

THE IRANIAN NUCLEAR CRISIS: LATEST DEVELOPMENTS
AND NEXT STEPS

Testimony before the U.S. House of Representatives
Subcommittee on Terrorism, Nonproliferation, and Trade
and
Subcommittee on the Middle East and South Asia

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March 15, 2007

Chairman Sherman, Chairman Ackerman, distinguished members of the
Subcommittees:

It is a privilege to appear before you today. Thank you for inviting me to discuss the unfolding crisis over the Islamic Republic of Iran's nuclear ambitions, and the next steps available to the United States in confronting this challenge.

With the exception of Iraq, no other crisis today so bedevils American policymakers. The past four years have provided the international community with irrefutable proof that the Iranian regime is pursuing a massive, multi-faceted nuclear endeavor—and that it is doing so in defiance of world demands and in spite of United Nations censure.

In and of itself, the possibility of the world's leading state sponsor of terrorism acquiring the world's most dangerous technology should be deeply troubling. This possibility, however, is made even more ominous by the fact that Tehran's nuclear quest is beginning to have a profound impact on the already-volatile Middle East, catalyzing a number of regional trends—from a new arms race to increased proliferation—deeply detrimental to long-term American objectives and interests in the region.

What can and should be done? Today, policymakers, experts and analysts have focused their attentions on what are essentially three options. Some have come to believe that the optimal way to deal with the Iranian regime's runaway nuclear ambitions is to reach some sort of negotiated accommodation. Others have concluded that Iran's atomic effort constitutes a *casus belli* that warrants the use of force. Still others believe the ascendance of a nuclear or nuclear-ready Iran represents a benign, even beneficial, turn of events, and that no action at all is needed. None of these approaches, however, amount to a serious strategy.

THE DANGERS OF DIALOGUE

Today, the gravity of the current crisis with Tehran has led more than a few policymakers and analysts to suggest the need for some sort of accommodation with Tehran. This school of thought is perhaps best expressed by Council on Foreign Relations scholar Ray Takeyh, who argues in the pages of the current issue of *Foreign Affairs* that the United States should seek "détente" and engagement with Tehran.¹

At face value, such an approach may indeed seem tempting. However, there are at least three reasons why "doing a deal" with the Islamic Republic is both potentially disastrous and ultimately self-defeating.

The first has to do with regime ideology. The Islamic Republic established by the Ayatollah Ruhollah Khomeini in 1979 is far more than simply a nation-state. Rather, it was—and remains—a radical revolutionary movement. According to the country's 1979 constitution, Iran's clerical army, the *Pasdaran*, is tasked not only with the defense of the country, but with "fulfilling the ideological mission of jihad in God's way; that is, extending the sovereignty of God's law throughout the world."² The goal of the Iranian regime, in other words, is not to become a part of the world community, but to overturn it. Such a regime has no interest in a diplomatic bargain that would diminish its international standing—irrespective of how attractive such an arrangement might happen to be to the United States.

The second is strategic. While it has not ruled out the possibility of one-on-one talks with the Iranian leadership *per se*, the Bush administration has imposed an important precondition on any such contacts: that the Iranian regime suspend its uranium enrichment prior to any dialogue. Such a stipulation is prudent; the United States does not want potentially protracted negotiations to serve as a boon to Iran's nuclear program, providing the regime with more time to make nuclear progress. Time and again, however, the Iranian leadership has rejected any such formula, declaring its intention to forge ahead with its nuclear program irrespective of U.S. and

international demands.³ In doing so, they have made clear that they have prioritized the acquisition of a nuclear capability over dialogue with the West. In and of itself, this represents an important indicator of the value placed by the Iranian leadership upon nuclear possession. Simply put, for Iran's ayatollahs, the nuclear program is not a bargaining chip; it is a core element of regime stability, and a vehicle for regional dominance.

Perhaps the most compelling reason for avoiding negotiations with the Islamic Republic, however, is demographic. Iran today is in the throes of societal transformation; fully two-thirds of the country's roughly 70 million-person population is aged 35 and younger. Moreover, this constituency, deeply disillusioned with the Islamic Revolution, is largely Western-looking in orientation. The country's current ruling elite, by contrast, is aging and ill, and lacks serious popular support from the Iranian "street."⁴ All of which means that in the next five to ten years, irrespective of what transpires on the nuclear front, the current leadership will give way to a new ruling order—one that is, at the very least, more predisposed to partnership with the United States and the West than the country's current rulers. Given these realities, a "grand bargain" with the current leadership could well yield tactical, short-term benefits, but the long-term costs would be enormous: the alienation of Iran's young, pro-Western population, a vibrant constituency that will ultimately determine the political disposition of that country.

