005 that the conversion process was a “redline” and if they resumed it, the Europeans would stop negotiations with Iran on the nuclear issue. They did so for nearly six months but then relented; nonetheless, when the trio backed off and resumed their direct talks, notwithstanding the unabated Iranian conversion efforts, the U.S. readiness to coordinate remained strong.

With the Europeans in the lead, the administration worked to build an international consensus on the need for Iran to stop its nuclear developments and to isolate it if it did not. In fact, the administration established a regular coordinating forum of six, with the British, French, Germans, Russians, and China. Early efforts focused principally on the IAEA, but also involved the European Union’s talks with Iran, led by Javier Solana.

Iranian non-responsiveness to the IAEA led the agency to refer the matter to the United Nations Security Council in early 2006, and set the stage for a discussion of sanctions. The administration scaled back its own desire to press immediately for sanctions (and later for those sanctions to be far-reaching) in order to preserve a united front against Iran. The administration also took two additional steps to set the stage for punitive sanctions. First, Secretary of State Condoleezza Rice announced in the spring of 2006 that the United States would talk directly to Iran on the nuclear issue if it would suspend its enrichment activities. Second, shortly thereafter in June, the administration signed off on an incentives package (which included light water reactors for Iran) that the

Europeans offered the Iranians in return for stopping enrichment. The Iranians were given until the end of July 2006 to respond to this incentives package, with the proviso that if they did not suspend enrichment, they would become subject to Chapter VII Security Council sanctions.

The Iranians rejected the European offer to suspend enrichment, claiming it was their right; that they could not be pressured into surrendering it; and that sanctions would not hurt Iran but would reduce its readiness to cooperate with the IAEA. In fact, the Iranians rejected all proposals designed to get them to give up their goal of completing the nuclear fuel cycle from conversion through uranium enrichment. (Not only was the U.S. offer to negotiate—which after all offered only direct talks, no other inducements—rejected, but so, too, was a Russian proposal to do enrichment for Iran in Russia, supply its nuclear fuel needs, and, for face-saving purposes, still permit Iran to have a small research facility for enrichment.)²

Even after Iran’s rejection of the European inducements package, there was no rush to adopt sanctions. Serious discussions of sanctions did not commence until the fall in the Security Council, and it was not until December 23, 2006 that UNSC resolution 1737 was adopted.

The Status of International Community Efforts to Curb the Iranian Nuclear Program

The first resolution, 1737, fell far short of what the administration sought. It wanted the resolution effectively to render Iran isolated politically, psychologically, and economically. It wanted financial institutions in both the public and private sectors not to be able to do business with Iran; it wanted to impose a travel ban on any Iranian officials or those tied to the government. It wanted the resolution to squeeze Iran and play on its economic vulnerabilities—particularly its dependence on outside investment and the need

for considerable technology transfer for its decaying oil and natural gas infrastructure. It also wanted to play on the Iranian self-image that its standing and importance could never make it a pariah like North Korea.

But neither Russia nor China were prepared to go this far. Each argued against putting Iran in the corner, and both sought to protect their commercial dealings with Iran. Rather than lose the possibility of producing a Chapter VII sanctions resolution against the Iranian nuclear program, the administration (and the Europeans) accepted a resolution with much less impact or reach. The resolution focused narrowly on imposing penalties or restrictions on the nuclear and missile-related industries in Iran by prohibiting the sale of equipment or technologies that could contribute to either the Iran enrichment activities or nuclear weapon delivery systems. To add bite to these restrictions, it also went after leading Iranian companies and individuals involved in these activities, mandating that the assets or funds of a total of ten Iranian entities or companies as well as eleven individuals be frozen. Finally, the resolution not only created a committee of all the Security Council members to follow up on the resolution (while empowering it to add Iranian entities or individuals subject to an asset freeze as it saw fit), but also asked the Director General of the IAEA to report back in 60 days on whether Iran had complied with the resolution and suspended its enrichment and reprocessing activities.³

While President Ahmadinejad was dismissive of the resolution, he became subject to much more biting criticism within the leadership, with one newspaper associated with Supreme Leader Ali Khamenei even suggesting that Ahmadinejad's posture on the nuclear issue was designed to divert attention away from his failed domestic policies.⁴ From this standpoint, the significance of the resolution was less the immediate impact

it had on Iran's economy—which, after all, was not targeted—and more the concerns it raised about the possibility of much greater costs being imposed over time if Iran did not cease its nuclear activities. In this connection, the weakness of the Iranian economy, made far worse by mismanagement and Ahmadinejad's misguided policies, created very real vulnerabilities that raised the risks of proceeding with the nuclear program over the opposition of the international community.

Had there been a follow-on resolution that began to restrict Iranian access to credit, the choices for the Iranian leadership could have been drawn far more sharply. The 60-day reporting requirement created an obvious clock to begin working on the next resolution when Iran failed to comply—and such work did begin. Once again, the process was slow and complicated within the Security Council and once again the administration opted to accept a second resolution that failed to go after the Iranian economy but did preserve an international consensus against the Iranian nuclear ambitions. Resolution 1747 was adopted on March 24, 2007 and expanded the number of Iranian entities and individuals whose assets would be frozen, and also imposed restrictions on Iran's sale or procurement of conventional arms.⁵

The logic seemed to be geared toward affecting those most directly involved in the nuclear energy and missile industries in Iran and the military and Revolutionary Guard Corps as well. This was a basis that preserved unity within the UN Security Council and kept the Russians and Chinese on board, and it also allowed the Bush administration to keep Iran isolated. Unfortunately, it did not alter Iranian behavior as they continued to build gas centrifuges and pursue their enrichment activities.

Though 1747 also had a 60-day reporting requirement on Iranian compliance built into it, there was no immediate move toward adopting a third

resolution. Instead, seeing no Iranian responsiveness, the United States accepted a new effort to reach out to the Iranians and offer them an inducement. In May 2007, the United States joined with the European trio, the Russians, and the Chinese and had Javier Solana present the Iranians a new proposal. Solana proposed that the two sides would begin negotiations at the working level and at this point there would be a “double freeze”: Iran would not install additional centrifuges and the UN Security Council would not impose additional sanctions. When ministerial talks began, there would be a “double suspension” in which Iran would suspend all enrichment and reprocessing and the UN would suspend all sanctions.⁶ The proposal, formally titled “The Way Forward to Negotiations,” not only offered Iran binding assurances for the supply of nuclear fuel but also to discuss the timing and methods of uranium enrichment for Iran in the future.⁷

For the Bush administration to accept such a proposal represented quite a leap. Notwithstanding what the Europeans also considered to be a “generous offer,” the Iranians did not even respond to it. Solana was to raise it again in October in his ongoing discussions with the Iranians and this time around the Iranians rejected it.

In the intervening period in the summer of 2007, Iran did reach an agreement with the IAEA to provide answers by the end of the year to all the outstanding questions posed to it by the agency on its nuclear-related activities — one of the aims embedded in resolutions 1737 and 1747.⁸ While the Bush administration expressed its concerns about the vagueness of this process, it nonetheless agreed in a September 2007 meeting with the British, French, Germans, Russians, and Chinese to wait until the end of November to pursue a third UNSC resolution.⁹ In so doing, the administration joined with the others in being willing to give both the IAEA and Javier Solana a chance to

produce some progress before pressing for more action at the UN.

Such action, however, seemed quite likely when in the last week of November there were two unmistakable setbacks to producing responsiveness from the Iranians. First, Dr. Mohammad ElBaradei, director general of the IAEA, reported that Iran had crossed the threshold of operating 3,000 uranium-enriching centrifuges — a threshold that is often identified as representing an industrial scale of infrastructure necessary for producing fissile material for nuclear weapons. ElBaradei reported that while Iran was providing answers that clarified some issues with the IAEA, he also stated that Iran’s restrictions on agency inspectors prevented the IAEA from being able to determine whether Iran’s program was designed to generate electricity or to produce weapons.¹⁰ Second, Javier Solana, after meeting with the new Iranian negotiator, Saeed Jalili, made it very clear that there was no progress: “I have to admit that after five hours of meetings, I expected more, and therefore I am disappointed.”¹¹ According to participants in the meeting, Jalili, a deputy foreign minister known to be close to President Ahmadinejad, told Solana that “Everything in the past is past, and with me, you start over...None of your proposals have any standing.”¹²

In the immediate aftermath of these two developments the six countries — the United States, Britain, France, Germany, Russia and China — began work on a new UNSC resolution based on a draft British text.¹³ The consensus to produce a third UNSC resolution immediately did not mean that differences had disappeared on how tough to make the penalties on Iran. The Russians and Chinese continued to resist imposing tough economic sanctions, with the Russians believing that pushing for more inclusive inspections was more important than imposing penalties and the Chinese not wanting to inhibit their own soaring trade with Iran. And, yet, even

their willingness to adopt a third UNSC resolution was soon diminished by a new development: the National Intelligence Estimate (NIE) on the Iranian nuclear program.

The National Intelligence Estimate and its Impact

The December 3, 2007 public release of the NIE, titled “Iran: Nuclear Intentions and Capabilities,” transformed the landscape on dealing with Iran. By asserting that Iran halted its nuclear weapons program in 2003, it created the impression that Iran was not pursuing nuclear weapons and was not a near-term threat. If it was not a near-term threat, why pursue sanctions? Why build pressure on it? And, of course, why should all options, including the military, be on the table?

It is ironic that Iran was not sanctioned by the United Nations for its covert nuclear weapons program; it was sanctioned for its open pursuit of uranium enrichment, which if continued over time (something the NIE acknowledges is continuing) could be used to develop nuclear weapons. It is also ironic that the NIE concluded that Iran had stopped its weapons program in 2003 “primarily in response to international pressures,” which “indicates Tehran’s decisions are guided by a cost-benefit approach.”¹⁴ Perhaps the greatest irony of all is that by framing its judgments the way it does — emphasizing the covert nuclear weapons program and efforts rather than the overt enrichment developments — the NIE has inadvertently succeeded in considerably reducing the “cost” factor in the current international approach to Iran.

I say that because apart from the British, French, and Germans, the international reaction after the NIE seems different from before it. One almost needs to divide the approach toward dealing with Iran into the pre-NIE and post-NIE periods. Pre-NIE, the Russians and Chinese were prepared to act immediately on a third UNSC sanctions

resolution against Iran; post-NIE, they both raised questions about doing so and postponed consideration of such a resolution. It took until March 3, 2008 to adopt the third Security Council Resolution (1803), and it is weak and sends a signal as much for what it does not cover as for what it does.¹⁵

Pre-NIE, the Saudis were trying to raise the pressure on the Iranians on their nuclear program. In early November, Saud al Faisal, the Saudi foreign minister, called on Iran to respond to a Gulf Cooperation Council proposal to “create a consortium for all users of enriched uranium in the Middle East. The consortium will distribute according to needs...and ensure no use of this enriched uranium for atomic weapons.”¹⁶ Faisal suggested that Switzerland could be the site of the enrichment plant for the consortium and made clear that this proposal, which he revealed had been conveyed privately to Iran one year earlier but not produced a response, would answer the Iranian desire for civil nuclear power and not prejudice Iranian rights in any way.¹⁷ Why go public at this point unless the purpose was to put pressure on Iran?

But that was pre-NIE; post-NIE, there has been no additional mention of the proposal; on the contrary, the GCC invited Ahmadinejad to attend their last meeting (an unprecedented invitation) and King Abdullah of Saudi Arabia also invited the Iranian president to go to Mecca — hardly signs of increasing pressure on Iran. Similarly, after keeping Iran at arms length, Egypt invited Iranian official Ali Larijani to Cairo for discussions after the NIE; and former Egyptian Ambassador to the United States Ahmad Maher wrote in a January 2008 commentary that Israel was the problem for the Arab world, not Iran, and that the “disputes between Arabs and Iran” can be resolved “through a dialogue.”¹⁸

In Iran itself, one also sees a pre-NIE reality and a different post-NIE reality. Ahmadinejad was clearly on the defensive prior to the NIE, and he went on the offensive after it. He seized on the NIE, proclaiming a great victory and at a one point referred to the intelligence report as a “declaration of surrender.”¹⁹ But he was not content only to claim a great victory over the United States and others who opposed the Iranian nuclear activities; according to his office’s news service, he also “belittled” those in Iran who had criticized (presumably him) the high cost Iran was paying over the nuclear issue.²⁰

If nothing else, those like Rafsanjani who were warning about Ahmadinejad’s nuclear approach seem to have been undercut. More than this, the whole tenor and expectations for the upcoming parliamentary elections seem to have changed as well, though admittedly this may have more to do with Khamenei’s desire to solidify his control over all leading Iranian institutions than anything related to the NIE. The conventional wisdom after Ahmadinejad’s supporters had lost in the city council elections in Tehran and Rafsanjani had assumed the leadership of the Assembly of Experts was that in the Majlis elections in March of this year the reformers and moderates would make a comeback and Ahmadinejad forces would suffer a big setback. But now we see that the Executive Councils in each province and the Guardian Council at the national level have disqualified most of the reformist, moderate candidates. According to one report, roughly 70 percent of the reformist candidates have been disqualified.²¹ While both former Presidents Khatami and Rafsanjani have criticized the disqualifications and the impact they will have on the elections, the Supreme Leader, Ali Khamenei, on January 9th seemed to answer such charges when he said, “During the past twenty-eight years, the elections in Iran have been

completely accurate. So why are some people... discrediting the [upcoming] election?”²²

There is one other recent development involving Ali Khamenei that may prove very important, and it, too, comes in the post-NIE period. Iran scholar and Shiite theologian by training Mehdi Khalaji notes that in a January 3 speech, Khamenei, for the first time, “admitted that Iran’s shift in nuclear policy—which began right after Ahmadinejad came to office—was by his order.”²³ Whether coincidence or not, the Supreme Leader in the post-NIE environment is taking a more visible role on the nuclear issue, meeting with Dr. ElBaradei on January 12.²⁴ While it is probably too much to claim that the NIE has changed his view, his readiness to be more clearly identified with the nuclear program is, nonetheless, clearly apparent.

It is hard to escape the conclusion that the leverage and choices that can be employed vis-à-vis Iran in the aftermath of the NIE have been reduced. Having fewer choices or options, however, does not mean we have none. Iran still has vulnerabilities and interests that might be susceptible to both positive and negative incentives and disincentives.

Iran’s Vulnerabilities and Our Diplomatic Choices

Our basic objective toward Iran should be to prevent Iran from developing nuclear weapons and to alter its de-stabilizing, anti-peace policies in the Middle East. Do we have the means and the leverage to do so? In the aftermath of the NIE and Iran’s continuing enrichment developments, that remains unclear, but Iran certainly has some very basic vulnerabilities.

IRAN’S VULNERABILITIES

Its oil output is declining at a time when its domestic consumption is increasing rapidly. Presently, Iran is falling more than 300,000

barrels per day below its OPEC export quota not because Iran's leaders do not want to meet their quota but because they cannot meet it. When one considers that Iran derives 85 percent of its export income from its sale of oil, and that those revenues constitute half of the government's total revenues, it is not hard to see the potential for leverage.²⁵

Mehdi Varzi, a former Iranian diplomat and National Iranian oil official, has gone so far as to say that "Oil is as important as the nuclear issue; it will affect the very survival of the regime."²⁶ One senior British official, who very much agrees with this sentiment, told me that "if you want to affect the Mullahs, let them see that they are not going to have the money to subsidize the civilian economy—and the key to that is cutting off investment and technology transfer to the energy sector." In effect, this official was saying that should the Mullahs, who are primarily concerned with preserving their power and privilege, come to believe that Iran's economic lifeline is going to be cut and the oil revenues are going to dry up, they may well decide that the nuclear program is not worth the cost.

Mehdi Varzi and my British colleague may or may not be correct, but one thing is for sure: the Iranians need massive investment and technological help from the outside to prevent the continuing decline of their oil output. Kazem Vaziri-Hamaneh, Iran's oil minister in 2006, put the decline of output at 500,000 barrels per day (b/d) each year.²⁷ The total output of now roughly 3.9 million b/d, a half million barrels a day decline per year—married to growing internal consumption—creates an unmistakable squeeze. That has led some analysts to suggest that Iran's oil income could literally disappear by 2014 to 2015.²⁸

To be sure, Iran could impose strict conservation measures and it could gain access to outside

technical expertise to help reverse the natural decline in many of its oil fields. It could also get foreign oil companies to invest in developing new fields that require more sophisticated techniques and technologies to exploit. But real conservation may provoke a domestic political backlash, particularly with internal consumption having tripled since 1980 and Iranians expecting to be able to benefit from their energy resources. Ahmadinejad claimed that he would bring the oil revenues to every table; instead, he has brought rationing of gasoline, high inflation, high unemployment, and international isolation.

One measure of the isolation is that Iran was unable to sign any firm oil or gas contracts for the first two and a half years of Ahmadinejad's tenure.²⁹ Only in the last few months have the Iranians now signed contracts with Malaysia, China, and Italy to develop oil and natural gas fields, and the biggest of these deals—the one with Malaysia—will eventually require Western subcontractors to produce and market the liquefied natural gas.³⁰ The recent signings of these deals indicates the ongoing interest that foreign companies have in investing in onshore and offshore exploration blocks, but as Jeroen van der Veer, the chief executive of Royal Dutch Shell explained: "We have a dilemma." Iran's oil and natural gas reserves are too big to ignore, but "we have all the short-term political concerns, as you can see."³¹ Those "short-term" concerns have been made more acute by new unilateral U.S. sanctions which, among other things, are designed as much for their psychological as for their practical impact (e.g., the U.S. posture is geared toward raising questions about the danger and the cost of investing in Iranian front companies). In the words of Secretary of the Treasury Henry Paulson:

In dealing with Iran, it is nearly impossible to know one's customer and be assured that one is not unwittingly facilitating the regime's

reckless behavior and conduct. The recent warning by the Financial Action Task Force, the world's premier standard setting body for countering terrorism finance and money laundering, *confirms the extraordinary risks that accompany those who do business with Iran* [Emphasis added].³²

And there can be no doubt that even the unilateral U.S. sanctions on three Iranian banks and the Revolutionary Guard—with the implication that we will sanction any company doing business with the IRGC—are having an effect. Saeed Leylaz, an Iranian economist and journalist, has said that “Sanctions are like icebergs. Only 10% of the effect is directly attributable to the Security Council. Ninety percent is fear of the U.S.”³³ European businesses are cutting back on trade and investment in Iran, and the result is that prices on most goods are going up dramatically in Iran. According to one recent report, the prices on most commodities have risen by 50 percent in the last four months, particularly as many foreign manufacturers and distributors have become more wary of doing business directly with Iran lest they come under greater scrutiny of the U.S. Department of the Treasury.³⁴

Will this produce a change in Iranian behavior? There is no sign of it to date. But it is interesting that Iran's well-connected *bazaar* class of merchants are being hit hard and apparently one such group complained to the Supreme Leader that sanctions were “hurting their bottom line.”³⁵

The economic vulnerability is clear. The potential to squeeze the Iranians more on their oil revenues is also obvious, and need not involve trying to cut off Iranian exports which, given the very tight oil market, would drive prices far higher. It would, however, require cutting off all credit and outside investment in the oil sector. The Chinese and Russians have shown great reluctance to go along with anything so drastic, and, of course, simply squeezing Iran does not guarantee responsiveness.

Indeed, there are those who believe the only way to produce a change in Iranian behavior is to offer the Iranians meaningful inducements while engaging the Iranian leadership. Here it is worth recalling that the Supreme Leader, Ali Khamenei, now appears to be taking a much more open and direct role on the nuclear issue. Even if he generally has preferred to operate on the basis of involving all the relevant elites when it comes to the nuclear issue, there is no question that, unlike the president of Iran, the Supreme Leader is the leading decision-maker.³⁶

Is it time to engage him and Iran or is the best option to squeeze tighter? Or are there other alternatives or mixes of options that could still change Iran's behavior?

DIPLOMATIC OPTIONS

1) Tighten the Noose. This is the path we are currently following. The Bush administration pushed for and got adoption of a third sanctions resolution at the UN—once again being willing to settle for sanctions that do not really target the Iranian economy for the sake of getting a resolution. While accepting less at the UN, the administration is pushing European governments to lean on banks, investment houses, and energy companies to prevent any new deals. As already noted, this is, in fact, having an impact.

Prior to the NIE, President Nicolas Sarkozy of France was encouraging EU-wide sanctions that would go well beyond the UN sanctions in cutting the economic lifeline to Iran. His argument was that much more needed to be done to force the Iranian leadership to see that the price of pursuing their nuclear program was simply too high—and, indeed, if it was not done, the risk of military action to prevent Iran from going nuclear would inevitably increase. He was not arguing for the use of force; rather he was trying to mobilize opinion in Europe to show that if more was not done economically to squeeze the Iranians

and make them see the cost of the nuclear effort, those who saw Iran's nuclear program as a profound threat might see force as the only option.

While he has backed off this posture since the NIE, the idea of pushing for additional EU-wide sanctions remains on the table. And they would certainly have an impact in Iran. European companies may be cutting back and fearing the risk of investment in Iran, but a number of European governments are still providing several billion dollars of credit guarantees to their companies doing business in Iran. The figure was approximately \$18 billion in 2005,³⁷ and while significantly reduced, Italian, Spanish, Austrian (and even some German) firms are still benefiting from such guarantees.

So long as credit guarantees are still available, it will be hard to convince the Iranians that they will be subject to much stiffer economic pressures and that their economic lifeline will be cut off. Indeed, while obviously feeling increasing pressures from America's unilateral sanctions and efforts with the Europeans and others, it is interesting that when the Iranians held a conference in Tehran this past year to offer their own sweeteners on possible oil exploration contracts, dozens of European, Russian, and Chinese oil companies attended. According to Gholam Hossein Nozari, the managing director of Iran's national oil company, this was a "sure sign companies do not cower to U.S. pressure."³⁸

Clearly, if one is pursuing this option of tightening the economic noose, more needs to be done. One way to do so would be to enlist the Saudis. They have a very high stake in Iran not going nuclear. While the NIE has made them less willing to challenge the Iranians publicly, or even to be seen as part of an open effort to contain or isolate Iran, there clearly are private ways to employ Saudi financial clout. For example, the Saudis have tremendous holdings in Europe and

they could go privately to the relevant European governments, the key banking and investment houses, and the major energy companies and make clear that those who cut all ties to the Iranians would be rewarded by the Saudis and those who don't would fall into disfavor and receive no investments or business.

Something similar could be done with both the Chinese and the Russians. It is particularly important to do so with the Chinese who are driven by a mercantile mentality and are drawing special complaints from the Europeans for rushing to replace their companies whenever they pull back from Iran. China may seem to be a difficult case because it does receive about 13 percent of its oil from Iran. But make no mistake, if the Chinese had to choose between Iran and Saudi Arabia, they would choose the Saudis. They have massive new investments in Saudi petrochemicals, are jointly financing new oil refineries, and the Saudis have agreed to fill a strategic petroleum reserve for China. Business is business and the Chinese have a higher stake in Saudi Arabia. Again, the Saudis need not broadcast what they are doing — but they do need to be enlisted to quietly pressure the Chinese to change their approach to Iran lest they lose out on a profitable future with Saudi Arabia.

