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## UNDERSTANDING THE IRANIAN NUCLEAR EQUATION

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Since mid-2005, the Iranian regime has embarked on a course of aggressive and public brinkmanship regarding its domestic nuclear program. This article explores this new Iranian behavior by first elucidating the range of strategic variables comprising the *Iranian nuclear equation* and then evaluating how recent evolutions in the international and domestic environments have altered the influence of the equation's different variables. The analysis demonstrates that Iran's recent brinkmanship gambit was driven largely by the regime's desire to use the nuclear issue to garner domestic public support, and was enabled by the growing perceived inability of the international community to enact effective coercive measures against Iran. The article culminates with a recommendation that U.S. and EU policymakers seriously evaluate the hitherto dismissed alternative of accepting nuclear fuel cycle facilities on Iranian soil under the control of a multinational or international consortium. Emphasis is placed on the importance of considering such alternatives before Iran achieves nuclear technological independence.

### INTRODUCTION

On December 23, 2006, the United Nations Security Council (UNSC) unanimously passed Resolution 1737 (S/RES/1737 2006), imposing sanctions on Iran for failing to suspend its uranium enrichment program. The Iranian regime responded the next day by reiterating its intentions

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to continue the expansion of the enrichment program, stating that Iran's cooperation with the International Atomic Energy Agency (IAEA) could be expected to decrease as a result of the resolution. These actions were only the latest in a succession of escalatory events tied to continually rising international tensions over Iran's nuclear program. At the time of writing this article, there are no outward signs of an impending resolution to these tensions. To the contrary, the evolution of events over the past year and a half has repeatedly demonstrated to the Iranian regime that the international community lacks the collective will to enact effective coercive measures to force its capitulation, thus reinforcing the regime's obstinacy on the nuclear issue.

The current confrontation between the international community and Iran began with a series of specific actions taken by Iran in mid-2005—actions that, given their sequence and relative timing, marked the beginning of a new strategy of brinkmanship with the international community by the Iranian regime on the issue of its nuclear program. The first of these actions, taken shortly after Mahmoud Ahmadinejad assumed the Iranian presidency, was Iran's notification to the IAEA of its intent to restart uranium conversion activities at the Esfahan Nuclear Technology Centre (GOV/2005/67 2005, 13). Conversion activities resumed shortly thereafter in August 2005 (GOV/2005/87 2005, 4). Such confrontational acts stood in marked contrast to the outwardly conciliatory and cooperative behavior Iran had exhibited since the discovery of its longstanding clandestine nuclear program in 2002. However, President Ahmadinejad's address to the UN General Assembly a month after the restart of Esfahan—in which he asserted Iran's "inalienable right to have access to a nuclear fuel cycle" and offered aggressive public criticism of U.S. policies and action—left no doubt that Iran was embarking upon a new strategy of aggressive brinkmanship on the nuclear issue.

To understand Iran's behavior surrounding its nuclear program, and particularly to explain the decisive shift in Iran's outward posture on the nuclear issue that occurred in mid-2005, this article begins by examining the historical background of Iran's nuclear ambitions over the preceding three decades. In this examination, the theoretical framework developed by Scott Sagan (1996-97) for understanding why states seek to develop nuclear weapons is used to analyze Iran's nuclear history and identify the motivations behind Iran's nuclear ambitions. Sagan's framework elucidates three models for states' nuclear ambitions: security concerns; the normative or signaling value of nuclear capabilities; and domestic political considerations. All three models help to elucidate Iran's nuclear decision making

in recent decades, although each model's explanatory significance varies markedly over time. This article's analysis also extends beyond Sagan's framework—which considers only the motivations of states as singular entities—and differentiates motives associated with Iran as a single, coherent state from those specific to sub-national factions within the domestic Iranian political arena.

The developed formulation of Iran's *nuclear equation*—the balance of motivations governing Iran's decisions regarding its nuclear program—is then utilized to assess Iranian actions and rhetoric since the international discovery of its nuclear program in 2002. This analysis focuses on the hypothesis that critical changes in factors external to Iran between 2002 to 2005, such as ongoing international conflicts and shifts in the global marketplace, significantly altered the importance the Iranian regime placed on different internal motivating and dissuading considerations in their nuclear equation. In particular, it is proposed that the significant shift in Iranian policy on the nuclear issue in the summer of 2005, away from an outwardly conciliatory posture and towards brinksmanship, was a calculated gamble by the current Iranian regime. It is argued that this gambit was driven by the regime's desire to capitalize on emerging nationalistic sentiment among the Iranian population in support of a domestic Iranian nuclear program.

Next, the article considers the evolution of events since mid-2005, and evaluates the effectiveness—or lack thereof—of the international community's response to Iran's recent brinksmanship strategy. In particular, this evaluation explores the failure of the international community's (specifically the United States and EU-3's) strategic approach to fully account for the mid-2005 reformulation of the Iranian nuclear equation. Furthermore, the analysis reveals how the actions of the international community (and the major powers therein) have only served to reinforce Iran's brinksmanship strategy by creating the impression that the international community is unable or unwilling to enact any real coercive measures against Iran, even in the face of direct and aggressive defiance of the UNSC.

The article concludes by emphasizing that the international community must develop a new strategic approach to the Iranian nuclear issue in short order—before Iran demonstrates nuclear technological independence and builds a domestic fuel cycle completely outside of international control or oversight. Finally, one strategic alternative thus far rejected by the international community—the establishment of an Iranian-soil based nuclear fuel cycle under the control of an international or multinational consortium—is recommended for serious consideration. Several key advantages

of this alternative are highlighted.