THE PROBLEM WITH PREEMPTION

Military action is likewise deeply problematic. Administration officials from President Bush on down have declared a nuclear-armed Iran to be unacceptable, and have indicated that the use of force to curtail Iran's nuclear ambitions remains "on the table."⁵ As a practical matter, however, the steep costs of any military action against the Islamic Republic dictate that it must be seen as strictly a last resort.

For one thing, Iran is not Iraq. Over the past two decades, the Iranian regime has placed a premium upon separating, hardening and concealing its nuclear facilities. The aggregate result is a sprawling nuclear infrastructure estimated to encompass more than two dozen facilities, many of them buried or covert. Under these conditions, a raid on Iran's nuclear complex is not likely to mirror the preemptive strike against the Iraqi nuclear program carried out by Israel in 1981. Rather, any such military endeavor will be far more costly and complex, and can be expected to carry with it a much greater human toll. And, because the U.S. lacks complete, actionable intelligence regarding all of Iran's nuclear facilities, "denuclearization" by

force is not a feasible option. Rather, the United States will need to content itself with what is at best a plan to delay and partially dismantle the Iranian nuclear effort.

For another, Iran possesses significant retaliatory capabilities that can be harnessed in response to military action. These capabilities include terrorist proxies such as Hezbollah in Lebanon, Hamas and the Palestinian Islamic Jihad in the Palestinian Territories, and Shi'ite segments of the insurgency in Iraq—assets which can be activated by the Iranian regime as a means to foment instability in the region, and to ratchet up the costs of regional engagement for the United States. Iran also occupies a strategic position atop the Strait of Hormuz, and regime officials repeatedly have indicated that they would contemplate the use of their “oil weapon” to disrupt the global oil trade in the event of hostilities.⁶

Most damaging, however, is the likelihood that military action could serve to strengthen—rather than weaken—the Iranian regime. Because the idea of nuclear possession appears to be popular among ordinary Iranians⁷, and because the Iranian regime has managed to skillfully manipulate domestic discourse concerning their nuclear efforts, military action against the Iranian nuclear program could well spur a “rally around the flag” effect that would be serve to reinvigorate and reinforce the current leadership in Tehran.

BEYOND DETERRENCE

Some analysts, in turn, have responded to the current crisis over the Islamic Republic's atomic efforts by suggesting that it would be possible for the United States to deter a nuclear-armed Iran.⁸ In making this assertion, they have relied on the experience of the Cold War, during which the threat of mutual nuclear annihilation created a stable “balance of terror” between Moscow and Washington.

Such assumptions, however, are deeply flawed. Cold War deterrence functioned successfully because a series of conditions (good communication, rational decisionmaking, well-informed strategic planning, and, most importantly, a shared assumption that war should be avoided) were presumed to exist between the United States and the Soviet Union.⁹ None of these are present in America's current relationship with Iran.

Ever since the Islamic Revolution of 1979 and the subsequent takeover of the American embassy in Tehran, contacts between the United States and Iran have been sporadic, and overwhelmingly unofficial in nature. This lack of communication has

left the United States with critical gaps in knowledge about the policies, strategic priorities and, most importantly, the “red lines” of the current regime in Tehran.

Likewise, the expanding power of Mahmoud Ahmadinejad has raised questions about the long-term balance of power within the Iranian regime. While the traditional power structure of the Islamic Republic, in which Supreme Leader Ali Khamenei occupies the central religious and political role, remains intact, Iran’s radical president has demonstrated himself to be an independent political actor in his own right since assuming power in August 2005. Indeed, jitters over Ahmadinejad’s confrontational policies have already sparked a backlash in some corners of Iran’s clerical establishment. This has included a strengthening of Ahmadinejad’s chief political rival, former president Ali Akbar Hashemi Rafsanjani, as well as an expansion of the country’s main arbitration body, the Expediency Council, in an effort to bolster the country’s ruling clerical class vis-à-vis the country’s parliament and president.¹⁰ As these moves suggest, at least some in Iran appear to believe that a future struggle for political dominance within the Iranian leadership is not entirely out of the question.

