

## **Testimony of George Perkovich**

Vice President for Studies  
Carnegie Endowment for International Peace

### **House Armed Services Committee**

**Hearing, February 1, 2006**

Mr. Chairman, members of the Committee, it is an honor to appear here before you.

In a world with many contestants for “the most important challenge we face,” I believe none is more important than integrating Iran into the mainstream of modern international society. Iran is the biggest, most economically capable country in Southwest Asia. It has the most vibrant civil society in the region (outside of Israel). This civil society, and a dramatic history of political change and experience with elements of democracy, make Iran the most likely country in the region to become a full-fledged democracy some day. But first, Iran would have to somehow revise its Constitution so that powers would be shifted from unelected office-holders to elected ones. Given the pain of the late-1970s revolution, Iranians are understandably wary of radical, not to mention violent, political change. Most Iranians say, “no, thank you,” when they look at events in Iraq. This further complicates the prospect of political reform in Iran, and therefore the prospects of Iran’s becoming one of the world’s major regional powers.

Domestic politics will be the most important determinant of Iran’s decision whether to continue to seek capabilities to produce nuclear weapon fuel over the objection of much of the world, or instead to pursue an integrationist strategy relying on guaranteed international fuel services. Our capacity to predict or affect the political dynamic in Iran is slight. Iranian politicians and observers were essentially shocked by the victory of Mahmoud Ahmadinejad in the recent presidential elections. If knowledgeable Iranians could not anticipate the direction of Iranian politics, it is foolish of us in the United States to think that we can. Perhaps the best we can hope is to avoid words and deeds that most Iranians tell us will backfire, and to pursue policies that keep a vast majority of key countries on our side as we engage whomever leads Iran.

It is important to reject the view that Iran’s acquisition of nuclear weapons is inevitable, that there’s nothing that can be done to stop it. If the U.S. and other key actors do not change some of their policies, Iran probably will proceed to acquire the bomb. But this does not mean that Iran cannot be induced to forego nuclear weapons. Rather, it would mean that the major powers had higher priorities than taking steps necessary to persuade Iran not to acquire nuclear weapons.

These steps come in two related categories: first, Iran must perceive that severe international and domestic costs will attend acquisition of the bomb; second, Iran must perceive that major international and domestic benefits will attend decisions to produce nuclear energy based on internationally contracted fuel services. Thus far, the U.S. and other leading powers have neither demonstrated plausibly high costs to Iran, nor mind-changing benefits. The threats we pose are too implausible or weak, as are the benefits we offer.

To improve the cost-benefit equation that Iran must weigh, Russia and China need to signal that preventing nuclear weapon proliferation and a breakdown of the nonproliferation regime are important enough that, in principle, Moscow and Beijing would support UN Security Council sanctions on a major trading partner to prevent such proliferation. Moscow, especially, must clarify that it believes Iran's enrichment of uranium in Iran is completely unnecessary and therefore unacceptable. The United States must express a willingness to respect the sovereignty and territorial integrity of the government of Iran as long as that government does not threaten the existence of others and acquire capabilities to produce nuclear weapons. The U.S., Russia and the European Union must design mechanisms to supply nuclear fuel services to Iran with guarantees sufficient to convince the best lawyers and economists in the world that it would be wise for Iran to forego domestic production of enriched uranium or separated plutonium.

Other policies must be shifted, too, in order to pose a combination of costs and benefits that internationalists among Iranian decision-makers can use as levers to push their country's policies in a more cooperative direction. This hearing is not the place to detail these needs for a regional security forum that would involve representatives of Iran, Iraq, the Gulf Cooperation Council Countries, and adjoining states. Similarly, Arab states and others in the international community will be reluctant to rally to isolate Iran for seeking nuclear-weapon capability if the objective of creating a Middle East Zone Free of Weapons of Mass Destruction is not taken more seriously by the U.S. and other permanent members of the UN Security Council. No one should think this objective can be realized soon, but the United States' blatant disregard of it badly weakens our hand. My colleagues at the Carnegie Endowment and I have sketched steps that would be more helpful in *Universal Compliance: A Strategy for Nuclear Security*, which we would be happy to distribute to Committee members who would like to see it.

The point is that before conceding the bomb and shifting our attention to how to deter Iran from using it, we should try harder to motivate and enable ourselves and other key actors to prevent Iran from getting bomb-making capability in the first place. The U.S. cannot achieve the needed result without the firm cooperation at least of Europe, Russia, China, India, Japan and a few other countries. If these countries can be made to cooperate with us in trying to prevent Iran from acquiring nuclear weapon capability, and Iran resists this combined effort, then the prospects of deterring or preventing Iran from acting aggressively behind the shield of a nuclear bomb will be improved. Each of the steps suggested above would strengthen a strategy of deterrence and containment if efforts to prevent Iran from acquiring the bomb fail.

No strategy of prevention or containment would be complete without options for sanctions. My colleague, Silvia Manzanero and I have addressed this issue in an essay submitted for the record. Here let me make a few simple points.