The Saudis could also influence the United Arab Emirates. The UAE's commercial ties to Iran are growing, and Iranian companies are relocating to Dubai in an effort to circumvent the existing sanctions. While the UAE may fear coming under great Iranian pressure if they simply cut back on exports to Iran, which rose to \$12 billion in 2006, the international community could give the emirates some cover. The UN could decide, for example, that it will create a monitoring team to oversee compliance with the sanctions imposed in resolutions 1737, 1747, and 1803; the UN has done this with many other sanctions regimes and it could establish such a team in the UAE. In

Dubai's "free-wheeling business environment," a UN monitoring team could identify Iran's efforts to use the UAE to get around the sanctions and give the UAE an explanation for why it must cut down on illicit Iranian activity.³⁹

There clearly is room for the Bush administration to do much more to tighten the economic noose around Iran and sharpen the choices the Iranian leadership must make. Everything need not be done through United Nations Security Council resolutions—indeed, that route has probably already been exhausted. Formal and informal sanctions, informal jaw-boning, and finding ways to get the Saudis to use their clout could all add to the pressures.

But is pressure alone likely to work? One could argue that if applied much more systematically and targeted effectively, it might yet work.

Perhaps, but pressure alone may only succeed in creating a siege mentality in the Iranian regime and, thus, strengthen the hand of the hardliners. Pressure that squeezes the regime far more effectively without tying it to an open door or to something from which Iranian leaders could also gain, may simply convince Iranian leaders that we seek only their humiliation. Pressure that offers only humiliation, meaning admission of defeat, is likely to make it easier for the hardliners to argue that giving in to this will whet the appetite of those in the United States who will be satisfied with nothing less than regime change. President Ahmadinejad appeared to make this very point in responding to his internal critics on why Iran should not concede on the nuclear question given the pressure: "If we would take one step back in our confrontation with the arrogant powers regarding our nuclear program, we would have to keep taking more and more steps back till the very end."⁴⁰

The problem with the tightening the noose option is that the Iranian leadership may choose confrontation, believing it has nothing to lose. Furthermore, it is not likely to work fast enough to prevent the Iranians from going nuclear. Pressure has not worked so far, and the capacity of the Bush administration to ratchet it up dramatically in its last year is limited. Another year of enrichment may not make Iran a nuclear weapons state, but will move them much closer to being a nuclear power. So maybe it is time to try a different path.

2) Engagement without Conditions. Secretary Rice might argue that the Bush administration has not sought a pressure-only approach; after all, the administration supported the incentives package in the summer of 2006, was willing to back the "double freeze" proposal in May 2007, opened up a dialogue with Iran on Iraq, and has proclaimed a readiness to discuss all issues if Iran will only suspend its enrichment activities.

However, critics of the administration paint a very different picture—one, they say, that is what the Iranians see.⁴¹ From Tehran, the picture looks like one of unrelenting efforts to isolate or pressure Iran; even when Iran tried to be responsive after 9/11 on al Qaeda and Afghanistan it received no recognition or reciprocation, only the charge that it was part of the Axis of Evil. When it conveyed privately a readiness to put all issues on the table, including its nuclear program and support for Hezbollah and Hamas, in 2003, it was rebuffed with a simple rejection. While dialogue was being rejected, hostility was being projected through the attempt to promote a wall of Sunni Arab containment and economic pressures.

Critics of the administration's policy do not try to excuse Iranian nuclear ambitions or Iranian support for terror. Instead, they argue that the pressure-only or isolation policies are doomed to fail and have built up a reservoir of deep

suspicion throughout the Iranian elite. Given that, they argue for an engagement without conditions approach.

Analysts Mark Brzezinski and Ray Takeyh believe that the NIE's findings create an opening, not a problem. In their words, "That Iran ceased work on its nuclear program several years ago is positive, as it provides an opportunity to start negotiations with Tehran without any preconditions. Moreover, it allows both parties to come to the negotiating table with a constructive tone."⁴² They and other critics of the administration see value in creating an environment for the talks in which neither side is seeking to pressure the other, "making veiled threats," or dismissing each other's security concerns.⁴³

Preconditions would be inconsistent with trying to foster such an atmosphere for the talks. Moreover, to make such talks work, the critics argue for negotiations that will be comprehensive in scope and not incremental. They believe the agenda should cover the full array of concerns of both sides:

- Iran wants recognition of its legitimate security and regional interests, a U.S. commitment to accept the regime and give up efforts to change it, a recovery of its frozen assets, an end to economic embargoes, and the right to have civil nuclear power.
- The United States wants Iran to give up its pursuit of nuclear weapons, its support for terrorist groups and militias that threaten or hold existing governments hostage, and an end to trying to prevent Arab-Israeli peace.

For the critics who favor engagement without conditions, the tradeoffs are not difficult to imagine. In return for American acceptance of the legitimacy of the Iranian regime and resuming economic ties with it, Iran would have to stop providing all military equipment and training to

Hezbollah, Hamas, and other regional militias, and publicly commit to a two-state solution to the Arab-Israeli conflict. In return for U.S. support for Iran's civil nuclear program, Iran would have to accept an intrusive inspection regime based on having permanent inspectors operating on a 24-hour-a-day, no-notice system of inspections. In return for U.S. acceptance of Iran's role in Iraq, Iran should be prepared to help to work out understandings not only between the Shia and Sunnis within Iraq but also with the Saudis to make such understandings more likely to hold. Finally, in return for our accepting Iran's regional position, Iran would join an effort with its neighbors to create a new regional security system resolving territorial disputes, accepting existing borders, limiting arms acquisitions, and opening trade.⁴⁴

Most of those who favor this engagement option believe that Iran's behavior can be modified. They see Iran as "an unexceptional opportunistic power seeking to exert preponderance in its immediate neighborhood."⁴⁵ While that might ordinarily argue for the use of carrots and sticks to affect Iran's choices, the engagers without conditions feel that Iranian suspicions are simply too high, their leverage toward their neighbors too great, their cash reserves too substantial, and their nuclear program too far along to have them respond to our "sticks."

But is all that true? Usually when regimes say pressure won't work on them that is precisely what they are trying to head off. President Ahmadinejad would not be facing some of his domestic criticism if not for concerns that his provocative posture, including specifically on the nuclear issue, was costly to Iran. Moreover, while high oil prices may be a boon for Iran, they have not eased the basic vulnerabilities of the economy or reduced unhappiness about it. Fuel heating shortages have triggered a torrent of new criticisms of Ahmadinejad's policies in recent weeks,

and late last summer one of Iran's leading clerics, Ayatollah Mahmoud Hashemi Shahroudi, the judiciary chief, blasted the president for what he termed "heavy blows to the Iranian [economic] system."⁴⁶

This is not to argue against engaging the Iranians. But it is to argue that engagement should not dispense necessarily with preserving pressures on the Iranian regime. To engage with no pressure might well convince the regime that the United States is conceding up front and there is no need to respond to what it seeks. It almost certainly would convince them of our weakness. In my experience in negotiating with Middle Eastern parties—admittedly Arabs and Israelis, not Iranians—the tendency when one side thought it was on a roll and in a strong position was to believe that there was no need for it to compromise; ironically, when it found itself in a weakened position or on the defensive, it would tend to think that it could not afford to compromise.

What that would argue for with the Iranians is preserving pressure but also providing face-savers and inducements at the same time.

3) The Hybrid Approach—Engagement without Conditions but with Pressures. When I say engagement without conditions, I mean that there would be no preconditions for the United States talking to Iran. Iran would not, for example, have to suspend its uranium enrichment first. But to avoid Iran misreading this as a sign of weakness, pressures must be maintained. Iran must see that though the United States is no longer imposing a precondition for talks, it has succeeded in adding to pressures on Iran even while it is offering a way to reach an accommodation.

The logic of this option is that Iran must see that the costs of pursuing the nuclear option are real and will not go away, but that Iran has a door to

walk through and can see what is to be gained by giving up the pursuit of nuclear weapons—and those gains are meaningful to the Iranian leadership. The hybrid option is designed to concentrate the minds of Iranian leaders on what they stand to lose without humiliating them.

It ends the image that there is a price just for talking to the United States but does not leave the impression that America has caved in and effectively given up as talks begin—or that negotiations can provide a legitimate umbrella under which nukes can still be pursued.

So how to talk and preserve the pressures without making either side appear weak? One way to do so would be for the United States to go to the Europeans and offer to join the talks with Iran without Iran having to suspend uranium enrichment. To avoid misleading the Iranians into thinking they had won, the price for our doing this would not be with Iran but with Europe. The European Union would adopt more stringent sanctions on investments, credits, and technology transfer vis-à-vis Iran in general or at least on the Iranian energy sector. The Iranians would be informed that the United States is joining the talks but that these sanctions are now being adopted by all European countries.

Would the Europeans go for it? It is possible. The EU negotiators have been convinced for some time that there is a deal to be struck with Iran but only if the United States is directly at the table. They believe that while Iran does seek economic and political benefits from the Europeans, the big prize is with the Americans. It is not just the frozen assets but the conviction that the United States is determined to subvert the regime and no deal is possible until the United States provides security assurances and guarantees to Iran directly.⁴⁷

For applying the hybrid option in this fashion, what matters is not whether the EU view is correct. What matters is that the EU representatives are convinced that this is what will move the Iranians. Of course, they could be wrong. Moreover, their readiness to go along with the U.S. condition that they adopt tough sanctions as the price for getting the United States to the table will, no doubt, also depend on a U.S. commitment to negotiate seriously on a comprehensive proposal that would include many of the tradeoffs noted above in option two. There would be one key difference in the comprehensive proposal that would be proffered as part of the hybrid option: here acceptance of Iran's being a civil nuclear power would require not simply acceptance of intrusive inspections, but also a ban on stockpiling low-enriched uranium and a requirement to have it shipped out of the country to an IAEA facility. In other words, in option three the nuclear part of the comprehensive proposal would be geared more to guarding against an Iranian breakout capability as well as providing for verification procedures designed to prevent the existence of covert or clandestine nuclear programs in Iran.⁴⁸

There could be one other problem in getting the EU to go along. If the NIE has convinced most Europeans that the United States is less likely to use force against Iran, they may feel less urgency and less need to put additional pressure on Iran. Indeed, many in Europe may feel that they can live with an Iran with nuclear weapons and that containment is an acceptable posture. If so, they may balk at applying more sanctions, particularly because it means absorbing real economic costs.

In such an eventuality, there may be value in enlisting Israel to send a high-level delegation privately to key European capitals to make the point that while others may feel they can live with a nuclear Iran, Israel feels it does not have that luxury. Not, by the way, because its leaders might

not prefer it, but because Iran does not seem willing to let Israel exist. The Israeli message would be that if you want to avoid the use of force, “we need to see that you are going to raise the costs to Iran in a way that is likely to be meaningful to the Iranian leaders.”

To be sure, another way to increase the likelihood of getting European responsiveness on increased pressure would be to enlist the Saudis and their financial clout. The point here is that the sources of pressure identified in the “tighten the noose” option must also be incorporated into the hybrid option. It really is an amalgam of options one and two. The Saudis need to be enlisted to act not as a favor to the United States — since they are not inclined to do us any favors — but because their own interests in preventing Iran from going nuclear are so potent. As noted earlier, the Saudis do have real leverage toward both the Europeans and Chinese and it needs to be employed even as we engage the Iranians.

The Russians, too, could be enlisted in this option. The Russians could provide both significant pressures and inducements. If the Russians made it clear to the Iranians that they would not protect them from greater external pressure but could offer them a way out — especially if it looked like pressures would increase from the outside — the Iranian leaders might very well change their calculus.

Getting the Russians to play this role will not be easy or necessarily cheap. The Russians have no desire for Iran to go nuclear but have also been careful not to push the Iranians too hard. Is it because they are concerned that if they push the Iranians too hard, the Iranians will make trouble for them in their Muslim periphery? Or is it because the Russians have a different agenda in the Middle East now and becoming an alternative or counterweight to the United States is taking on more importance? Or is it because the Russians

want something if they are going to play such a role? Maybe all three factors are involved in some form.

If so, there could be several creative ways to engage the Russians. The first would involve trading off the anti-missile defense deployments in Poland and the Czech Republic for real Russian pressure on Iran. In theory, these deployments were supposed to provide protection from Iranian missiles. If the Russians would act to reduce the Iranian threat, these sites might not be so necessary. Unfortunately, such a tradeoff with the Russians is probably not acceptable to the Bush administration given its commitment to anti-missile defenses. But it might be acceptable to the next administration and ought at least to be considered.

There are two other possible inducements for the Russians: offer to help the Russians assume a leading position as a supplier of nuclear fuels internationally—something that could mean a great deal financially to them. Or allow the Russians to take the lead in doing the deal with Iranians on stopping their nuclear program. This would respond to the Russian political and psychological need to show they are playing a major new role internationally, effectively recapturing their lost status on the world stage. Each of these inducements have certain downsides: among other things, could we be so confident about Russian safeguards and could we really count on the Russians not surprising us with what they might offer the Iranians or how they might try to play us off against the Europeans?

While these risks might be manageable, they remind us that the more we involve others who have leverage, we need to think through with whom we can effectively work, who has reasons of their own to act, and how we can most productively integrate others into a common strategy to alter Iran's behavior. Any such strategy needs

to focus not just on the levers but also on how we should go about engaging the Iranians if we are employing either options two or three.

How to Set Up Engagement with the Iranians

In discussing the hybrid option, I mentioned that the Iranians could be informed that the United States was joining the talks directly even as they were being told about increased EU sanctions. That is, of course, one way to prepare the ground for U.S. engagement with Iran. But there are other ways to do so that would be relevant for either the “engage without conditions” or “engage with pressure” options. For example, engagement, whether without conditions or with pressure, should still be prepared. There should be an agenda that is created before the Americans first come to the table. One way to do so would be to have the Europeans quietly have discussions with the Iranians on a more comprehensive agenda, which goes beyond the nuclear issue, to prepare for U.S. inclusion in the talks. Another way could involve some of the existing “track two” channels which could be used to set the stage for official contacts. This is how the Oslo process evolved, with pre-negotiations in an ongoing academic channel taking on issues and creating milestones for gradually bringing officials to the talks.

While each of these ways could be effective, I actually prefer another approach. I recommend trying to set up a direct, secret backchannel. Keeping it completely private would protect each side from premature exposure and would not require either side to publicly explain such a move before it was ready. It would strike the Iranians as more significant and dramatic than either working through the Europeans or non-officials—something that is quite familiar. It has the additional value that a discreet channel, which is protected, makes it possible to have a thorough discussion and to see whether there is a common agenda that can be constructed.

Having done this with the Syrians in a secret backchannel in 1989, I know it permits a very different kind of discussion as well.

Assuming it is possible to produce such an official, discreet backchannel with the Iranians, one good way to begin such a discussion would be to ask the Iranian representative to explain how his government sees U.S. goals toward Iran and how he thinks the Americans perceive Iranian goals toward the United States. Any such interaction must find a way to show the Iranians that we are prepared to listen and to try to understand Iranian concerns and respond to them, but ultimately no progress can be made if our concerns cannot also be understood and addressed.

Maybe, given the history, it will be difficult to set up such a direct channel that is also authoritative. We certainly have an interest in finding ways to be sure that any such channel is one that engages Ali Khamenei, the Supreme Leader. Maybe we will need the Europeans (or others) to help set up the channel. And, maybe, even if we engage the Iranians, we will find that however we do so, and whatever we try, the engagement simply does not work.

We will need to hedge bets and set the stage for alternative policies either designed to prevent Iran from going nuclear or to blunt the impact if they do. Those represent two different policy choices with very different implications. Whichever path we take will be more sustainable if we have directly engaged Iran first. Tougher policies—either military or meaningful containment—will be easier to sell internationally and domestically if we have diplomatically tried to resolve our differences with Iran in a serious and credible fashion. Sometimes even the best efforts at statecraft do not work and that could prove to be the case with Iran. But before we come to that conclusion, it is time to try a serious approach to diplomacy.

ENDNOTES

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CHAPTER III:
DIPLOMATIC STRATEGIES FOR DEALING WITH IRAN:
HOW TEHRAN MIGHT RESPOND

By Suzanne Maloney

DIPLOMATIC STRATEGIES FOR DEALING WITH IRAN: HOW TEHRAN MIGHT RESPOND

By Suzanne Maloney

In a world marked by change and transformation, the three-decades-long antagonism between Washington and Tehran seems curiously impervious to amelioration or mitigation. The durability of this conflict—which has outlasted all of America’s other old enmities with the exception of Cuba—as well as its perpetual urgency has generated a rich library of official and unofficial policy studies, academic analyses, and high-level task force recommendations. Each has attempted to answer the same question that confronts U.S. policymakers every day: what can be done about Iran?

That something must be done is a matter of widespread consensus, not simply in Washington but within the international community. Thanks to its pivotal location, political legacy, cultural and religious sway, and rich natural and human resource base, Iran inevitably engages vital American interests. Since the revolution, Iran’s policies and actions—its nuclear ambitions, bankrolling of terrorism, assertion of regional primacy, and its repression of its own citizenry—have placed Iran at the nexus of Washington’s most immediate security dilemmas.

The widespread recognition that Washington needs a more effective approach to dealing with the challenges of Iran has produced an array of different approaches, but little apparent progress in conclusively resolving Iranian antagonism and the threat posed to American interests. Nearly every proposed revision to U.S. policy toward Iran has already featured into Washington’s repertoire over the past three decades. Carrots and sticks, engagement and containment, forceful deterrence and fumbling attempts at regime change—all these recommendations have been implemented.

The single greatest enigma in this equation centers on Iran itself. Iran remains the sole state in the world which maintains no direct relationship

or communications with the United States, and our efforts to craft an effective policy to influence its leadership are consistently undermined by the profound limitations in our familiarity with contemporary Iran. On the heels of her failed 2006 bid to open negotiations with Tehran on its nuclear program, Secretary of State Condoleezza Rice acknowledged somewhat ruefully that Iran is “a very opaque place.” Asked about Iran’s pattern of defying both logic and American expectations, Rice conceded that the Islamic Republic is “a political system I don’t understand very well,” adding that “one of the downsides of not having been in Iran in — for 27 years as a government is that we don’t really have people who know Iran inside our own system... We’re also operating from something of a disadvantage in that we don’t really have very good veracity or a feel for the place.”¹

Understanding Iran represents the seminal challenge for any future American administration trying to “get Iran right,” but our efforts should be humbled by our consistent underperformance in this arena over the past 30 years. While the Islamic Republic may be more accessible than hermetic North Korea and its leadership less capricious than Libya’s Moammar Qaddafi during his prime, Iran’s complex political dynamics and unique governing institutions have generated an often unpredictable course. We did not predict the revolution, nor did we anticipate either the rise of the reform movement through the 1997 election of President Mohammad Khatami or the resilience of regime orthodoxy through the 2005 election of his successor, Mahmoud Ahmadinejad.

Anticipating Iranian responses is a critical component of any U.S. policy option, but one that has particular relevance for diplomacy. A clear understanding of the other side’s interests, motivations and bottom-line preferences is an essential foundation for any successful diplomatic enterprise.

And there is every reason to presume that diplomacy will comprise a central component of any new approach to Iran. Despite wide variations in rhetoric and tactics, every American president has pursued some mode of diplomatic engagement with the Islamic Republic. The conspicuous exception to this rule transpired under the current U.S. administration, which, in the aftermath of the first heady successes of its campaign to remove Saddam Hussein and remake the Middle East, took the unprecedented step of rejecting any dialogue with Iran. The abject failure of that approach, and the Bush administration’s own reversal of its stance on negotiations with Iran, makes it almost inevitable that direct engagement will feature into the next administration’s strategy, irrespective of which political party takes the White House in November 2008. This paper seeks to offer some scope for discussion on how Iran might respond to a new diplomatic initiative by considering lessons drawn from Iranian rapprochement in two other key cases, as well as prior attempts at U.S.-Iranian engagement, and concluding with some sense of Tehran’s current views on dealing with Washington.

Rapprochement and Iran

Iran’s estrangement from Washington may be the most enduring example of the rupture, but it is hardly the only one. Beyond the legacy of the non-relationship with Washington, there are several other cases that can offer some insight into how a diplomatic process with Tehran might unfold. Both Saudi Arabia and Great Britain have found themselves the object of intense Iranian official animosity at various points since the revolution, and yet in both cases Tehran found a *modus vivendi* for healing the breach and maintaining a tolerable, if not always amicable, relationship even during moments of intense regional and bilateral frictions.

IRANIAN-SAUDI RELATIONS

The Islamic Revolution profoundly exacerbated the long-standing rivalry — strategic, economic, and religio-cultural — with its southern neighbors. Iran’s universalist aspirations explicitly contravened the Saudi founding narrative, which positions the King as protector of Islam’s most holy places and the state as the *de facto* leader of the Muslim world. Khomeini’s loathing toward Riyadh actually outlasted him; his final will advocates that “Muslims should curse tyrants, including the Saudi royal family, these traitors to God’s great shrine, may God’s curse and that of his prophets and angels be upon them.”² There were, of course, a range of other contributing factors: Arab-Persian ethnic antipathies; the second-class status of the Kingdom’s Shia minority; doctrinal antagonisms stemming from the purist Wahhabist view of Shia practices; and the Islamic Republic’s resentment toward the institution of the monarchy and alliances with Washington. Add to this the inevitable insecurity of Saudi leaders in the wake of the November 1979 seizure of the Grand Mosque in Mecca and subsequent Shia riots. These intrinsic frictions escalated into what was essentially a two-front proxy war in the 1980s, with the Saudis funding Saddam Hussein’s war effort and Tehran cultivating Shia separatists in the Kingdom’s strategic Eastern Province and sponsoring violence against the Kuwaiti and Bahraini leaderships. The internationalization of the war in the Gulf in 1986 brought Riyadh and Tehran considerably closer to direct military conflict.

Notably, even during this fractious period, the Saudis demonstrated “a strong tendency to balance relations with both adversaries [Iran and Iraq], to avoid ‘provocation’ of Iran, to keep channels open (because isolating a regional great power is impossible), to defuse crises by conciliation or even appeasement.”³ The Saudi propensity for conciliation manifested itself in a variety of overtures — the 1982 GCC offer to pay Iran’s war

damages for cessation of the conflict; the Saudi involvement with the Iran-contra arms sales to Tehran and decision to export refined products to Tehran even at the height of the “tanker war” in the Gulf; and the brief thaw in relations that took place as Iran appeared to gain the upper hand in the conflict in 1985. Conciliation did not extend to oil policy; Riyadh’s 1985 decision to enforce OPEC unity by flooding a weak market with production was widely seen as a means of crippling the Iranian economy at a crucial point in the war.

For most of its first decade, the Islamic Republic was less restrained. With the exception of the occasional mollifying comment from Rafsanjani, the clerical regime frequently castigated its southern neighbors as American lackeys and “palace dwellers,” openly scoffed at Riyadh’s Islamic pretensions, and transformed the annual performance of the pilgrimage to Mecca and Medina into a “vehicle for pan-Islamic agitation” and an opportunity to discomfit the Saudis for their cooperation with Washington.⁴ The Iranian view of the *hajj* as an inherently political event collided with the Saudi determination to safeguard both the ritual and the hundreds of thousands of annual participants. The resulting clashes between demonstrating Iranian pilgrims and Saudi security forces peaked in 1987, with the death of more than 400 pilgrims, most of them Iranian. In Tehran, mobs stormed the Saudi embassy, Khomeini announced that the Saudi royal family “had forfeited the right...to rule over the holy places,” while Rafsanjani exhorted that “the Saudi rulers have chosen an evil path, and we will send them to hell.”⁵ The Saudis severed diplomatic relations in April 1988, and the Gulf’s two heavyweights were openly at odds.