Last, but perhaps most troublesome, is the emergence of a radical, messianic worldview among one segment of the Iranian political elite. Ahmadinejad, the most visible and vocal proponent of these beliefs, has publicly proclaimed that the central goal of his government is to hasten the return of the Islamic Messiah, or *Mahdi*, and has made clear that he sees his country in the midst of a “historic war” between Islam and Western civilization.¹¹ As this apocalyptic vision suggests, some within the Iranian leadership now appear to be actively seeking a nuclear confrontation with the West.

These factors indicate that the risk of miscalculation by either Tehran or Washington is far too great for a successful bilateral deterrence relationship akin to the one that prevailed between the United States and the Soviet Union during the Cold War. They also strongly suggest that the Islamic Republic could well be “undeterrable” in the traditional sense of the word.

THINKING CREATIVELY

Rather than relying on these approaches, the United States needs an innovative strategy designed to confront Iran’s nuclear aspirations, and blunt the impact of Iranian policies on the region. By necessity, such an approach will require American policymakers to focus on five separate but interrelated fronts:

Intelligence. American policymakers currently still know far too little about Iran's strategic capabilities, including how much time it will actually take for the Iranian regime to acquire the "bomb." The United States desperately needs a crash intelligence program to "get smart" on Iran. By necessity, such an effort will need to include, among other things, the collection of greater information on Iran's indigenous nuclear development, as well as better knowledge of Iran's clandestine WMD procurement activities on the territory of the former Soviet Union and its current level of interaction with the clandestine nuclear cartel of Pakistani scientist Abdul Qadeer Khan. Only by gaining these insights can officials in Washington identify the most effective means by which to blunt Iran's nuclear ambitions—and accurately gauge the time remaining to implement them.

Diplomacy. Over the past three years, the Bush administration's response to the mounting nuclear crisis with Iran has been overwhelmingly diplomatic in nature, and carried out via the United Nations. Of late, this route has begun to pay dividends. On December 23, 2006, the United Nations Security Council unanimously passed Resolution 1737, which imposed initial sanctions on the Islamic Republic for failing to halt its nuclear program. Since then, Iran's continuing defiance of international demands—and its violation of a new, February 2007 deadline to cease uranium enrichment—has prompted the international community to contemplate the application of additional sanctions.

Future success on the diplomatic front, however, requires the United States to recalibrate its approach to two countries: Russia and China. By virtue of their roles as enablers of Iran's nuclear program, as well as their status as permanent members of the United Nations Security Council, both will be central players in any diplomatic solution to the current crisis. With the former, the United States must dial down its rhetoric, however justified it may be, about Russia's anti-democratic drift in favor of a broader sort of dialogue that emphasizes the very real threat that a nuclear Iran poses to Russian interests, and which confirms the Kremlin's legitimate security interests in the "post-Soviet space." With the latter, meanwhile, the United States must recognize the economic logic behind Sino-Iranian cooperation, and provide the Chinese government with the proper political and economic rationale to make the correct choice about continued partnership with Tehran.

Conterproliferation. As dangerous as the Iranian nuclear program is, potentially even more threatening is the possibility that this capability will become an export commodity for Iran's ayatollahs. There are real reasons for concern on this score. Iran's leaders have demonstrated both the capacity and

the intent to provide WMD and related technologies to other aspiring weapon-states. Indeed, in recent years proliferation increasingly has taken on the role of declaratory Iranian state policy, with Iranian president Mahmoud Ahmadinejad himself publicly pledging to provide nuclear technology and assistance to any number of other Muslim states.¹²

At the same time, Iran has become a major “onward” proliferator of sophisticated technology to non-state actors, including terrorist groups. This trend was showcased during the summer 2006 war between Israel and Hezbollah, during which the latter incapacitated an Israeli naval cruiser using an Iranian variant of a Chinese “Silkworm” missile—a weapon that Israeli officials previously did not know the Shi’ite militia possessed.¹³ The United States must harness and adapt existing countreproliferation initiatives (among them the Proliferation Security Initiative and the Pentagon’s “Caspian Guard” program) to make it more difficult for the Iranian regime to acquire the technologies necessary for its WMD programs from abroad, and to prevent technology the regime has already acquired from making its way into the hands of other radicals.