## **BACKGROUND ON IRAN AND THE NPT: IN THE SHADOW OF ARTICLES IV & X**

The controversy over Iran's nuclear program—which Iran repeatedly declares is dedicated to the development of civilian commercial nuclear technologies—is closely related to a key structural challenge of the nuclear non-proliferation regime. Article IV of the Nuclear Non-Proliferation Treaty (NPT) at the core of the regime stipulates “the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination” (INFCIRC/140 1970). The main challenge stemming from this Article is that it does not differentiate between nuclear technologies that could be used for the manufacture of nuclear materials for weapons (i.e. nuclear fuel-cycle technologies, such as uranium enrichment) and those that could not (such as nuclear light-water reactors for energy generation).

In effect, Article IV legally allows nations to develop the full complement of technologies necessary to build nuclear weapons, while still meeting their international obligations under the NPT. Furthermore, Article X of the NPT allows any state to withdraw from the NPT with only three months' notice. This combination enables states to get within a stone's throw of nuclear weapons while still in full compliance with international law, and then drop out of the NPT and build weapons, again in technical compliance with international law. Nations at this precipice are colloquially referred to as “having the bomb option.” The North Korean nuclear test of October 2006 was an illustrative culmination of this process in action.

In the case of Iran, the international community has repeatedly expressed skepticism over Iran's claim that its nuclear program is intended for purely peaceful purposes. Correspondingly, the IAEA Board of Director's and UNSC have called for Iran to suspend portions of its program related to the production of nuclear materials that could be utilized for nuclear weapons. Iran has countered these calls with assertions that the international community is discriminatorily attempting to revoke Iran's Article IV rights. In particular, Iran cites the recent case of Brazil's virtually uncontested<sup>1</sup> acquisition of the same uranium enrichment technologies that Iran is developing, and decries the international community for non-uniform application of international law. This situation is further convoluted by the fact that Iran had a clandestine nuclear program outside the supervision of the IAEA for more than a decade prior to 2002, in direct violation of Article III of the NPT. While Iran claims it has redressed this previous

transgression by opening its program fully to the IAEA, the international community points to this past malfeasance—coupled with Iran’s current obstinacy on the nuclear issue—as ample justification for the community’s ongoing mistrust.

Inherently, the present impasse between Iran and the international community derives from a lack of trust on both sides. The international community does not trust Iran sufficiently to allow it to get within a stone’s throw of nuclear weapons, whether or not it is Iran’s legal right. Equally, Iran does not trust the international community enough to relinquish its current nuclear program, believing that the community is discriminatorily attempting to revoke Iran’s sovereign right to valuable nuclear technologies. For the international community to find a constructive path out of this impasse, it must demonstrate a greater understanding of Iranian motivations and decision making regarding the nuclear issue. The following analysis creates a framework for developing such an understanding.

## **IDENTIFYING IRAN’S NUCLEAR MOTIVES: A HISTORICAL PERSPECTIVE**

Although accounts differ on whether the Shah actually sought the bomb, or whether he simply wanted the ability to “go nuclear if anyone in the neighborhood took that step,” it is clear that Iran’s first nuclear program began under the Shah’s “direct supervision” in the 1970s (Milani et al. 2005, 6). This reference to the possibility of other states “in the neighborhood” acquiring nuclear capability indicates that security concerns were a central motivator spurring the Shah’s nuclear first-steps. Gradual public recognition of Israel’s nuclear arms capacity, the war fought with Iraq in the 1980s, and Pakistan’s demonstration of nuclear bomb capabilities are three of the more obvious demonstrations of the validity of Iran’s security concerns between the 1970s and the turn of the century.<sup>2</sup> Indeed, the very real threat to Iran caused by the use of chemical weapons by Iraq during the 1980-88 Iran-Iraq War was instrumental in convincing the theocratic Iranian leadership, established in 1979 under Ayatollah Khomeini, to reconsider its original opposition to nuclear weapons on moral grounds and reactivate Iran’s nuclear program (Milani et al. 2005).

Moving into the 1990s, a new set of security concerns also emerged to prominence for Iran, related to the apparent global hegemony of the United States after the collapse of the Soviet Union. As opposed to security concerns for the entire Iranian population or state, however, these concerns can be more directly attributed to specific sub-national power-groups leading the current theocratic Iranian regime.<sup>3</sup> As a non-democratic

regime with a record of anti-American actions<sup>4</sup> and rhetoric, the Iranian leadership feared the possibility of the United States coercively or forcefully seeking regime-change in Iran.<sup>5</sup> This provided a new, and in some ways more pressing, security motivation for developing nuclear capabilities. Without nuclear capabilities, the Iranian regime recognized it had very limited ability to resist any direct dictates of U.S. interests, including the regime's dissolution. Equally, however, concern over antagonizing the United States (i.e. providing the United States an overt reason to push for regime-change) was a prominent security-based dissuasion against pursuing nuclear capabilities for the Iranian leadership.

The resulting balance of the above security concerns—some motivating and some opposing a domestic nuclear program—defined the Iranian nuclear equation throughout the 1990s. This equation both drove Iran's pursuit of nuclear technology throughout the 1990s and informed the Iranian leadership's decision to conduct the program in secret. The balance of the above concerns obviously emphasized the tremendous security benefits of developing nuclear capabilities, while equally stressing that publicly disclosing<sup>6</sup> even the NPT-legitimate portion of their program would risk undesirable attention from the United States and its allies. While it can be contested whether the Iranian regime was internally intent or conflicted on actually developing nuclear weapons, the clandestine nature of its program clearly illustrates the regime's desire for the bomb option.

