Living with a Nuclear Iran?

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Articles & Testimony

The nuclear status quo that has prevailed in the Middle East since the 1960s is eroding. Israel remains the sole (undeclared) nuclear-weapons state. But Iraq, having defied the United Nations for nearly a decade, retains its nuclear know-how, and has broken out of its IAEA and UNSCOM cage. And there are strong indications, meanwhile, that Iran is actively pursuing a nuclear option under the cover of its civilian nuclear programme.[1] Iranian officials have, on several occasions, called for the development of nuclear weapons in order to counter the nuclear capabilities of Israel and the US, while Iranian procurement activities since the late 1980s--particularly efforts to acquire fissile material, nuclear-research reactors and power plants, and gas centrifuge enrichment technology--have raised suspicions that Iran's nuclear intentions are not strictly peaceful. Moreover, it seems implausible that Iran would go to the trouble and expense of producing the Shehab-3 missile (with a range of 1,300 kilometres), developing the Shehab-4 (with an estimated range of 2,000km), or drawing up plans for a Shehab-5 missile (with an expected range of 10,000km), only to place a conventional high-explosive payload atop them.[2]

It appears that Iran is pursuing a nuclear option and that it may well be the next nuclear power in the Middle East. Iran's acquisition of nuclear weapons would transform the regional balance of power, and could alter the decision calculus of Iran's leadership, reorder political alignments in the region, and strike a severe blow to the international nuclear non-proliferation regime. Due to the volatility of Iranian politics, the clerical regime's involvement in terrorism, and Tehran's tense relations with several of its neighbours and the US, a nuclear Iran would, at the very least, have a destabilising impact in the Middle East. For these reasons, averting the emergence of a nuclear Iran will be a key interest of the US and its allies in the coming years. Understanding Iran's motivations, the dilemmas it faces as it approaches the nuclear threshold, how nuclear weapons are likely to affect the conduct of the regime, and problems related to deterring a nuclear Iran, are thus crucial to devising a policy to dissuade or prevent Iran from crossing the nuclear threshold, and for managing the consequences of proliferation if it occurs.

Iran's Motives

In 1989, following its costly eight-year war with Iraq, Iran initiated a major programme to rebuild, expand and modernise its ravaged armed forces. It was motivated by at least three factors: a desire to achieve self-reliance in all areas of national life, including the military arena; a determination to transform Iran into a regional power capable of projecting influence throughout and beyond the Middle East; and the need--after the war with Iraq--to strengthen

its deterrent capability against various perceived threats in order to forestall new acts of aggression.

Building Self-Reliance

Revolutionary Iran has placed a strong emphasis on military self-reliance. Under the Shah, Iran depended on the US and Britain for nearly all its arms. Following the 1979 revolution, Tehran was isolated internationally and faced Baghdad virtually alone during the Iran-Iraq War. Tehran's sense of isolation and abandonment was heightened by the apathetic international response to Iraq's use of chemical weapons in that war--an experience which has left deep wounds in the Iranian national psyche to this day. In addition, a US-led arms embargo during the war greatly complicated Iran's efforts to replace its losses and sustain its war effort. The bitter legacy of the war has bred a determination in Iran that these experiences should not be repeated. Iran has thus sought to develop its own military industries, in order to reduce its dependence on foreign arms suppliers, to minimise the potential impact of future embargoes, and to create the foundation for a modern military, capable of dealing with a range of potential threats. In this context, Iran may see weapons of mass destruction (WMD) as a means of compensating for its military weakness and relative strategic isolation.

Building Regional Power

Since 1979, Iran's foreign and defence policies have reflected the tension between two competing (although not necessarily contradictory) orientations: Islamic universalism and Persian nationalism. These have, at different times and in different places, exerted varying degrees of influence over Iranian policy. The Islamic tendency generally dominated in the 1980s; Persian nationalism has taken precedence in the 1990s.

Iran's clerical leaders believe that the Islamic Republic plays a key role in world affairs as the standard bearer of revolutionary Islam and the guardian of oppressed Muslims everywhere. Accordingly, they believe that the fate of the world-wide Islamic community depends on Iran's ability to transform itself into a military power that can defend and advance the interests of that community. This perception also leads Tehran to support radical Islamic movements in the Middle East and elsewhere, in order to undermine US influence, to make the regional and international environment more amenable to Iranian interests, and to burnish the regime's revolutionary Islamic credentials at home and abroad.

Most Iranians also believe that their country is a regional power by dint of geography, demography and resource endowments. Destiny dictates that Iran should be the dominant power in the Persian Gulf: it is the largest Gulf state, it has the longest coastline, and it has vital oil and gas interests there. This implies an ability to control the Gulf militarily and deny its use to others, to influence developments in the region, and to defend Iran's vital interests there against the US, Iraq and Saudi Arabia.

There is a large gap, however, between the self-image and the aspirations of the regime, and the reality of Iran's military weakness. Tehran's efforts to expand and modernize its armed forces and enhance its military capabilities are intended to bridge this gap. Iran's financial problems, however, have prevented it from achieving its goal of building a large, capable military. Consequently, it has devoted much of its available resources to missiles and WMD, which potentially provide the biggest bang for Iran's limited defence bucks. In this context, nuclear weapons would transform Iran into a regional military power, provide it with the means to intimidate its neighbours, and enable it to play the role that its leaders believe is rightfully its due.

Other benefits of nuclear weapons might include: bolstering the standing of the regime in the eyes of the Iranian people and throughout the Arab and Muslim worlds; intimidating the Arab Gulf states and undermining their confidence in American security guarantees, in order to put an end to the US military presence in the Gulf; deterring Iraqi use of WMD on the battlefield or against Iranian towns or cities in the event of a new war; threatening US allies such as Israel, Turkey, Egypt or Saudi Arabia in order to gain leverage over Washington during a crisis or

confrontation; deterring retaliation for attempts to disrupt oil shipments from the Gulf, or to block the Strait of Hormuz (although this is an option of last resort for Tehran, since it exports nearly all of its oil through the Strait); and intimidating Afghanistan or Azerbaijan during a crisis or war.