First, American officials – in the administration and in Congress – undermine the national interest by talking publicly about sanctions or suggesting that an attempt to impose them is imminent. For sanctions on Iran to be effective, they would have to be applied by all important investors and traders with Iran. For that to happen, sanctions must be authorized by the UN Security Council under Chapter VII of the UN Charter, which makes specified sanctions mandatory for all states. For the Security Council to pass mandatory sanctions, Russia and China must be willing not to veto. To have a chance of this, the Iranian “case” must be transferred to the Security Council in the first place. Russian and Chinese resistance to putting the Iranian issue before the Security Council will be reduced if they have high-level assurances that Chapter VII sanctions will not be sought as long as Iran is acting to rectify its non-compliance with IAEA safeguard requirements and is not producing fissile materials outside of arrangements agreed by the UN Security Council once the Council has taken the matter under its auspices. In other words, they must have confidence that the U.S. is not trigger happy. That confidence will not exist if U.S. officials, including in Congress, speak carelessly about seeking sanctions on Iran now.

Second, it would make little sense to threaten or to impose significant economic sanctions on Iran without having prepared the American people (and citizens of Europe and other potential sanctioners) for potential consequences. This has not been done at all. (Political sanctions such as denying Iranian athletic teams the opportunity to compete internationally; banning travel of relevant Iranian officials and their families; denying landing rights to Iranian aircraft, etc., are less problematic).

Third, because it is counter-productive to speak prematurely about sanctions, and to threaten or impose them without having prepared citizens for the consequences, governments should spend time now modeling what specific forms of sanctions would have the most direct impact on the most threatening Iranian actors while best sparing the Iranian public. Models should also specify the costs that various sanctions alternatives would impose on the sanctioners. For example, Iran is heavily dependent on machine tools imported from Europe: which tools are most important to institutions associated with the Iranian military or nuclear sector? Which firms from which European countries export these goods, and what is their value? How could adjustments be made or burdens spread so that the costs of sanctions will be most palatable? What is our capacity to focus sanctions on organizations associated with the Iranian Revolutionary Guards, and not on entities or activities on which the Guards can profit by controlling smuggling to work around sanctions?

As a general proposition, the two most effective categories of economic sanction would be on foreign investment and exports into Iran. Iran needs both badly. Barring investment into Iran does not deprive investors of in-hand gains, but rather would move

them to opportunities elsewhere. Barring exports to Iran is more problematic, but again, if well-targeted, such sanctions can be sustainable.

I know that France and the United Kingdom have been doing this sort of modeling for months, and I can only hope that the U.S. is, too, and that we are quietly coordinating such efforts to design a graduated, ratchet approach to sanctions that is politically sustainable in the international community and politically targeted in Iran. Congress should be briefed on such modeling at the classified level. The American people can be educated about the need to bear burdens to prevent proliferation, without officials making counter-productive public statements about potential sanctions, while behind the scenes our government is coordinating with others on a sophisticated sanctions strategy to be used only if Iran exhausts the patience of the international community.

Fourth, forget about an oil embargo, and don't talk about one either. People know that most of Iran's income comes from oil exports and assume naturally that the most potent sanction would be to embargo that oil. At that point the plot twists. If we embargo Iran's oil, the price of the oil we buy will go up. The people and parliaments of the U.S. and Europe won't stand for that, so, in reality, this sanction won't happen. Then the conventional wisdom becomes: if we can't use the biggest sanction lever we have, then there's no way to change Iran's nuclear course with weaker levers. Therefore it is inevitable Iran will get the bomb.

This seems to be the logical chain that some commentators are following. I believe it is flawed. We don't know how Iranian politics will be affected by the many steps that should be taken to change Tehran's cost-benefit calculus. We are better off conveying that the international community has many such steps in mind, and being modeled, and we will be unified in taking them if Iran continues not to satisfy IAEA doubts about its past activities and to reassure the world of its present intentions by eschewing acquisition of bomb-making capabilities. We should say that the steps we have in mind do not include an oil embargo, but rather many more targeted measures which it is not to our advantage to discuss publicly.

Beyond sanctions, of course, the ultimate proliferation prevention action would be to militarily destroy a country's nuclear infrastructure or, even more problematically, to eliminate a government and try (hope?) to replace it with one that would not continue intolerable nuclear activities. No one doubts the U.S. military's unrivalled ability to precisely destroy the targets identified for it. The well-known problems with a military strategy to prevent Iran from acquiring nuclear weapons stem not from the capabilities of the American armed forces, but rather from the intelligence that determines their targeting and to the consequences of their well executed actions. Leaving the enormous intelligence problem aside, Congress and other overseers of U.S. policy should ensure that potential consequences of military action are fully modeled. After an action or move is described, please ask, "and what happens next?" "What might they do next?" "And what would we do then?" "And after we do that, what would they do?"

As we are learning in Iraq, it is important to try to anticipate many moves and counter-moves in a sequence that would follow military action. Doing this exercise in anticipation of military attack on Iran quickly leads one to conclude that we have little confidence how the “game” ends. This is regrettable: the world would be a much safer place if Iran’s decision-makers concluded that, at the end of the day, they could be physically prevented from acquiring nuclear weapons at a cost that was readily bearable by the international community.