The above formulation for explaining Iranian nuclear activities prior to 2002 is based almost entirely on the *security model* within Sagan's theoretical framework for explaining states' nuclear pursuits. This model defines states' motives to "build or refrain from developing nuclear weapons" as the desire to "increase national security against foreign threats" (Sagan 1996-97, 55). That is not to say, however, that the lenses of Sagan's *norms* and *domestic politics models* do not yield important insight into the Iranian nuclear equation. The norms model focuses on nuclear technologies as an "important normative symbol of a state's modernity and identity" and the domestic politics model "envisions nuclear weapons [and nuclear technology development] as political tools used to advance parochial domestic and bureaucratic interests" (Sagan 1996-97, 55). Indeed it is argued below that the international discovery of Iran's clandestine nuclear program between 2002 and 2003 (Pollack 2004)<sup>7</sup> fundamentally altered the Iranian nuclear equation, converting critical normative and domestic political considerations into dominant variables of the Iranian nuclear equation. Before analyzing this transition, important non-security aspects of Iran's pre-2002 nuclear history are considered.

According to Abbas Milani (2006), during the height of Iranian oil revenues and prosperity in the 1970s, the Shah “had ambitions [for Iran] to become the dominant power in the Persian Gulf, [and] to project [Iranian] power in the Indian Ocean [and] Africa.” Insofar as it referred to purely military strength, this desired ability to “project power” incorporated a prominent security dimension. In this sense, the Shah’s nuclear ambitions were consistent with the framework of Sagan’s security model. However, inherent in the Shah’s belief that “asserting Iran’s authority would require . . . Iran to have a nuclear program” (Milani 2006) was also recognition of the international normative value of having an advanced nuclear program, regardless of whether the program actually produced nuclear weapons. Displaying capabilities in nuclear science and technology to the international community is one method by which states demonstrate and symbolize their status as intellectually and technologically progressive nations.<sup>8</sup> Had Iran successfully convinced neighbors that it was a technologically advanced nuclear state in the 1970s, it would have gained considerable normative capital for asserting its interests throughout the region. This was likely a second central motivator (along with security concerns) of the Shah’s nuclear first steps.

After the 1979 revolution, the new Iranian leadership placed much less emphasis on this particular (nuclear) brand of international normative capital,<sup>9</sup> leading to security concerns alone dominating Iranian nuclear equation for the next two decades.<sup>10</sup> After the outing of the program in 2002, however, international normative motivation once again became an important variable in the equation. This time, however, normative motivations did not take root only in the minds of Iran’s ruling elites. Rather, between 2002 and the present, the acuity of the contemporary Iranian public with regards to the global normative value of nuclear capabilities steadily transformed the nuclear issue into one of domestic political significance.

## **AFTER THE OUTING: IRAN FROM 2002 TO 2005**

Under the above security-based formulation of the Iranian nuclear equation, the international revelation of the Iranian nuclear program in 2002 and 2003<sup>11</sup> presented the Iranian leadership with its worst-case scenario. Not only had the clandestine program been discovered by the international community (particularly the United States) prior to Iran’s technological competence being sufficiently evolved for its nuclear capabilities to be irrevocable, but it had happened in the period shortly after September 11, at a time when the United States was already aggressively engaged in combating regimes it perceived to be a threat in the Middle East region.<sup>12</sup>

Even prior to the public revelation of Iran's nuclear program, Iran had even been identified by U.S. President George W. Bush as a member of the "axis of evil" in his 2002 State of the Union address. With the United States laying out a formal doctrine of prevention in 2002 and applying the doctrine in Iraq in early 2003 (on the premise of Iraq's alleged clandestine WMD program), the Iranian leadership's fear of being targeted next by the United States for regime-change was at a significant high.

Understandably in this environment, Iran's reaction to demands by the international community to immediately halt its nuclear activities and bring the infrastructure of its program under the strict scrutiny of IAEA was conciliatory (even if only grudgingly so). The Iranian agreement with the EU in October 2003 (IAEA 2003), the signing the Additional Protocol agreement with the IAEA two months later, and the cessation of most of its nuclear program activities were overt Iranian attempts to mitigate the furor of the international community (and particularly the United States) over the program. This conciliatory Iranian posture continued throughout 2004 and into the summer of 2005, with IAEA Director General El Baradei reporting as late as September 2005 that "since December 2003, Iran has facilitated, in a timely manner, Agency access under its Safeguards Agreement and Additional Protocol to nuclear materials and facilities, as well as to other locations in the country... as requested by the Agency" (GOV/2005/67 2006, 9).

While Iran's conciliatory behavior between 2002 and mid-2005 was consistent, several variables influencing Iranian decision making were far from static. In particular, after the public disclosure of the nuclear program, the Iranian people developed a growing attachment to the concept of Iran having an "inalienable right"<sup>13</sup> to indigenous nuclear technology and capabilities. This stems from the majority of the Iranian public now appreciating, as the Shah did in the 1970s, the normative value of demonstrating nuclear capabilities as an international indicator of a state's modernity.