Iran’s reluctant decision to accept a ceasefire with Iraq later that year, and Khomeini’s death in June 1989, set in motion a wide-ranging shift in Iran’s domestic and foreign policies. The reform movement is generally credited with engineering

Iran's rapprochement with Saudi Arabia and the Gulf states more broadly, in part because of the marked deepening of the bilateral relationships during Khatami's tenure. But in fact Tehran began reaching out to the Gulf—and welcoming overtures from the same leaders it castigated for supporting Saddam—as early as August 1988. Relieved by the war's end—the Saudis helped pressure Saddam to accept the ceasefire—the Gulf states were receptive to a fresh start. By the start of 1989, Iran had resumed full diplomatic relations with Kuwait and Bahrain; engaged in quiet talks with Riyadh; welcomed the Omani Foreign Minister to Tehran; and undertaken high-level visits to Qatar, Bahrain, and the UAE. Iraq's August 1990 invasion of Kuwait and Rafsanjani's consolidation of power helped nudge the process of regional détente forward. In the wake of Tehran's constructive neutrality, diplomatic ties with Riyadh were restored and Iran launched a wary new diplomatic and economic relationship with the Gulf.

Restoration of ties with Riyadh did not come without a domestic political penalty. Resentment over Gulf support for Saddam remained fresh, and hard-liners called for conditioning any détente on compensation. An MP editorialized in *Resalat* that rapprochement with Riyadh (and London) “smells of surrender to the enemies of Islam, of intolerable passivity regarding the demands of the Imam.”⁶ Fierce opposition also emanated from Iranian leftists, many of whom remained committed to exporting the revolution even as they began to embrace more critical positions on the Islamic Republic's domestic politics.

Given the environment, nearly a decade passed before Iran's cold peace with the Kingdom progressed to a higher level. In the interim, Tehran continued to agitate at the *hajj* and stoke regional radicalism as part of a wide-ranging rivalry with Saudi influence and funding. Riyadh's embrace of the American security umbrella—along with

its pointed exclusion of Iran in the March 1991 “Damascus Declaration” by the GCC, Egypt, and Syria—ran directly counter to Tehran's efforts to mobilize the Islamic world against Washington and the nascent Arab-Israeli peace process. These abiding frictions serve as the backdrop for Tehran's involvement in the June 1996 bombing of Khobar Towers in Dhahran, in which 19 American servicemen were killed. The June 2001 U.S. indictment offers detailed allegations of the plot, involving a little-known group of Saudi Shia with the direct involvement and support of the group's Iranian patrons.⁷

In the aftermath of this marked escalation in Iranian-Saudi conflict, however, denouement followed shortly thereafter, largely thanks to a suddenly fortuitous context. The accusations of Iranian involvement in the Khobar attacks mounted as Tehran was contending with new external pressures—largely emanating from the diplomatic fallout from Germany's April 2007 indictment of Iranian officials in overseas dissident assassinations—and significant internal political shifts, with Khatami's May 2007 election. In the Kingdom, then-Crown Prince Abdullah had consolidated his domestic position, and was seeking ways to distance himself from Washington and reduce regional tensions, as a means of addressing his domestic economic and demographic challenges.⁸ The concomitant shifts made the environment ripe for Iranian overtures, and helped persuade the Saudis to stiff-arm U.S. efforts to unravel the Khobar conspiracy fully.

The seminal moment of the new relationship came in late 1997, when Tehran hosted the annual summit of the Organization of the Islamic Conference. Even bookended by a dose of Khamenei's orthodox tripe, Khatami's address on the need for the revitalization of “Islamic civil society” clearly signified a new tone, as did the attendance of CP Abdullah and an array of senior Arab officials. The OIC conference was another

example of the broad support for rapprochement within Iran's fractured internal politics; outreach to the GCC leaders in preparation for the event began well before Khatami's election. The summit success was followed by a series of historic visits to and from the Kingdom: former President Rafsanjani's visit in 1998, President Khatami in 1999, and routine ministerial exchanges. The two states even signed a series of agreements on trade, culture, science, and technology, including a 2001 security pact, and launched a number of joint projects.

The Saudis had to manage their smaller neighbors, particularly those such as Bahrain with ongoing sectarian tensions linked to Iranian agitation, and the UAE, which has contested Iran's provocative occupation of three Persian Gulf islands that the two countries jointly claim. For its part, Riyadh balked at the implication that it was not free to determine its policies based solely on the country's interests. In particular, mitigating tensions with the UAE required continued intervention of Saudi Arabia and other Arab interlocutors (particularly Qatar and Oman) on Iran's behalf. In contrast, Kuwait was more amenable, despite harboring justifiable grievances against Tehran for its terrorist activities in the 1980s.

Surprisingly, the rapprochement has largely survived a series of shocks—including the demise of the reform movement, the revival of Iran's ideological rhetoric, and the profound regional tension and uncertainty emanating from Iraq as a result of the U.S. occupation and Iran's vastly expanded influence there. Ahmadinejad is openly reviled by many Gulf leaders, who mock his lower-class persona and deeply resent his penchant for appealing to the most radical sentiments of their citizenry. Revanchist rhetoric about Bahrain in a powerful conservative newspaper stirred fears about the possible resumption of Iranian efforts to destabilize its southern

neighbors. But it is Iraq, and by extension Iran's deepening sway in Lebanon and among the Palestinians, that unnerves Riyadh most profoundly. "(T)o us, it seems out of this world that you do this," Saudi Foreign Minister Prince Saud Al Faisal told an American audience in September 2005. "We fought a war together to keep Iran from occupying Iraq after Iraq was driven out of Kuwait. Now we are handing the whole country over to Iran without reason."⁹

Notably, both sides have worked diligently to preserve some modicum of cooperation and prevent the deterioration of the relationship even as regional tensions have escalated significantly. Tehran has repeatedly dispatched envoys to Riyadh over the past several years to assuage concerns, including former foreign minister Ali Akbar Velayati, the supreme leader's personal advisor on foreign affairs, who first embarked on a damage control mission after Ahmadinejad's outrageous performance at the December 2005 Organization of the Islamic Conference summit. As Ali Larijani acknowledged, "We do have our disagreements in certain areas, but overall the relations between Iran and Saudi are very dignified with excellent underpinning."¹⁰

Despite their profound trepidations about Iran, the Saudis have signaled that they are not prepared to lead an anti-Iranian coalition. Riyadh has hosted Ahmadinejad several times, including for the December 2007 *hajj* pilgrimage—a first for a sitting Iranian president and remarkable given the Saudis' traditional consternation over Iranian troublemaking at the pilgrimage. Riyadh also undoubtedly sanctioned another unprecedented act of regional comity, Ahmadinejad's participation in the annual summit of the leaders of the Gulf Cooperation Council in December 2007, where he proposed a regional security pact and new economic cooperation between Iran and its Gulf rivals. At the same time, however, the Saudis have agreed to massive new arms sales

from Washington and have greatly intensified their diplomatic efforts in Lebanon and elsewhere to combat Iran's sway.

The endurance of the Saudi-Iranian rapprochement even in an era of tension suggests Riyadh's commitment to an independent foreign policy that prioritizes conflict management over conflict resolution. It also reflects growing cooperation between Tehran and Riyadh within OPEC, which helped facilitate the recovery of oil prices from their late 1990s low. As a variety of factors—most importantly, epic growth and energy demand in China and India—have pushed the price of oil beyond \$120 a barrel, Riyadh and Tehran found even greater grounds for cooperation in this arena, despite the regressions in Iran's internal situation.

IRANIAN-BRITISH RELATIONS

In addition to its regional quarrels, Tehran has also experienced repeated ruptures in its relations with Europe, most notably with Britain. In the collective Iranian imagination, Britain rivals America as a source of both bitterness and fascination; even more than Washington, London has long been seen as “a manipulative and exploitative power whose policies have hampered Iran's development, undermined its independence and caused the loss of its territory and influence.”¹¹ Inevitably, the revolution brought new tensions to the British-Iranian relationship. The UK Embassy in Tehran was briefly attacked, and in their inimitable provocative fashion, Iran's revolutionary leadership renamed the street in front of the British Embassy in Tehran after Irish hunger striker Bobby Sands.

Unlike Washington, however, the British had cultivated networks within Iran, including among the revolutionary clergy. These relationships—as well as London's cynical support to Tehran in various moments of crisis, including the provision of intelligence on Iranian communists—preserved

at least a small British diplomatic presence in Iran, albeit without a sitting ambassador for many years. Along with the rest of Europe, the British rebuffed early U.S. entreaties to join in multi-lateral sanctions during the 1979 hostage crisis, and eventually enacted only the most minimalist restrictions on trade. Iranian trade with Europe actually expanded during the 444-day standoff, and the measures were quickly lifted as soon as the hostages were released.¹²

The overall bilateral dynamic remained deeply mistrustful, particularly during the “tanker war” phase of the Iran-Iraq conflict, and over the years the underlying frictions have manifested themselves in a series of bizarre clashes over diplomatic protocol: in 1986, over the British refusal to accredit an Iranian diplomat because of his involvement in the U.S. Embassy seizure; a year later, the arrest of an Iranian consular office in Manchester for shoplifting sparked the armed seizure and beating of a British diplomat in Tehran; and a series of expulsions and reprisals that practically emptied the embassies on both sides. Still, even as political frictions kept the two governments at odds, Iranian-British trade remained considerable—more than \$1 billion by 1992, as the British benefited from both the arms trade during the early years of the war and the reconstruction opportunities thereafter.¹³ A similar theatrical pattern has persisted, including 1999 and 2002 spats over British ambassadorial nominations, with the formal diplomatic relationship routinely disrupted even as economic and cultural ties remain generally intact.

Relations briefly warmed in the wake of the ceasefire with Iraq, when the British announced the resumption of full diplomatic relations “on the basis of ‘reciprocity and mutual respect.’”¹⁴ Several months later, however, the relationship was rocked yet again when Ayatollah Khomeini seized on an allegedly blasphemous novel by a British writer, an issue that had been on a low

simmer across the Muslim world for months, and predictably fanned the flames. Khomeini's February 14, 1989 declaration condemning to death Salman Rushdie and anyone involved with *The Satanic Verses* enabled the Iranian leader to revive revolutionary fervor in the aftermath of the Iraqi ceasefire and reasserted the regime's radical status in the Muslim world. British demands for an official renunciation brought no relief; instead, a parastatal foundation in Iran pledged a multi-million-dollar bounty for Rushdie's death.

In the ensuing uproar, the Majlis voted to sever the country's diplomatic relationship with the U.K., and London issued rare warnings for British travelers, and expelled several dozen Iranians, including several diplomats suspected of involvement with the bombing of bookstores that sold the Rushdie book. London tried to dampen the uproar while also seeking to safeguard the principle of free expression as well as Rushdie himself. "The Government will continue to uphold freedom of speech within the law upon a rock-solid basis," the Foreign Secretary said in March 1989. "That does not mean that either the Government or members of Parliament are required to condone or defend any particular book."¹⁵ Some Iranian officials sought to contain the damage, explicitly enjoining any repeat of the 1979 Embassy seizure, but Khomeini was determined to stoke the controversy.

While the rest of Europe moved quickly to resolve the clash and returned their ambassadors to Tehran in April 1989, domestic politics as well as other irritants in the relationship delayed any parallel improvement for London. Diplomatic relations were formally resumed in September 1990, but divisions within the post-Khomeini order perpetuated the standoff for eight more years. For much of this period, Rafsanjani and his Foreign Ministry sought to distance Iran's elected institutions from the *fatwa*, but these efforts were undercut by Ayatollah Khamenei and hardliners

close to the regime, who repeatedly reaffirmed its validity and pledged its implementation.

Ironically, rapprochement with Britain received a major boost from Iran's conservatives in preparation for an expected consolidation of their domestic position. In February 1997, Mohammad Javad Larijani—a parliamentarian and campaign chief for Iran's presumptive next president—met with the head of the Foreign Office's Middle East desk in London. In his London discussions, Larijani promised to settle the Rushdie issue and open new trade links.¹⁶ Leaked transcripts of the meeting cost Larijani his reputation, and several months later, his candidate lost at the polls to the relatively unknown Khatami.

Given the existing factional differences over Rushdie, Iran's election of a moderate new president might well have further impeded any resolution. However, the reformists calculated that reducing international tensions and increasing foreign investment would be critical for advancing their domestic agenda, and from that perspective, addressing the Rushdie *fatwa* offered a potentially valuable payoff. Quiet talks began in mid-1998 on a bilateral basis and through the European Union, and by September a formulation was hammered out that satisfied both sides. In an official statement, Iran's foreign minister declared that Iran would neither undertake action against Rushdie, nor support others in doing so, and the two countries simultaneously announced that relations would be upgraded to the ambassadorial level. The resolution "was indicative of the changed climate, in so far as Khatami was offering little in addition to what Rafsanjani had been saying for years...the chief difference was that he had carefully prepared the ground, so that his protagonist would be willing to listen."¹⁷

The 1999 exchange of ambassadors put Iranian relations with Britain on a new, more secure footing, but has not permanently settled the

tensions within the relationship. A myriad of triggers — British participation in the U.S.-led invasion and occupation of Iraq, close U.K.-U.S. cooperation on Iran's nuclear file, and efforts to bring Iranian officials to justice for the 1994 bombing of a Jewish cultural center in Buenos Aires — generated new discord between Tehran and London in recent years. However, even in the face of considerable irritants, particularly the 2004 and 2007 Iranian seizures of British sailors in the Gulf, the hard-fought diplomatic relationship has been preserved.

LESSONS FROM TWO IRANIAN EXPERIENCES WITH DÉTENTE

There are several telling lessons from these two separate episodes in Iranian foreign policy. First, and perhaps most importantly, these two examples should serve as an important reminder that Iranian foreign policy is not static and that Iranian leaders are capable of making important reversals on issues of considerable internal political sensitivity. Given the depth of Khomeini's antipathy toward Riyadh and the prevailing conspiratorial sentiments toward Britain, that full diplomatic relations were reestablished in both cases is a testament to the flexibility that exists beneath Iran's ideologically rigid surface, as well as to the utility of engagement itself.

On the specific strategies, it is worth noting that both cases of rapprochement entailed protracted periods of negotiation and was made possible primarily by the existence of prior ties and informal relationships between the leaderships. Formal relations were reestablished relatively quickly, but the full process of détente unfolded over a sporadic series of dialogue over a multi-year period (seven years for Saudi Arabia; eight for Britain). Third-party mediators (Oman, Pakistan, and Qatar in the Saudi case; the United Nations in the British case) played small roles. However, the reality is that the real work of repairing frayed relationships was undertaken by the parties themselves, even as the official tenor

of relations was exceptionally hostile, through an array of official dialogue and quiet diplomacy by influence-brokers on each side.

Key to the success of both diplomatic processes was the ability and willingness of Iran's adversaries to accept a considerable degree of ambiguity in Iran's undertakings and to provide significant scope for face-saving rhetoric and actions. The British endorsed Iranian declarations on Rushdie despite the fact that semi-official organizations continued to encourage and (at least nominally) fund the bounty on his head. And even though Tehran's issuance of a formal statement was intended to hedge against backtracking, Iranian officials indulged nonetheless. "All countries, one after the other, are trying to bring about changes in their policy towards our country... without having any change in our position," Kamal Kharrazi trumpeted the following month in Tehran. "Britain decided not to hold its relations with the Islamic Republic of Iran hostage to Salman Rushdie."¹⁸ In the Saudi case, the decision to rebuff a vigorous public investigation into the Khobar bombing was essential to facilitating an improved relationship with Tehran; Riyadh effectively absolved Tehran's complicity in exchange for implicit assurances that its subversive activities in the Gulf would cease. Saudi forbearance surely reflected multiple strategic objectives, including a desire to conceal its internal fissures; still, this kind of *quid pro quo* requires a level of mutual confidence and political will that may be hard to replicate elsewhere.

The willingness of the British and the Saudis to move forward despite inherent uncertainty reflects both the strategic investment and the restrained expectations that all parties invested in the process of détente. Subsequent developments in each case make clear that rapprochement with Iran was not a magical cure-all. Iran's ties to both Riyadh and London have experienced significant ebbs and flows since the reestablishment of full

diplomatic relations, an eventuality that appears to have been fully anticipated by the antagonists. At various points in the process, the Foreign Office acknowledged that close cooperation with Tehran was still unlikely, but “outstanding bilateral problems between us will be more easily settled inside diplomatic relations.”¹⁹ “All is not now a honeymoon with roses in the garden,” a British diplomat conceded eight years later, when the two states finally exchanged ambassadors for the first time since the revolution. “There are difficult issues still to be discussed, but at least we’ve cleared the undergrowth.”²⁰ For the Islamic Republic, then, rapprochement may best be understood as a waystation between conflict and goodwill.

Finally, and perhaps most significantly, both cases were linked to a tangible shift in the ideological complexion of the Iranian government. The salience of that shift appears to be twofold: first, the shift in the governing balance of power facilitated new policy initiatives that were simply not possible under previous leaders; secondly—and perhaps more importantly—the internal transition revised its adversaries’ perceptions of Iran and its intentions. The protracted trajectory of the détente in each case undercuts any argument that these internal political shifts were causatory—indeed, in both cases the track record of “bipartisan” support within Iran may have been crucial for facilitating the policy reversals. Rather, what seems clear is that the domestic political changes provided both an impetus for greater diplomatic engagement on both sides and an important measure of reliability for Iran’s justifiably suspicious interlocutors. In these two specific cases, then, a durable framework for Iranian rapprochement with former adversaries was contingent upon some meaningful shift in the ideological outlook of the Iranian leadership, if only for persuading Iran’s old enemies of the

sincerity of its overtures and the potential efficacy of engagement.

American-Iranian Engagement: What Have We Learned?

In considering how today’s Iranian leaders might respond to American diplomatic efforts, it is worthwhile to examine the historical track record. Although the United States and Iran have not had diplomatic relations for 28 years, each American administration has engaged in at least one serious round of diplomatic dialogue with Tehran, albeit in vastly different forms and without ever generating enough traction to produce lasting progress in ending the estrangement and tensions between the two states. For most of the lengthy U.S.-Iranian estrangement, the chief obstacle to any progress has emanated from Iran’s refusal to countenance direct dialogue with its old adversary. The very notion of dialogue with Washington remained so controversial that as recently as 2002, amidst of a spate of rumors about secret dialogue between Washington and Tehran, the Iranian judiciary banned any public debate of the issue, albeit to relatively little effect. And yet throughout this period, the Islamic Republic has repeatedly engaged in direct discussions and interaction with Washington when it suited Iranian interests to do so. Each of these episodes—the 1981 Algiers Accords; the Iran-contra dealings; the U.S. overtures in the 1990s; and the 2001-2003 discussions on Afghanistan—provides a platform for gauging Iranian interests, aims, and behavior in the negotiating process. While Iran’s political dynamics and strategic context have evolved in significant ways, these experiences will inevitably frame perceptions and reactions within Iran.

DOMESTIC POLITICAL CONSTRAINTS

The most obvious and essential characteristic of Iran’s approach to Washington over the past 30 years is the formative influence of Iran’s complicated domestic political dynamics. Iran’s ruling

system is the product of its revolution, a competing, multi-pronged beast that incorporates a wide array of aims, interests, and actors. At every point in the regime's history, its leadership has engaged in fratricidal partisanship. Even Ayatollah Khomeini, whose charismatic authority was almost undisputed, could not enforce obedience to his every mandate, and the ferocity of factional disputes has only intensified since his 1989 death. The contested internal political battlefield shapes all policy outcomes in Iran. At the same time, no single individual wields complete or uncontested power. Iran's multiple spheres of influence, jockeying political factions, and semi-autonomous institutions make it virtually impossible for any political actor to move absent broad buy-in. This is the hidden strength of the system, as well as the source of its opacity, inconsistency, and inefficiency.

From the outset of the Islamic Republic, the question of Iran's relationship with Washington has been intertwined with the fate of the revolution and the state itself. While the causes of the revolution itself were largely domestic in nature, the post-revolutionary state and leadership has always defined itself in a small but meaningful fashion on the basis of its antagonism toward America. In a political environment perpetually marked by competition for power and deep-seated concerns about regime survival, the notion of engaging Washington has been both the third rail and the holy grail of Iranian politics. That combination has tended to paralyze Iran's leadership and bureaucracy. As former MP Mohammad Javad Larijani said in 2001, "(w)e have been deprived of a proper policy towards America because for the past 20 years we have been politicizing the issue inside the country."²¹

During the new state's first decade, anti-Americanism was the glue that bound the disparate and warring revolutionary coalition, and the war with Iraq muted their differences

over foreign policy. However, the 1988 ceasefire removed this constraint, and coincided with intensified jockeying for power in advance of the anticipated succession of the aging Khomeini. Contradictory signals began emanating from Tehran, as Rafsanjani repeatedly made public overtures to Washington—in particular, offering assistance in freeing Western hostages held in Lebanon, albeit on the condition of advance American concessions—only to find his propositions openly contradicted by Khamenei. "Next to the usurper regime ruling over occupied Palestine, you are the most cursed government in the eyes of the Iranian people," Khamenei thundered in August 1989, shortly after his ascension to the post of supreme leader. "No one in the Islamic Republic will hold talks with you."²² Despite internal opposition, Rafsanjani's intercessions in the complex and erratic Lebanese morass eventually produced modest results. However, the mixed signals from Tehran, combined with the emergence of other complications for U.S.-Iran relations including the launch of the Middle East peace process, meant that Tehran saw little direct benefit from its efforts.

During this period, among the fiercest opponents of Washington were the left-wing Islamists, a grouping that would evolve into the reform movement. This was the faction that led the embassy takeover, agitated for export of the revolution and nurtured Hezbollah, excoriated the pragmatists for purchasing arms from the Great Satan, and remained virulently mistrustful of the West even as the Cold War ended.²³ Their socialist economic leanings prompted Rafsanjani to oust many of the leftists from government positions in the early 1990s, and over the course of the next few years, the faction began to reassess the state it had helped create, recognizing in their own political isolation the absolutism and capriciousness that represent the systemic flaws of the post-revolutionary state. Iran's Islamic leftists came to see

foreign policy—and more specifically, effort to promote rapprochement with Iran’s old adversaries—as a “useful and constructive ballast for his domestic policy...a valid sphere of political operations which, if well harnessed, could have a positive bearing on internal developments.”²⁴ Thus in 1997 Khatami launched his unexpected presidency with a quiet but determined pursuit of regional détente, and a dramatic transformation in tone extended toward Washington.