The most we can hope to do right now is build a coalition with Europe, Russia, China, India, Japan and a few others to create a cost-benefit table that leads reasonable Iranians to see that the best deal is to master nuclear technology in ways that give the rest of the world no cause to think Iran will build nuclear weapons.

In the event that Iranians read such a table differently, or decide that nuclear weapons have a much greater value than anything else, this strategy will have to be abandoned. In its place, the U.S. and other concerned states will then focus all their energy and might on ensuring that Iran does not use nuclear weapon capability to threaten or blackmail others.

When will we know it is time to transition to contain-and-deter strategy? If and when Iran has proceeded successfully to enrich uranium, without having resolved the outstanding questions the IAEA continues to have about Iran’s non-compliance with IAEA obligations, the U.S. and other responsible actors must prudentially hedge and move toward a deterrent strategy. It is in everyone’s interest to delay Iran’s enrichment of uranium and speed its resolution of outstanding IAEA questions, as this combination of outcomes would give all actors more time to avoid the risks of confrontation. My own view is that the international community and Iran will be more likely to find a mutual accommodation when new governments with fresh mandates, less baggage, and more energy arrive in Paris, Washington, and London, and when Iran’s current executives have demonstrably failed to deliver the job creation and reform that the population want.

Iran’s current government is determined to be recognized as the dominant actor in the Persian Gulf and broader Middle East. Rather than seek this status by mobilizing Iran’s exceptionally talented civil society and potential for fulsome democratic politics, the Revolutionary government seems to prefer more threatening tactics. We will have to disabuse Iranian actors of any illusion that they could use nuclear capability as a shield behind which to conduct terrorist operations or other low-intensity conflict, confident in the belief that fear of nuclear escalation would keep the U.S., Israel or others from acting forcefully. Our message must be, “You may have acquired nuclear weapons. We don’t like it, but we’re prepared to live with it and leave you alone. However, if you act violently in anyway outside of your borders, or utilize nuclear threats to blackmail others, we have the resources and the will to dominate the escalation ladder.”

Historically, the most difficult challenge with states that have newly acquired nuclear weapons is to deter them from seeking to use this power as a shield behind which

to seek political-strategic gain and/or to conduct low-intensity aggression. No state with nuclear weapons has yet been willing to risk countervailing nuclear strikes in order to conduct major aggression. This record does not mean that such forbearance and rationality are inevitable, but it is suggestive. Yet, this is only a partial consolation. History also tells us that a real risk that a nuclear-armed state will feel emboldened to try to project its power in more insidious ways.

The most recent example has been Pakistan. Since it acquired a basic nuclear-weapon capability in 1987, Pakistan exploited local opportunities in Kashmir (beginning in 1989) to foment drastically increased violence (terrorism). After the 1998 Indo-Pak nuclear weapon tests, Pakistan infiltrated into the Kargil area of Kashmir and take territory held by India, in the spring of 1999. The Pakistani militarily clearly was emboldened by its nuclear deterrent cover to markedly increase coercion against India.

Iran would seem even more prone to this temptation. Its most militant and powerful “security” agency is the Revolutionary Guards, whose leadership remains animated by revolutionary ardor and contempt for important international norms. The Revolutionary Guards are believed to control the Iranian nuclear program. Iran also lacks a well-structured, linear decision-making apparatus, unlike, say, China when its still-revolutionary government acquired nuclear weapons. More than any current possessor of nuclear weapons, the post-revolution government in Iran often turns to brinkmanship, sometimes seemingly irrational brinkmanship, in its negotiations. All of this understandably invites grave caution in estimating the requirements of deterring a nuclear-armed Iran from increasing its coercion and subversion of adversaries.

It is reasonable to conclude that the most important imperatives in a strategy to deter and contain a nuclear-weapon-capable Iran will be intelligence and international cohesion. Iranian practitioners of violence would have to know that the U.S. and neighboring-state can detect aggressive Iranian action, or moves to utilize nuclear weapons, so that Iran “won’t get away” with coercive diplomacy or actual violence to threaten neighbors or broader regional interests. The U.S. (and others?) would also want to bolster deployments of military and other assets surrounding Iran to improve the capacity to respond immediately to any act of Iranian or Iranian-sponsored aggression. These assets should probably include theater ballistic missile defenses. For this threat to be strong, the U.S. would need the cooperation of neighboring states to allow U.S. operations. And the U.S. would need to be internally resolved to act decisively against any violence conducted by Iran or its agents outside of Iranian territory.

The diplomatic strategy outlined above to try to prevent Iran from acquiring nuclear-weapon capability in the first place would also augment a deter-and-contain strategy if prevention fails. The U.S. would then try to maintain the international cohesion entailed in the diplomatic strategy, particularly in the UN Security Council, to clarify international resolve that Iran not exploit nuclear capability to threaten international peace and security. Presumably, Iran would have acquired nuclear-weapon capability in defiance of international demands, which should then heighten international will to minimize the damage by containing and deterring Iran.