According to Ambassador Thomas Graham, this appreciation, combined with what the ambassador describes as the Iranian people's sense of "Persian pride," underpins the Iranian public's desire for an indigenous and independent nuclear program (Graham 2006). Recent public opinion data from within Iran demonstrate that 85.4 percent of the Iranian public supports "the continuation of Iran's nuclear activities" (Herzog 2006, v). Ambassador Graham further stated that the outcome the Iranian people say they want is "respect" in the eyes of the international community (particularly the West), and the Iranian people now believe that proficiency in



nuclear technologies is a prominent mechanism for achieving it (Graham 2006). However, a very important fact of note is that the same public opinion data cited above showing Iranian public support of the nuclear program also reveal that nearly half of the Iranian public believes Iran's possession of nuclear weapons "would add to their anxiety and discomfort" (Herzog 2006, 2). In other words, the Iranian public is strongly attached to Iran's nuclear program, but highly ambivalent about the program being used to generate nuclear weapons. The data further demonstrate that this ambivalence is driven by concern that a military nuclear program will complicate Iran's external relations and place a sanctions burden on Iran's economy. Nonetheless, even the domestic program supported by the Iranian populace would provide Iran with the bomb option.

The rapid rise of the nuclear issue to prominence in the eyes of the Iranian people since 2002 has understandably made it an issue of clear domestic political significance. In fact, the original outing of the nuclear program to the international community was motivated by domestic Iranian politics. When the political arm of the National Council of Resistance of Iran publicly announced the existence of secret Iranian nuclear facilities in 2002 (Pollack 2004), it was motivated by the prospect of the current Iranian regime being toppled by the United States. This fact recalls the above argument that security concerns posed by the United States were particularly present among the sub-national power group(s) leading the current Iranian regime. It is also illustrative of the divisiveness present in the Iranian domestic political environment.

The political divisions within Iran's theocratic regime—particularly those between the current regime and the domestic Iranian democratic movement in Iran—are detailed by several recent publications on Iran (Milani et al. 2005; Milani 2005; Pollack 2004; Takeyh 2006). Focusing specifically on Iran's nuclear program however, it is notable that all of the key power-groups within the regime are supportive of Iran's current nuclear program; the Iranian political factions have uniformly recognized the value and importance of the nuclear issue for the Iranian public. However, not all factions support Iran's current gambit of confrontation and brinksmanship with the international community, currently led by Ahmadinejad (Milani 2005; Takeyh 2006).

Between 2002 and 2005, the subtleties of this political divisiveness and public opinion were reflected in the balancing act between the regime's considerable domestic rhetoric on Iran's "inalienable right" to nuclear technologies—carefully tying the nuclear issue to the public's "Persian pride" to which Ambassador Graham referred—and Iran's actions on the

international stage remaining generally conciliatory. Given the palpable external threat of a U.S. led regime-change operation in Iran in 2003, this approach by the regime is understandable. However, by 2005, a number of critical security-related variables in the Iranian nuclear equation had been fundamentally altered, and the hard-line elements within the Iranian regime led by Ahmadinejad saw, and then seized, their opportunity to capitalize domestically on the nuclear issue.

## **THE REBALANCED EQUATION: IRAN IN MID-2005**

More than two years after the fall of Baghdad,<sup>14</sup> the war in Iraq had morphed from an international demonstration of U.S. military power into a political and military quagmire for the United States. Whereas in 2003, the U.S. invasion of Iraq instilled fear in the leadership of the neighboring Islamic Republic that Iran could be next, the continued—and seemingly interminable—engagement of considerable U.S. forces in Iraq through 2005 increasingly assuaged the Iranian leadership's fear of a U.S.-led military attack. By 2005, significant domestic and international dissatisfaction with the Iraq situation, the strain on U.S. military readiness caused by the extended Iraq engagement, and other potential threats (such as North Korea) requiring U.S. attention and preparedness<sup>15</sup> severely constrained the ability of the United States to credibly threaten the Iranian leadership with unilateral military action. This significant decrease in the perceived capacity of the United States to mount a military intervention in Iran diminished the weight of the security concerns that had previously been the key variable in the Iranian nuclear equation for more than a decade.

Simultaneous with the perception of the declining threat of U.S. military action was the rapid growth of Iran's economic importance in the global oil market. With oil prices already reaching over U.S.\$60 per barrel in 2006 (up from the U.S.\$25 per barrel in 2002) and Iran accounting for roughly 5 percent of global oil production on a daily basis (IEA 2006), any disruption to Iran's production capacity caused by military strikes or an oil embargo would be expected to cause an oil shortfall in the global market and a significant price surge. This reality is reflected in China's current reliance on Iran for 12 percent of its energy (DOE/EIA-0384 2006), and the new strategic energy ties that Russia, India and Europe have continued to develop with Iran even since the start of Iran's nuclear brinksmanship in mid-2005 (Milani et al.). These new strategic energy ties, in particular, signaled the increasingly vested interests of several prominent members of the international community in avoiding the destabilization of Iran. This enhanced global economic dependence on Iran provided ad-

ditional protective barriers against international military—or even serious economic—intervention, further diminishing the importance of security concerns in the nuclear calculations of the Iranian regime.

These major changes in factors external to Iran led to the Iranian regime entirely rewriting the equation governing its decisions surrounding the nuclear issue in the middle of 2005. In 2002 and 2003, and even through 2004, the Iranian nuclear equation had been essentially the same as during the preceding decade; it was primarily derived from external threats to the Iranian regime, with the risk posed by the United States being the predominant factor. In 2005 however, the marked decrease in the credible risk posed by the United States and the new global economic importance of Iran both drastically reduced the threat of an externally imposed regime change, and allowed the regime to focus on a new predominant variable in its strategic calculations: the domestic political value of the nuclear program discussed above.