Economic sanctions. Of late, the international community has begun to implement measures designed to impose real costs on Iran for its nuclear development. As part of the sanctions package authorized in December, the United Nations Security Council has blocked the provision of sensitive nuclear material to the Iranian regime and penalized entities engaged in proliferation-related trade with it. Additional measures, now under consideration by the Security Council, reportedly include a ban on government loans to Iran and additional penalties for proliferators.¹⁴ In tandem with these efforts, the United States has begun to take a number of meaningful independent steps to insulate the U.S. financial system from—and curb foreign investment into—the Islamic Republic.¹⁵

These measures, however, are only a small part of the economic leverage that the international community can bring to bear on the Iranian regime. Today, the Islamic Republic possesses at least three fundamental economic vulnerabilities. The first is its reliance on foreign supplies of refined petroleum products; more than a third of Iran’s annual consumption of over 64.5 million liters of gasoline is currently imported from a variety of foreign sources, at an estimated cost of more than \$3 billion annually.¹⁶ The second is the country’s centralized economic structure, which is dominated by a small number of powerful families and charitable foundations.¹⁷ The third vulnerability derives from Iran’s dependence on foreign direct investment; Iran’s energy sector currently requires approximately \$1 billion annually to maintain current production levels, and an additional half a billion dollars to

increase output.¹⁸ Economic measures that exploit these vulnerabilities can and should be exploited by the United States, either through the United Nations process or independently.

Strategic communications. In order to be successful, any American initiative—whether diplomatic, economic or military—will need to include a communications component designed to inform and reassure the key constituency that will be affected by its policies: the Iranian people. To date, however, U.S. outreach toward Iran has fallen far short of this goal. At times, it has been ineffective in articulating U.S. interests and objectives to the Iranian “street.” At others, it has been deeply damaging to America’s perception among, and influence with, the people of Iran.¹⁹ The United States needs an overhaul of its public outreach to Iran, one designed to amplify the strength and clarity of its messages to the Iranian regime and people. To the former, the United States needs to communicate in no uncertain terms that continued rogue behavior carries adverse consequences, up to and including the use of force. To the latter, the U.S. must provide concrete, sustained evidence of support for the urge for freedom that is visible today on the Iranian “street.”

The discussion above offers a glimpse into the methods by which the United States can confront, contain and deter the Islamic Republic. The stakes are enormous; without a serious plan to blunt Iran’s nuclear ambitions, the United States in the near future will indeed be faced with just three choices: capitulation, confrontation or marginalization. For now, however, there is still time to prevent American interests in the Middle East from becoming the victim of Iran’s successes. It is my sincere hope that the U.S. government uses it wisely.

NOTES:

¹ Ray Takeyh, “Time for Détente with Iran,” *Foreign Affairs*, March/April 2007, 17-32.

² Preamble of the Constitution of the Islamic Republic of Iran (as adopted on October 24, 1979), http://www.oefre.unibe.ch/law/icl/ir00000_.html.

³ See, for example, “Ahmadinejad: Iran’s N. Train Has No Brakes,” Fars News Agency (Tehran), February 25, 2007, <http://english.farsnews.com/newstext.php?nn=8512060473>.

⁴ Anecdotal evidence of the discontent of ordinary Iranians with their government abounds. Perhaps the most compelling example, however, took place in 2002, when more than half of the 1,500 respondents in an officially-commissioned poll carried out by three different Iranian polling institutes declared U.S. policy toward Iran to be “to some extent correct.” “Poll on U.S. Ties Rocks Iran,” *BBC*, London, October 2, 2002, http://news.bbc.co.uk/2/hi/middle_east/2294509.stm.

⁵ “Bush Keeps Iran Military Option,” BBC (London), April 18, 2006, http://news.bbc.co.uk/2/hi/middle_east/4919804.stm.

⁶ Mohammed-Nabi Rudaki, deputy chairman of the Iranian parliament’s national security committee, have warned that the Islamic Republic has the power to “to halt oil supply to the last drop from the shores of the Persian Gulf via the Straits of Hormuz” should serious measures be undertaken against the Islamic Republic at the United Nations. Similarly, Iranian president Mahmoud Ahmadinejad has warned the United States and Europe that the global price of crude has not yet reached its “real value.” Even Iran’s Supreme Leader, the Ayatollah Ali Khamenei, has threatened the West with disruptions in fuel shipments from the Persian Gulf in the event of a “wrong move” against Iran. See Yossi Melman, “Iranian official: UN Sanctions May Lead Us to Seal Off Persian Gulf,” *Ha’aretz* (Tel Aviv), January 24, 2006, <http://www.haaretz.com/hasen/spages/674159.html>; “Iran: Oil Undervalued,” United Press International, April 20, 2006; “Tehran Warns of Fuel Disruptions,” BBC (London), June 4, 2006, http://news.bbc.co.uk/2/hi/middle_east/5045604.stm.