Nuclear weapons may also be the only way for Iran to become a military power without destroying its economy. While a nuclear-weapons programme could cost billions, rebuilding its conventional military would cost tens of billions of dollars.[3]

Building Deterrence

Iranian defence planning is also motivated by a desire to enhance its deterrent capability. At various times, revolutionary Iran has faced or at least perceived threats from Iraq, the Soviet Union, the US, Israel and, more recently, Turkey, Afghanistan and Azerbaijan.

The defeat of Iraq in the 1991 Gulf War temporarily improved Iran's military situation. That war and its aftermath led to the dismantling of Iraq's known nuclear infrastructure, and to significant reductions in its missile force and chemical and biological weapons (CBW) capabilities. Iraq, however, still retains a significant conventional edge over Iran, a small number of operational al-Hussein missiles, a significant retained CBW capability, and might even be able to produce nuclear weapons in a matter of months were it to succeed in acquiring fissile material on the black market from the former Soviet Union or elsewhere. Iran thus probably sees its own missile and WMD capabilities as a counter to Iraq's retained and future capabilities in this area.

During the Cold War, the Soviet Union was the only neighbouring country capable of invading and occupying large parts of Iran. Thus, the demise of the Soviet Union and the creation of a number of independent republics along Iran's northern border eliminated the only real threat to its independence. However, this development created a whole new set of fears that instability in the Caucasus and Central Asia would spill over and destabilise the country, or undermine government control of peripheral regions. As a result, during the 1990s, Tehran has worked with Moscow to ensure stability, and has acted with restraint in the Caucasus and Central Asia. Iran has eschewed activities--such as efforts to export the revolution--that could have angered Russia, its main source of arms and WMD-related technology. However, unlike Iraq, for example, which has used chemical weapons against its own population, Tehran does not appear to conceive of chemical or biological weapons as a means of dealing with the type of domestic unrest that could arise from instability in the Caucasus and Central Asia.

Since the 1991 Gulf War, the US has reduced the size of its armed forces in a way that could limit America's future ability to intervene in the Gulf, particularly if it had to respond simultaneously to another crisis elsewhere in the world. This is potentially a net gain for Iran. Conversely, during the 1990s, the US has dramatically augmented its forward presence in the Gulf. Iranian officials frequently express their discomfort at the American presence, particularly the naval presence, which they believe poses a direct threat to their country. Moreover, Iranian officials believe (not without reason) that the US is attempting to create an anti-Iranian bloc to their north and north-east. The annual military exercises with the Central Asian Peacekeeping Battalion (CENTRASBAT), comprised of the military forces of Kazakhistan, Kyrgystan and Uzbekistan, is an example of increasing military cooperation with the countries in that region. The US also continues to encourage the construction of oil and gas pipelines that avoid Iran, while Tehran believes that Washington is supporting the Taleban in Afghanistan. Thus, Tehran fears what it perceives to be American efforts at encirclement, which are intended to harm its economy, reduce its diplomatic margin of manoeuvre and complicate its security environment.

Because Iraq's CBW capabilities did not deter the US during the Gulf War, Tehran may believe that, in the event of a military confrontation with Washington, only a nuclear capability could enable it to avert defeat. This consideration may have been behind the 1993 comment by former Iranian Defence Minister Akbar Torkan: 'Can our air force . . .

take on the Americans, or our navy take on the American navy? If we put all our country's budget into such a war we would have just burned our money. The way to go about dealing with such a threat requires a different solution entirely.'[4] Iran therefore probably sees its missile and WMD capabilities in general--and its efforts to acquire nuclear weapons in particular--as the key to dealing with potential threats from the US.

Whereas Iraq and the Persian Gulf provided the main focus for Iran's foreign and defence policies in the immediate aftermath of the Iran-Iraq War, developments in Afghanistan have increasingly held the attention of Iran's leaders since the inauguration of Mohammed Khatami as President of the Islamic Republic in August 1997. Iran has long been indirectly involved in the protracted internal struggle in Afghanistan that followed the Soviet withdrawal in early 1989. Iran fears that the Pakistani-supported Taleban government could stir unrest among the two million Afghans in Iran, who provide much manual labour in large cities. It could also contribute to heightened Sunni-Shi'i tensions in eastern Iran, where the Sunni minority constitutes one-third of the population. In addition, some Iranians suspect that a series of attacks by the opposition Mojahedin-e-Khalq organisation in 1998-99 may have originated from Afghanistan. The Taleban victory could complicate Iranian national-security planning for years to come. Moreover, Islamabad's support for the Taleban has been a source of tension between Iran and Pakistan (now a declared nuclear-weapons state), providing an additional motive for Iran's missile and nuclear-weapons programmes.

Relations with Azerbaijan have also become strained. Iran tacitly supported Armenia in its war with Azerbaijan (which ended with a shaky cease-fire in 1994). Furthermore, Tehran has long been concerned that an independent Azerbaijan might become a magnet for Iran's Azeris, who comprise about one third of its population. These concerns have been reinforced by statements from senior Azerbaijani officials expressing a desire that some day 'northern' (independent) and 'southern' (Iranian) Azerbaijan might be unified. (The Azeri minority, however, is well integrated into Iranian society and the state, and is thus ambivalent towards the Azeri to the north.) More recently, calls by a senior Azerbaijani official for NATO or the US to establish a base in Azerbaijan in order to counter the Russian presence in Armenia, have compounded Iranian concerns about encirclement by the United States. Senior Iranian officials fear that Azerbaijan is increasingly aligning itself with American and Israeli interests.[5]

Finally, Iranian decision-makers remember Israel's June 1981 air-strike on Iraq's Osiraq nuclear reactor, and have been alarmed by recent statements of senior Israeli military officials and politicians threatening to attack Iran's missile and nuclear infrastructure. Israel is in the process of acquiring arms such as the F-15I strike aircraft, cruise-missile-capable diesel submarines, and extended-range Jericho missiles--that could enable it to make good on such threats. Moreover, as a result of growing military cooperation with Turkey, Israel now effectively has a presence on the Turkish border with Iran; it reportedly operates intelligence-collection facilities there, and Israeli reconnaissance or strike aircraft could over-fly Turkey en route to Iran. Iran probably believes that its missile and CBW capabilities provide a protective umbrella against Israeli attacks on its nascent nuclear programme, and serves as a deterrent against anti-Iranian coordination between Israel and Turkey.