During his successful bid for the Iranian Presidency in Iran's June 2005 election, Mahmoud Ahmadinejad recognized the importance of the nuclear issue to the Iranian people, and incorporated the issue into his campaign. When Ahmadinejad took office at the start of August, the rhetoric and actions of the Iranian regime instantly shifted to reflect this new formulation of the Iranian nuclear equation. The shift in calculations underlying the regime's decision making was immediately evident through the Iranian actions, beginning with Iran's restarting uranium conversion in August (GOV/2005/87 2005, 4) and Ahmadinejad's September address to the UN General Assembly asserting Iran's "inalienable right to have access to a nuclear fuel cycle" (Ahmadinejad 2005).

In his testimony describing recent developments regarding the Iranian nuclear situation before the Armed Services Committee of the U.S. House of Representatives on February 1, 2006, George Perkovich stated that "...the post-revolution government in Iran often turns to ... seemingly irrational brinksmanship, in its negotiations" (Perkovich 2006, 6). We propose, however, that Iran's decision to adopt a strategy of brinksmanship on the nuclear issue appears to have been entirely rational if considered within the context of this new formulation of the Iranian nuclear equation. Clearly, the Iranian regime no longer harbored the same level of fear of a militarily imposed regime change from outside Iran (explicitly from the United States). By engaging in publicly visible brinksmanship on the nuclear issue with the international community, the current Iranian regime was able to galvanize domestic political support on the issue from a broad cross section of the Iranian population. This end goal was particularly

evident through the manner in which the regime repeatedly characterized (and continues to characterize) the United States and its allies as trying to suppress Iran's "inalienable right" to the nuclear fuel cycle.

## **FROM BAD TO WORSE: (NON-)CREDIBLE THREATS IN 2006**

Despite the litany of events and developments that led to the rewrite of the Iranian nuclear equation in mid-2005, the brinkmanship strategy on the nuclear issue was initially a gamble for the Iranian regime. Further escalatory actions by Iran—such as the restarting of uranium enrichment activities in February 2006—met with significant international condemnation, even leading to the February 2006 referral of Iran to the UNSC by the IAEA. This referral could have influenced international opinion to coalesce around aggressive, broad-spectrum punitive sanctions<sup>16</sup> in response to a perceived proliferation threat.<sup>17</sup> Such sanctions may have severely hurt the struggling Iranian economy and translated directly into widespread suffering among the Iranian public. This in turn could have eroded domestic Iranian public support for the nuclear program upon which the regime was relying so heavily.<sup>18</sup> Furthermore, as recently as April 2006, President Bush reiterated that "all options are on the table," specifically including tactical military strikes against Iranian nuclear facilities if the Iranian program was not halted. Bush's statement illustrated that the threat of U.S. unilateralism could still not be entirely discounted. However, by mid-2006 the foundational logic of new Iranian nuclear equation described above was significantly reinforced, as the international community proved unable or unwilling to enact meaningful coercive measures against the Iranian regime.

A series of compounding factors throughout 2006 continued to deteriorate the remaining credibility of military threats of all magnitudes—ranging from limited tactical military strikes to outright regime-change or invasion. The trend of escalating violence and disorder in Iraq throughout 2006 placed further additional strain on U.S. military resources, only exacerbated by the surge of U.S. troops in Iraq announced in January 2007. This coincided with the November 2006 electoral shift in control of both Houses of the U.S. Congress—interpreted as the result of significantly reduced popular support for the Bush Administration's hawkish foreign policy—which produced a Democratic Congress likely to fervently oppose any form of preventive military actions against Iran. Moreover, the Iraq Study Group Report's open advocacy of the United States opening dialogue with Iran regarding stabilizing Iraq (Baker et al. 2006) was a clear indication of

tepid domestic support (even among Republican foreign policy elites) for a continued hawkish U.S. approach to Iran. Finally, the Israel-Hezbollah war in the summer of 2006 demonstrated an expanded level of Iranian coercive influence<sup>19</sup> over stability in the region, and undermined the previously credible threat of Israel launching preventive tactical strikes against the Iranian nuclear facilities.<sup>20,21</sup>

This continued deterioration of credibility for coercive military options also coincided with the underwhelming public deliberations and backroom negotiations of the UNSC. After the referral of Iran to the UNSC by the IAEA in February of 2006, it took more than five months for diplomatic negotiations between the major powers to produce even mild consensus on how to respond. This consensus took the form of UNSC Resolution 1696, which “demand[ed]” the cessation of Iranian uranium enrichment activities by August 31 of 2006 (S/RES/1696 2006). However, even after this long diplomatic process, the reticence of non-U.S. major powers (in particular China and Russia) to employ any truly coercive measures against Iran clearly remained unchanged, as illustrated by the nonbinding language of the resolution. In particular, Article 8 of the resolution stated that “in the event that Iran has not by that date complied with this resolution, [the UNSC intends] to adopt appropriate measures . . . to persuade Iran to comply with this resolution and the requirements of the IAEA, and underlines that further decisions will be required should such additional measures be necessary” (S/RES/1696 2006). In other words, the message could easily have been interpreted in Teheran as: “Stop . . . or we’ll talk more about what to do next.”

