

USAWC STRATEGY RESEARCH PROJECT

**IRAN AND THE UNITED STATES:  
INTERESTS, OPTIONS, CONSEQUENCES**

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## **ABSTRACT**

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The September 2006 declaration by the International Atomic Energy Agency that Iran remained in breach of its nuclear arms control obligations, resulted in a hardening of policy positions in Washington and Tehran that continues to the present day. Despite prolonged diplomacy and two United Nations Security Council Resolutions, Iran continues to follow a foreign policy path that raises concerns about its intent and leaves open the possibility of a major crisis.

This paper examines the opposing policy positions that underpin the Iranian nuclear dispute and attendant security issues in the Middle East. The research reveals the key factors impacting on decision making include: Iran's intended use of the bountiful strategic harvest it has reaped since 2001; the extent to which the US feels its interests can be satisfied through multilateral responses that currently reflect a lack of resolve; and the influence of US domestic politics on foreign policy development. The paper explores a number of options before concluding that US interests demand stronger containment of Iran, concurrent efforts to generate a more effective international response, and a willingness to preempt an Iranian nuclear weapons capability if necessary.



## IRAN AND THE UNITED STATES: INTERESTS, OPTIONS, CONSEQUENCES

In Middle East tribal politics there is rarely a happy medium. When one side is weak, it will tell you, "I'm weak, how can I compromise?" And when it's strong, it will tell you, "I'm strong, why should I compromise?"<sup>1</sup>

—Thomas Friedman

History has repeatedly demonstrated that perceptions of political strength can often translate into assessments of grand opportunity. Iran's adversarial foreign policy is a current example, with fears generated by its nuclear program once again elevating Persian politics to the forefront of the global security agenda.<sup>2</sup> The extent of international concern is evidenced by prolonged European-led diplomacy with Iran and the adoption of two United Nations Security Council Resolutions (UNSCR 1696 and 1737).<sup>3</sup> These efforts have not only failed to moderate Iran's behavior but increasingly expose the underlying fault line between national and collective interests.<sup>4</sup> Iran's leaders appear emboldened by the fractiousness of multilateral diplomacy, which often seems more focused on limiting US power than enforcing Iran's compliance with international will. Despite the challenges of multilateralism, domestic political discord, and the concurrency implications of global military deployments, US decision makers appear committed to confronting Iranian threats – potentially on a unilateral basis.<sup>5</sup> This paper explores the interests, options and consequences that underpin the strategies of the two most consequential powers in the Persian Gulf region – the US and Iran. An overview of the threat posed by Iran is provided to set the stage for subsequent discussion of competing interests and US response options. The paper concludes with a preferred direction for American foreign policy that reflects the limitations imposed by current geostrategic circumstances.

### Iran: Threat or Opportunity?

UNSCR 1696 and 1737 reflect a broadly held view that the emergence of a hegemonic, nuclear capable Iran is a threat to international security. Key concerns include nuclear proliferation, destabilization of the Middle Eastern balance of power, and potential disruption of global energy supply.<sup>6</sup> Consequently, the international community has demanded objective guarantees that Iran's nuclear energy program cannot be put to more sinister uses.<sup>7</sup> In response Iran has affirmed its sovereign right to possess a full nuclear cycle, irrespective of international inducements or sanctions.<sup>8</sup> Moreover, Tehran has explicitly threatened the supply of Persian Gulf oil in the event of attacks against its nuclear facilities.<sup>9</sup> This engages additional US interests relating to oil security that were enunciated during the Carter administration.<sup>10</sup>

A recent bipartisan report by the US Permanent Select Committee on Intelligence highlighted key aspects of the threat posed by Iran.<sup>11</sup> The Report concluded that Iran has pursued a clandestine uranium enrichment program for nearly two decades and may seek to enhance its ballistic missile inventory through the integration of nuclear weapons.<sup>12</sup> The Committee found that Iran is likely to possess an offensive biological weapons program and an offensive chemical weapons research and development capability. It also highlighted Iran's subversive support of terrorist proxies in the Middle East. By any measure, Iran's policies and capability development priorities either threaten or have the potential to threaten international security interests. What then of its intent?