Iranian officials have usually justified the pursuit of nuclear weapons as a way to counter Israel's capabilities and redress Muslim weakness. In an October 1992 interview, then Deputy President Ataollah Mohajerani stated that 'because the enemy [Israel] has nuclear facilities, the Muslim states too should be equipped with the same capacity'.[6] Subsequently, Judiciary Chief Ayatollah Mohammad Yazdi declared in a June 1998 speech that 'we are living at [a] time when the United States supports Israel which has the biggest arsenals of the mass destruction and nuclear weapons [and] an atomic power is needed in the world of Islam to create a balance in the region.'[7]

What are the policy implications of this assessment? Iran is not pursuing nuclear weapons just to enhance its ability to deal with perceived threats. There are other powerful motives at work here, including the regime's drive for self-reliance and its desire to transform Iran into a regional power. So, even if Iran's security concerns could somehow be

addressed through security assurances from the major powers, or the creation of a regional security system, such steps would probably not be sufficient to induce Iran to abandon WMD--and particularly its nuclear programmes. Although the creation of some sort of regional security system is inherently desirable as a means of reducing tensions and enhancing stability, in the end there may not be much that the West can do to influence the entire range of motivations that underpin Iran's efforts to acquire nuclear weapons.

Crossing the Nuclear Threshold

As it weighs its nuclear options, Iran faces a number of dilemmas. To derive prestige and influence from the possession of nuclear weapons, or to deter potential adversaries, Iran would have to advertise that it has 'the Bomb'. To do so, however, would be to admit that it was in violation of its Nuclear Nonproliferation Treaty (NPT) commitments not to pursue nuclear weapons, and could expose Tehran to harsh sanctions and renewed international isolation (unless it were to withdraw from the NPT due to 'extraordinary events'--a crisis or war--as allowed by the Treaty). Such a step could undermine years of painstaking efforts to rehabilitate the economy and to nurture ties with Russia, the European Union (EU) and the Arab World. Furthermore, it could spur the formation of an anti-Iranian coalition under Washington's aegis, and cause neighbouring countries to redouble efforts to build up their own military capabilities.

For now, Iran's strategy seems to involve building up its civilian nuclear infrastructure while avoiding activities that would clearly violate its NPT commitments. However, Islamic Revolutionary Guard Corps (IRGC) Commander Yahya Rahim Safavi's remarks, leaked from an April 1998 meeting with IRGC officers, have raised unsettling questions about the willingness of at least some conservative hardliners to adhere to Iran's arms-control commitments. In the middle of a tirade against the reformers around Khatami, Safavi reportedly asked his audience:

"Can we withstand America's threats and domineering attitude with a policy of detente? Can we foil dangers coming from America through dialogue between civilisations? Will we be able to protect the Islamic Republic from international Zionism by signing conventions to ban proliferation of chemical and nuclear weapons?"[8]

Safavi's disparaging allusion to the NPT and the Chemical Weapons Convention (CWC) suggest an undercurrent in Iran which would like to ignore the country's arms-control obligations. The fact that it was Safavi who made these comments is particularly important. The IRGC is believed to be in charge of Iran's chemical, biological and nuclear weapons programmes, as well as the country's missile forces. Safavi's opinions on these matters therefore carry great weight and are likely to have some--perhaps a decisive--impact on Iranian decision-making about the NPT (and CWC as well).

Safavi's comments reinforce suspicions that Iran is using its civilian nuclear programme as a stepping-stone to a military programme, while avoiding significant activities contrary to its NPT commitments that could result in harsh international sanctions and halt its procurement efforts. In this regard, Iran has three options: to create a civilian nuclear infrastructure capable of rapidly producing a nuclear weapon if the regional-threat environment were to change, without actually crossing the nuclear threshold; to use its civilian programme to acquire the expertise and know-how required to embark on a clandestine parallel nuclear programme once all the necessary building-blocks for a military programme are in place, so that if the military programme were discovered, a cut-off in foreign assistance would not disrupt these efforts;[9] and to create a clandestine, parallel weapons programme concurrent with its efforts to build up its declared civilian nuclear infrastructure.

From Iran's perspective, all three options have drawbacks. In option one, the threat environment could change very quickly; for example, if Iraq were to acquire fissile material from the former Soviet Union or if tensions in Afghanistan were to lead to a confrontation with Pakistan. For technical reasons, it simply may not be possible to create a rapid nuclear break-out capability. Thus, in the weeks or months between a decision to 'go nuclear' and the

production of a nuclear weapon, Iran would face a window of vulnerability.[10] In option two, if a clandestine Iranian nuclear weapons programme were discovered, Iran would face sanctions and censure--although it would eventually get a nuclear-weapons capability. In option three, if a clandestine parallel programme were prematurely compromised, Iran would be censured, sanctioned and without a nuclear weapon--the worst of all worlds from Tehran's perspective. On the other hand, this option might provide the quickest route to a nuclear-weapons capability.

Because of the national-security risks Iran could face if it were to adhere strictly to its NPT commitments, Safavi's apparent call to ignore the NPT is likely to fall on sympathetic ears in Tehran--particularly among conservative hardliners who place little stock in Iran's ties to the broader international community. But matters are much more complicated for Khatami and his reform-minded allies. While these men are pragmatists, they are also Persian nationalists, interested in building a strong Iran. Missiles and WMD are probably the fastest route to this goal, as Iran lacks the money to fund a major conventional military build-up. In this light, it seems plausible that Khatami and his entourage would support the acquisition of such weapons.[11] Indeed, it should be remembered that it was Mohajerani, now Khatami's 'liberal' Minister of Culture and Islamic Guidance, who called on Iran in October 1992 to develop nuclear weapons to counter Israel's capabilities.[12] Conversely, the fact that Safavi said what he did indicates that there may be people in Iran perhaps in the Foreign Ministry and elsewhere--pressing for Iran to adhere to its arms-control commitments. Clearly, it would be hard for a president who ran on a 'rule-of-law' platform, and who would like to reintegrate Iran into the international community, to justify the violation of international commitments and treaty obligations. Khatami might thus find it difficult to reconcile the two goals, though the matter may not be his to decide.