Not surprisingly, the August 31 deadline passed without any signs of capitulation from Iran. Emboldened by the meek response of the international community and the continued deterioration of credible coercive threats, the regime escalated its brinkmanship strategy in response to the resolution. Two IAEA reports in the fall of 2006 (GOV/2006/53 2006; GOV/2006/64 2006) detail Iran’s increased activities in uranium enrichment activities since Resolution 1696, including the installation of a second 164-machine centrifuge cascade completed in October 2006—two months after the deadline. Despite this obvious defiance of the UNSC by Iran, the UNSC responded with a prolonged silence; almost four months passed after the deadline before attempts to build a consensus among the major powers on punitive sanctions against Iran produced any tangible result. Furthermore, the consensus that was finally reached, in the form of UNSC Resolution 1737 (S/RES/1737 2006), agreed only to impose sanctions on proliferation sensitive materials, technologies and travel ac-

tivities. Again unsurprisingly, the sanctions imposed by Resolution 1737 were immediately dismissed by Iran as being of no consequence to their nuclear program.<sup>22</sup> In this situation, Iran's economic ties to China, Russia and even the EU appear to have proven themselves invaluable protection against even whispered public consideration of aggressive, broad-spectrum sanctions.<sup>23</sup>

Whereas 2006 had begun with Iran's brinkmanship strategy still appearing as at least a minor gamble, by the end of 2006 Iran had seemingly revealed the collective incapacity of the international community to apply any real coercive power on this issue, even in the face of Iran's direct and aggressive defiance of the UNSC. The extreme limitations on the sanctions imposed by Resolution 1737 against Iran render them insignificant in the face of continued growth of economic ties with powers such as China and Russia, even including the supply of conventional defensive arms to Iran by Russia in January 2007. In fact, the sanctions of Resolution 1737 are counterproductive in that they allow the regime to rally the Iranian public against Western "racist and hypocritical" attempts to revoke Iran's "inalienable right to the nuclear fuel cycle," thereby reinforcing the domestic political value of the nuclear program to the current regime (Milani et al. 2005, 12; Milani 2005; Perkovich 2006).

A parallel precedent of late 2006 also served to reinforce the image of an incapacitated international community: that of the meek international reaction to the DPRK's unexpected nuclear explosive test in October. The international response, in the form of UNSC Resolution 1718 (S/RES/1718 2006), was the application of sanctions on weapons and luxury goods—a relatively paltry response to the crossing of the "ultimate red line." The Iranian regime hardly fails to appreciate that any proportional application of punitive measures by the UNSC against Iran would have an easily tolerable impact on their economy.

### **CURRENT EU-3 & U.S. STRATEGIES: VERGING ON QUIXOTIC?**

The strategic approach of the EU-3 (France, Germany and the United Kingdom) and the United States to dealing with the Iranian nuclear situation throughout 2005 and 2006 focused generally on coercive measures to force Iran's capitulation. This strategy was based on the premise that Iranian economic and/or military security could still be sufficiently threatened by such coercive measures to tilt the Iranian nuclear equation back towards conciliation. However, expecting a recalculation of this nature by Iran simply on the basis of reiterated international "demands" or weak targeted

sanctions—particularly without a credible threat of consequent military action for defiance—could appear to verge on quixotic. If anything, the empirical evidence presented above suggests security concerns (military and economic) are currently continuing to decrease in prominence for Iran, while a new emerging variable—in the form of increased Iranian influence in the region (based on developments with Lebanon/Hezbollah and Iraq)—is further tipping the balance of the Iranian nuclear equation in favor of independent and assertive Iranian nuclear and foreign policies.

A serious attempt by the EU-3 to balance the coercive measures with positive inducements was made with the June 2006 proposal put to Iran (S202/06 2006), which Iran was encouraged by UNSC Resolution 1696 to accept (S/RES/1696 2006). This proposal offered significant economic inducements to Iran, but required in return that the Iranian regime capitulate on the issue of relinquishing its domestic nuclear fuel cycle program. Although the package of economic inducements certainly offered significant value to the Iranian people and regime, this proposal failed to recognize the fundamental importance of a domestic nuclear program to the Iranian public—and thus to the pervasive elements of the Iranian regime seeking to maintain popular support via its nuclear position. As discussed above, the domestic political value of maintaining the nuclear program, even in defiance of the international community, must now be recognized as a dominant variable in the Iranian nuclear equation. Any future inducement package proposed by the international community must address this factor directly to have any chance of acceptance by Iran.

A “stay the course” strategy of attempted coercive measures by the international community seems likely to result only in the further entrenchment of Iranian brinksmanship into a doctrine of continued defiance and escalation. This path leads inexorably toward the endpoint of a fully Iranian soil nuclear program and an internationally unimpeded Iranian nuclear bomb option. Without significant change in the international strategic approach to the situation, prospects for a different outcome appear poor.

## CONCLUSIONS AND RECOMMENDATIONS

The window of opportunity to consider negotiated alternatives to the current coercion strategy is closing quickly. The timeline on which Iran could independently master the uranium enrichment technology necessary to have secured the bomb option is uncertain, but credible estimates put this timeframe on the order of eighteen months. Regardless of the details, timely consideration of all such alternatives is now required, before Iran achieves a functional and independent domestic nuclear fuel cycle. Based

on extrapolation from the above analysis, it is the recommendation of the authors that the alternative of establishing an Iranian soil-based nuclear fuel cycle under the control of an international or multinational consortium be seriously considered by the international community. This is an option the Iranians have proposed publicly and repeatedly,<sup>24</sup> basing their concepts on ideas developed by the IAEA's 2005 conference on Multilateral Nuclear Approaches (IAEA 2005).

