



The Stanley Foundation

Policy Analysis Brief

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Realistic Solutions for Resolving the Iranian Nuclear Crisis

Summary

International policy options for the Iranian nuclear crisis do not exist in a vacuum. Desired US national security goals and global nonproliferation goals will be impossible to fulfill if the interests, perceptions, fears, and ambitions of the “target state,” Iran, are not duly considered and incorporated into US decision making. The first section of this brief outlines three Iranian perceptions and domestic realities with potentially decisive impacts on the success or failure of Western policy strategies, followed by five concrete policy recommendations for the United States and its friends and allies.

This policy brief is based on personal research by the author and is informed by numerous Track 1-1/2 dialogues with both reformist and conservative Iranian officials/analysts from 1999 through May 2004. The viewpoints expressed in this brief cannot be attributed to any one individual Iranian, European, or American involved in Stanley Foundation-sponsored dialogues. The author is solely responsible for all policy conclusions.

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Iranian Threat Perceptions and Domestic Realities

Iranian Domestic Reality No. 1

Tehran’s Perception of “True” US Goals. In the views of many Iranians, especially the various groups of “new” and “old” conservatives in the Iranian parliament (Majlis) and in the powerful Council of Guardians, the United States has never accepted the idea of an Islamic Republic and never will. It is hostile to Iran not because of its specific actions or specific policies, but rather is implacably hostile to Iran’s very self-identity and national founding doctrine. In this perception or worldview, all US critiques of specific actions in the nuclear, missile, or terrorism issue areas (including relations with Hizbollah) are actually window dressing for the true issue: the character of the Iranian government as a whole. While US officials and experts claim there is no “Iran policy” due to factionalization in the Bush administration, in fact US actions and public statements clearly show that its latent or tacit strategy is one of isolating, pressuring, undermining, and ultimately overthrowing the Islamic Republic. In the minds of many senior Iranian media commentators and officials, this wish for regime change will therefore be the de facto goal of any UN Security Council resolution on the nuclear issue, whatever the Europeans may do or say.

Iranian Domestic Reality No. 2

The True Nature of Tehran’s Nuclear Energy/Weapons Debate. Many US officials and analysts in DC on both the left and right have mischaracterized Iran’s domestic nuclear

debate. They have explicitly or implicitly argued that the Iranian debate is between two loose groups of experts and political elites in Tehran:

- Liberal progressives and pragmatic, business-oriented technocrats who would be willing to entirely give up an indigenous fuel-cycle capability in the name of economic growth, international trade, foreign direct investment, and a more enlightened Iranian approach to national and regional security.
- Right-wingers who would like nothing more than to weaponize, deploy, and threaten neighbors at the first possible instant.

Both of these groups do exist in Tehran. And while the first group is highly unlikely to get its full preferences enacted into policy, given Iran's heavy historical investment of political and economic capital in the nuclear energy program, the second group has not yet won the debate about whether to weaponize the nuclear energy program. The nuclear fuel-cycle issue has become a political football in Tehran, and the majority of political elites want to score the same touchdown—namely, a full indigenous fuel-cycle capability, a negotiated agreement with the International Atomic Energy Agency (IAEA) and outside powers on close monitoring and scrutiny, and an agreement from Iran that it will never weaponize. (What is meant by close international scrutiny is hotly contested and many different interpretations of the exact requirements of the Additional Protocol and its impact on Iranian sovereignty exist.)

In short, it is doubtful that outside powers can do anything at this point to stop an indigenous fuel cycle. The standing EU proposal that Iran give up entirely on its own domestic production capability is likely to fail, even if the United

States and Europe can agree to play the “good cop, bad cop” routine better than they have thus far. The real question is whether weaponization and outright deployment of nuclear warheads on Shahab-II and Shahab-III long-range missiles can be avoided, since the latter development would directly undermine stability in both the Gulf and the larger Middle East.