Domestic politics are also likely to influence any decision to cross the nuclear threshold. Some members of Iran's clerical leadership might believe that they could stand to gain vis-a-vis political rivals if Iran were to declare itself a nuclear-weapons state, or conduct a nuclear-weapons test. Iranian decision makers may also be encouraged by the favourable response in the Muslim world to Pakistan's May 1998 nuclear test. Indeed, such considerations might have been behind the timing of Iran's decision to test the Shehab-3 missile the following July.

A final factor that will affect Tehran's future nuclear posture is whether Iran obtains a nuclear capability through the diversion of small quantities of fissile material (probably from the former Soviet Union) or through the creation of a domestic fissile-material production capability. There will be strong (albeit different) incentives in such cases for Tehran to remain quiet about its nuclear capabilities.

The US might not learn about an attempted diversion of fissile material until it is too late to stop. In fact, the US might not find out about such an incident at all, unless Iran decides to announce it--presumably after it had produced a nuclear weapon. However, while it remains a member of the NPT, there are significant drawbacks to Iran declaring itself a nuclear-weapons state. As long as such disincentives remain, international support for the NPT regime remains solid, and there is no imminent threat to its security, Iran is unlikely to make such an announcement. Moreover, making such an announcement could scuttle opportunities for further diversions that could augment Iran's nuclear capabilities.

Alternatively, if Iran were to succeed in achieving a local fissile-material production capability, a declaration that it has the bomb, or a weapons test, could energise US efforts to disrupt Iranian procurement operations overseas, thereby hindering efforts to expand and upgrade its fissile-material-production capability. Moreover, Iranian decision-makers might fear that such a step could provoke Israeli or American strikes on facilities connected with its nuclear programme.

For all these reasons, Tehran's stance towards its nascent nuclear stockpile is likely to be silence, coupled with officially sanctioned efforts to encourage speculative reports in the foreign press about loose nukes making their

way to Iran, in order to create ambiguity about its true nuclear capabilities. Meanwhile, Tehran is likely to use displays of its missile capabilities as a 'symbolic surrogate' for the full range of WMD capabilities it possesses, but which it cannot brandish (due to treaty obligations). In this way, Tehran probably hopes to increase its influence and leverage vis-a-vis its neighbours and adversaries. This may be one of the most important benefits Iran expects to obtain by acquiring nuclear weapons.

However, in the event of a crisis or war, all bets are off. In such circumstances, Iran might decide that an announcement or weapons test may be necessary, despite the drawbacks involved, to avert an even greater disaster. Revelations concerning Iraq's 'crash programme' to build a bomb by diverting safeguarded reactor fuel following its August 1990 invasion of Kuwait, and North Korea's March 1993 threat to withdraw from the NPT rather than submit to a special inspection, demonstrate that states will violate their NPT commitments or withdraw from the Treaty when they believe that their vital interests are threatened. Because Iran is located in a conflict-prone region and has pursued anti-status quo policies that have put it at odds with several of its neighbours and the US, it is more likely to find itself in such a situation than most other NPT member states.

Implications of a Nuclear Iran

Arguments based on US, Soviet and Chinese experience during the Cold War that the destructive potential of nuclear weapons and the logic of deterrence moderates the behaviour of nuclear-weapons states, inclines their leaders towards caution and thereby enhances stability--are excessively sanguine and somewhat deterministic.[13] Such arguments are based on a selective reading of the historical record, ignore just how close the US and the Soviet Union came to nuclear war during the 1962 Cuban missile crisis, and overlook contrary cases elsewhere. For instance, Iraq's increasingly assertive regional policies in 1989-90, and North Korea's willingness to engage in nuclear brinkmanship in 1993-94 almost certainly derived, at least in part, from the increased self-confidence that leaders of both countries drew from their growing missile and WMD arsenals. Furthermore, the fact that both India and Pakistan possess nuclear weapons did not prevent the two from coming to blows in Kashmir in May-July 1999.

In recent years, Iran has demonstrated a degree of caution and pragmatism in pursuing policy objectives befitting the country's military weakness and diplomatic isolation. The concern here is that the acquisition of nuclear weapons might radically alter the decision calculus of Iran's clerical leadership, and change this situation. Thus far, neither the acquisition of missiles nor CBW have derailed the general trend towards greater moderation in the foreign-policy arena. In the end, it is impossible to know in advance what impact the acquisition of nuclear weapons will have on Iranian policy. If the leadership reverts to the hands of hardline conservative clerics intent on pursuing a more activist and aggressive foreign policy, nuclear weapons will provide them with a powerful tool for doing so. A perpetuation of the current situation, in which the government is divided between conservative hardliners and moderate reformist politicians engaged in a bitter power struggle would also entail certain risks should Iran become a nuclear power. It is possible that in such circumstances, the power struggle might be limited to the domestic arena (as is currently the case). But the possibility that hardliners might sponsor terrorist attacks on Israeli or US interests overseas in order to discredit their domestic rivals, leading to a crisis with another nuclear-weapons state, must be treated seriously. On the other hand, should the moderate, reformist faction emerge ascendant, it seems likely that the trend towards pragmatism in the foreign-policy arena would continue, regardless of Iran's nuclear status. Even with moderate reformers in power, however, one should not expect an end to tensions, as such leaders are likely to pursue a nationalist agenda in the Persian Gulf and a rigid ideological approach towards Israel that will keep Iran at odds with its Arab neighbours, Israel and the US.

The Cold War experience also showed that while nuclear-weapons states have often been unable to realise the military potential represented by these weapons, they were more often successful in using nuclear weapons as a means of exerting political influence. Tehran's ability to do so could be affected by its need to remain silent about, or

to adopt an ambiguous posture towards, its nuclear capabilities. Much would also depend on how the US would respond to an Iranian nuclear break-out, the timing of such an event (whether it occurs in peace time or during a crisis), and on domestic conditions in the country (which political faction is dominant in Tehran at the time).

How might Iran's neighbours respond to a nuclear break-out? They would have four basic options: tension-reduction and confidence-building measures; accommodation or appeasement; forge alliances with nuclear powers to reap the benefits of extended deterrence; or acquire an independent retaliatory capability (not necessarily nuclear).