Since assuming office in 2005 President Ahmadinejad has appeared remarkably sanguine about Iran's continuing isolation, which has complicated international engagement efforts.<sup>13</sup> His public statements reflect unwillingness to compromise on a range of issues including Iran's nuclear program, Israel's right to exist, and the possibility of a two-state solution for Israel-Palestine.<sup>14</sup> One interpretation of the President's statements is that it is overblown rhetoric and unrepresentative of broader views in the Iranian polity. The lone wolf theory of Persian politics, however, is difficult to reconcile with the actions and statements of other leaders.<sup>15</sup> Notably, Iran's surreptitious nuclear program pre-dates the election of President Ahmadinejad by more than a decade, with both the Rafsanjani and Khatami Governments concealing uranium enrichment at Natanz and Khondab.<sup>16</sup> Supreme Leader Khamenei and other influencers have publicly endorsed Iran's nuclear aspirations as the specific policy of the Islamic Republic.<sup>17</sup> In the aftermath of the UN's adoption of UNSCR 1737 in December 2006, Iran's Parliament voted to further reduce cooperation with the IAEA.<sup>18</sup> Political speeches in the *Majlis* continue to emphasize a desire for regional expansionism.<sup>19</sup> Iran has positioned itself at the forefront of an anti-western grouping that includes North Korea, Syria, Venezuela, Cuba, Sudan and Zimbabwe.<sup>20</sup> Despite the voices of moderation that undeniably exist in Iran, they are suppressed and unable to influence policies that have characterized the Iranian political agenda for at least 20 years. The expectations generated by moderate conservative gains in the December 2006 Assembly of Experts elections, should therefore be kept in context.<sup>21</sup>

Despite the international fears generated by Iran's behavior, some commentators assert that its foreign policy objectives are deserving of soft power approaches.<sup>22</sup> Ray Takeyh describes a pragmatic streak within the Iranian polity that would respond positively to US-initiated approaches.<sup>23</sup> The recent Iraq Study Group recommended active US engagement of Iran without preconditions, despite acknowledging that Tehran is unlikely to cooperate in regional stability efforts.<sup>24</sup> The possibility of a grand bargain between the US and Iran is also a

recurring feature of public debate – particularly in the aftermath of Democratic Party gains in the US 2006 mid-term elections.<sup>25</sup> The often-stated benchmarks for this are the Clinton administration's efforts to secure a comprehensive settlement with Tehran in the 1990s, and President Nixon's rapprochement with China. Notably, the grand bargain proposed during the Clinton administration was rejected by Tehran hardliners and the catalyst for a warming of US-Chinese relations in the 1970's was an approach from China. Similar Iranian-initiated rapprochement is unlikely given Tehran's belief that current geostrategic circumstances are in its favor.<sup>26</sup> Instead, Iran's leaders continue to foment a vision of an enduring ideological struggle with secular modernity, brought to its doorstep by the US and Israel. Consequently they have rejected approaches to reconcile Iranian interests with international concerns. Understanding these interests informs subsequent consideration of US response options.

### Iran's Interests

#### The Foundation of Iranian Interests and Policy

The adversarial nature of Iran's foreign policy has roots dating back to US involvement in the overthrow of the nationalist government of Mohammed Mossadeq in 1953.<sup>27</sup> The 25 years it took to overthrow the Shah caused an incremental build up of anti-US feeling that sustains Iranian enmity to the present day. The political ends that shape Iran's actions are a desire to expand Shiite gains in the Islamic world under its leadership, to balance Israel's regional supremacy, and to resist US influence. The catalyst for Iran's boldness since 2001 includes the unintended strategic consequences of regime change in Afghanistan and Iraq, the political victory of Hamas, Hezbollah's resistance of Israel's 2006 incursion into South Lebanon, and the constraints on US military power resulting from its global commitments. Prolonged high oil prices have provided funds for Iran's nuclear program, its support of terrorism, and dampened the impact of rising domestic inflation and unemployment.<sup>28</sup> Within its immediate region Iran has benefited politically from the removal of the Taliban regime and Saddam Hussein. On the global stage it continues to benefit from the residual suspicion and caution that underpins multilateral consideration of US security interests.<sup>29</sup> Interestingly, Iran's current bold policies stand in stark contrast to its cooperation with the IAEA and offer to resolve substantive differences with the US during the height of the US 2003 offensive in Iraq.<sup>30</sup> Iranian rapprochement on this occasion appeared to be motivated by the US ability to impose credible, coercive consequences.<sup>31</sup> Conversely, Iran has pursued its interests with vigor when geostrategic circumstances have constrained US power.<sup>32</sup> Its current effort to develop a full

nuclear cycle is a compelling example, raising the question of how much more boldly Iran might act with the added protection of nuclear deterrence.<sup>33</sup>