Iranian Domestic Reality No. 3

Tehran's Willingness to Bargain. Many Iranian conservatives and reformists alike are in principle willing to bargain, Turkish-market style, on any issue under the sun, including sensitive issues surrounding Hezbollah, Islamic Jihad, and Hamas as well as internal human rights practices. However, there is one exception to this rule: the right of Iran to uranium enrichment under the Nuclear Non-Proliferation Treaty (NPT). This said, the “glass half full” is that compromise and even mutual advantage on all other sticky issues, including those involving Israel, are eminently possible—both tactically in the short term and strategically in the long term.

Recommendations Based on These Iranian Perceptions and Domestic Realities

Recommendation No. 1

Grant to Iran a Minimal Level of “Existential” Security. Recognize the negative role that latent US regime change desires have on the nuclear issue, including the hard work of Europeans to reach a new agreement. The United States must erase the implicit (and sometimes explicit) hostility toward the very idea of an Islamic regime in Tehran, accept the basic results of the Revolution, and work with the factions in power through the Foreign Ministry in Tehran.

Future Activities

Stanley Foundation research on Iranian-related security issues and travel to Tehran will continue into 2005 as part of a larger, multilateral “Gulf Security Initiative” that will create new off-the-record dialogues with representatives from Iran, Iraq, Yemen, and the Arab Gulf monarchies. See www.stanleyfoundation.org and click on the “Gulf Security” link for more details.

In sum, give Iran what North Korea has been asking for: recognition of the right of the Islamic Republic to exist and the legitimacy of Iran's minimum security concerns. Agree to work with Iran from this basis. This will strengthen Europe's hand a great deal in its negotiations on nuclear and human rights issues because, currently, Iranians do not just view the United States as the "bad cop"—rather, they view the United States as judge, jury, and executioner standing in the background behind Europe with a huge axe ready to fall on Tehran. Until this changes, Europe's strategy of cooperative engagement will likely fail in the long run. This despite recent advances in US-European cooperation, including recent US offers of World Trade Organization membership to Iran and some spare parts for Iran's deteriorating civil aviation industry. These very limited openings by the United States, in league with Europe, are unlikely to succeed against the backdrop of official US hostility toward the ruling clerics in Tehran. Until Washington eases its rhetoric and actions, Iran will continue to view all issues of international concern through the prism of its intense rivalry with the United States, to the detriment of global nonproliferation goals.

Recommendation No. 2

Do not carry out preemptive or preventive military strikes on (suspected) Iranian nuclear weapons facilities. Preemptive and preventive military strikes by either the United States or Israel in the name of counterproliferation would be a political catastrophe of major proportions for US, regional, and global security because it would raise Israel to enemy No. 1 in Iranian threat perceptions—which is much worse than the current Iranian perception of the United States as the main enemy. Even worse, a strike by Israel could make the Iranian bomb an *Islamic bomb* in the perception of Arabs and Muslims worldwide, making the current bilateral animus between Israel and Iran a global and regional security issue.

Thus preemptive military strikes by Israel would make the overall Arab-Israeli dispute much more central to Gulf security for Gulf Cooperation Council (GCC) states, who are currently aiming their missile defense systems *east* rather than west—toward Iran and Pakistan rather than toward Israel. Such strikes would also turn Iran's domestic populace against the United States in a way that would directly strengthen the hard-line conservative circles within Tehran, and it would end all debates in Tehran (which are still unresolved) about whether or not Iran should weaponize its growing latent nuclear capability. Such strikes could further cause indirect retaliation by Tehran through Iranian-supplied insurgents and terror groups within Iraq and on Israel's border with Lebanon, whereas for the moment Iran is largely either passive or is broadly cooperative in damping the extreme wings of Hezbollah.