Israel would probably send reassuring messages to Iran via third parties, as Jerusalem did when tensions with Iraq rose during 1989-go in response to Baghdad's fears of an Israeli attack on its WMD facilities. Israel would also probably take steps to reduce further the increasingly thin veneer of ambiguity still surrounding its own nuclear capabilities, while seeking to deepen military cooperation with the US. Most of the Gulf Cooperation Council (GCC) states would probably opt for a mixture of approaches. Kuwait, Qatar and Oman whose relationship with Tehran in recent years has been correct, if not cordial--might put priority on improving relations with Tehran, while maintaining strong security links with the US as an insurance policy.[14] Bahrain and the United Arab Emirates (UAE)--whose relationship with Tehran has been strained--might put priority on deepening their security relationship with the US, while nonetheless cautiously seeking to improve relations with Tehran. Saudi Arabia--which currently is in the process of mending relations with Tehran--is likely to move forward aggressively on parallel tracks, further intensifying contacts with Tehran, while enhancing security cooperation with the US. And several of these countries might respond by developing a retaliatory capability and CBW--if they are not trying to do so already.[15]

For the states of the Caucasus and Central Asia, the Russian response to an Iranian nuclear break-out would be crucial. Indifference in Moscow could contribute to a perception of encirclement by a nuclear Russia and Iran that would increase the incentive of these states to forge security arrangements with outside powers. Azerbaijan might try to strengthen further its ties with the US and Israel, while Afghanistan might seek closer ties with Pakistan. At such a point, several countries in this region might also re-examine their WMD options.

The bottom line for the US is that an Iranian nuclear break-out would probably deepen American involvement in the security of the eastern Mediterranean and Persian Gulf, and perhaps even in the Caucasus and Central Asia. It would complicate US power projection in the Persian Gulf, and raise the potential risks of a long-term US presence there. And it would challenge Washington to find ways to strengthen its deterrent capability and to reassure allies, without contributing to regional tensions. Finally, an Iranian nuclear break-out could have dire consequences for the NPT, raising questions about the future of nuclear arms control, and perhaps prompting other regional states to re-evaluate their WMD options.

Iran and Deterrence

Because Shi'i religious doctrine exalts the suffering and martyrdom of the faithful, and because religion plays a central role in the official ideology of the Islamic Republic, Iran is sometimes portrayed as an 'undeterrable' state driven by the absolute imperatives of religion, rather than by the pragmatic concerns of statecraft.[16] This impression has been reinforced by Iran's use of costly human-wave attacks during the Iran-Iraq War, its unnecessary prolongation of the fighting due to its pursuit of unrealistic war aims (for example, the overthrow of Saddam Hussein), and its support for groups such as the Lebanese Hizbollah and the Palestinian Islamic Jihad which resort to such tactics as suicide bombings.

However, the perception of Iran as an irrational, undeterrable state with a high pain threshold is wrong. Iranian decision-makers are generally not inclined to rash action. Within the context of a relatively activist foreign and defence policy, they have generally sought to minimise risk by shunning direct confrontation and by acting through

surrogates (such as the Lebanese Hizbollah and Iraqi Dawa parties) or by means of stealth (Iranian small boat and mine operations against shipping in the Gulf during the Iran-Iraq War) in order to preserve deniability and create ambiguity about their intentions. Such behaviour is evidence of an ability to gauge accurately the balance of power and to identify and circumvent the 'red lines' of its adversaries--a strong indicator of an ability to engage in rational calculation. Furthermore, Iranian officials seem to understand the logic and speak the language of deterrence. Shortly after the Shehab-3 missile test launch in July 1998, Defence Minister Ali Shamkani explained that, in order to increase Iran's deterrent capability, 'we have prepared ourselves to absorb the first strike so that it inflicts the least damage on us. We have, however, prepared a second strike which can decisively avenge the first one, while preventing a third strike against us'.[17]

Tehran's conduct during the later stages of the Iran-Iraq War likewise demonstrated that Iran is not insensitive to costs. It is possible to argue that in the heady, optimistic, early days of the revolution--from the early-to-mid 1980s--Iran had a higher threshold for pain than did most other states. During the early years of the war, Tehran was willing to endure hardships, to make great sacrifices and incur heavy losses in support of the war effort--eschewing the opportunity for a cease-fire in 1982 to pursue the overthrow of the Baa'th regime in Baghdad and the export of the Revolution. But in its final years, popular support for the war with Iraq had waned: the population was demoralised and wearied by years of inconclusive fighting, making it increasingly difficult to attract volunteers for the front, and many clerics had come to the conclusion that the war was unwinnable[18] This was not, as Ayatollah Khomeini was fond of saying, 'a nation of martyrs'. In fact, Khomeini was probably the only figure with the charisma and moral authority to inspire the Iranian people to sustain the level of sacrifice required to continue the war for eight years. The double blow embodied by the unsuccessful conclusion of the war in August 1988 and the death of Khomeini in June 1989 marked the end of the decade of revolutionary radicalism in Iranian politics. With respect to its ability to tolerate pain and absorb casualties, Iran has since become a much more 'normal' state.[19] Its cautious behaviour during the 1991 uprising in Iraq and the 1998 crisis with Afghanistan that followed the Taleban victory provides perhaps the best proof that it is wary of stumbling into a costly quagmire for which there would be little or no public support. It will sooner compromise its Islamic ideological commitments and abandon endangered Shi'i communities to their fate than risk Iranian national interests by entering into foreign adventures.

Such pragmatism is consistent with a basic principle of decision-making established by Khomeini shortly before his death. In a series of letters to then President Ali Khamene'i and the Council of Guardians in December 1987 and January 1988, he affirmed the Islamic government's authority to destroy a mosque or suspend the observance of the five pillars of faith (the fundamentals of Muslim observance) if Iranian state interests so required. In so doing, he sanctioned the supremacy of state interest over both religion and the doctrine of the Revolution.[20] Ever since then, national interest has been the guiding principle of Iranian decision-making, whether with regard to social issues (such as birth control), the economy (foreign investment in the oil sector), or foreign and defence policy (restraint in pursuing efforts to export the revolution since the early 1990s).