Khatami’s January 1998 interview with CNN represented a remarkable gambit, given that Iranian officials had granted only rare interviews to the U.S. press. His stunning rhetoric—he began by paying respect to the “great American people” and expressed “an intellectual affinity for American civilization”—stood in sharp contrast to a speech only days before by Khamenei, who accused the West of using “guileful propaganda tricks...to bring about instability and insecurity in the nation.”²⁵ However, while the bold move was intended to open new channels with the West, it closed doors at home. The interview ignited a storm of controversy within Iran, exacerbating conservative mistrust of Khatami. Conservative opposition reflected self-interest, as rapprochement with the United States would have boosted Khatami’s approval ratings to stratospheric levels, as well as an ideology that equated regime orthodoxy with regime survival. Two weeks after the CNN interview, after a muted response from Washington, Khatami spoke about the United States in much more strident terms in an address before the tomb of Ayatollah Khomeini, and on a subsequent visit to the United Nations suggested that the interview had been “misinterpreted” and asked Americans “not to confuse a dialogue among people and cultures with political dialogue.”²⁶ For much of the rest of his presidency, Khatami and the reformists focused their attentions on mending other breaches in Iran’s international relations,

and took relatively few concrete actions to reach out to Washington or respond to the belated overtures mounted by the Clinton administration two years later.

Even still, throughout the reform period, the intense entanglement of the issue of U.S. dialogue with Iran’s factional divide generated regular efforts by the conservatives to sabotage Khatami’s foreign policy initiatives. The most notable case involved the 1999 arrest of 13 Jewish Iranians in the south-central city of Shiraz, on what appeared to be patently trumped-up charges of espionage involving Israel, a crime punishable by death in Iran. The case quickly became a cause célèbre outside Iran, with Congressional outcry, international petitions, and a flurry of cancelled foreign visits. The debate in the Iranian press all but acknowledged that the 13 were being used as pawns in an internal struggle for power. Hard-line newspaper *Jomhuri-ye Eslami* opined that “Washington’s support for these spies shows that the United States remains the enemy of the Iranian people...This should be a lesson for those in Iran who support a resumption of relations with the United States.” For their part, the reformers sought to intercede behind the scenes and contain the international damage to little avail, given their limited control over the Judiciary and the Intelligence Ministry. Khatami, who would later complain that his first term had been marred by a crisis every nine days, regretted that “(s)ome people take advantage in every possible way in order to disrupt the government’s plans.”²⁷

The manufacture of scandals intended to disrupt Iranian engagement with its adversaries is a tactic deployed by Iranian conservatives on an almost routine basis. It has been used to undercut small-scale initiatives, as in the November 1998 harassment of a small American business delegation visiting Tehran, as well as a much more elaborate scale, such as the January 2002

revelation of a ship laden with Iranian arms bound for the Palestinian Authority. Some skepticism is warranted about the genesis and denouement of these episodes; in the conspiratorial Iranian political culture, nearly every disastrous undertaking in recent years — including the Rushdie *fatwa* and the dissident assassinations in Europe — is seen retrospectively as a hard-line effort to undermine intended détente with the West.²⁸ Still, perceptions can be as powerful as any reality, and the conviction among many Iranian political actors that there is much to be lost in pursuing rapprochement, both personally and politically, has further impeded Iran's room for maneuver vis-à-vis Washington. This paralysis helps explain why even the low-hanging fruit that has bipartisan support on both sides, such as parliamentary exchanges, remains a perennial topic of conversation with little prospect of forward movement.

IRANIAN PRECONDITIONS

One of the perpetual questions with respect to American diplomacy is ascertaining precisely what Iran seeks to achieve through any engagement with Washington. Tehran's position is shaped by its own deeply suspicious view of American intentions and its long-held perception of a pernicious nature of U.S. power. For Iranian leaders such as Khamenei, even when Americans “appear with a deceitful smile...[they] have a dagger hidden behind their backs and the other hand is ready to plunder...[W]ar, bloodshed, destruction, [and] annihilation are the results of [its] satanic behavior.”²⁹

From this viewpoint, Iran can only enter into discussion if they have confidence that the process enhances their domestic standing and provides them some ability to deliver on perceived interests to their own constituencies. As a result, Tehran — which has staked its recent standoff with the UN Security Council over its refusal to accept preconditions for negotiations — has

consistently predicated its willingness to enter into direct dialogue with Washington upon preemptive American concessions, with specific expectations in terms of U.S. policies and actions. For Khomeini, “relations with America could be resumed if it ‘behaves itself’ (*agar adam beshavad*).”³⁰ That formulation has been adapted over the years by Khamenei and other senior Iranian officials. In 1993, after reports that several high-level officials were urging a reconsideration of Iran's stance toward the U.S., Khamenei announced that “(r)elations with the United States at this stage are neither possible nor beneficial. They have yet to show a genuine change in their position towards Iran.”³¹ The expectation of prior American changes to facilitate negotiations is hardly limited to Iran's conservative factions. Rafsanjani, who has been Iran's primary proponent of reaching out to Washington for many years, has repeatedly echoed this same theme, as did Khatami in the aftermath of his CNN overture.

The particular preconditions most frequently sought by Tehran have involved the release of the remaining American-banked Iranian assets that were frozen by the United States after the embassy seizure and the lifting of American sanctions, including U.S. efforts to develop oil and gas transportation networks that bypass Iran. Certainly in the popular imagination, there seems to be some inflation of the value of Iran's outstanding frozen assets, which at this stage mainly derive from pre-revolutionary payments for military equipment that was never delivered, as well as a sense of denial about the complications created by a series of successful lawsuits against the Iranian government.

Tehran sees its imposition of hurdles to the negotiating process as a means to rectify the inherent power imbalance. Defending the Iran-contra arms purchases from the United States before a hostile parliament, Rafsanjani in 1986 crowed

that the episode “demonstrated that the decision is with us.” Rafsanjani exulted before the Majlis: “When we desired, we talked. When we desired, we remained silent; we got everything we wanted.”³²

Still, the significance of preconditions for Tehran appears as much symbolic as practical. During his long tenure as Iran’s UN representative, Kamal Kharrazi urged Washington to “respect us and respect our ideas,” adding that the issue of respect “is very important for us.” Kharrazi sought “practical steps” from Washington in order to “establish its sincerity and good faith” and show that the United States “abides by the principle of non-intervention.”³³ American supplication was needed to assuage Iran’s persistently offended sensibilities. Conservative editor Taha Hashemi described this as a matter of pride. “How can Ayatollah Khamenei accept relations with America if it shows no sign of repentance for its past actions?”³⁴

Khamenei’s position appears to have hardened in the aftermath of President Bush’s inclusion of Iran as part of the Axis of Evil in his January 2002 inauguration address. Since that time, the Supreme Leader’s resentment appeared focused on American interest in regime change, saying that “(w)hile the United States sets an official budget for anti-Iranian activities, it would be treason and stupidity to want to negotiate or talk with them.”³⁵ Within days the Judiciary took the extraordinary step of banning any discussion of dialogue with Washington. The fact that the order was immediately disregarded speaks to the profound opening of Iran’s political space that was affected by Khatami and the reform movement; by 2005, even Iran’s conservative presidential candidates ventured tentative interest in a different relationship with Washington.

Khamenei’s prior positions also offer necessary context for his March 2006 announcement

that “there are no objections” to talks with Washington “if the Iranian officials think they can make the Americans clearly understand the issues pertaining to Iraq.” He also cautioned, however, that “we do not support the talks, if they provide a venue for the bullying, aggressive and deceptive side to impose its own views.”³⁶ His announcement echoed calls by conservative MPs and Iranian power brokers such as Larijani and Rafsanjani and marked the first time in post-revolutionary history that the entire Iranian political spectrum, at the highest level, had publicly endorsed U.S. negotiations. Khamenei has reiterated his willingness to countenance a better relationship with Washington as recently as January 2008.

DIVERGENT NARRATIVES

Iran’s approach to any new negotiating process will reflect its own narrative of the past 30 years of tortured interactions, and it is one that differs substantially from that harbored by American policymakers. Both sides believe that they have been mistreated by the adversary’s persistent hostility, underhanded diplomacy, and fundamental treacherousness. American diplomats still recoil at the unfathomable breach of international law and civilized norms in the unprecedented seizure of the U.S. embassy and its personnel. In Iran, views are mixed; while some of those involved have publicly regretted their participation and described the episode as a strategic disaster, within the Iranian political elite there remains a persistent conviction that the hostage-taking was unfortunate but justified by the historic grievances and chaotic atmosphere. In his blockbuster 1998 CNN interview, President Khatami apologized for the hostage-taking while appearing to defend it:

I do know that the feelings of the great American people have been hurt, and of course I regret it. Yet, these same feelings were also hurt when bodies of young Americans were

brought back from Vietnam, but the American people never blamed the Vietnamese people, but rather blamed their own politicians for dragging their country and its youth into the Vietnam quagmire...The feelings of our people were seriously hurt by U.S. policies. And as you said, in the heat of the revolutionary fervor, things happen which cannot be fully contained or judged according to usual norms. This was the crying out of the people against humiliations and inequities imposed upon them by the policies of the U.S. and others, particularly in the early days of the revolution. With the grace of God, today our new society has been institutionalized and we have a popularly elected powerful government, and there is no need for unconventional methods of expression of concerns and anxieties.³⁷

There is a similar disparity in the takeaways from other previous interactions. For Washington, the Iran-contra affair engrained a persistent aversion to dealing with self-proclaimed Iranian moderates and an insistence on official, publicly acknowledged dialogue. The United States delivered the missiles, spare parts, and intelligence that Iran so desperately needed, but in return found its demands for the release of American hostages held in Lebanon stymied or delayed. The American view held that Washington fell prey to an Iranian bait-and-switch and that got Tehran the better of the deal. In Tehran, the episode was a cautionary tale, but of a different sort, as the affair ultimately entailed a tremendous political and human price. Only Khomeini's active intervention helped save Rafsanjani from the internal uproar once word of the deal leaked, and the incident also helped affect the downfall of Khomeini's designated successor, Ayatollah Ali Montazeri, whose son-in-law was executed in connection with the revelations. As a result, Iranian officials came away from Iran-contra with a set of imperatives diametrically opposed to those of their American counterparts, including

an enduring preference for secret diplomacy that offers plausible deniability.

In America, Iran's long war with Iraq is effectively consigned to ancient history, trumped in the minds of policymakers by two subsequent Iraqi conflicts. But for Iran, and particularly for the current array of decision makers in Tehran, the "Sacred Defense" was evidence of the permanence of American antipathy and as "not a war between two countries, two armies; it was a war between an unwritten, global coalition against one nation."³⁸ Tehran's persistent sense of strategic vulnerability and its willingness to use any tactics necessary to defend itself were inculcated by the multiple menaces it faced during the war—the unanticipated invasion to which Iran was ill prepared to respond, the occupation and devastation of its territory, the "tanker war" in which the world engaged in direct operations on the side of Saddam, the "war of the cities" when Tehranis rushed to shelters, and the international community's failure to protest Iraq's use of chemical weapons.

These incongruous accounts of history can be extended to the recent experiences with direct dialogue. Both the Clinton and second Bush administrations' approaches to Iran were molded by their basic mistrust of Iranian negotiating tactics—a conviction that "Americans had a bad habit of being seduced by the siren song from Tehran and then badly betrayed by it" and a determination to avoid getting entrapped by Iranian duplicity or factional divisions.³⁹ Iranians harbor parallel grievances about their efforts to reach out to Washington over the years. "We invited an American firm and entered a deal for a billion dollars," Rafsanjani complained after a 1995 oil deal offered to an American firm triggered a greatly intensified array of economic sanctions. "This was a message to the United States that was not properly understood. We had a lot of difficulty in this country by inviting an

American company to come here with such a project because of public opinion.”⁴⁰

We need not adjudicate between these dueling versions of history, nor are we obliged to accept the Iranian rendition as accurate. However, if we disregard it, it is unlikely that we will be able to develop a framework for negotiations that addresses the underlying forces that drive Iranian foreign policy. Negotiations cannot succeed without a clear understanding of the other side’s interests, motivations, and bottom-line preferences.

Predicting Future Iranian Responses

While historical precedent and the long history of American-Iranian interactions can offer some insight into how Tehran might respond to a new American diplomatic initiative, understanding Iran’s current leadership is equally important. Iran’s diffuse and overlapping power structures complicate any analysis of its leadership, but a brief review of the current lineup of decision makers suggests that the governing context is not particularly conducive to a significant breakthrough in Iran’s approach to diplomatic engagement with Washington.

IRAN’S CURRENT LEADERSHIP

Iran’s leadership has been shaped by the violence and myriad challenges to the state’s very survival that dominated the first post-revolutionary decade. Consider the dilemmas that faced the Islamic Republic in its early days: tribal revolts in its provinces, social unrest in its cities, labor stoppages, economic sanctions, a war that brought a long-standing enemy into its cities, and a vicious power struggle that devolved into an open terrorist campaign against its leadership. Two 1981 bombings by the Mojahideen-e Khalq alone killed much of the Islamic Republic’s senior leadership, including the president, the prime minister, the head of cleric’s political party, and dozens of parliamentarians, cabinet members, and deputies.

Khamenei survived the first attack, although he lost the use of his right arm, and later was tapped to replace the assassinated president.

Today, Iranian leaders see their state as besieged from all directions by Washington, a product of both its deeply engrained paranoia as well as actual facts on the ground. At the same time, the leadership—in particular President Ahmadinejad—is buoyed by a sense of confidence, even arrogance, about the country’s domestic and regional status. What this bifurcated view of the world translates to in practice is a tendency to equate assertiveness as equivalent to, or an effective substitute for, power—both in internal politics and in foreign policy. This Hobbesian worldview encourages adventurism and discourages compromise. Molded by their perception of an inherently hostile world and the conviction that the exigencies of regime survival justify its actions, Iranian leaders seek to exploit every opening, pursue multiple or contradictory agendas, play various capitals against one another, and engage in pressure tactics—including the limited use of force—to advance their interests. As Khamenei has argued, “rights cannot be achieved by entreating. If you supplicate, withdraw and show flexibility, arrogant powers will make their threat more serious.”⁴¹

This context is not especially conducive to launching a new diplomatic initiative between Tehran and Washington. Proponents of engagement should have no illusions about who we are seeking to bring to the table; Iran’s current array of leaders is uniformly committed to an orthodox and unyielding vision of Islamic government, and does not share the affinity for America that some reformers expressed. Even as its economy crumbles from internal mismanagement, Tehran boasts that U.S. sanctions will strengthen its indigenous capabilities. Moreover, Iran’s current decision makers are more interested in looking eastward to China and India, and less gripped

by the demons of Washington. “The domestic mindset that negotiations with America will solve all our problems is a mirage,” commented former Foreign Minister Ali Akbar Velayati. “Those people who have gotten over excited about the fact that negotiations with America will be the cure to all problems have miscalculated.”⁴²

As Iran’s ultimate authority, Khamenei sets the tone and can wield a veto over any overtures or responses. While he is often portrayed as a potential moderate or “balancer” of a divided system, Khamenei’s strident backing of Ahmadinejad calls that interpretation into question. Moreover, there is literally nothing in his writings or public rhetoric since 1979 that would suggest he harbors any positive sentiments toward Washington.

Efforts to develop a quiet dialogue with Khamenei will prove exceptionally difficult. Although he has a substantial staff and wide array of representatives entrenched throughout the bureaucracy and the country, the question of who truly influences Khamenei on international affairs is subject to some opacity, in part because the United States has had no direct contact with either Supreme Leader or anyone in his office for the past 29 years. Among those who are often suggested to be particularly close to Khamenei are his son Mojtaba, renowned for his role in swaying the 2005 election in Ahmadinejad’s favor, and several conservative luminaries, including former Parliamentary Speaker Ali Akbar Nateq-Nuri, who became Khamenei’s chief auditor after his surprise loss in the 1997 presidential election, and former Foreign Minister Velayati. In addition to his medical practice, Velayati is occasionally dispatched quietly on sensitive overseas missions; however, his ability to engage with Washington or Europe will likely be complicated by a November 2006 arrest warrant issued by Argentina for alleged complicity in the 1994 bombing of a Jewish cultural center.

Beyond Khamenei, any overtures toward Iran will have to contend with the outsized personality and ambitions of President Ahmadinejad. Despite his manifest difficulties with both Iran’s political elites as well as its population, it would be a mistake to presume that the era of Ahmadinejad is inherently on the wane. Ahmadinejad will not go quietly from the center stage of Iranian political life. There is no precedent for an Iranian president declining to run for reelection or being defeated at the polls, and given Khamenei’s generous support to date, he will likely support his radical protégé unless he sees a grave risk to the Islamic Republic. As Iran approaches presidential elections in mid-2009, the president benefits from the authority to stack the deck in his own favor, as well as from his patrons in the hard-line clergy, the Revolutionary Guards, and the Supreme Leader’s office. His proclivity for intervening wantonly in the country’s management and distributing oil largesse as widely as possible has done tremendous damage to Iran’s economy; however, he has also cultivated a potentially crucial base of support in the Iranian provinces, where voting rates tend to be much higher than in urban areas. New American diplomacy toward Iran must find a way to co-opt Ahmadinejad, unlikely to prove an easy task for a president who has surrounded himself with devoted, like-minded advisors who have little international experience, or circumvent him. Moreover, even if Ahmadinejad somehow passes from the scene, there is every reason to believe that the legacy of his ideological fervor and the constituency whose worldview he has represented — “neo-conservatives” or second and third generation ideologues — will continue to shape the options available to any future Iranian leader.

Beyond the ideological dimensions, the current balance of power suggests another worrying uncertainty. It is simply not clear today if there is an Iranian political figure who is both willing

and capable of championing this agenda. For more than 20 years, Akbar Hashemi Rafsanjani played that role, advocating consistently for an improved—if not wholly restored—relationship with Washington both in public remarks since as early as 1983 and, more relevantly, behind the scenes as one of the regime’s central power brokers. Rafsanjani engineered Iran’s outreach to the United States to obtain desperately needed arms and intelligence during the Iraq War, and he was behind many of the overtures of the 1990s. However, the past decade has demonstrated that he is not well-suited for Iran’s contemporary political environment. Rafsanjani cannot command a vast popular mandate, as his embarrassing performances in the 2000 parliamentary and 2005 presidential ballots demonstrate. Nor have his wily, backroom tactics proven particularly effective in neutralizing the bombast or the populism that has elevated Ahmadinejad. Rafsanjani remains a central player and will continue to have an important role in the determination of Iranian policies and the dynamics of its political evolution, but his heyday is well behind him and persistent reports of his imminent resurgence have proven vastly overstated.

Who might take on this role? Former president Khatami has begun to stake out a prominent public position as Iran’s voice of reason and moral authority, but even if he were to run for a third term in 2009, there is little evidence that he has the grit or the cunning that would be required to spearhead a successful effort. Other frequent nominees include the trio of conservatives who were defeated in the 2005 election by Ahmadinejad and have tangled with him repeatedly since that time: former Revolutionary Guards commander Mohsen Rezai, former nuclear negotiator Ali Larijani, and current Tehran mayor Mohammad Baqr Qalibaf. All three are politically ambitious and pose useful counterweights to Ahmadinejad. However, there

are copious reasons to be skeptical about anointing any of these individuals as a future diplomatic white knight, including Rezai’s outstanding Interpol warrant, Larijani’s limited charisma and long-standing hard-line tendencies, and Qalibaf’s assiduous cultivation of external opinion, which has seldom proven a lasting formula for political influence inside the Islamic Republic.

Conclusion: Can Iran Say Yes?

The central puzzle in embarking on any new American diplomatic initiative concerns the ultimate interest and willingness of the Islamic Republic to accept a new relationship with Washington, specifically one that would involve compromises on Iran’s nuclear program and involvement with terrorist groups. Ultimately, it is impossible to answer this question conclusively. Although we have seen innumerable missed opportunities and crossed signals from both sides, we have never managed to undertake a viable and sustainable diplomatic process. From the Saudi and British examples, as well as policy shifts in other arenas, it is clear that Iranian leaders are fully capable of reversing core policies and embracing old enemies. Moreover, it is also clear that today’s Iranian officials can engage in selective, constructive dialogue with the United States and that they have cross-factional support for direct, authoritative dialogue with their American adversaries—a condition that did not exist for most of the past 30 years. Finally, it is worth noting that Tehran has long harbored similar doubts about prospective American capability and willingness to embrace a regime that has long been the subject of official animosity and that various U.S. officials have vowed to replace.

With these important caveats noted, it also must be acknowledged that there remains no hard evidence that Iranian leaders have ever been prepared, fully and authoritatively, to make epic concessions on the key areas of U.S. concern. Even more uncertain is whether Iran has had or

will ever attain the level of policy coordination and institutional coherence that would enable any overarching agreement to be implemented successfully. In fact, each of the opportunities that we have missed has been just that — a prospective opening that Washington either botched or failed to explore or exploit.

The history and the current context should condition our expectations and shape any prospective new American diplomacy. The duration of the negotiations required in both the Saudi and British cases to resume a constructive working relationship — and the continuation of tensions thereafter — suggests that we are many years away from a durable U.S.-Iranian accord that settles our mutual grievances and concerns, and even further away from any final resolution. We need to consider what kind of strategic bargain we are willing to accept, as the Saudi and British examples suggest that Tehran will be either unwilling or unable to provide explicit, extensive commitments, even in exchange for U.S. concessions. Devising an effective formula for engaging Tehran, and maintaining momentum, will be key — and yet we will face imposing hurdles in finding mechanisms that succeed in drawing in a leadership that is insular and profoundly suspicious of Washington.

An understanding of the obstacles and the effort required to surmount them should not deter diplomacy, but rather spur a proportionate American bureaucratic and political investment in it. As Ahmadinejad confidante Said Jalili argued several months before his ascension to the post of Iran's chief nuclear negotiator, "U.S.-Iran relation is not something that can be fixed with one person saying one thing and everything will be okay."⁴³ Still, the scope and urgency of our concerns about Iranian policies should easily justify the effort.

ENDNOTES

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CHAPTER IV:
MILITARY ELEMENTS IN A STRATEGY TO DEAL
WITH IRAN'S NUCLEAR PROGRAM

By Ashton B. Carter

MILITARY ELEMENTS IN A STRATEGY TO DEAL WITH IRAN'S NUCLEAR PROGRAM

By Ashton B. Carter

My assigned topic is “military options for dealing with Iran’s nuclear program,” but I have re-titled this paper to reflect one of its main conclusions: none of the military actions described here can be considered an “option” separate and distinct from diplomacy or containment or some other overall strategy toward Iran’s nuclear program. The reason for this is that whenever military action is contemplated, one must ask the question, “What happens next?” None of the scenarios of military action described below ends, in and of itself, the Iranian nuclear program once and for all. Military actions might be enablers of a variety of wider strategies to end or contain the Iranian nuclear program but do not appear, in this analysis, to be alternatives by themselves.