In short, a counterproliferation approach (and especially preventive military strikes) would provide the United States and its allies purely short-term, tactical gains in regard to larger Gulf and Middle East security, while in the longer term such an approach could be disastrous for the larger war on terror—particularly those forms of transnational terrorism which are anti-Western and anti-globalization in their focus. For instance, Saudi Arabia and other Arab states in the Gulf are currently international leaders in very close cooperation with the United States to track, monitor, weaken, and defeat transnational terror groups with extreme forms of anti-Western Islamic ideology. This includes substantial cooperation in special forces operations, intelligence-sharing, and economic measures to curb terrorist financing. If the United States or Israel undertakes preemptive military strikes against a *legal and avowedly peaceful Iranian nuclear energy program* (as seen in the perceptions of people within the region), then this sort of close antiterror cooperation with GCC states, especially Saudi Arabia, could be adversely affected due to popular pressures on the regimes in these countries.

In this regard, it is important to keep in mind that the developing world in general supports and lives by Article IV of the NPT, which states that any state can build an indigenous fuel-cycle capability for energy and scientific purposes as long as IAEA safeguards are firmly in place. Thus, in the absence of clear intelligence about the near existence of Iranian nuclear weaponization, the regional popular reaction to such military strikes is likely to be extremely negative and further strain already fragile US-GCC ties.

Recommendation No. 3

Pursue a realistic, feasible solution to the nuclear crisis that relies on the demonstrated historical US ability to manage thorny conflicts of interest over long periods of time. In debating the utility of various options, including military strikes on Iranian facilities, use history as a guide: the United States had a very similar, equally stark debate (though behind closed doors) in the Johnson and Nixon administrations about the danger of a growing Chinese capability, and military strikes and/or an invasion of some type were fully considered and seriously vetted. What declassified memos show is that the United States accepted the reality of a nuclear China and decided to make a secure, stable Asia around it, both through nuclear and conventional security guarantees to Taiwan, Japan, and South Korea and through traditional US containment and deterrence. The Cultural Revolution in China led to massive deaths, torture, and imprisonment beyond anything seen in Iran now, and yet the United States was eventually able to engage when China moderated its goals. A Chinese nuclear capability did not lead to any of the worst-case scenarios laid out by alarmed Johnson officials in the '60s.

Mao's regime was certainly more "rogue-ish" than Iran's current elites, who have largely given up on earlier offensive revolutionary goals and are now playing a much more sober geopolitical game with their neighbors on

nearly all issues (trade, finance, and military confidence-building measures).

Therefore, rather than unending pessimism about the inherent downward spiral of Persian Gulf stability, the United States should consider the applicable positive lessons from the past 40 years of Asian security management and recognize the hesitant but positive trends in Arab-Iranian relations, both finance and trade and in the area of military confidence-building—particularly the joint military exercises being held between Oman and Iran. The United States should not shy away from traditional problem management, since it worked quite well during the Cold War.

Another bit of relevant history: India achieved fissile material production capabilities in the late 1950s yet sat on those capabilities and did not weaponize until an explosion in 1974. Then, when the international community reacted negatively, India again sat on its latent weapons capabilities until its official 1998 tests. Basic conclusion: through traditional diplomatic and economic carrots and sticks, the United States was able to manage a latent Indian capability—without weaponization or deployments by India—for more than 40 years. This is not a trivial accomplishment and should not be brushed aside.

Bottom line: the stable plateau that is achievable is an indefinite Iranian *latent* weapons capability (much like South Korea, Taiwan, and Japan have today), in which Tehran firmly and verifiably agrees to a heavily monitored energy fuel cycle. The feasible solution is to negotiate this grey-area plateau and then create a Gulf environment as secure as possible for all states—Iran included—so that explicit weaponization and nuclear weapons deployments never occur. Indeed, the United States has successfully kept South Korea, Japan, and Taiwan from pursuing weaponization of their latent nuclear option for decades, and it can use similar bilateral clout to keep not just Iran but also US friends from going nuclear at the start of the 21st century.