This line of reasoning has interesting implications for Tehran's claim that it is not interested in acquiring WMD on religious grounds. Aside from the fact that strong circumstantial evidence (particularly Iranian procurement activities) would seem to contradict this argument, experience also shows that Iranian decision-making on critical policy issues is generally based on reasons of state, not religious doctrine or ideology.

The main problem posed by a nuclear Iran is thus not the putative 'irrationality' of the regime or its high threshold for pain. Rather, it is regime factionalism, which could make it difficult to establish a stable deterrent relationship with a nuclear Iran. Regime factionalism sometimes causes radical departures from established patterns of behaviour, as different personalities, factions or branches of the government work at cross purposes, act to subvert their rivals, or press the government to take actions inconsistent with its general policy line.[21] Accordingly, Iranian

policy is often inconsistent and unpredictable. For instance:

- In November 1979, militant students stormed the US embassy at a time when moderates in the government were trying to re-establish normal ties with Washington after the Revolution.[22]
- In November 1986, opponents of efforts to improve ties with the US leaked details to a Lebanese newspaper of what was to become known as the Iran-Contra affair, leading to the final collapse of efforts to establish an opening with the US.[23]
- In February 1989, Khomeini issued a fatwa condemning writer Salman Rushdie to death, thereby undercutting months of painstaking efforts to mend relations with Europe by Parliament Speaker Ali Akbar Hashami Rafsanjani and allies in the Foreign Ministry.[24]
- In April 1992, Iran unilaterally seized control of Abu Musa Island in the Persian Gulf, violating its 1971 agreement with the UAE in which it had agreed to share control of the island. This move, which inflamed Arab opinion, occurred at a time when Iran was trying to improve relations with its Arab Gulf neighbours.
- In March 1996, customs officials in Belgium thwarted an Iranian attempt to smuggle a large mortar and ammunition off of an Iranian merchant vessel in Antwerp, apparently for use against Iranian oppositionists in Germany. This incident marked a major departure from the pattern of curtailing attacks in the heart of Western Europe after 1992, because of the harmful impact of these operations on Iran's relations with France and Germany.[25]

The tug-of-war between different factions pursuing different agendas thus makes deterrence vis-a-vis Iran a difficult and uncertain proposition. Those seeking to undermine Khatami might engage in terrorism against US personnel or interests in order to embarrass and discredit him and perhaps prompt US retaliation, in the hope that this might halt the movement towards greater openness in Iran, and bolster domestic support for their position. How does one establish a stable deterrent relationship in such a context?

Another concern is that old patterns of behaviour might persist after Iran acquires a nuclear weapon, with elements of the regime continuing their involvement in conventional terrorism and efforts to export the Revolution. Iran's success thus far in obscuring its involvement in terrorism against the US and other countries, and in avoiding retaliation or retribution, might lead some in Iran to believe that they could act again with impunity, or forestall retaliation by blaming the action on 'rogue elements'. In the new nuclear context such behaviour would be risky and reckless. Attacks on US or Israeli personnel or interests by Iranian-supported groups might initiate a process of escalation that could lead to a nuclear crisis.

Finally, there is the issue of WMD terrorism. The fact that Iran or its agents have not yet employed CBW for terrorist purposes may indicate a normative threshold, or it may indicate that, having achieved significant successes by means of conventional terrorism, Tehran and its surrogates perceive no need to incur the risk that use of WMD would entail. Nonetheless, because of the importance that Tehran has traditionally attached to preserving deniability, Iran is likely to seek, when acting against more powerful adversaries, a capability to deliver WMD by non-traditional means (terrorist saboteurs, boats, or remotely piloted aircraft). Because such methods offer the possibility of covert delivery, they are likely to become important adjuncts to more traditional delivery means such as missiles, and in situations in which deniability is a critical consideration they are likely to be the delivery means of choice.[26] The possibility of deniable, covert delivery of nuclear weapons by Iran will pose a major challenge for deterrence.

Policy Options for the US and Its Allies

In order to assess current options for dealing with Iran's nuclear programme, it is necessary to evaluate the policies that the US and some of its key allies--the states of the EU and the GCC--have pursued against Iran until now. For most of the past 20 years, the US, EU and GCC have regarded the Islamic Republic with suspicion and distrust, though differing over the nature and magnitude of the threat posed by Iran, and how to respond to it.

All three have had bitter and difficult experiences dealing with the Islamic Republic. Europe has had to endure repeated bouts of Iranian-sponsored terrorism on its soil in the 1980s and early 1990s. The GCC has had to deal with Iranian attempts to subvert several of its members in the 1980s, while in the 1990s the Iranian navy has regularly held provocative manoeuvres in the Persian Gulf, calculated to intimidate its Arab neighbours.[27] The UAE is also involved in a long-standing territorial dispute with Iran over three islands currently held by Iran. As for the US, American diplomats were held hostage in Tehran for more than a year during the early days of the Revolution, while Americans were the target of Iranian-inspired terrorists in the 1980s; US warships upholding freedom of navigation in the Persian Gulf were damaged by Iranian mines and clashed with Iranian warships towards the end of the Iran-Iraq war in the late 1980s. And Iran has quietly worked to undermine American-sponsored peace talks between Israel and its Arab neighbours in the 1990s.

However, differing in terms of their proximity to Iran and their place in the world, the US, EU and GCC have parted in the way they have defined the threat from Iran and how they have responded to it. For the EU, Iran mainly poses a threat of terrorism on its soil. For the GCC, Iran poses a threat to the stability and territorial integrity of its members. By contrast, the US has tended to see Iran as a geo-strategic threat, due to Tehran's efforts to overthrow friendly governments, obstruct efforts to resolve the Arab-Israeli conflict, and develop long-range missiles and WMD.

The US and EU have pursued similar objectives vis-a-vis Tehran. They have sought to manage the threat that Tehran posed to their interests, and to promote stability in the Middle East and Persian Gulf by influencing Iran to cease its involvement in terrorism, its support for groups opposed to the Arab-Israeli peace process, and its efforts to acquire WMD. To these the EU added the issue of human rights (embodied by the Salman Rushdie affair), which topped its list of concerns.[28] The GCC states have pursued a more circumscribed agenda: defusing potential Iranian threats to their security by engaging Tehran, while acquiring and maintaining an American security umbrella. However, the steps taken by the US, the EU and the GCC to realise these complementary, often overlapping objectives, have been very different.