In a paper growing out of a Harvard-Stanford Preventive Defense Project workshop two years ago entitled “Plan B for Iran: What if Nuclear Diplomacy Fails?” Bill Perry and I defined three broad options to the current diplomatic impasse: 1) direct U.S.-Iran talks with an attempt at breakthrough; 2) a program of political, economic, and military coercion to set the stage for better diplomatic results, including option 1; and 3) adjustment to the fact of an Iranian bomb, including deterrence and containment. Military action was not a separate option in our analysis, but an ingredient of options 2 and 3.¹

The search for an alternative to the prevailing strategy of tough talk coupled with incongruously mild diplomacy (small sticks because China and Russia will not wield them, small carrots because the United States will not proffer them) will grow urgent early in 2009 unless the Bush administration takes some action to change the game in its last months in office. The textbook solution to the diplomatic impasse, well described by Dennis Ross in his paper in this series, is some strategy of turbocharged sticks and turbocharged carrots, preferably closely coupled. In various versions of this strategy, the United States

would approach Iran's leaders directly through some mechanism — secret talks, informal emissaries, a Six-Party talks-like multilateral forum providing cover for bilateral U.S.-Iran contacts, a direct presidential appeal, and so on — and offer comprehensive reconciliation and relaxation of pressure in return for comprehensive behavior change by Tehran, especially a curb on its nuclear program. At the same time, Russia and China would threaten to impose real economic sanctions, or to stand on the sidelines while the United States took military action, if Tehran refused.

There is some evidence that such an approach might have worked if it had been adopted in 2003. This is the real message of the intelligence underlying the ill-starred Iran National Intelligence Estimate (NIE) of November 2007. But that was then and now is now. Since 2003, Iran has advanced its program technically, probably become more deeply wedded to the whole idea of a nuclear option as essential to its strategic outlook, and possibly become convinced that the outside world will huff and puff but never blow its house down. Meanwhile the U.S. position has slipped. Therefore one would be hard pressed to make an analytic case to Senators McCain, Clinton, or Obama that even if the United States and its erstwhile Chinese and Russian partners could mount a turbocharged carrots-and-sticks approach, it would have a high probability of succeeding with the Iranians under current conditions.

What might change the equation is not so much the U.S. presidential election, but conceivably the Iranian presidential election to be held in the summer of 2009. Given the timetable dictated by the two elections, therefore, it will be more than a year before the turbocharged diplomacy experiment can be conducted.

In the meantime, efforts like this one by the Center for a New American Security to analyze all the ingredients of strategy towards Iran are especially important. The following pages will describe military actions that might form elements of different strategies towards Iran's nuclear program.

Airstrike on Iran's Nuclear Program

This much-discussed scenario would involve an airstrike on Iran's key military facilities with the objective of delaying the date at which Iran could get enough fissile material to fashion a bomb. It is patterned on the Israeli strike on Iraq's Osirak reactor in 1981 and the contemplated U.S. airstrike on North Korea's Yongbyon complex in 1994. (It is too early, and there is too little information publicly available, to judge the impact of Israel's September 2007 airstrike on a Syrian reactor built with North Korean assistance.) The former derailed Saddam Hussein's nuclear program for years, a delay that proved decisive since it gave time for subsequent events — Desert Storm, the inspections and sanctions of the 1990s, and ultimately the invasion of 2003 — to eliminate the Iraqi program for good. The destruction of the Yongbyon complex in 1994 would have entombed the fuel rods containing eight bombs' worth of plutonium in the core of the destroyed reactor building. (It was these fuel rods that were instead stored in unprocessed form from 1994 to 2003 under the Agreed Framework before being allowed to be removed and reprocessed in 2003, finally providing plutonium for an underground test in 2006). Had the 1994 strike been conducted, North Korea would have had to dig the shattered and highly radioactive fuel rods out of the rubble, rebuild the reprocessing facility to get the plutonium, and then rebuild the reactor to be able to produce more — a process that would take many years.

Unfortunately, a strike on Iran's nuclear complexes would not have as decisive a technical result as either Osirak in 1981 or Yongbyon in 1994.

The first and most important target in such a strike would be Natanz, where a growing number of P-1 centrifuges, currently several thousand, are in various stages of start-up operation. If run continuously, 3000 P-1 centrifuges can make 25 kilograms of highly enriched uranium (HEU) — a bomb's worth — per year. Iran claims it ultimately plans to operate no fewer than 54,000 P-1s at Natanz, though it claims it will be using them only to make low enriched uranium (LEU). (Iran is also reportedly developing P-2 centrifuges that enrich almost three times faster.)

Other key installations of the Iranian nuclear complex are at Esfahan, Bushehr, Arak, and Tehran. The Esfahan Nuclear Technology Center houses the uranium conversion facility where uranium ore is made into feedstock for Natanz, and where fuel rods are to be produced for reactors fueled by LEU from Natanz. Bushehr is the site of two gigawatt-sized light water reactors built and fueled by Russia and expected to begin operation in 2008. Enough plutonium will be made at Bushehr in every year of its operation for dozens of bombs, though Iran would have to break its promise to return the spent fuel to Russia and then reprocess the fuel rods to obtain the plutonium (Iran does not currently have a reprocessing facility in which to do so). The plutonium diverted from Bushehr would have a higher contamination of Pu-240 and Pu-241 in relation to Pu-239 than Yongbyon's, making it somewhat more difficult to use in a weapon. And Russia is unlikely to refuel the reactor after such a diversion, so this is a trick Iran could pull only once. Arak is the site where a small heavy water moderated reactor is in the early stages of construction that could eventually make better plutonium than Bushehr (more purely Pu-239)

but in much smaller quantities. Finally, Tehran Nuclear Research Center has been the scientific headquarters of Iran's program for decades.

These five installations are scattered about western Iran. Each of these installations consists of a complex of buildings and thus many individual bombing aimpoints. Natanz presents the additional issue that its centrifuge hall is underground and would require special techniques to ensure damage. In fact, many targets in Iran would require attack by a variety of "bunker-buster" conventional munitions in the U.S. arsenal. The total number of aimpoints might be in the neighborhood of 100-200, few enough to be easily dispatched in a few nights by U.S. bombs and cruise missiles. The aircraft delivering bombs could launch from aircraft carriers or, in the case of long-range bombers, from the continental United States. Use of bases in Iraq, Afghanistan, the Gulf, Turkey, or Diego Garcia would be politically sensitive, and their availability would depend on the political context of the strikes. The five Iranian nuclear facilities are protected by air defenses, but weakly, and a large accompanying air campaign of defense suppression would not be necessary.

For the most part, the nuclear complexes including Natanz are far from residential areas and their destruction would not entail a great deal of collateral damage. An important exception would involve the Bushehr reactors when they are fueled and operating. Breaching their containment vessels while also destroying their cores or cooling systems could lead to a serious release of radioactivity.

While the diplomatic choreography leading up to such a strike would be absolutely critical, there are a few military steps that would also need to be taken.

Positioning the requisite air forces would not be difficult. The United States routinely positions one carrier battle group in the Gulf and sometimes two. These offer 75 or so strike aircraft, and associated surface ships and submarines provide many tens of cruise missiles. Short-range strike aircraft could be positioned quickly, and bombers could be operated from the continental United States, the United Kingdom, or Diego Garcia.

Important preparatory steps would also be needed to protect U.S. forces in the region, including in Iraq, from Iranian retaliation and to deter escalation. Measures would also be needed to safeguard friends and interests (such as oil infrastructure) or to give them reasonable notice to protect themselves. Most of the nations that would be associated with the United States in the doomed diplomatic effort that is presumed to have preceded a strike have embassies in Tehran that might be attacked if these nations were believed to have supported or even acquiesced to the U.S. strike. The United States would need to be able to threaten a wider air campaign targeting Iranian conventional forces, leadership, and other targets if Iran escalated the conflict.

Evaluating the Effectiveness of an Airstrike

What would such an airstrike accomplish?

First of all, it would accomplish little if there were a parallel, secret and undiscovered Iranian enrichment program that was further along than Natanz. In that case, destroying Natanz would not delay Iran's quest for the bomb at all. Most analysts believe that there are facilities involved with Iran's nuclear program that have not been declared to the International Atomic Energy Agency (IAEA). After all, Natanz itself was not "discovered" until the early years of this decade. Therefore, the target list for this hypothesized airstrike would probably be lengthened to include various facilities suspected, on the basis of intelligence information, of being part of a covert

Iranian program. While there have been many reports of such suspected sites, and covert sites are widely assumed to exist, there have been no reports that they amount to a parallel path to the bomb that is faster than Natanz itself.

If there is indeed no covert program that compares with Natanz, the main value of the strike would lie in its disruption of the centrifuge enrichment activity going on there. This value would in turn be measured by the time it delayed Iranian acquisition of enough HEU to make a bomb.

After a strike, Iran could end IAEA inspections, rebuild its facilities, and begin again. Within a few years, Iran's nuclear program could be back to where it is now. Iran has surely prepared for this scenario, hiding and dispersing the key ingredients of a reconstituted program. How many years it would take Iran to reconstitute its enrichment program to the current level is an educated guess, but let us suppose for illustrative purposes that it would take about two years. The benefit of a single strike, therefore, would only be two years of delay. This relatively modest delay could be lengthened in two ways. First, if the airstrike was carried out as part of a process of coercive diplomacy rather than in the hope that it would produce a decisive result in itself, that diplomatic process could lead to a more lasting end to Iran's nuclear ambitions. Second, the delay would be lengthened if the initial strike were followed up by periodic "refresher" strikes on the rebuilt facilities. These subsequent strikes would become more difficult to carry out, however, since after a first strike Iran would conceal, harden, and defend its reconstituted nuclear program.

To see how the overall effect of a single strike works out in the absence of a diplomatic follow up or periodic re-strikes, suppose that on the current path Iran is five years away from producing its first bomb containing HEU from Natanz. This

number, like the estimate of two years to reconstitute a bombed enrichment program, is used here illustratively. In reality, no such quantitative certainty is likely to be available to those actually planning an airstrike. But five years seems consistent with the 2007 NIE. During these five or so years, according to the scenario that lies behind such estimates, Iran would first construct and learn to operate a few thousand more centrifuges than it now has at Natanz. It would buy time for this by claiming it was only enriching uranium to 5 percent to make reactor fuel. Then it would abruptly throw out any inspectors and rapidly enrich the 5 percent uranium to 90 percent. Attacking Natanz now would lengthen the front end of this scenario while the enrichment program was rebuilt to today's level, as noted above, but it would likely shorten the five years at the back end because Iran would have no need to pretend it was only making reactor fuel. Putting all this together, under these hypothesized timelines, the airstrike would delay the Iranian bomb from 2013 to 2015. (On the other hand, a strike conducted a few years from now, when Natanz was further along and therefore would take Iran longer to rebuild, would destroy more and thus impose more delay. In this sense, a mature program always makes a better target than a fledgling program.)

Costs of an Airstrike

The benefit of this much-debated type of air attack on Iran's nuclear program would be a delay in the date by which it could have its first bomb. Against this benefit must be weighed the costs, which are described in greater length in Vali Nasr's paper in this series.

First, Iran could retaliate against U.S. and partner targets in the region. This retaliation might include taking diplomatic personnel or other foreign nationals hostage. It might extend to action by the Iranian military against U.S. forces in Iraq, Afghanistan, or elsewhere in the Middle

East. It could take the form of increased meddling, through Hezbollah and other proxies in Iraq, Lebanon, the West Bank and Gaza. Iran could attempt to interrupt Gulf oil shipping with missiles, mines, fast patrol boats, and submarines, although most analysts believe that the U.S. Navy could put an end to such harassment within days. Finally, Iran could threaten to cut off its oil exports, which are the fourth largest in the world and which exceed any amount that Saudi Arabia could easily substitute through increased production. While this move would undoubtedly drive up oil prices, it would also eliminate some \$60 billion in annual income to Iran, which comprises 85 percent of the government's budget.

Second, if the strike was done unilaterally without agreement from the European Union, Russia, and China that it was the necessary result of a failure by Iran to respond to reasonable and forthcoming diplomacy on the part of the United States in concert with them, it would probably doom any further multilateral diplomacy. Such a strike is therefore probably a one-way exit from the path of multilateral diplomacy. Subsequent diplomacy conducted by the United States unilaterally with Iran would lack the economic and political "sticks" wielded by the non-U.S. players. A military strike without a wider strategy that was clearly understood and supported by these other nations would also likely cause them to distance themselves from the United States.

Third, an attack on their country might have an irreversible effect on Iranian opinion. This opinion is reportedly supportive of a nuclear option for Iran in principle, but not necessarily at the price of prolonged hardship or isolation. An attack might harden this opinion, further dooming any diplomacy that followed the airstrike. Iranian public opinion is also reportedly comparatively pro-American. An airstrike could turn a generation of Iranians against rapprochement with the United States, as the Iranian hostage

taking in 1979 left a quarter century of bitterness toward Iran in Americans. It is possible that this effect could be softened by a public announcement accompanying the strike asserting that the target of the attack was only the Iranian nuclear program, not the nation or people of Iran. But once again, the context for military action would make all the difference.

Fourth, Vali Nasr describes important impacts of U.S. military action on the attitudes of people and governments in the region in his companion piece in this series. He points out, for example, that opinion in countries key to U.S. interests, like Pakistan and Saudi Arabia, might swing towards Iran in sympathy.

The Israeli Option

The same technical issues of effectiveness would face Israel if it carried out an air attack of its own on Iran's nuclear program, with some important differences. First, Israel would have to choose an air route to get to Iran. There are several possibilities, and all are long and involve overflying the airspace of states not likely to wish to be implicated in the strike: Jordan, Saudi Arabia, Turkey, Syria, and Iraq (the last implying U.S. permission or at least detection). Second, some routes exceed the unrefueled round-trip range of Israeli tactical aircraft. One option for the Israelis is mid-air refueling, but here again there is the problem of finding a location for the tankers to await the strike aircraft, and the possibility of detection or interception. Another possibility is simply to seize an airport somewhere on the route for the duration of the strike and use it as a refueling stop. Third, because of these difficulties an Israeli strike would be a small, one-flight affair covering far fewer bombing aimpoints than a U.S. bombardment, which could involve hundreds of separate aimpoints. Israel would probably therefore focus on Natanz.

The benefit to Israel of such a strike—delaying Iran's acquisition of a bomb—could be estimated in much the same way as the benefit of a U.S. strike. The cost to Israel is harder to estimate. Unlike the United States, Israel is not involved in any multilateral negotiations with Iran that would be compromised by military action. Israel has no regional or global reputation to safeguard when it comes to dealing with Iran. The Iranian people harbor no good will toward Israel that would be shattered. And Iran would likely calibrate its retaliation against Israel in the certain knowledge that Israel was prepared to take further action to dominate any escalation.

The costs to the United States of an Israeli strike are easier to discern. Even if the United States had no complicity in or knowledge of an Israeli strike, few people on the street throughout the Middle East would believe it. It would also be a challenge for the United States to prove to the Europeans, Russians, Chinese, and others outside the region that are key to any kind of lasting settlement with Iran that it had nothing to do with the attack. The costs to the United States of an Israeli strike on Iran's nuclear program might therefore be almost as large as the costs of a U.S. strike.

Other Target Categories

Destruction of other Iranian target sets not associated with the nuclear program would not contribute directly to delaying Iran's nuclear program. But threatening other categories of Iranian targets could form the coercive dimension of big-carrot/big-stick diplomacy, and carrying out these threats in such a context might be a means of resetting Iran's expectations about its options. Another reason it is worthwhile to consider these other target categories is that they would be held at risk to deter Iranian retaliation for an initial strike confined to its nuclear installations. Finally, while the topic of this paper is U.S.-initiated military action, there is also the possibility—perhaps

even the likelihood—of Iranian provocations that would necessitate an American military action in response.

AIR DEFENSES

Extensive air defense suppression would probably not be necessary as a prelude to a short air campaign, but would be necessary if the United States wanted to sustain an air threat over wide areas of Iran for a long period of time. Iran's air defenses consist of Russian, American, Chinese and European surface-to-air missiles of older design and their accompanying radars, anti-aircraft artillery (AAA), Man Portable Air Defense System (MANPAD)-like short-range anti-air missiles, and Russian and American fighter aircraft equipped with air-to-air missiles of older design. The fixed defensive sites are concentrated around Tehran, key cities like Esfahan, and along the Persian Gulf coast.

KEY RETALIATORY FORCES

Another target set that could be included in an initial coercive air campaign would be forces Iran might use to retaliate for the U.S. attack. Certainly the Iranian Navy, which could be used to disrupt Gulf shipping, would be such a target. Airbases, missile bases, and select military and intelligence installations supporting Iran's proxies in Iraq, Lebanon, and elsewhere in the Middle East could be targeted to suppress their ability to mount retaliatory attacks. Iranian diplomatic installations worldwide that provide bases for intelligence and paramilitary operatives could also be "rolled up" if other nations were willing to do so, either to support the United States or in their own self defense.

IRANIAN REVOLUTIONARY GUARD CORPS, INTELLIGENCE, AND LEADERSHIP TARGETS

A target set containing the key retaliatory forces but extending well beyond would encompass the leadership and command and control of the

Iranian Revolutionary Guard Corps and its various Special Forces tentacles, Iranian intelligence installations, and the headquarters and leadership of these institutions.

CONVENTIONAL FORCES

A still wider target set would be the Iranian military generally, the objective of attack being to cripple Iran's conventional power in the region conspicuously and comprehensively.

OIL AND GAS INFRASTRUCTURE

Iran's outdated drilling, transport, and refining facilities are easy targets for air attack. Destroying the country's oil production capacity would eliminate the main source of export earnings for the country, some \$60 billion per year, and 85 percent of the government's revenue. This move would therefore immediately bring the country to its knees. At the same time, the world's fourth largest oil source would be abruptly eliminated, and Saudi production could not make up the difference within a short time. The destruction of Iran's oil infrastructure would therefore have a long-term effect on oil prices.

Major Regional War

For many years the United States has maintained plans to invade Iran. During the Cold War these plans were conceived to help defend Iran, the gateway to the Middle East, from Soviet invasion. Beginning in the 1990s, invading and occupying Iran was one of the "Major Regional Conflicts" (MRCs) or "Major Theater Wars" (MTWs) that undergirded U.S. force sizing and budgeting. This planning construct survives today, though considerably modified over the years.

While a ground invasion and occupation of Iran has long been contemplated as a planning matter, today that "option" can be sharply discounted. First of all, the prospect of occupying another large and complicated Middle Eastern country

and installing a government more to U.S. liking will look to anyone in Washington or allied capitals, after the Iraq episode, to be a forbidding one. After all, Iran has three times the population and four times the land area of Iraq. Second, the necessary ground forces—U.S. Army and Marines—are simply not available. The United States is scarcely able to sustain the force levels required in Iraq and Afghanistan today, and this is likely to remain substantially so for some time.

But while the United States is depleted of ground power, it is not depleted of air and naval power. This could be applied to Iran in a comprehensive program of punishment and weakening, with air attack applied to all the target categories listed above over a period of weeks or months.

An alternative form of comprehensive military pressure would be an air and sea blockade of Iran, coupled with an internal “no-fly zone.” A blockade would serve some of the same purposes as sanctions, but could be imposed unilaterally by the United States.

Military Ingredients of a Containment Strategy

The comprehensive air and naval assault on Iran described above would presumably be incompatible with a return to negotiations with the current Iranian government and must be seen as part of the major alternative to negotiating a curb in Iran’s nuclear program: a strategy of containment of an Iran destined to go nuclear. This strategy is described in Richard Haass’s paper in this series. In the context of the containment strategy, the point of the air assault would be to do maximum damage to Iran before its nuclear arsenal grew to the point where it could deter such an attack, to punish Iran for defying the United States and the international community, and to weaken its conventional forces.

A strategy of containment of a nuclear Iran, if it comes to that, could have some other military elements that are worth noting.

Of first importance would be deterring an Iranian nuclear attack on the United States or its allies. From a technical standpoint, existing U.S. strategic forces—consisting of intercontinental ballistic missiles, submarine-launched ballistic missiles, and bombers—would be capable of holding at risk any Iranian targets believed necessary for deterrence. The only other U.S. nuclear weapons, so-called tactical weapons, consist of bombs dropped from tactical strike aircraft and cruise missiles launched from submarines. At this time, neither of the tactical forces is postured to be able to strike Iran, but they could be made ready quickly. U.S. conventional forces, which can cripple Iran and its military through the comprehensive air assault described above, should also serve as a strong deterrent to Iranian nuclear use.

While it might be possible to deter the use of Iranian nuclear weapons through the threat of retaliation, *use* is only one major security problem that a failure to stop Iran’s nuclear program would cause. *Possession* and *possible* diversion of nuclear weapons by Iran are two other problems that deterrence does not solve.

Simple possession of nuclear weapons would intimidate neighbors and embolden Iran to take actions threatening to its neighbors, the United States, and others that it would never dare take without a shield of nuclear protection. The challenge of containing Iranian ambitions and hubris would be as large as the challenge of containing its nuclear arsenal.

Possession would lead to another problem: a possible cascade of nuclear proliferation in the Middle East. Among the neighboring states, Saudi Arabia, Egypt, and Turkey might see Iran’s successful proliferation as necessitating their own,

for both reasons of regional prestige and regional security. Syria might be both emboldened and assisted by Iran's program.

Finally, possession might lead to diversion. Iran might sell bombs or technology to other states. Rogue or corrupt elements of the nuclear technocracy or military, without authority from the top leadership, might sell pieces of the program. Or control of the weapons might be lost amidst factional strife or regime collapse. After all, the half-life of uranium-235 is 713 million years... many turns of the wheel of Iranian and regional politics. Once nukes are made, so also is a lasting problem of "loose nukes."

Careful consideration of the military measures that might accompany a comprehensive policy of containment of a nuclear Iran is beyond the scope of this paper. But these measures might include reintroduction of tactical nuclear weapons into the region for "extended deterrence," more comprehensive regional air and missile defenses, forward deployment of U.S. forces in the region, and provision of security guarantees to selected friends and allies.

Conclusion

Military action must be viewed as a component of a comprehensive strategy rather than a stand-alone option for dealing with Iran's nuclear program. But it is an element of any true option. A true option is a complete strategy integrating political, economic, and military elements and seeing the matter through to a defined and achievable end. For any military element, the sequel to action must be part of the strategy because the military action by itself will not finish the problem of Iran's nuclear ambitions once and for all. Airstrikes on the Iranian nuclear program or other targets could conceivably reset the diplomatic table in pursuit of a negotiated end to the nuclear program, but they could also easily overturn the diplomatic table.

The alternative to the diplomatic table, broadly speaking, is a strategy of containment and punishment of an Iran that ultimately proceeds with its nuclear program. A variety of military measures — air assault, blockade, encirclement, and deterrence — could be elements of such a containment strategy.

Sometime in 2009, still well before Iran can produce a bomb's worth of highly enriched uranium, a new American president will face a new Iranian president. Not too much longer after that, we will know which type of strategy the "military option" is supporting.

ENDNOTES

- ¹ Ashton B. Carter and William J. Perry, "Plan B for Iran: What if Nuclear Diplomacy Fails?" (Cambridge, MA: Preventive Defense Project, Harvard University, June 2006), at <http://www.preventivedefenseproject.org>.



CHAPTER V:
THE IMPLICATIONS OF MILITARY
CONFRONTATION WITH IRAN

By Vali Nasr

THE IMPLICATIONS OF MILITARY CONFRONTATION WITH IRAN

By Vali Nasr

War has been an important component of the Bush administration's Iran policy. The administration began its tenure with a call for regime change in Iran, and since it became public knowledge that Iran was pursuing a nuclear capability and was supporting Shia militias in Iraq, Washington has considered veiled military threats as a realistic option to end Iran's ambitions and to persuade it to change course. Talk of war has intimately shaped U.S.-Iran relations during the course of the past five years.¹ Influential voices close to the administration have depicted Iran as an apocalyptic version of Nazism, looking for nuclear Armageddon and world domination.² Until a National Intelligence Estimate (NIE) report in December 2007 weakened the administration's case for war, the potential for a military conflict was real. The NIE has only put into question a war to stop Iran's nuclear program. But as will be discussed below, although it is the most obvious and urgent *casus belli*, Iran's nuclear program is by no means the only cause of war, nor the one that could lead to the most grave and prolonged conflict.