⁷ See, for example, Mahan Abedin, “Iranian Public Opinion and the Nuclear Stand-Off,” *Mideast Monitor* 1, no. 2 (2006), http://www.mideastmonitor.org/issues/0604/0604_3.htm.

⁸ See, for example, Barry R. Posen, “We Can Live with a Nuclear Iran,” *New York Times*, February 27, 2006, <http://www.nytimes.com/2006/02/27/opinion/27posen.html>.

⁹ For a detailed review of the role of deterrence in the current crisis with Iran, see James S. Robbins, “The Dangers of Deterrence,” in Ilan Berman, ed., *Taking on Tehran: Strategies for Confronting the Islamic Republic* (Lanham: Rowman & Littlefield – AFPC, 2007), 17-30.

¹⁰ Ayelet Savyon, “The ‘Second Islamic Revolution’ in Iran: Power Struggle at the Top,” Middle East Media Research Institute *Inquiry and Analysis* 253, November 15, 2005, <http://memri.org/bin/articles.cgi?Page=archives&Area=ia&ID=IA25305>; Hamid Abadi, “State Expediency Council Enlarged,” *Rooz* (Tehran), March 1, 2007, <http://www.roozonline.com/english/archives/2007/03/002810.php>.

¹¹ See Paul Hughes, “Iran President Paves the Way for Arabs’ Imam Return,” Reuters, November 17, 2005 and “Iran’s President Criticizes Past 16 Years of Détente with West,” *VOA News*, January 3, 2006, <http://www.voanews.com/english/2006-01-03-voa52.cfm>.

¹² Iran Offers Nuclear Technology to Islamic States,” Associated Press, September 15, 2005.

¹³ Alon Ben-David, “Hizbullah Hits Israel’s INS Hanit With Anti-Ship Missile,” *Jane’s Defence Weekly*, July 18, 2006, http://www.janes.com/defence/news/jdw/jdw060718_1_n.shtml.

¹⁴ “Nations Closer to Deal on Iran Sanctions,” Associated Press, March 14, 2007.

¹⁵ These include the blacklisting of two major Iranian state-owned banks, as well as growing pressure on foreign corporations concerning the reputational risk involved in doing business with Iran. See “Treasury Cuts Iran’s Bank Saderat Off From U.S. Financial System,” U.S. Department of the Treasury, Office of Terrorism and Financial Intelligence, September 8, 2006, and “Iran’s Bank Sepah Designated by Treasury Sepah Facilitating Iran’s Weapons Program,” U.S. Department of the Treasury, Office of Terrorism and Financial Intelligence, January 9, 2007.

¹⁶ “Iran’s Refining Capacity to Increase to 900,000,” *iranmania.com*, February 19, 2006, <http://www.iranmania.com/News/ArticleView/Default.asp?ArchiveNews=Yes&NewsCode=40656&NewsKind=CurrentAffairs>.

¹⁷ Paul Klebnikov, “Millionaire Mullahs.” *Forbes*, July 21, 2003, http://www.forbes.com/forbes/2003/0721/056_print.html.

¹⁸ “NIOC Undertaking Host of Projects to Boost Oil Output,” *Middle East Economic Survey* XLVIII, no 19, (2005), as cited in A.F. Alhajji, “Will Iran’s Nuclear Standoff Cause a World Energy Crisis? (Part 1 of 2),” *Middle East Economic Survey* XLIX, no. 13 (2006), <http://www.mees.com/postedarticles/oped/v49n13-5OD01.htm>.

¹⁹ In a public letter to the President dated February 8, 2007, Senator Tom Coburn (R-OK), a member of the Senate Homeland Security and Governmental Affairs Committee, outlined a number of the deficiencies plaguing U.S. outreach toward Iran, including distortions of Administration message, a policy of engaging regime advocates as guests, and editorial liberties by broadcasters. These deformities, Coburn argues, threaten to undermine the President’s “role as lead diplomat” toward the Islamic Republic. http://coburn.senate.gov/ffm/index.cfm?FuseAction=Files.View&FileStore_id=dc2fb01e-d537-4bdc-b46a-acca3d543741