In general conception, such a consortium would oversee all nuclear fuel cycle facilities on Iranian soil—for both industrial production and research—particularly including facilities for uranium conversion and enrichment. In this case, oversight implies significantly more than IAEA monitoring. Rather, the various partners in the international or multinational consortium—which would necessarily include a range of state governments, but could also include private corporate interests—would be joint owners of the consortium's facilities, and thereby be directly involved in the daily management of the fuel cycle program. This would include having international personnel involved in the daily operations and administration of the facilities, working side-by-side with their Iranian colleagues.

The range of possible configurations for a consortium alternative is extremely large, and some detailed proposals have already been suggested (Forden 2006). If such a negotiated agreement is to be reached, the core interests of both the Iranians and the international community must be accommodated. The above analysis demonstrates these core interests to be Iran's need to fulfill national ("Persian") pride by demonstrating proficiency in nuclear technology and the international community's need to minimize (or ideally eliminate) the possibility of weapons-grade nuclear material being produced. These two core interests break down into a series of more specific issues and concerns that must be considered when developing or negotiating a detailed consortium proposal. Key examples include:

- Limiting the risk of future nationalization by Iran of the fuel cycle facilities once the facilities are operational;
- Providing assurances that Iran will have unobstructed access to nuclear fuel from the consortium for their civilian nuclear energy program; and
- Creating a consortium governance structure that ensures the political interests of any one party or block of parties cannot hijack the consortium.



Finding a consensus within the spectrum of possible configurations would be a test of international diplomacy, even without the present escalatory tensions between Iran and the international community. However, from the perspective of the international community, such a negotiated agreement presently appears a feasible option for guaranteeing considerable influence over the content and security of the Iranian nuclear program already developing on Iranian soil.

Presently, the Iranian nuclear program is being housed in facilities hardened against air strikes, and the full scope of the Iranian nuclear program remains highly uncertain. A consortium alternative would, at the least, provide the opportunity to insist on the location and structural design of consortium facilities. Equally, a consortium would generate an environment inside Iran where the international community could develop intimate familiarity with Iranian nuclear capabilities and the community of Iranian nuclear personnel. Furthermore, the multinational or international character of the consortium's ownership provides an additional safeguard against Iranian nationalization of the facilities by making such an act a grave transgression against a broad array of international political and business communities. These advantages of a consortium alternative certainly appear to minimize the future risks to international security relative to the current trajectory of a wholly independent nuclear fuel cycle in Iran. At minimum, a consortium would stymie Iranian nuclear weapon development and provide for externally controlled security of nuclear materials within Iran.

An additional advantage of pursuing a consortium alternative that should be reflected upon by the EU and United States is that the collective international proposal of an international consortium-based framework could significantly undercut the domestic political rhetoric and support base of the current Iranian leadership with the Iranian public on their dominant issue of popularity.<sup>25</sup> By assuaging the Iranian public's desire for a domestic nuclear program, while simultaneously isolating the hard-line factions currently leading Iran, such a proposal could create an environment that naturally diffuses Iran's brinkmanship strategy.

While a complete nuclear fuel cycle program on Iranian soil is far from the international community's ideal solution,<sup>26</sup> this article's analysis suggests that such a negotiated consortium agreement appears a more feasible alternative than current U.S. and EU strategies for minimizing—albeit not eliminating—nuclear weapons proliferation risks. Once the Iranian regime is able to clearly demonstrate a domestic uranium enrichment program as a *fait accompli*, the likelihood that it cedes control to the international

community will be drastically decreased. Furthermore, the risk that Iran is able to establish an operational clandestine weapons program prior to such a deal being instituted rises with each passing month. Any considerable delay in exploring negotiated options may find the international community looking back upon such alternatives—however unpleasant they appear now—as highly desirable scenarios compared to the outcome of a completed domestic Iranian fuel cycle without any significant international control or oversight.

## NOTES

<sup>1</sup>While no formal contestations of Brazil's program were launched in the UNSC, it should be noted that international displeasure was repeatedly expressed at Brazil's insistence on developing a domestic uranium enrichment program.

<sup>2</sup>Another simple demonstration of the existence of valid Iranian security concerns is the fact that Iran is now presently surrounded on three sides by local nuclear weapon states: Israel in the West; Russia in the North; and Pakistan in the East. (Referenced to: Lecture by Ambassador Thomas Graham to Stanford Political Science 114s class, February 1, 2006.)

<sup>3</sup>Unlike the security concerns Iraq or Pakistan posed to Iran—which included threats of territorial loss and even the possibly of intentional and massive targeting of civilians—the U.S. threat was targeted more particularly at the Iranian leaders and the regime in control of Iran.

<sup>4</sup>The primary examples of these actions were the taking of American hostages by the militant Hezbollah organization loyal to Ayatollah Khomeini throughout the 1980s.

<sup>5</sup>Particularly after having observed U.S. military dominance demonstrated globally throughout the 1990s; two principle demonstrations were the 1990-91 Gulf War and the 1999 conflict in the Balkans (the "Kosovo War").

<sup>6</sup>"Publicly disclosing" refers particularly to revealing the program to both the domestic Iranian public and the international community.

<sup>7</sup>Iran's clandestine nuclear program was initially revealed in 2002 when the political arm of the National Council of Resistance of Iran publicly announced the existence of secret Iranian nuclear facilities.

<sup>8</sup>This argument differs slightly from the normative model of Sagan's theoretical framework. In his normative model, Sagan particularly addresses the normative value of nuclear *weapons*, but not necessarily of the demonstration of other nuclear technologies or capabilities. The argument here asserts that demonstrating mastery of nuclear technologies *other than* weapons can also "[provide] an important normative symbol of a State's modernity and identity" (Sagan 1996-97).