Recommendation No. 4

Work closely with US friends in the Gulf to coordinate and integrate their interactions with Iran, including increased Arab investment in Iran's faltering economy. Iran today is a mess domestically, suffering from stagnant growth, declining industry, a soaring unemployment rate among both the unskilled and the college-educated, a population increasingly apathetic about politics, and a leadership hungry for cash and internal domestic legitimacy. Iran needs infrastructure and technology improvements across the board. And it is Iran's own neighbors, the Lilliputian Arab monarchies who are slight on geopolitical power but flush with investment capital, that could conceivably tie Gulliver down and satisfy his regional ambitions at the same time. Kuwaiti policy expert Sami Al-Faraj has argued persuasively for a capital/security exchange in which Iran provides trust about its strategic intentions in exchange for badly needed economic growth.¹ In the past several years, for instance, there has been an increase in bilateral deals between Iran and individual neighbors involving basic infrastructure improvements in strategic sectors such as telecommunications, transportation, and natural gas exploitation.

True, these positive trends have been reversed since the engineered election of a new generation of conservatives to the Majlis in 2004. These vocal and highly nationalistic MPs, in league with the Council of Guardians and Revolutionary Guards, have managed to freeze, postpone, or cancel projects such as an agreement to supply potable water to Kuwait, a deal with a Turkish-Austrian consortium to run Iran's new international airport, and a telecom contract with Turkcell that did not involve majority Iranian control. However, some analysts argue that this negative trend is temporary and represents a wish of the up-and-coming conservative political elite to get credit for

Iran's gradual opening to the globalized world. In any case, Iran cannot realistically remain shut off from the financial and material realities of an increasingly globalized Gulf economy forever; eventually, new deals will be made and old deals will be revived where possible.

In the background, therefore, the United States should have serious discussions with Iran's Arab neighbors—as well as Turkey, India, and China—about the optimal way to increase economic ties with Iran if and when Tehran's elites again decide that economic integration with its closest neighbors is a net plus rather than a threat to Persian national autonomy. Foreign direct investment and trade with Iran should not be viewed by Washington as a threat to US security interests. While Iran mulls over its strategic economic options, the United States can and should withdraw its behind-the-scenes pressure on GCC states and others to forgo concerted investment in important sectors of Iran's economy. Allies and friends should be encouraged rather than browbeaten for their attempts to bring Iran out of its often self-imposed isolation.

All of this said, it should be noted that GCC states do not want to get too close to Iran, given centuries-old distrust between the Arab and Persian sides of the Gulf. However, the GCC leadership expects the United States to manage the sensitive security problems surrounding both Iran and Iraq, just as numerous Asian states have expected the United States to manage a growing China.

The United States should follow the same script it did with Europe and the Soviets during the Cold War; i.e., do not leave the regional allies in the cold, but do not demonize the enemy to the point of black-and-white policy solutions either. The Europeans expected the United States to walk the tightrope between a

¹ For more details on this proposal, see Sami Al-Faraj, Mustafa Alani, and Antonia Dimou, "Kuwaiti, Iraqi, and European Perspectives," *Middle East Policy*, ed. Michael Kraig, Vol. XI, No. 3, 2004 Fall Special Issue on "Alternative Strategies for Gulf Security," pp. 42-45.

total Cold War with the Soviets, on the one hand, and a cozy security condominium with the Soviets that left Europe on the sidelines, on the other. Both policy extremes were seen by European allies as dangerous and destabilizing, and so Europe always argued for strategic solutions that fell somewhere in the middle. The Arab GCC states have the same worries and the same expectations. This is where the true solution to the Iranian nuclear dilemma lies.

Recommendation No. 5

Reduce the fears of existential destruction that Israel and Iran harbor toward each other. Do not forget Israeli nuclear capabilities and Israeli offensive/preemptive threats toward Iran's facilities—as well as Iranian offensive threats toward Israel. Restrain Israeli public pronouncements, because if Iranian elites on both the left and right feel as though they are in the cross hairs of Israeli nuclear weapons, then Iranian weaponization of a latent capability is far more likely. Likewise, Iran must be convinced of the absolute necessity of moderating *its* bellicose language, which is largely geared toward a domestic audience and is meant to gain legitimacy internally, but which convinces Israel and others that Iran will destroy Tel Aviv at the first possible instant.