This paper is premised on the assumption that an "Iran War" could still be in the cards and that there are conceivable scenarios in which it may happen. The aim here is to explore the hypotheticals, the "what ifs." What might be the aftermath of a war? Will the scale and scope of the conflict make a difference? How might Iran react in the advent of war—in the short run as well as the long run? Similarly, how might Iran's neighbors and the broader Muslim world react? How might these factors impact the course of the Global War on Terror? And how will they affect America's interests and capacities to protect and safeguard those interests? How should the United States think about war with Iran? The goal here is not to advocate a course of action but to probe the possible (if not necessarily probable) ways in which conflict can occur and escalate. Similarly, this

paper will consider the broader implications of an Iran War — what it will mean for Iran, the Middle East, and the United States, and how the series of events that may ensue will shape the context of U.S. policy in the years that follow.

The Middle East Today and the Context for War

If launched in the next eighteen months to two years, an Iran War will come at a particularly bad time for the United States. The Middle East is in the throes of ongoing and expanding conflicts. There is civil strife in Lebanon and the Palestinian Territories, instability in Iraq, growing extremist threat in Pakistan, and an ongoing Taliban conquest of Afghanistan. These conflicts are interconnected in complex ways; individually and collectively, they threaten to overwhelm the United States' already overstretched military, economic, and diplomatic resources — not to mention dampening domestic support for war. In these conflicts, the United States' adversaries are winning — even in Iraq the insurgency was not militarily defeated but persuaded to lay down arms as part of ceasefire agreements. Furthermore, growing Iranian power and influence across the vast stretch from Central Asia to the Persian Gulf to the Levant have come at the expense of traditional allies of the United States. Iranians are acutely aware of their increasing presence in the region, and they observe U.S. power being constrained by the Iraq War and other developments since 2003. In this context, an Iran War will only accentuate the worrisome tendencies already in evidence.

The potential impact that Iran could have on regional security represents a significant challenge to the United States. Washington has worried about the Islamic Republic's nuclear program, fearing that it will directly threaten Israel, constrain U.S. power, and provoke a nuclear arms race in an already volatile Middle East — not to mention show the way for more countries

in other unstable regions to follow suit. Iran's support for terrorism, aggressive stance on the Palestinian issue, and contribution to instability in Afghanistan, Iraq, and Lebanon has angered the United States. More than any other force, Iran's strategic ambition is shaping the balance of power in the Middle East, which has direct bearing on U.S. interests. The regional perception and reality of Iranian power have changed drastically since 2001, but U.S. policy toward Iran has remained anchored in the same assumptions about the Middle East and about Iran's interests and capabilities therein.

For much of the past three decades, the United States and Iran have been locked in a hostile stalemate. There have been no formal ties or meaningful relations between the two countries, and despite Iran's aggressive foreign policy, until recently Washington has contemplated neither engagement nor military action. Until the end of the Clinton administration, American policy hinged upon containing Iran until its rash theocracy crumbled in the face of popular discontent. This "Maginot line" approach would drastically change after 9/11. The Global War on Terror put Iran in Washington's crosshairs and led the Bush administration to define Iran as a member of the Axis of Evil. Convinced that hard power could bring about change, Washington abandoned its policy of endurance and considered ways of toppling the Islamic Republic. It categorically ruled out engaging Tehran — even after successful cooperation helped stabilize Afghanistan after the Taliban. Instead, initial U.S. military successes in Afghanistan and Iraq led to calls for using similar means to bring about regime change in Iran.

The call for military action found greater urgency in 2002 when new revelations showed Iran to be actively pursuing nuclear capability. The architects of the Iraq War openly taunted Iran, portraying the fall of Saddam as the prelude for regime change in Iran.³ Since 2003, despite

impasse over the nuclear issue, Iran's support for Shia militias in Iraq along with Hezbollah and Hamas has further entrenched Washington's resistance to rapprochement. Limited talks between American and Iranian ambassadors in Baghdad in 2007 failed to chart a course to improved relations. Washington has continued to invoke the threat of war as the means of influencing Iranian behavior and weakening the Islamic Republic. However, growing anti-Americanism in the Arab world, combined with continued U.S. military commitment to Iraq and an expanding one in Afghanistan (along with crises outside the region such as the Russia-Georgia conflict), has reduced Washington's ability to intimidate Iran. Still, as American influence waned in the quagmire of Iraq and an overconfident Iran began to assert its position, Washington relied even more overtly on the military option to contain Iran.

It is easy to conclude that the United States missed its opportunity to influence Iran's course of development between 2002 and 2005. Now Iran poses an even graver challenge and America has fewer options with which to change that dynamic. Greater reliance on the military option has failed to realize America's foreign policy goals, and the policy of soft regime change that was to compliment it through millions of dollars earmarked for democracy promotion have proved elusive. The Iranian presidential elections of spring 2005 that were supposed to spark widespread protest in Iran turned into a rout of moderate voices, bringing to power an unbending and bombastic hardliner. Today it is conservatives rather than reformists or pro-democracy forces that are consolidating power within Iran, and a bullish Iran has taunted American power abroad in order to pursue its nuclear policy and extend its influence across the region.

By toppling Saddam and uprooting Baathism, the United States pacified Iran's premier regional rival. Iran benefited from the dissolution of

the Iraqi military—the main barrier to Iran's expansionist aims since the 1970s. Today there is no other military force in the Persian Gulf that is capable of containing Iran. In the political vacuum that followed Saddam's fall from power, Iranian hegemony quickly spread into southern Iraq—owing to the growing volume of trade (topping \$2 billion in 2007) and impressive flow of Iranian pilgrims into Shia shrine cities (over 1.2 million in 2005-06). Equally important were intelligence and political networks that provided Iran with influence at every level of Iraq's bureaucracy, clerical and tribal establishments, and security and political apparatuses. Many of Iraq's new leaders had spent years of exile in Iran and relied on Iranian support during the dark years of Saddam's rule. It was not a coincidence that Iran was the first of Iraq's neighbors to recognize its new government and to encourage Iraqis to participate in the political order established by the United States—a relationship underscored by Iranian President Mahmoud Ahmadinejad's visit earlier this year to Iraq—the first by a Middle East head of state since 2003.

Iranian leaders are keenly aware of their growing regional influence since 2001, and especially 2003.⁴ The former Iranian President Mohammad Khatami captured this sentiment observing, “regardless of where the United States changes regimes, it is our friends who will come to power.”⁵ Tehran has more impact on Arab politics—especially in the critical zones of Iraq, Lebanon, and Palestine—than it did ten years ago. Iran's most ardent and powerful Arab adversary is now a broken state in which Iran's influence far exceeds that of any Arab government. Since the summer 2006 war between Hezbollah and Israel, Iran has more say in Lebanon's domestic politics and has maintained, if not increased, its meddling in Palestinian politics through its support for Islamic Jihad and Hamas. Tehran has also consolidated its relations

with Syria—backed by substantial direct investment in trade and manufacturing—and expanded its diplomatic initiative in the Persian Gulf despite growing tensions there.

Initially, Arab governments reacted strongly to Iran's expanding role. Saudi Arabia warned Iran to stay out of Iraq and accused Iran of trying to convert Syria to Shiism. Saudi Arabia led a high-level but unsuccessful effort in 2004–2005 to separate Syria from Iran and return Damascus to the Arab family. In the Persian Gulf, Saudi Arabia and the emirates welcomed greater U.S. military presence, rallied to support Sunni factions in Iraq, and isolated the Shia government in Baghdad. Iran's role in the Levant was an irritant to not only the Saudis but equally so to Egypt and Jordan, which became more important to the broader Arab strategy of restoring the balance of power in the Persian Gulf. The Lebanon War of 2006 was the apogee of Arab worries over the rise of Iran. The Arab League strongly criticized the Iran-Hezbollah axis for adventurism and publicly fretted that it was losing control over critical Arab issues and public opinion in favor of the brand of anti-American and anti-Israeli confrontation championed by Iran and Hezbollah.

Washington took heart in the Arab attitude.⁶ Privately there was talk of an Arab green light for military strikes against Iran—“hit them but don't tell us about it”—and some Arab governments putatively provided weapons and funds to anti-Hezbollah Sunni and Christian militias in Lebanon.⁷ There was hope that movement on the Palestinian issue—with the Annapolis Conference—would further isolate Iran by taking away its emotional inroad into Arab politics and even lay the foundation for a broader Israeli-Arab front against Iran. Yet, Arab governments that encouraged action in private vacillated in public. The Saudi Kingdom privately hinted that it might employ the oil weapon to force Iran to change course in Iraq and with regard to the

nuclear issue.⁸ Riyadh did not approve of the Iraq Study Group's suggestion that Washington engage Tehran, and Saudi emissaries encouraged Israel to finish off Hezbollah in the summer 2006 war. In public, Saudis denied contemplating reducing oil prices to hurt Iran, reacted angrily to suggestions that they were tacitly supporting Israel's air war in Lebanon, and categorized the U.S. occupation of Iraq as illegal at the Organization of the Islamic Conference gathering. Since last year, Saudi policy has engaged Tehran over Lebanon, Iraq, and the nuclear issue. King Abdullah is reputed to now be of the opinion that since Iran has never before invaded a neighbor it poses no imminent threat and that its ambition can be checked through engagement.

The Gulf Cooperation Council (GCC), which was originally formed to contain Iran after the revolution of 1979, is becoming a Persian Gulf security mechanism rather than an Arab containment wall against Iran. After some GCC members—most notably Oman—raised the prospects of reaching out to Tehran, Iran's president was invited for the first time to attend the GCC meeting in Qatar in December 2007. For now, the Iranian presence at the GCC seems to have put on hold Washington's suggestion that the Council expand to include Egypt and Jordan as a means of containing Iran. The King of Saudi Arabia followed up the GCC initiative by inviting Ahmadinejad to travel from Qatar to the Kingdom for Hajj. Egypt followed suit by inviting an Iranian delegation to Cairo, which constituted a first step toward normalization of relations.

It is clear that the Arab world fears the rise of Iranian power and its implications for the gamut of ongoing conflicts, diplomatic initiatives, and domestic changes across the region. However, the prospect of a direct confrontation with Iran also breaks the Arab ranks, especially given the growing lack of trust in the United States' ability to formulate and execute policy, which became

evidently clear after the NIE report.⁹ The U.S. has stepped up shipments of arms to the Gulf states, but that alone will not enable Gulf militaries to balance Iran. Moreover, the Gulf regimes appear to have backed away from the feasibility of restoring balance of power through a war. In significant part, the logic for war against Iran would be that beyond stopping Iran's march to nuclear power, war would restore a balance of power to the Middle East and Persian Gulf region. Yet, a military confrontation between Iran and the U.S. will unfold in a climate of expanding relations between Iran and its Arab neighbors and of weakening regional resolve to follow a policy of resolute containment of Iran. Therefore, the balance of power rationale will actually undermine America's position and constrain its diplomatic options in the instance of war.

Scenarios for War

It is often assumed that the United States will go to war with Iran to stop Iran's nuclear enrichment activities. But war may come for other reasons. War could be waged against Iran to solve America's problems in Iraq and possibly in Afghanistan; this rationale reflects the intent of the Kyl-Lieberman Amendment of September 2007. Alternatively, a new war could be waged to undo the effect of the last war (the Iraq War), to take back the Middle East to where it was in 2002, to roll back Iranian influence in the region, and restore the Arab-Iranian balance of power. These wars will unfold differently; they will not be short, nor start and finish with surgical air attacks. They will escalate and have unforeseen consequences, unpredictable end games, and limited exit strategies.

CURBING IRAN'S NUCLEAR PROGRAM

A war to bring about the demise of Iran's nuclear program will begin with American or Israeli strikes, and will be limited to nuclear targets. The scale of this attack is an open question—as are the number of relevant targets and the

likelihood of accurately and effectively damaging or eliminating them. At its most ambitious scope, the attack would include all relevant nuclear targets, as well as Iran's response capabilities—air defense systems, missile launchers, airports, radar systems, and piers in the Persian Gulf—and pillars of regime stability, most notably Islamic Revolutionary Guard Corps (IRGC) bases and installations. Damaging these facilities would deny Iran response capability and also provide a popular uprising inside Iran with an opportunity to change the regime. In the event of an Iranian response, U.S. or Israeli follow-up capability could expand the number of targets and the scale of the bombing campaign. Regime change has always been lurking behind arguments for a military solution to the nuclear issue. That is clearly how Iran sees the threat: what the United States is really after is regime change, and the nuclear issue is but an excuse for pursuing that goal.¹⁰

Others have suggested that an air campaign will target only a handful of key nuclear installations, most notably the facilities in Natanz, with the goal of ending enrichment activities and sending Iran a powerful signal to take diplomatic negotiations seriously. A variation of these scenarios, as described by Vice President Cheney, suggests that Israel may start the air campaign.¹¹ It became public knowledge in Turkey in 2004–2005 that Israel had asked Ankara for overflight and landing rights for refueling during an air campaign against Iran, and that Pentagon officials were pushing the Turks to sign off on war with Iran. An Israeli attack last year on a suspected Syrian nuclear weapons target has been interpreted as signaling Iran and testing Syria's Russian air defense systems—which are similar to those Russia has recently installed to protect Iranian military sites. An Israeli attack would be more inflammatory for Muslim public opinion, but would make little difference to how the resulting

cascade of events will unfold. Given U.S. control of airspace in the Persian Gulf region, an Israeli air strike would fail to provide the United States with credible deniability.

RESTORING STABILITY IN IRAQ

The ongoing conflicts in Afghanistan and Iraq involve both U.S. and Iranian resources and priorities. Iran has vital interests in the outcome of power struggles on its borders, but it also sees these conflicts as part of the larger challenge of managing the United States. Washington perceives Iranian involvement as nefarious and unwelcome. American commanders routinely accuse Iran of supporting the anti-American insurgencies in the two countries, and by 2006, Washington had identified Iran as the source of U.S. problems in Iraq. The U.S. military has made the disruption of Iranian operations and the elimination of Iranian influence an integral part of its objectives. Thus, war with Iran could result from an unintended clash or from a direct attempt to solve security problems in Iraq or Afghanistan. Meanwhile, the disproportionate focus on Iran and its allies continues to prepare American public opinion for conflict with Iran.

Proposed by George W. Bush in his January 2007 State of the Union Address and rolled out one month later, the surge of troops in Iraq escalated tensions with Iran and gave the impression that Washington's new Iraq policy had been subsumed by its Iran policy—and that the United States intended to use Iraq to make a case for war against Iran. The surge began with the explicit goal of excluding Iran from Iraq. U.S. commanders focused their attention on downgrading the capabilities of the Mahdi Army, and they pressured the Maliki government, as well as ISCI (Supreme Iraqi Islamic Council, formerly, SCIRI) and its Badr Brigade, to distance itself from Tehran. U.S. forces also turned to carrying out provocative operations against Iranian personnel in Iraq.

At home the administration's intent was interpreted and clarified by the Kyl-Lieberman Amendment. The nonbinding measure laid the foundations for taking the Iraq War to Iran. It defined Iran as a danger to the U.S. war effort in Iraq, and called for direct military action against Iranian targets in Iraq as well as cross-border operations inside Iran.

After an initial escalation in tensions following the surge, the United States and Iran settled on an understanding according to which the United States released nine Iranian personnel it was holding and Iran curbed the flow of explosively-formed penetrators (EFPs) into Iraq, restrained Moqtada al-Sadr's Mahdi Army, and negotiated a ceasefire in southern Iraq between Sadr and U.S. ally Abdul-Aziz Hakim. That ceasefire collapsed in April 2008 after the Iraqi Security Forces, consisting of many Badr Brigade fighters, were ordered by Prime Minister Maliki to take over Mahdi Army-controlled neighborhoods in Basra. The fierce fighting spread to Baghdad and after Iraqi Security Forces failed to dent the Mahdi Army's military capability American and British forces joined the conflict to finally defeat the Mahdi Army. Tehran stepped in to negotiate another fragile truce, but lasting calm is yet to come to southern Iraq.

The April conflict showed that the set of agreements between the United States and Iran, which had remained shrouded in mystery but had nevertheless sustained the success of the surge, was unraveling. The truce between the pro-American Iraqi government, Moqtada al-Sadr, and ISCI authority in Najaf is still tenuous. The Mahdi Army has been weakened but not the Sadrist movement from where it came. Sadrist neighborhoods are still poor and neglected, and the movement distrusts the Iraqi government. The Sadr movement continues to demand American withdrawal from Iraq and push the Iraqi government on nationalism and economic

reconstruction. Furthermore, Sadrist neighborhoods are still the target of al Qaeda suicide bombers, which could lead to a breakdown of the current calm in sectarian conflict. Elements of Mahdi Army can return as an organized force or in the form of lethal terrorist cells. The conflict within Iraq and the dynamic of U.S.-Iranian conflict can decide the outcomes. An escalation in the conflict, if tied to Iranian machinations, could extend to cross-border operations that could result in the collapse of authority and security from Baghdad to Basra. The tenor of General Petraeus's and Ambassador Crocker's testimonies before the Congress in April 2008 and the administration's claim that Iran now constituted a graver threat in Iraq than al Qaeda underscored the potential for that sort of escalation.

If there has been one Iranian grand strategy in Iraq, it is to ensure that Iraq does not reemerge as a threat and that the anti-Iranian Arab nationalism championed by Sunnis does not regain primacy. To this end, Iranian policies in Iraq have included harassment of U.S. forces, alongside allowances for the United States to complete the transfer of power to the Shia-Kurdish condominium. This policy of controlled chaos has meant restraint on Iran's side, promoting sufficient conflict to keep the United States busy in Iraq, prevent a permanent U.S. presence in Iraq, and dampen its appetite for further regime change in Tehran. Yet, the conflict being sustained by Iran is not of an extent that would sink Iraq in total chaos. A change in Iran's current practice of supporting the central government in Iraq, restraining Shia militias in the south, and steering clear of U.S. forces and administration might escalate the Iraq War into a heightened conflict between Iran and the United States.

The current Iranian calculus would change if the United States were to follow a strategy that no longer aimed to complete the transfer of power to the Shia-Kurdish condominium, but instead

presented a strategic threat to Iran by facilitating Sunni restoration in Iraq. The surge has reconstituted Sunni military capability in Iraq, relying on the financial and political cooperation of the United States' Arab allies and creating the impression that restoration of the Sunni position is critical to securing Iraq—not to mention reinforcing a broad anti-Iranian Sunni Arab wall to contain Iran. The return of Iyad Allawi and his neo-Baathist party—backed by Iraq's Sunni neighbors—could present such a threat, as might a degree of American investment in Sahwa (Awakening) groups and pressure on the Mahdi Army that would shift the balance of power between Shias and Sunnis. Iran could look to preempt a shift in Iraqi politics through an escalation of violence in Iraq. That policy could focus U.S. Iraq policy more squarely on Iran, and U.S. retaliation could lead to war.

TAKING BACK THE MIDDLE EAST

Rising Iranian power is not an imminent and present danger, and rolling it back is not likely to mobilize Americans as would fear of nuclear holocaust. However, if Iran is seen as the cause of the most pain the United States has suffered since Vietnam and Washington views its broader problems in the Middle East through the prism of its stilted and bellicose standoff with Iran, a certain momentum for war may set in. Some Iranians believe that the march to war began with the U.S. directive to disrupt Iranian operations in Lebanon and Iraq between the summer of 2006 and spring of 2007, and will culminate in an attack on Iran before the end of the Bush administration.¹² The battle cry could follow from vengeance for a heinous act of violence in Iraq or simply from the desire to untangle the Gordian knot of problems America has set before itself in the Middle East. After all, a similar desire for catharsis was part of the mindset that took Americans into the Iraq War.

Washington has been eager to deflate Iran's confidence and regional influence. As Nicholas Burns put it to an audience at the Gulf Research Center in Dubai, "The Middle East isn't a region to be dominated by Iran. The Gulf isn't a body of water to be controlled by Iran. That's why we've seen the United States station two carrier battle groups in the region."¹³ Humiliating Iran, it is surmised, could shock the bullish clerical regime into realism, and sully its heroic image at home and on the Muslim street. Softened up, Iran's rulers would then show greater willingness to cooperate.¹⁴ In the best case scenario, Iranian power would unravel; the regime would withdraw its tentacles from the region and potentially fall from power.

With regime survival in mind, talk of war has made Iranian rulers less pliable. It is not just the nuclear program at stake, but the future of the Islamic Republic.¹⁵ And it would be pointless for Iran to concede on the nuclear issue without securing the future of the Islamic Republic. Mohsen Rezaie, the former IRGC commander and current Executive Secretary of the powerful National Expediency Council, argued that the nuclear issue is but an excuse for what America is really after.¹⁶ He also concluded that the United States was engaged in a broad campaign to undermine Iranian regional influence and destabilize the Islamic Republic: America was going after Iran as a mongoose attacks a snake—from its tail.¹⁷ Iran would first face U.S. pressure in Lebanon and Iraq but eventually confront the full force of a military attack.

The conflicts in Iraq, Afghanistan, and Lebanon are particularly prone to producing circumstances that could lead to a broader conflict. These countries have become the battleground for regional influence between Iran and its Arab neighbors—and the arena in which the United States is seeking to halt and even reverse Iran's growing hegemony. In these failed or failing states with fluid politics, armed militias fight for power

and turf but also represent outside interests. Consequently, the potential is high for actions and reactions, misunderstandings, and deliberate provocations to quickly escalate.

Some have suggested that the United States and Iran have already been engaged in a low-level proxy war, supporting insurgencies against one another inside Iraq and Iran. Iran has been supporting anti-American militias and insurgencies in Iraq and possibly Afghanistan—and farther away in Lebanon and the Palestinian Territories. Iran accuses the United States of supporting the separatist Iranian Kurdish group Party of Free Life of Kurdistan (PJAK), which has ties to the Kurdistan Workers' Party (PKK) and bases in northern Iraq, as well as the Salafi insurgency led by Abdul-Hamid Rigi and his Jundullah (Army of God) in Iran's Baluchistan province, from where it has masterminded bombings and assassinations that have claimed the lives of numerous government and security officials. Iranians have blamed a bombing campaign in the Arab region of southwest Iran on the United States, Britain, and their Persian Gulf allies, as well as disturbances in Iran's Azerbaijan province on covert operations led by U.S. and Azerbaijani intelligence agencies. Most prominently, Iran has continuously criticized U.S. ties with the Mujahedin-e Khalq (MEK or MKO) in Iraq. MEK is blamed for bombings in southwestern Iran and is more broadly viewed as a testament to U.S. intentions to conduct subversive operations inside Iran. These proxy wars could serve as the pretext for a larger conflict; they may also serve as the means for provocation and retaliation.