US policy towards the Islamic Republic had, until recently, relied almost exclusively on sticks.[29] Confronting a regime that worked consistently to undermine US interests in the Middle East, Washington sought to contain Iran in the 1980s by denying it access to arms and technology that could enhance its military capabilities. In the 1990s economic sanctions were introduced to reduce Iran's income and press it to abandon policies that ran counter to American interests.[30] The US also spent a great deal of time and energy trying to convince other countries to do the

same. This effort yielded mixed results overall, although scoring some important achievements. The May 1997 election of Khatami, however, raised hopes that Iranian policies might soon change, thereby facilitating more normal relations between Washington and Tehran. The US subsequently adjusted its policy to incorporate a more balanced mix of carrots and sticks. While sanctions and efforts to deny Iran arms and technology continue, the US has also proposed to Tehran a 'road map' leading to normalisation.[31]

By contrast, EU policy towards the Islamic Republic has relied almost entirely on carrots. The EU was involved from December 1992 to April 1997 in a largely unsuccessful effort to engage Iran in a `critical dialogue' to bolster the position of moderates in the regime and thereby alter Iranian policy. The EU believed that the dialogue was itself the major incentive for 'good behaviour' by Tehran, and it eschewed economic sanctions as a policy instrument, which would have involved foregoing billions of dollars worth of trade. Thus, while EU officials presented critical dialogue as a good-faith effort to influence Iranian policy for the better, many critics saw critical dialogue as a means of insulating trade with Iran from politics, and an insurance policy against Iranian terror. A major setback for EU-Iran relations occurred in April 1997 when a German court implicated Iran's top leadership in the 1992 murder of four Iranian dissidents in Berlin. The critical dialogue was permanently broken off and the EU recalled its ambassadors from Iran. This setback, however, proved short-lived. The ambassadors returned in November 1997 and the dialogue resumed in July 1998, but in a different format and with an agenda that emphasised economic cooperation between the two parties, in order to bolster Iran's flagging economy and thereby strengthen the position of Khatami and his allies.[32]

Few, if any, of the GCC states embraced the US approach to Iran. Most of the smaller Gulf states see no point in antagonising their large neighbour, which they consider a potential counterbalance to Iraqi power and Saudi influence. Kuwait, Bahrain, the UAE and Saudi Arabia have significant Shi'i populations, and fear Iran's ability to meddle in their internal affairs. Furthermore, the UAE (namely Dubai) conducts a thriving trade with Iran that is important to its economy and which it does not want disrupted. And fearing that it could get caught in the middle of a US-Iran clash should evidence point to an Iranian role in the June 1996 Khobar Tower bombing, Saudi Arabia under the stewardship of Crown Prince Abdallah--has been working assiduously to improve ties with Tehran. (This led the UAE in June 1999 to criticise sharply Saudi Arabia for its rapprochement with Iran absent settlement of the dispute over the three islands.) Thus, for political, economic, and security reasons, nearly all the GCC countries have moved to fend off potential Iranian threats by pursuing policies of political or economic engagement with Tehran--even if they remain wary of Iran's intentions. Cognisant of the imperatives of power and geography that drive these policies, Washington has reconciled itself to the independent approach of its GCC allies--who have nonetheless been very supportive of the US military presence in the region, which serves to curb both Iraqi and Iranian adventurism.

How successful have the divergent policies of the US, the EU and the GCC states been? Neither the US nor the EU can claim much success in changing specific Iranian policies through either political engagement or economic pressure. Tehran has not ceased its involvement in terrorism,[33] its support for opponents of the Arab-Israeli peace process, or its efforts to acquire WMD, nor has the human-rights situation in Iran improved. (In fact, in some ways it has deteriorated in the past year or two).[34] Meanwhile, the EU and Iran succeeded to some degree--in their shared goal of insulating trade from the vagaries of politics, while the GCC states can claim a degree of success in deflecting potential threats from Iran through a complex balancing act involving both Tehran and Washington.

The US has had a fair degree of success in defining the agenda relating to Iran in consultations with its allies, and in convincing many to take steps that served to advance US policy objectives. Due in large part to US prompting in the 1980s,, America's European allies imposed tight restrictions on the transfer of many types of dual-use technology to Iran, while banning the transfer of arms and nuclear technology outright.[35] The US has also achieved a degree of success in pressing its European allies and multilateral lending institutions such as the World Bank and the IMF not

to extend new concessional loans or credits to Iran (although these efforts have been aided by Iran's economic problems). By contrast, US efforts to urge Russia, North Korea and China to adopt restrictions on arms and technology transfers to Iran have met with only partial success. In recent years, Russia has been Iran's main source of conventional arms, missile technology and civilian nuclear technology. China has been also an important source of conventional arms, missile technology and technology for Iran's CBW and civilian nuclear programmes. And North Korea has been an important source of missiles and missile-production technology. Russia has agreed, however, not to conclude any new arms deals, to halt all conventional-weapons transfers after September 1999, and to limit civilian nuclear cooperation with Iran (although cooperation in the missile field shows no signs of abating). China likewise has agreed not to transfer any more advanced anti-ship missiles and to halt the transfer of civilian nuclear technology to Iran after current contracts are fulfilled.[36] It remains to be seen, however, whether the souring of US relations with Russia and China as a result of NATO's war in Yugoslavia will undermine these achievements.