The ultimate goal in dealing with both parties is to replace the bilateral fear of absolute, total, existential extinction with a more moderate, defensive posture on each side, which of course was the goal of Nixon and Kissinger's détente policies toward China and Russia in the 1970s. This goal is likely to be hardest to achieve with clerical elites in Tehran, who do not have many threads of domestic legitimacy left beyond their antipathy toward Israel. However, the difficulty of convincing Israel to forgo offensive, preemptive threats should not be underestimated, given the prevailing view in Tel Aviv that Iran is dead set on its ultimate destruction. The rhetoric that each uses toward the other is the first place to start; actual policies can follow later.

Overall, the United States should assure Israel that it will not forget Israeli security interests. But it should also let Israel know that it does not plan on a regime change in Iran any time soon, and Israel should not base its international policies on the assumption of eventual Iranian domestic revolution, which reputable Western experts have virtually ruled out because of the social and political exhaustion of the average Iranian in the street. Also, Israel should not go public with new military threats or other potentially destabilizing statements without first coordinating such developments with the United States. In general, Israeli national security policies and military practices should support, rather than undermine, US efforts to stabilize the Persian Gulf. (But likewise, Iranian actions and policies toward Israel should be moderated to allow a real chance for US stabilization of the Israeli-Palestinian dispute.)

Conclusion

Pursuing Détente by Focusing on Common Interests

The Iranian nuclear crisis is inherently a slow-going affair, and any positive solution will take months or years of hard work to construct and implement. Throughout this timespan, the United States should emphasize the common threat perceptions and international security interests shared between the United States and Iran, and make progress on mitigating these shared fears while dealing with major disagreements in a separate bilateral track.

For instance, there is a cold, hard fact that has gone unreported by the Western media: although Iran aids vehemently anti-Israeli groups in Lebanon and the West Bank who use terrorist methods, it utterly fears the very transnational, anti-globalization, anti-US, Sunni terrorist groups that Washington is battling on the global scene. Al Qaeda and its virulent variants around the globe are every bit as much an ideological enemy of Shiite Iran as they are of the United States.

Geopolitically, Iran and the United States also share an interest in stable oil supplies and prices, curbing the regional drug trade, and stemming the flow of arms and extremists across borders from Afghanistan, Pakistan, and Central Asia. For instance, in the past 25 years, more than 3600 Iranian border agents and drug enforcement officers have lost their lives in the never-ending battle against the illicit drug and arms trade emanating from Iran's eastern neighbors. The United Kingdom is already a close partner with Tehran through direct financing of Iran's antidrug efforts; the United States could also help Iran stem the tide of drugs and transnational extremists currently infiltrating the Greater Middle East, easing Iran's burden and simultaneously increasing the domestic security of US friends such as Jordan and Saudi Arabia.

These are all common factors that would allow a more strategic, long-term, cooperative approach to the Iranian nuclear crisis. The end result would be an outcome much more positive for US national interests than the simplistic solution of military strikes.

While the United States pursues this strategy of détente, it should not become oversold on either a "grand bargain" addressing all out-

standing issues *or* an "issue-by-issue" approach based on incremental, tactical, overlapping interests on specific issues. The United States should hold out either approach as a goal to Tehran. The main thing is engagement. Iran has a cluttered, messy, complicated, and factionalized domestic system that involves a great deal of what might be called pseudo-democratic debate. It is not up to the United States to decide how détente or rapprochement may occur. Rather, it is up to the United States, as the much stronger power holding most of the cards, to express a willingness to cooperate tactically on key common issues such as squelching the drug trade in volatile areas surrounding Iran such as Afghanistan and Iraq. At the same time, the United States should hold out the possibility of a more strategic compromise on multiple issues.

Or, put another way, until the messy domestic debate occurs in Tehran on US recommendations, it is impossible to tell what will work better: full, comprehensive solutions or tactical bargains. In the end, both will probably have to occur simultaneously, and both will be negotiated against a background of confidence-building measures such as diplomatic statements forswearing the first use of force by one party against the other. ■

The Stanley Foundation

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