Conflict may follow from a daring act by Iran along the lines of the arrest of the fifteen British sailors or the more recent speedboat incident in the Strait of Hormuz. Iranian gunboats routinely harass American ships, and the Strait of Hormuz incident showed how quickly such provocations could escalate. A confrontational U.S. or Israeli

act could also stimulate conflict. The arrest of IRGC operatives in Iraq during operations in Irbil and southern Iraq cast the IRGC as helpless in the face of U.S. action, which threatened morale and the force's stature in the halls of power in Tehran. The IRGC and the commander of its shadowy Qods Brigade, General Qasem Suleimani, were under great pressure at home to respond in kind and free the IRGC personnel. A botched attack on a police station in Karbala in January 2007 that led to the death of five American soldiers was designed to capture them as hostages to be bartered with the captive Iranians. In January 2007, had U.S. forces actually succeeded in apprehending Muhammad Ali Jaafari, the deputy director of Iran's National Security Council and former IRGC commander, it is conceivable that Suleimani would have reacted far more aggressively.

Although Lebanon is far less critical than Iraq to Iran's national interest, it is possible that a major push to dismantle Hezbollah could lead to a broader confrontation involving Iran. The killing of Hezbollah terrorist Imad Mughniyah last year was interpreted in Tehran as a deliberate provocation. Similarly, the United States has interpreted particular operations by renegade militias in southern Iraq — now dubbed “special groups” — as Iranian-backed. The United States has identified the IRGC's Qods Brigade as the mastermind behind militia operations from Lebanon to Afghanistan, and the Iranian unit is designated as a terrorist organization. Increased tensions over its role, operations, and targeting by U.S. forces in early 2007 raised the specter of a spiraling escalation. Such confrontations could surface again in Iraq, Lebanon, or Afghanistan.

How Will Iran React to War?

The talk in some Washington quarters of breaking up Iran, combined with increased reference to the dubious claim that Iran is barely Persian, has led to suspicion regarding U.S. intentions

to undermine the Iranian state and is generating popular support for preventing such a consequence.¹⁸ Riots and bombing campaigns associated with insurgencies inside Iran have been high on Iranian minds. There is widespread awareness of law and order problems in Baluchistan and of the disturbances among Azeri and Arab populations. Public worries have put pressure on the central government to ensure Iran's territorial integrity. References to war with the United States are highly present in Friday prayer sermons, public speeches, and press interviews, and it is a theme that appears frequently in commentaries and opinion pieces in leading newspapers.

Iranian leaders have openly discussed the possibility of war with the United States since 2003. It has become a facet of domestic political competition. Pragmatic voices such as the former president Ali Akbar Hashemi Rafsanjani have frequently warned of a military confrontation with the United States, using the threat to criticize President Ahmadinejad's reckless foreign policy. Ahmadinejad and his supporters usually dismiss talk of war to ridicule their critics for having frail nerves and to reassure the public that Iran's foreign policy is in good hands. In fact, even the hardliners betray their concerns by repeatedly warning the United States and Israel about the consequences of an attack on Iran, taking heart in the fact that with the quagmires of Afghanistan and Iraq draining U.S. resources — and the success of the surge requiring Iranian cooperation — America will be in no mood for war.

Some have suggested that Iran — and especially its bombastic president — is deliberately provoking war. Closer examination suggests that no one in Iran seeks war, but the Iranian regime's attitude is that if it comes to war, Iran is capable of defending itself and inflicting pain on the United States. It is possible that Iran may take a U.S. attack in stride and, chastened, submit

to a diplomatic solution regarding the nuclear impasse. More likely, Iran will react. It will do so to retaliate—make a show of defiance and save face at home and abroad—and to deter further U.S. attacks and a broader war. The Iranian strategy will consist of the following tactics, which will be discussed in greater detail in this section:

1. Divert U.S. attention to Afghanistan and Iraq by quickly inflaming those conflicts.
2. Wage asymmetric warfare against the U.S. Navy in the Persian Gulf, and against countries that host U.S. troops.
3. Carry out symbolic terror acts outside of the Middle East, and wage a propaganda war and inflame anti-Americanism from Africa to Southeast Asia.
4. Adopt domestic strategies to defend Iranian territory against regime change, domestic uprising, ethnic insurgency, or a U.S. ground attack.

DIVERT U.S. ATTENTION TO IRAQ AND AFGHANISTAN

Iran has repeatedly said that it wants U.S. troops to leave Iraq, Afghanistan, and the Persian Gulf. Washington has not taken such statements seriously, believing that Iran fears the chaos that will follow American troop withdrawals from Iraq and Afghanistan, but Iran's continuous insistence that the United States must leave the region—and establish no permanent bases in Afghanistan and Iraq—leaves little room for doubting Tehran's intention. If U.S. presence prevents consolidation of Iranian power, then it is in Iran's interest for U.S. troops to leave—even if that might mean greater short-term instability in Iraq and Afghanistan. Last year, the head of Iran's National Security Council, Ali Larijani, told the Arab Strategy Forum in Dubai that Iran's cooperation on Iraq was contingent on a firm timetable for withdrawal. Ahmadinejad was blunter when

he declared that U.S. forces should leave not just Iraq but also Afghanistan.

With this concern in mind, Iranian retaliation might aim at pushing the United States out of the Persian Gulf. To this end, Iran might target U.S. troops through direct confrontation—for instance, attacking the Green Zone—disruption of supply routes, or destabilization of U.S. operations in Iraq and Afghanistan. Iranians often hint that the presence of so many U.S. troops on their borders is a source of concern, but it also provides them with opportunities in the event of a conflict. In the words of former Iranian Minister of Intelligence Ali Younesi, America's troops in Iraq are not assets to the United States but potential hostages to Iran. Supply routes wind through the Shia region of southern Iraq to ferry fuel, food, and supplies to American troops hundreds of miles inside Iraq, and Iran could easily target the flow of these supplies. Iran may also directly attack U.S. bases in Bahrain and Qatar and U.S. ships in the Gulf to rapidly raise the cost of a large U.S. naval presence in the Persian Gulf. American troops in Afghanistan and Iraq provide targets, and a quagmire in those countries is the most immediate means of deterring an in-depth and sustained campaign against Iran.

As the military force charged with the defending the regime and managing war planning and naval operations in the Persian Gulf, the IRGC has been particularly vocal in threatening retaliation. Former and current IRGC commanders, Generals Yahya Rahim Safavi and Muhammad Ali Jaafari, respectively, are on record as sternly warning the United States of Iranian retaliation in case of an offensive attack. Rahim Safavi told an interviewer that “Americans should realize that the 200,000 troops they have deployed in Iraq and Afghanistan are in Iran's firing range.”¹⁹ Such warnings hint in no unclear terms that Iran would retaliate against U.S. targets in those theaters of conflict. The retaliation could take the

form of direct attacks by Iranian-backed militias or terrorist cells on U.S. targets, something similar to what happened in Lebanon in the 1980s.

Iran could also look to raise pressure on the United States by inflaming the conflicts in Iraq and Afghanistan. In Iraq, this would mean arming not only Shia militias but also Sunni forces when possible, and in Afghanistan it would mean helping to upgrade Taliban capabilities. Once Iran is at war with the United States, it will have no incentive to refrain from introducing to Iraq and Afghanistan the kinds of weapons and communications technology it put into Hezbollah's hands in the Lebanon War of summer 2006—if arms found in the hands of the Mahdi Army in the April and May 2008 during clashes in Basra and Baghdad is any indication, that may already be happening in Iraq. It will be Iraqi militias and insurgents and the Taliban who in effect will retaliate for Iran.

Currently, Iran has a vested interest in preventing the Iraqi and Afghan conflicts from spiraling out of control, but if Iran is under attack and the clerical regime faces annihilation, then Tehran may calculate its interests differently and perceive greater advantage in a failed and warring Iraq and Afghanistan. Tying down U.S. military resources in those countries would deter further attacks on Iran and divert regional conflicts away from Iran.

Pouring arms into Iraq and Afghanistan will meet the goals of overwhelming U.S. forces and raising the political heat in America. A precipitous collapse of security in Iraq could drastically change the dynamic on the ground and make untenable a U.S. presence at its current numbers. The short-term success of the surge strategy owes much to Iranian cooperation on security matters in Baghdad and southern Iraq. Despite the downturn in violence, Iran has continued to build the capability of Shia militias—which can generate havoc for the United States if directed

to do so. Iranian assets can target U.S. forces directly in Iraq, and also Afghanistan, but Tehran can also use violence to sink those countries into unmanageable civil wars. Iran cannot necessarily defeat the United States, but it can help Iraq and Afghanistan do so.

ASYMMETRICAL TACTICS

Iran's deterrence strategy has relied on a host of signals to showcase its capabilities and how it might fight back. Two war games in 2006—exporting lethal IEDs and EFPs to Iraq, and the use of sophisticated Iranian-made weaponry in Lebanon during the summer war in 2006—and a display of the country's missile capability in the summer of 2008 were designed to convey Iranian strategy and capability. The Mahdi Army's surprising capability in April 2008 to fend off attack by Iraqi Security Forces on its position in Basra (before American and British reinforcement turned the tide of the conflict) and to subject the Green Zone to mortar attacks with notable precision further highlighted the Iranian strategy. These asymmetric tactics exhibited the IRGC's newly-acquired ability to wage an insurgency-style campaign on a national scale, using irregular units, motorcycles, and small boats, in addition to missiles, tanks, and ships.

The message to the United States was clear: Iran would be a repetition of Iraq. Rahim Safavi noted that in light of the U.S. threat, Iran had changed the “structure of its armed forces. The training methods, war strategy, and military doctrine of the armed forces, and especially the three branches of IRGC, have been revised. We have designed arms and equipment suitable for extra-regional warfare. We have named this strategy comprehensive defense, Alavi battle, and asymmetrical warfare.”²⁰ Later he added that the IRGC can turn into a guerilla army in forty-eight hours.

To show what an asymmetrical tactic might mean on the narrow waters of the Persian Gulf, IRGC

speedboats routinely circle and harass American ships. The IRGC claims that it can rapidly launch large numbers of such boats from hundreds of small piers built along its Persian Gulf coast. As a gauge of what this approach might accomplish, in a Pentagon simulation exercise in 2002, the U.S. Navy lost “16 major warships — an aircraft carrier, cruisers and amphibious vessels — when they were sunk to the bottom of the Persian Gulf in an attack that included swarming tactics by enemy speedboats.”²¹

Iran’s offensive will not be limited to using speedboats to attack U.S. ships at sea. Iranians have also on occasion threatened disrupting the supply of oil from the Persian Gulf with the goal of impacting oil prices, as well as a tanker war — a throwback to the 1980s when Iran and Iraq targeted oil tankers to impair one another’s economy. Attacks on oil facilities, tanker fleets or commercial shipping can impact the price of oil and flow of commerce in the Persian Gulf, particularly if Iranians manage to disrupt the flow of traffic through the Straits of Hormuz or target oil facilities across the Gulf. IRGC commanders have also boasted that they have dispatched unmanned drones to hover over American ships, and IRGC agents spray-painted an American cruiser (some Iranian sources claim marking the IRGC logo) while at dock in Bahrain,²² the small island state in which the headquarters of the Fifth Fleet are based.

Three quarters of Bahrain’s poor and restless population are Shias, who by all accounts are rapidly radicalizing in response to lack of economic and political opportunities. The most popular icons for the radicalizing Shia youth of Bahrain are the Iranian Supreme Leader, Muhammad Husayn Fadlallah of Hezbollah fame, and the firebrand Iraqi cleric, Moqtada al-Sadr. Bahrain may not be on the verge of a largescale sectarian uprising, but there is enough Iranian influence and incipient

radicalism to make it a potential staging ground for serious terrorist operations.

From Afghanistan to Iraq to Bahrain and on the high seas, the Iranian counteroffensive will constitute asymmetric warfare writ large, opening many fronts with the goal of confounding U.S. strategy and overwhelming its capabilities. The longer a conflict between the United States and Iran lasts, the more Iran will rely on irregular warfare launched from its territory to constrict U.S. interests. This will compel the United States to escalate the war and ultimately to be sucked into putting “boots on the ground,” which Iran would also resist through asymmetric warfare.

SYMBOLIC ALLIANCES OF CONVENIENCE

Iran’s strategy of asymmetric warfare across the region could employ groups ranging from Hezbollah and Iraqi militias to the Taliban and elements of al Qaeda that may find it expedient to forge alliances of convenience with Tehran against the common U.S. enemy.

In the past, Hezbollah has served as an important component of Iran’s regional strategy, especially viewed as a forward deployment against Israel. Iran has supported Hezbollah’s interests in Lebanon and its campaigns against Israel, in part because the threat of Hezbollah consumes Israeli military resources. Hezbollah is conveniently positioned to expand a conflict originating in the Persian Gulf to the Levant in the form of a conflict inside Lebanon, an attack on Israel, or intervention in Palestinian politics. The organization also has the capability to launch an international terror campaign — as witnessed in the bombings of the Israeli embassy in Buenos Aires in 1992 and a Jewish community center in that city in 1994, in retaliation for the death of Hezbollah leader Abbas Moussavi in a helicopter attack earlier in 1992 and the Israeli bombing of Hezbollah camps in the Bekaa Valley in 1994.

It is apt to question whether Hezbollah would involve itself in a U.S.-Iran conflict that would surely invite massive Israeli, if not American, retaliation. Hezbollah is unlikely to join the conflict on Iran's orders or as a favor to Tehran; it will only do so if it sees a war against Iran as a prelude to U.S. or Israeli action against its interests in Lebanon. Hezbollah will act to protect its own interests. If Hezbollah's reactions to Israeli attacks of the 1990s are any indication, it may act quickly and symbolically to a threat against Iran. The recent assassination of Imad Mughniyah in Damascus was followed by an explicit Hezbollah threat that the organization was going to retaliate and, once again, that retaliation may come outside of the Middle East. It is possible that Hezbollah would involve itself in an Iran War, particularly if it concluded that an attack on Iran would inevitably be followed by an attack on Hezbollah. The way in which the organization's politics have been tied to Iran means that a successful downsizing of Iranian power will impact Hezbollah's position. The organization will likely resist such developments out of self interest.

Al Qaeda and the chain of Salafi and jihadi cells associated with it have traditionally viewed Iran with suspicion. Sunni radicalism is ideologically anti-Shia. A cursory perusal of pro-al Qaeda literature and websites shows that the organization and its affiliates stand firmly opposed to Iranian support for Shias in Iraq and consider Iran a threat to the Salafi conception of jihad and Islamic rule. Beyond Iraq, there are tensions between Salafi/jihadi factions and Shia groups in Afghanistan, Pakistan, and especially Lebanon.

However, when it comes to a war with the United States and Israel, Sunni radical opinion is far more divided. In the summer 2006 Lebanon War, a notable portion of Salafi/jihadi opinion took Hezbollah's side, arguing that unity in the face of war on Israel mattered more than sectarian differences. The same Salafi cabals will likely side

with Iran in the event of an Iran War. It is always possible that ideological difference could be put aside to allow Iran to use al Qaeda elements tactically. Iran has given refuge to and used the Kurdish jihadi group Ansar al-Islam in northern Iraq. The Ansar would be a likely Iranian tool in a conflict with the United States, especially given its proximity to Iraq. Tapping into al Qaeda would not only pose a terrorism threat to the United States, but would also complicate the broader effort against terrorism and winning hearts and minds across the Muslim world to fight. It will give Iran "strategic depth" in pivotal countries like Pakistan and Saudi Arabia as well as in North Africa, Europe, and cyberspace.

DETERRENCE AND INTERNAL PRESERVATION

A sustained American offensive that severely damages the Iranian regime's apparatuses of control will destabilize Iran and threaten the regime's stability and prestige. This could lead to anarchy and, in the worst case scenario, a regime collapse. A more limited attack that does not undermine the regime's ability to hold on to power and control its population will nevertheless pose a political challenge to its survival. The legitimacy and credibility of the Iranian regime at home, as well as in the eyes of its supporters in the Muslim world, is closely tied to its defiant image and bold resistance to the United States. Iran would feel compelled to react to an American attack in order to protect its political position at home and in the region. The more threatening a U.S. attack is to regime survival, the more likely the Iranian leadership will act to protect itself.

The advent of war with the United States will also make Iran more determined to acquire nuclear deterrence. Such a capability will be seen as the only means of thwarting a continuation or escalation of U.S. offensives. The only reason why Iran may not retaliate quickly to an initial U.S. attack would be to push ahead with its nuclear program — postponing retaliation to when a nuclear

deterrence would protect Iran from further U.S. attacks. Ironically, Iran's renewed commitment to developing its nuclear program will force the United States to achieve its goals before Iran passes a critical point of no return. In this case, if the United States does not escalate the conflict, it might be forced to acquiesce to a nuclear-armed Iran — an eventuality that would be hastened by the initial military engagement. In short, war will only beget more war or confirms Iran's status as a nuclear power.

War with the United States will have ramifications for Iran's domestic politics as well. The Iran-Iraq War of the 1980s favored radical elements of the Iranian regime, galvanized broad support for the government, and instigated rallying around the flag that forged national identity anew and radicalized the political arena. Eager to continue to whip up support and mobilize resources, the Islamic Republic fed on this public mood and militarization grew even more radical. The ideological tide turned only when the Iran-Iraq War ended. If history is any indication, another war will again push Iran toward increased radicalism.

Iranians are deeply nationalistic and will react to war accordingly. They will rally around the flag as they did in the 1980s. Secularists, reformists, radicals, clerics, and laymen will stand shoulder to shoulder. Political dissent, civil society activism, and debates over reform and democracy will give way to nationalist fervor and defiant anti-Americanism. Iran's uniquely pro-American public mood will be the first casualty of war. Those in Iran who favor a pragmatic foreign policy, engagement, and accommodation will quickly lose ground to hawkish voices that have long argued that engagement is futile.

An Iran War will likely further the militarization of Iranian politics, as the IRGC will consolidate its hold on government and the economy. The

IRGC is charged with defense of the regime and the country. War will give it more powers to pursue those goals and expand its footprint. It already manages large segments of the economy and wields much influence in halls of power. The IRGC will tighten its control over various economic sectors as part of its national defense strategy. Key deputies of the ministries of intelligence and interior — overseeing various facets of security and administration of the country — hail from IRGC, as do a number of key governors. In the event of war, more ministries (for instance, the Foreign Ministry, Energy, Transportation, and Commerce), additional governors, and key state managers will come from the IRGC, whose officers will likely grab hold of important municipal bodies as well.

The shift to a more radical military regime will influence Iranian decision making for the duration of the war and will have detrimental consequences for the region. The United States will have initially attacked an Iran in the hands of civilian leaders, but as the war unfolds, it may end up facing something akin to Japan of the 1930s. The increased intractability of the new regime will necessitate an enhanced and prolonged U.S. presence in the region. An Iran War will lock the Persian Gulf into a long period of tense military standoff, committing the Middle East policy and military resources of the United States to containing Iran and managing the fallout of the war — all within a region that itself will change as a result of the war. Whether the Iranian regime falls or radicalizes, the consequences it will visit on its neighborhood will further entrench the United States in this complex theater of operations.

As problematic as the Iranian regime and its behavior are for the United States, Iran is still, ironically, the only stable country in its neighborhood. An unstable Iran — and worse, a failed state in Iran — will create a sinkhole of instability in a wide arc stretching from Turkmenistan

to Afghanistan, Pakistan, and Iraq. Across this region, the combination of poverty, political instability, drug trade, radical ideologies, militias, and al Qaeda sustains conflicts, insurgencies, and endemic violence. The collapse of a country of seventy million people will only aggravate these problems. Nuclear material, armed gangs, and militias will come out of the belly of a fallen Iranian military force. Iran's collapse will only worsen the very problems that the United States is seeking to address in the Middle East.

Even if war with Iran is intended to be limited, the likelihood of an Iranian retaliation will commit the United States to a long and exceedingly costly presence in the Persian Gulf in order to protect its interests and allay Arab fears. This course of action faces a fundamental challenge in that as the conflict drags on, the mood in the region will deteriorate, making it more difficult for the United States to maintain its level of presence and action (even if not accounting for the opposition at home). The idea of an American Raj in the Persian Gulf will be difficult to maintain in a hostile climate, and the war will likely produce as many if not more problems than it will solve.

The Reaction of the Region

America's war strategy is built on the soft sand of Arab support. If it goes to war with Iran, the United States will be relying on shaky alliances with weaker forces in the region, which will fracture under the pressure of public opinion and in the face of implications of the war. When the United States began thinking about war with Iran, Arab governments seemed to have given their blessings so long as their approval would not be made public. Over the course of the past two years that support has largely evaporated. Iran's neighbors are no longer convinced that war will be quick and decisive or that it will have the desired effect. In fact, there is now a growing feeling that the Iran War may have unforeseen and unintended consequences with which the United

States may not be able to contend. Regardless of the success of its attack on Iran, war will isolate the United States from the coalition of allies that it relies upon to conduct its containment strategy. The longer a war stretches out, the worse it will be for U.S. alliances in the region.

Iran has done much to instill doubt in its Arab neighbors. Iranian leaders have warned Bahrain and Qatar of direct retaliation in the advent of war—since the two countries host the U.S. Fifth Fleet and CENTCOM. Muslim public opinion regarding the prospects of a permanent U.S. military presence in the Persian Gulf will make it difficult for the United States to maintain large numbers of troops in these states. Dubai, which has always enjoyed good relations with Iran, now fears that lingering war will end its economic miracle. The much touted Dubai model is vulnerable to regional instability. Tourism and services, the staple industries behind Dubai's boom, will not thrive in war. A few stray Shehab rockets lobbed across the Strait of Hormuz will send tourists home; banking and insurance services—and the capital and labor building the hotels and office towers that house them—will not be far behind. Dubai's security needs depend on Iran's vested interest in Dubai, which will be sustained only if Dubai continues to do business with Iran and the emirate does not support war against Iran.

The most hawkish of Iran's neighbors, Saudi Arabia has opposed U.S. engagement with Iran but is not keen on war either. The Saudi public is far less anti-Iranian than the leadership, and Saudi public opinion clearly parallels the mood in the Muslim world. King Abdullah is reputedly of the opinion that an American attack on Iran would practically conclude in Iran's favor the three-decade Saudi-Iranian competition for the hearts and minds of the Muslim world. If the popularity of Hezbollah after the summer 2006 Lebanon War is any indication, the Saudis

and other Arab governments fear that a battered and defeated Iran could nevertheless emerge as the victor. Inasmuch as Saudi foreign policy is constructed on its Muslim world strategy, that loss would not just dent the Kingdom's prestige abroad but would also gravely weaken it at home; it would be a net strategic loss.

Saudis have therefore changed tact. Over the past year, they reached out to convince Iran of the folly of saber rattling with the United States.²³ The Saudi king reminded the visiting Iranian president Ahmadinejad in early 2007 that American warships in the Gulf were not on a picnic excursion and that Iran should take the threat of war seriously. Facing Iran's obduracy, Saudi Arabia has decided to abandon the United States and at least make a public show of the fact that they are not part of the war camp. As part of this initiative, Saudis have publicly distanced themselves from U.S. policies in Iraq and the Arab-Israeli peace process. Saudi Arabia's close ally Bahrain — the most anti-Iranian of the Gulf emirates — has also taken its cue from Riyadh. Manama was recently host to Ahmadinejad, whose visit culminated in energy and trade deals.