- <sup>9</sup>The new Iranian regime focused instead on the international normative capital of being an Islamic Republic, reaching out to the numerous large Muslim communities spread widely throughout the Middle East.
- <sup>10</sup>There may have been some looking forward on the part of the leadership to a time when established nuclear technologies could be made public. However, the clandestine nature of the program meant neither normative nor domestic political gains could be realized in the short-term.
- <sup>11</sup>The discovery as to the breadth and depth of Iran's clandestine nuclear program was a gradual process, and in reality progressed well beyond the end of 2003.
- <sup>12</sup>Afghanistan (since 2001) and Iraq (since 2003—although the confrontation between the United States and Iraq had been building since at least early 2002).
- <sup>13</sup>This phrase, "inalienable right," has been taken directly from Article IV of the *Treaty on the Non-Proliferation of Nuclear Weapons*, and is frequently cited by the current Iranian leadership (and people) as the prime reason Iran is currently proceeding with its nuclear program.
- <sup>14</sup>U.S. forces captured Baghdad in April 2003.
- <sup>15</sup>While the U.S. military has repeatedly reaffirmed its ability to concurrently conduct engagements in several theatres, there is reasonable concern that if the crises with North Korea and Iran were to simultaneously erupt into wars while U.S. forces were still significantly engaged in Iraq, the U.S. military could be spread too thin to successfully defend even the vital interests of the United States and its regional allies.
- <sup>16</sup>The "aggressive, broad-spectrum sanctions" envisaged here include examples such as: banning new investment in the development of Iran's oil and gas infrastructure; banning the export of refined oil products to Iran; and a moratorium on all new economic agreements with Iran. While aggressive in nature, these measures all stop far short of the ultimate, but unrealistic sanction of a total ban on oil and gas sales from Iran. For further details on potential sanction measures, please see the International Crisis Group's February 2006 report on Iran (ICG 2006, 15-17).
- <sup>17</sup>After all, a nuclear-armed Iran could eventually backfire and threaten Chinese and Russian security by holding hostage the entire Middle Eastern oil supply, whether by overt nuclear threat or (more likely) by covertly supplying associated insurgent/terrorist groups with nuclear weapons.
- <sup>18</sup>Michael Herzog argues that significantly reduced Iranian public support for the nuclear program and the regime's current stance on the nuclear issue is a likely outcome that would follow from the initiation of strong broad-spectrum sanctions against Iran (Herzog 2006).
- <sup>19</sup>Via the Iranian connection to Hezbollah through the provision of weapons, training, and funding.

- <sup>20</sup>The possibility of an Israeli tactical strike, similar to that employed in 1981 against the Iraqi nuclear program, cannot be ignored from Iranian calculations. However this possibility now seems significantly less likely, given the perceived “loss” by Israel of the recent summer war with Hezbollah and the extremely strong likelihood of renewed Hezbollah rocket attacks (or even greater violence) in retribution for any Israeli military strikes against Iran.
- <sup>21</sup>The credible threat of tactical military strikes against the Iranian nuclear program is also generally undermined by the widespread recognition that the Iranians have strategically dispersed the component facilities of their nuclear program throughout the country and in locations that eliminate the possibility of easy single-strike military operations eliminating (or even severely damaging) their program. Apparently, the Iranians have taken to heart the lessons learned the hard way by Iraq in 1981. Consequently, “military action against Iran [to eliminate their nuclear facilities] would be full-scale war, not surgery” (ICG 2006, 17).
- <sup>22</sup>Whether the sanctions on nuclear materials and technologies will impede the rate of development of Iran’s nuclear program is question of some debate. However, Iran’s ability to continue at least a large portion of the program is relatively certain, and demonstrated by the continued expansion of its centrifuge cascades at Natanz.
- <sup>23</sup>As defined above (footnote 54), the “aggressive, broad-spectrum sanctions” envisaged here include examples such as: banning new investment in the development of Iran’s oil and gas infrastructure; banning the export of refined oil products to Iran; and a moratorium on all new economic agreements with Iran.
- <sup>24</sup>Initially proposed in Iranian President Mahmoud Ahmadinejad’s September 17, 2005 speech to the UN General Assembly, the Iranian offer to share control of their nuclear program with an International Consortium consisting of the “public and private sectors of other countries” (Zarif 2005) has been publicly reiterated multiple times, (*e.g.* Zarif 2005; Rohani 2006), including the direct proposal in October 2006 that “France create a Consortium for the for the production in Iran of enriched uranium... through its Eurodif and Areva companies, [so that it] can monitor [Iran’s] activities in a tangible fashion” (BBC 2006).
- <sup>25</sup>While the Iranian public has been shown to be primarily in favor of a peaceful civilian nuclear program, data suggest the public is significantly less supportive of a military nuclear program (Herzog 2006). A public offer to the Iranians of a peaceful domestic nuclear program entirely on Iranian soil, complete with international support of the programs development, could undermine the current administration’s use of the nuclear issue as a uniting nationalist Iranian cause and politically hinder the pursuit of a military nuclear program outside the internationally supported framework.
- <sup>26</sup>A complete nuclear fuel cycle program on Iranian soil is a result that the inter-

national community (particularly the EU and United States) to date considers “unacceptable” in any incarnation, based on the argument that preventing access to the fuel cycle is the only mechanism to guarantee the non-proliferation of nuclear weapons and materials.

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