US policy towards Iran can claim one key, unambiguous achievement: success in halting and delaying Iran's efforts to expand and modernise its armed forces and enhance its WMD capabilities, through strategies of arms and technology denial, and economic sanctions.[37]

US pressure, diplomatic demarches and interdiction operations have thwarted several major conventional arms deals and countless smaller ones. They have cut off Iran from Western arms and technology sources, forcing it to rely on less advanced suppliers such as North Korea, China and Russia. Moreover, they have hindered procurement of spare parts for its armed forces, thereby making it more difficult for Tehran to maintain its existing force structure. These constraints may have made Iran more careful to avoid a confrontation with the United States that could lead to losses it knows it could neither absorb nor afford to replace. US efforts were also instrumental in thwarting a large number of prospective deals concerning technologies useful for the development of WMD--particularly in the civilian nuclear arena (although in many of these cases the US could not have succeeded without the help and cooperation of friendly intelligence services and governments in Europe and elsewhere). For instance:

Germany repeatedly refused Iranian requests, starting in 1984, to complete the Bushehr nuclear power plant begun by the Shah; Argentina refused to supply Iran with nuclear-fuel fabrication and reprocessing technology and a 20-30 Megawatt (MWt) research reactor in 1987; China refused to supply Iran with a 30MWt research reactor in 1990 and a uranium hexafluoride conversion plant in 1998; India refused to supply Iran with a 10MWt research reactor in 1991; Russia refused to transfer a gas centrifuge-enrichment facility or a 330MWt research reactor in 1995 that it had previously promised to Iran.[38]

Sanctions have also been an important policy tool. Iran's economic woes which have been exacerbated by US sanctions--have forced Tehran to pare back its military expenditures dramatically. Iran's economy is a shambles, due to low oil prices, rapid population growth, the lingering costs of its war with Iraq, government mismanagement and corruption, and a large short-term debt.[39] These economic problems have forced Tehran to cut military procurement by more than half since 1989. Following the Iran-Iraq War, Iran's Majlis (parliament) announced plans to spend $2bn a year over five years for weapons purchases. Actual spending, however, has fallen far short of this target.[40] Accordingly, in the period 1989-96, the actual numbers of weapons obtained by Iran also fell far short, in most categories, of its acquisition goals. Thus, while Tehran had been hoping to obtain some 1,000-1,500 tanks, it acquired about 225; of 250-500 infantry fighting vehicles, it acquired about 80; and of 100-200 aircraft, it acquired about 65. The only areas in which Iranian procurement objectives may have been met were in field artillery and warships--it acquired 320 artillery pieces and 13 warships.[41]

Lacking the funds to sustain a major, across-the-board military build-up, Iran has had to content itself with selectively enhancing its military capabilities. The shortfall in Iranian arms spending has therefore had a significant

impact on the balance of power in the Persian Gulf. With an extra $1-2bn a year, Iran would have been able to add many more weapons to its inventory, complicating US defence planning. This shortfall has also forced Tehran to delay or defer efforts to acquire conventional arms and WMD-related technologies.

Thus, while the US has not succeeded in influencing Tehran to change its policies, it has succeeded--often with the help of others--in denying it the means to carry them out. By helping to deprive Iran of the resources it could have otherwise used for a military build-up, American sanctions have contributed to the security of the US and its allies--however much the latter might dislike sanctions.[42] Because Russia and North Korea continue to sell Iran arms and technologies needed to produce missiles and WMD for largely financial reasons, measures such as sanctions that hinder Tehran's ability to raise the hard currency needed for these purchases should remain a key element of US policy towards Iran. Moreover, sanctions should remain in place until Iran halts its efforts to acquire WMD, its involvement in terrorism and its support for violent opponents of the Arab-Israeli peace process--either unilaterally or as part of a deal with the US.

If they cannot agree on a common overall approach to Iran, the US, EU and the GCC states should, at least, agree to make clear to Tehran that it will pay a very high political and economic price--in the form of diplomatic isolation and severe economic sanctions--should it cross the nuclear threshold in violation of its NPT commitments. Deterring Iran from following the nuclear route will require continued US leadership on this issue, and a recognition that America's EU and GCC allies have an important role to play in shaping Iranian expectations and structuring Tehran's framework of incentives. EU and GCC representatives should not miss an opportunity in meetings with their Iranian counterparts to stress the potential costs of such a decision by Tehran. Likewise, the stance of the international community towards Iranian compliance with its CWC obligations will have important implications for Tehran's nuclear decision calculus. If Iran is able to cheat on its obligations under the CWC, it might be tempted to do likewise with the NPT.[43]

Even if the US and its allies are unable to halt Iran's development of long-range missiles and nuclear weapons, efforts to delay these programmes are important. First, when Iran and the US hold official talks some day, it might be easier for Tehran to trade away capabilities under development than to abandon capabilities that already exist, in return for the easing or lifting of sanctions by Washington. Iran has been able to create only 350,000 jobs annually for the 800,000 young men (not to mention the women) joining the labour force each year. It will need tens of billions of dollars in foreign investment in the coming years to create jobs for these people and thereby avoid economic turmoil, and possibly political unrest. Iran badly needs the investment capital that US sanctions and pressure on third parties impedes. Washington's ability to help Iran mitigate its financial problems by easing or lifting sanctions provides it with a great deal of leverage over Tehran, and could set the stage for a 'Grand Bargain' wherein Tehran abandons its nuclear programme in return for sanctions-relief and assistance in developing non-nuclear power sources.

Second, it buys time for the US and its allies to develop countermeasures to Iranian capabilities. For instance, in 1993-94, US-orchestrated multilateral pressure on North Korea discouraged Pyongyang from transferring the Nodong-1 missile to Iran, forcing Tehran instead to take the more roundabout route of building the Shehab-3 missile (which is based on the Nodong-1) using production technology supplied by North Korea. That five-year delay provided the time for Israel to develop its US-funded Arrow anti-missile system. The Arrow system is expected to be partially operational by the end of 1999, at about the same time that the Shehab-3 is expected to enter operational service. Further delays in the Iranian programme might likewise provide the ❖

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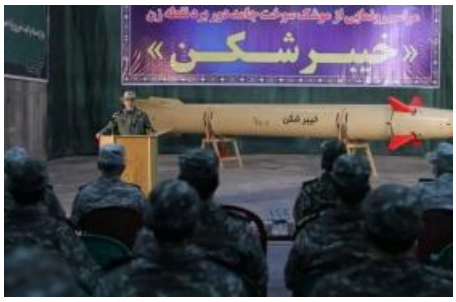

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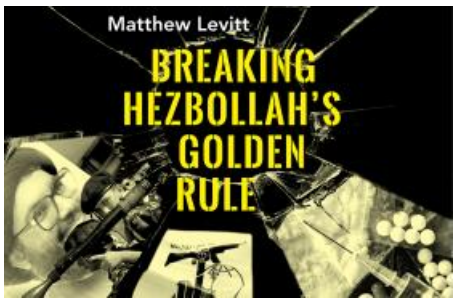

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