In the event of an Iran War, pressure will not be limited to the Middle East. Muslim public opinion is the Achilles heel of U.S. alliances with Muslim-majority states. From Indonesia to Turkey, a third war against (and possibly occupation of) a Muslim country will inflame public opinion, weaken pro-American governments, constrain pro-democracy and reformist forces associated with the West, and strengthen the hands of Islamists. This will not only confound the Global War on Terror, but also make it more difficult for the United States to coherently pursue its policies in various theaters of conflict. The United States will find it difficult to resist Turkish belligerence toward the Kurdish region of northern Iraq. Once throngs of angry demonstrators pour into the streets of Pakistan in support of

Iran, the Pakistani military will cease whatever is left of its cooperation. The hunt for al Qaeda and containment of the Taliban will be among the first casualties of the Iran War. U.S. operations could unravel in Iraq and Afghanistan, as well as in Palestine and Lebanon. The Iran War will confuse and undermine American policy, making it more difficult for the United States to pursue interests in multiple arenas and to shepherd support among diverse allies.

Distancing themselves from the United States will not be sufficient for solving the security problems of Middle East governments. Facing the implications of the Iran War, regional stakeholders are likely to adopt their own security strategies, which will include pursuing indigenous nuclear programs. Saudi Arabia, the UAE, Jordan, and Egypt have all declared their interests in nuclear technology. Whereas Egypt and Jordan may go nuclear out of pride, the Gulf states will do so out of fear. Saudi Arabia may go under Pakistan's nuclear umbrella — which will have implications for the India-Pakistan rivalry and stability of the Afghanistan-Pakistan corridor. Ironically, it may be instability following America's war with Iran that will push the Middle East into the nuclear race. Regional actors will also follow their own agendas in the conflicts that will follow from the Iran War. It will be Afghanistan and Iraq all over again — but on a larger scale.

A war against Iran may become inevitable, but it certainly should be contemplated in light of the costs and constraints that it will entail. It will not be quick and decisive. It will not extricate America from the Middle East; rather, it will commit the United States to a long and costly presence in an increasingly inhospitable region. This will not be a war in which the United States can assume steadfast support of its united Arab allies; Washington will have its hands full managing a fractious and unpredictable Middle East in which divergent interests will surface to push

conflicts in unexpected directions. War with Iran will not make success in Afghanistan or Iraq more likely, but less so. It will also put desired outcomes in the Global War on Terror and conflicts in Palestinian Territories and Lebanon out of reach. Democracy, moderation, and lofty goals for setting the Middle East on the right course will be overshadowed by anger and extremism. A Pax Americana in the Middle East will not be built upon the foundation of breaking Iran— not any time soon, and not without significant cost.

ENDNOTES

- ¹ Talk of war has also been useful in lining up European support for financial sanctions against Iran and in securing Chinese and Russian votes against Iran at Security Council. Since 2003, the White House has time and again insisted that all options are on the table — even as the State Department reiterated commitment to a diplomacy and senior Pentagon officials dismissed war as an option; see Reuel Marc Gerecht and Gary Schmitt, “How The West Can Avert War With Iran,” *Financial Times* (13 February 2007); Michael Abramowitz, “Cheney Says U.S. Is Sending ‘Strong Signal’ to Iran” *The Washington Post* (29 January 2007): A02; Jay Lindsay, “Burns: Diplomacy will work with Iran, over time” *Associated Press* (11 April 2007); Daniel Domby, “No Iran War, Says US Admiral” *Financial Times* (23 September 2007); and David Cloud, “Defense Chief Again Says U.S. Will Not Wage War With Iran,” *The New York Times* (16 February 2007).
- ² Bernard Lewis, “August 22: Does Iran Have Something In Store?” *The Wall Street Journal* (8 August 2006); and Norman Podhoretz, “The Case for Bombing Iran” *Commentary* (June 2007).
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- ⁶ U.S. State Department, “United States Policy Toward Iran,” (8 March 2006), at <http://www.state.gov/p/us/rm/2006/62779.htm>.
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- ¹⁰ Mohsen Rezaie, quoted as saying, “Attacking nuclear facilities can be part of this plan but not the key part. The key part of their plan is political, economic and security (confrontation) by backing opposition groups and damaging Iran’s economy to prompt Iranians to rise up against the government,” in “Ahmadinejad: Iran ‘ready’ for standoff with West over nukes,” *USA Today* (18 January 2007).
- ¹¹ David Sanger, “Cheney Says Israel Might ‘Act First’ on Iran” *The New York Times* (21 January 2005).
- ¹² Mohsen Rezaie, in interview with Islamic Republic of Iran Broadcasting Channel 2 (20 January 2007), at <http://www.alif.ir/content/view/4276/>.
- ¹³ Jim Krane, “U.S. Warns Iran to Back Down,” *Associated Press* (23 January 2007).
- ¹⁴ Jay Solomon, “Pentagon Intensifies Pressure on Iran,” *The Wall Street Journal* (12 January 2007).
- ¹⁵ “Iran Revolutionary Guards Chief: Nuclear Capability Ensures Our Survival” *Iran Focus* (12 August 2005), at <http://www.iranfocus.com/modules/news/article.php?storyid=3287>.
- ¹⁶ Rezaie, in interview with Islamic Republic of Iran Broadcasting Channel 2 (20 January 2007), at <http://www.alif.ir/content/view/4276/>.
- ¹⁷ *Ibid.*
- ¹⁸ “Mojtahedzadeh: Zionists, US Neo-Conservatives Plan to Divide Iran” *Islamic Republic News Agency* (3 December 2006), at <http://www.irna.ir/en/news/view/line-17/0612034817190824.htm>.
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CHAPTER VI:
LIVING WITH A NUCLEAR IRAN

By Richard N. Haass

LIVING WITH A NUCLEAR IRAN

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Current U.S. policy toward Iran's nuclear-related activities mostly falls under the rubric of non-proliferation, i.e., working through various forms of denial as well as diplomacy, to prevent Iran from gaining access to the materials and technologies required to advance in the nuclear realm. The problem with this approach is that history suggests that denial strategies tend to slow but not stop governments that are determined to gain a nuclear weapons option or actual weapon and who possess the basic technical and industrial prerequisites to proceeding. This is arguably the case with Iran.

Iran is on a trajectory that, if not interrupted either by its own choice or by external action, would give it the capacity to enrich uranium to a sufficient degree and on a large enough scale to acquire the material necessary to produce a nuclear weapon. The exact timeline is a matter of conjecture, but the estimates suggest several years and possibly sooner. Virtually all observers believe it is a matter of "when" and not "if" Iran will reach this threshold should its leaders so choose and should the world, i.e., the United States and/or Israel, not mount what proves to be a successful preventive strike or if diplomacy fails to persuade Iran to eschew a nuclear option.

Why might Iran want to advance in the nuclear realm? A partial list of motives or explanations might include domestic politics; the drive of the nuclear establishment to lobby so that it can realize its professional aspirations (as was the case in India); deterrence of the United States, Israel, and others; and/or a judgment that a nuclear capability, however defined, would enhance Iran's standing in the region and beyond and add to its influence. All this effort by Iran could also be a negotiating ploy, one designed to increase the price the United States and others would be prepared to pay to see that it does not reach a certain level of proficiency or, if it does, that Iran roll it back from there. These motives are anything

but mutually exclusive, especially as one or more positions may be held by various actors inside or close to Iran's government.

A different question is what would be the likely consequences if Iran were to enrich uranium on a large scale or develop nuclear weapons. A "nuclear" Iran would enjoy increased standing, and its aspiration to play something of an imperial role in the region would be reinforced. It would also likely increase Iran's confidence and its propensity for risk-taking. It could lead to increased backing for groups such as Hezbollah, including extending some form of a "nuclear guarantee" to offset the United States and Israel. And it would increase pressures on several neighboring countries to seek protection, pursue their own nuclear option, or both.

Less clear is whether development would be all or whether Iran might actually be prepared to transfer nuclear materials or weapons to a third party (Hezbollah?) or actually use them against, say, Israel or one of the Sunni-dominated states of the region. The anti-Israeli comments of Iran's current president are all too familiar, but even a relative "moderate" such as Akbar Hashemi Rafsanjani was quoted in 2001 as saying that "the use of even one nuclear bomb inside Israel will destroy everything. However, it will only harm the Islamic world."¹ There are other comments by Iranian officials that suggest a more responsible approach to nuclear matters, but the statements cited above cannot be dismissed given what is at stake.

There is no way to answer with confidence whether Iran would be prepared to transfer or use nuclear materials or weapons. What complicates any assessment is the divided nature of Iran's government and leadership and the inconsistent pattern of Iranian foreign policy. Iran has shown its willingness to act with restraint and in a constructive manner (in Afghanistan, for example) at

the same time it has acted aggressively elsewhere. The bottom line is that the possibility of nuclear transfer or use could not be ruled out, although there is an argument that Iran would be highly unlikely to use nuclear weapons as use would invite certain retaliation and with it the devastation of Iran's society and economy. Transfer is a more difficult possibility to contend with. Still, transfer by Iran should not be assumed, as doing so would mean risking retribution. Transfer might also be viewed with suspicion by at least some Iranians as there could well be concerns about control. There is the additional complication of the possibility of accidental or unauthorized transfer that could lead to unauthorized use. Presumably, Iran would seek to put into place reliable arrangements for command and control, but how effective these would be is an open question.

Options for U.S. Policy

The United States and others who are rightfully concerned about Iran developing the ability to enrich uranium on a large scale—and possibly produce nuclear weapons as well—must choose from among three options. They can try through negotiation to persuade Iran that its interests will be better served by accepting meaningful constraints and agreeing to considerable transparency as regards its nuclear program. Second, the United States and/or Israel could use military force, i.e., a preventive military strike, in an effort to destroy much of Iran's existing nuclear facilities, thereby postponing the date by which Iran would be able to enrich large amounts of uranium. Or they can manage—in other words, live with—an Iranian nuclear capability and take steps to limit its consequences.

These three choices are not the entire universe of conceivable options. One other in particular merits mention, that of regime change. The United States can seek to replace the current government of Iran with a government or set of

leaders prepared to adopt a more responsible and moderate foreign policy. Ideally, such an alternative leadership would decide not to go ahead with nuclear development. But even if it did proceed, something altogether possible given the fact that the Iranian nuclear program began under the Shah and enjoys widespread public support, the result would presumably be less worrisome than if the current regime gained such capacity. What matters in this realm are not simply capabilities but intentions and patterns of behavior.

The obvious problem with this “option” is that regime change, however desirable, is not doable. Or even if it is doable, and this is highly questionable, it cannot be counted on to happen before Iran gained potentially dangerous capacities in the nuclear area. Moreover, it is possible that an aggressive policy of regime change might increase the odds that Iran would seek a nuclear capability or would decide to translate an ambiguous or latent option into an actual nuclear arsenal so as to provide itself more protection against what it perceived to be external threats.

All of which brings us back to the three “real” options: diplomacy, military action, and management. Diplomacy would require putting together a package offer consisting of three components: 1) an explicit ceiling on the Iranian nuclear program along with highly intrusive arrangements to verify that this ceiling was being honored; 2) incentives, including access to goods, services, technologies, investment, and energy, participation in any future regional diplomatic/security architecture, and security assurances, all of which would be made available if Iran were to enter into and implement a negotiated nuclear arrangement; and 3) specific disincentives that would be introduced if Iran were not to accept and act consistently with whatever nuclear undertakings had been agreed upon. Ideally, such disincentives (or sanctions or penalties or sticks) would be supported by the UN Security Council and even

backed by an authorization to enforce them with military force, something that might be relevant if the sanction called for a ban on exports to Iran of refined gasoline or if broader controls on what could enter or leave Iran were introduced.

Any diplomatic option would be more likely to succeed if Russia and China joined with the United States and Europe in designing and backing it; if the United States were willing to enter into direct negotiations with Iran to discuss nuclear issues, other agenda items, or both; and if the offer were made public, which would increase the odds the Iranian government would feel pressure from the Iranian public to accept, something likely to happen given widespread dissatisfaction with Iran’s isolation and standard of living. It would be necessary to stop insisting that Iran stop all work on enrichment as a precondition of negotiation, although some time limit would have to be privately communicated lest negotiations merely become a cover for continued efforts by Iran in this area. It might also be necessary that Iran be allowed some limited right to enrich uranium given the domestic politics of the issue there. Any such “right,” however, would need to be severely limited in scale and, again, coupled with the most intrusive of inspection arrangements. Incentives and sanctions should be calibrated so that it is clearly in Iran’s interest to agree to dismantle its enrichment program.

There are at least two problems with a diplomatic option. The first is that one or more parties might prove unwilling to sign on to all aspects. Some in the United States might balk at what they viewed as being overly generous; Russia and possibly others might well balk at what they judged to be overly onerous. Garnering UN authorization for military enforcement (and possibly severe economic sanctions) would be a long shot at best. Second, even if consensus on a fair but tough comprehensive offer could be reached, there is no assurance whatsoever that Iran would be

prepared to accept it or anything else the United States and others would be prepared to support. There are sure to be those in Iran who believe realizing their nuclear ambition is a must at any price. There are also sure to be those who, looking at the histories of India, Pakistan and North Korea, judge the price Iran would be required to pay would not be all that great. There may even be those who see carrots as “poisoned” as the openness that would come with normalization of Iran’s relationship with the outside could dilute the revolution. In short, there is no guarantee diplomacy with Iran will succeed.

The option of carrying out a preventive strike is also filled with shortcomings. It is not at all clear just how much a strike would accomplish either in the way of what it would destroy or how much time it would buy. To be sure, it would set Iran back, but by how much and for how long is uncertain. But it is all but certain that a preventive attack would have two other results. First, it would increase Iran’s determination to develop a nuclear capability, if only to deter future attacks. (There is the possibility that an attacked Iran would turn out to be chastened and decide against pursuing a nuclear capability, but this seems a stretch.) A rebuilt nuclear program would presumably be designed so as to decrease its visibility and increase its capacity to withstand attack. Second, a preventive strike of whatever success would likely trigger retaliation by Iran with the tools in its possession, including terror and attacks on U.S. personnel in Iraq and Afghanistan, something that could easily escalate into a broader conventional conflict between the United States and Iran. The price of oil would spike as a result of a strike, and spike even more if Iran threatened or acted against tanker traffic. Anti-American protests would be widespread, even in countries whose governments might privately applaud such a U.S. or Israeli action. Iranian politics would likely move sharply in the

direction of more nationalist and radical forces in the aftermath of any such strike.

There are several more points to be made as regards the range of options vis-à-vis Iran. Current U.S. policy can be described as a mix of denial, some diplomacy, and some regime change. One could easily imagine the details of these elements changing as well as the balance among them. One can also imagine a sequential approach. A new U.S. administration might attempt a new diplomatic approach. But if this were to fail, the new administration could transition to a preventive attack and then in its wake transition again after some time to management. Or the management era could arrive sooner, either after an unsuccessful new diplomatic initiative (and if a military strike were ruled out) or if Iran surprised the world and achieved the ability to enrich large amounts of uranium sooner than many expect.

Is Management Possible?

It requires saying at the outset that this is a difficult topic, as there are sure to be those who will suggest that even contemplating living with a nuclear Iran implies a readiness to do so and thereby only increases the likelihood such a situation will come about. Nevertheless, it is essential to assess what it would mean to live with and what it would entail to manage a nuclear Iran so that we can better judge the necessity of embracing other options and so that we are better prepared for this one should it arise despite our best efforts to see that it does not.

It should also be said that a discussion along these lines is not without precedent in the sense that there were heated debates decades ago about the prospect of living with a nuclear Soviet Union and then again a nuclear “Red China.” There has long been a literature devoted to proliferation management alongside the far more mainstream

and far more extensive literature on non-proliferation or proliferation prevention.

Even the management-oriented literature subdivides to some extent. There is a small minority who see proliferation as a potential gain. For example, Kenneth Waltz, the ultimate proliferation optimist, wrote in his controversial 1981 classic *The Spread of Nuclear Weapons: More May Be Better* that “the gradual spread of nuclear weapons is better than no spread and better than rapid spread” and that nuclear weapons in the hands of rivals will make them both more careful. “Nuclear weapons have reduced the chances of war between the United States and the Soviet Union and between the Soviet Union and China. One may expect them to have similar effects elsewhere. Where nuclear weapons threaten to make the costs of wars immense, who will dare to start them? Nuclear weapons make it possible to approach the deterrent ideal.”²

It is difficult and then some to find solace in Waltz’s optimism given Iran’s track record of supporting terrorism and various statements made by its leaders. More relevant are the writings of other management exponents who tend to see proliferation as lamentable but inevitable and requiring careful handling. They tend to be sober and prescriptive, focusing on specific steps that should be considered so nuclear proliferation does not lead to nuclear use.

Complicating matters more is the reality that there is not a nuclear choice for Iran so much as choices. Three in particular come to mind. Iran could choose to pause its nuclear program once it had achieved the ability to enrich uranium on a large scale. This would give it a “near nuclear” option, as it could in short order change the level of enrichment (giving it weapons grade material) and build a first generation bomb. Or Iran could opt for ambiguous nuclear status, leaving the world uncertain both as to how much highly

enriched uranium it possessed and to the state of play regarding actual weapons. Iran also could opt for overt nuclear weapons status, something that could be accomplished either through declaration or by testing. And even in this last category there are differences that would reflect the size of a nuclear inventory and the number and type of delivery systems. One last point. It is not certain that Iran’s leaders themselves have determined how far to proceed with their nuclear program.

Conclusions and Prescriptions

There is a great deal we do not know about the Iranian nuclear program, including why it has taken as many years as it has to reach its current level, its exact status, the timeline for advance, the intended end-state, and the decision-making process.

It is very much in the U.S. national interest that Iran does not achieve large-scale uranium enrichment much less build an inventory of one or more nuclear weapons.

The best chance of heading off this possibility appears to come from a comprehensive diplomatic initiative, one that is perceived as reasonable by the Iranian people and the international community, is supported by Russia and others, is made public, and, if rejected, threatens severe sanctions. As discussed earlier, a proposal that would have a chance of attracting international support might well need to allow the Iranians a degree of enrichment activity coupled with extensive safeguards/inspections, although again, the package should be designed so that Iran is encouraged to forego an enrichment project of its own. A diplomatic initiative should not be postponed; years of policy drift (the result of exaggerated hopes for regime change and the setting of preconditions to diplomacy) have left the United States worse off and Iran much closer to a large-scale enrichment capability.

Diplomacy attempted to date does not constitute a valid test of its potential. The demand that Iran first suspend all enrichment activity creates a requirement that at best can only be achieved through diplomacy (not as a prerequisite to it) and possibly not even then. The absence of any U.S.-Iran bilateral channel raises questions about U.S. willingness to commit to diplomacy and may have the perverse effect of reinforcing Iranian interest in progressing in the nuclear realm so that the United States will be forced to take it seriously and engage it directly.

Notwithstanding diplomatic initiatives, managing a nuclear Iran may not be an avoidable challenge. There is broad support in the Iranian public and within elites there to exercise Iran's "right" to enrich uranium. Going this route would constitute the classic "break out" option and might constitute the most likely path for Iran as it would derive many of the benefits of nuclear development with few of the risks and costs associated with more threatening postures. The United States should prepare for this prospect now without suggesting in any way that we are prepared to rule out other options.

If Iran reaches the ability to enrich uranium on a large scale, the United States should fashion diplomatic and military options designed both to roll it back from that position and to discourage it from moving forward to overt status. Diplomacy should not be seen as useless in this context. Talks could seek to place limits on or even roll back Iran's capabilities as well as shed light on Iranian intentions, doctrine, and capabilities and provide an opportunity to influence the same.

Declaratory policy would be central under any scenario. The United States would want to communicate to Iran that any authorized or unauthorized transfer or use of nuclear weapons against the United States or its allies and friends would lead to military retaliation and determined

efforts to bring about a change in regime. It would probably be best to avoid explicit security commitments to individual countries lest some countries be left outside this new American defense perimeter (à la Dean Acheson's January 1950 speech at the Washington Press Club that may have inadvertently signaled North Korea that it could invade the South with impunity). There is also an argument that the United States should avoid tying itself too closely to specific regimes. The focus should be on establishing robust deterrence to prevent Iranian use of nuclear weapons against anyone or transfer of nuclear materials to anyone.

Nuclear forensics should become a matter of priority for the U.S. intelligence community. Iran should understand that the United States has the ability to demonstrate that nuclear material originated in Iran. This should prove to be something of a deterrent against intended transfer and something of an incentive for Iran to take steps to reduce the risk of unauthorized transfer. The ability to demonstrate an Iranian connection to any nuclear event would also be essential to building domestic and international support for any response.

If Iran developed an ambiguous or overt nuclear weapons capability, the United States should consider adopting a policy (and sending a message to Iran) that it would launch a preemptive strike on Iranian nuclear facilities in the event the United States had concluded Iran had increased the alert status of its nuclear forces.

Iranian nuclear progress will increase the insecurity of the Sunni-led and dominated countries. Less clear is how this insecurity would manifest itself. It could lead to appeasement of Iran, a desire to follow suit and develop nuclear capabilities that would match or offset those of Iran, and/or it could drive governments to seek protection

from and forge a closer tie with the United States. These reactions are not mutually exclusive.

Discouraging additional proliferation should become a U.S. priority if Iran were to advance in the nuclear realm. More fingers on more triggers and more nuclear material in a part of the world associated with instability would be a strategic nightmare. There would be time to do this, as none of Iran's bigger or more powerful neighbors (Egypt, Saudi Arabia, Syria) is as yet in a position to follow suit. There are a number of tools to employ in this effort, including missile defense and extended deterrence, which in turn could include local stationing of nuclear-capable systems and general security guarantees. Turkey is covered by the U.S. commitment to NATO. A more explicit commitment could be made to Israel if it were desired.

U.S.-Israel consultations on this entire subject are a must. Israel should consider the pros/cons of shifting from an ambiguous to an overt nuclear weapons posture, one that includes a credible second strike capability and that adheres to a posture of disproportionate response to any nuclear attack in light of its relatively small size and population.

Iranian nuclear progress will not only increase interest in nuclear issues but will lead to new focus on Israel's program and new calls for a regional nuclear weapons free zone. It would be best if the United States and Israel reached agreement on a common position, namely, that both would support such a development in the context of peace and associated security arrangements between Israel and the Palestinians, the Arab countries, and Iran.

ENDNOTES

- ¹ BBC Monitoring Worldwide, "Iran: Rafsanjani Warns of High Cost of U.S. Support for Israel," (15 December 2001).
- ² Kenneth Waltz, "The Spread of Nuclear Weapons: More May Better," *Adelphi Papers No.171* (London: International Institute for Strategic Studies, 1981): 28, 30.



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APPENDIX A: ABOUT THE AUTHORS

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APPENDIX B: IRAN EXPERT GROUP PARTICIPANTS

The following group of experts on foreign policy and national security, retired military personnel, former diplomats and other government officials, and specialists on Iran and the region participated in meetings addressing Iran's nuclear program and options for the United States. CNAS thanks them for their insights, and notes that their participation does not indicate their agreement or disagreement with the findings and recommendations in this report.

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