## Nuclear Weapons

Iran's nuclear aspirations are underpinned by nationalistic, economic and security objectives. It responds to criticism by highlighting perceived inconsistencies in US policy, including its toleration of Israel's undeclared nuclear weapons status and muted response to Pakistan, India and North Korea when they crossed the nuclear threshold. Iran may have concluded that the US will respond in a similar way once it announces a nuclear weapons capability, leading it to possibly exaggerate the irreversible nature of its nuclear progress.<sup>34</sup> Other aspects of Iran's public information strategy appear equally unreliable. Claims that its nuclear program is entirely linked to energy generation are unconvincing given its status as one of the world's biggest oil producers and custodian of hundreds of years of liquefied natural gas supply.<sup>35</sup> Iran's failure to explain the presence of highly enriched uranium and plutonium traces found during IAEA inspections only adds to international skepticism about its intentions.<sup>36</sup>

The concurrent outcome of Iran achieving a full nuclear energy cycle is the establishment of all core requirements for a nuclear weapons capability. The potential rewards that accompany this achievement include removal of Israel's regional nuclear monopoly, greater leverage in Middle East affairs, and a strengthening of the hard-line regime against internal forces of opposition. An offensive nuclear capability, for example, would significantly enhance the deterrent effect Iran currently achieves against Israel and other regional neighbors through its terrorist proxies.<sup>37</sup> Some commentators like Joseph Cirincione suggest that Iran's relatively slow nuclear progress allows time for engagement and potential compromise.<sup>38</sup> Barry Posen goes further in asserting that the world could live with a nuclear capable Iran.<sup>39</sup> The consequences of being wrong about the timing and employment of an Iranian nuclear capability, however, demand the suspension of hope for more substantive policy responses.

## Hastening US Disengagement

US military proximity to Iran is both advantageous and disadvantageous to Iranian interests. On one hand, regime change in Iraq and US suppression of the predominantly Sunni insurgency has altered the balance of power in the Middle East in ways that Iran could not have accomplished itself. Additionally, the magnitude of post-conflict operations in Iraq and Afghanistan constrains US military response options against Iran. This results from concurrency factors, but also relates to Tehran's tactical opportunity to retaliate – either directly



or through proxies. On the other hand, Tehran is clearly troubled by the closeness of US forces, which simplifies interaction with Iranian rejectionist groups and provides multiple avenues for conventional attack. US-led stabilization of Iraq and Afghanistan also leaves open the possibility of Iran being surrounded by neighbors who are indebted to and reliant upon US patronage. The logical consequence of an accelerated US departure from the region, therefore, is an empowering of Iran. It provides a freer hand to expand its influence in the region, noting that these efforts are likely to remain subversive given the potential to ignite opposition from predominantly Sunni states like Saudi Arabia, Jordan and Egypt. Iran's efforts to achieve an accelerated US withdrawal from the region are currently being pursued by lobbying Arab neighbors and through support of regional terrorist proxies.<sup>40</sup>

### Support of Proxies

The scope of Iran's support to Shiite militias and terrorist groups in Iraq, Turkey, Lebanon and the Palestinian territories, lends weight to assessments that its objectives transcend purely domestic concerns.<sup>41</sup> This support is designed to enhance its ideological influence and hasten the demise of the US and Israeli counterbalance. Iran's desire for regional influence, however, is complicated by an inherent tension. Its efforts to engender pro-Iranian sentiment in Iraq, for example, are challenged by the likelihood that the historical dichotomy between Persians and Arabs is likely to reassert itself over time. A further dilemma is uncertainty over which ethnic or sectarian grouping will emerge at the forefront of the Iraqi polity, which causes Iran to limit the support it provides.<sup>42</sup> The level of influence Iran gains in exchange for its support of terrorist proxies is difficult to judge, but suggestions that it has a controlling influence over groups like Jaish Al Mahdi, Hamas or Hezbollah appear excessive. What is clear is that Iran has been a long-time supporter of violence beyond its borders. For some this constitutes a valid rationale for engagement and concessions. The counter argument is that such behavior should be confronted in ways that alters Tehran's calculus of strategic costs and benefits.

### A Grand Strategy: Expanding Islamist Power under Iranian Leadership

Iran's grand strategy is underpinned by a desire to enhance Shiite power in the Middle East under its leadership.<sup>43</sup> This establishes the conditions for a broader expansion of revolutionary ideology and Iran's emergence as a transnational rallying point for the Islamic cause.<sup>44</sup> This expansionist intent is not a recent phenomenon as evidenced by its support of attacks in Kuwait during the 1980s and efforts to engineer a coup in Bahrain in 1981.<sup>45</sup> Similarly, its long term support of Hamas and Hezbollah is linked to a strategy of embedding

Shiite moral leadership at the forefront of the Palestinian cause.<sup>46</sup> The fact that Iran's leaders disavow a two-state solution for Israel-Palestine, however, underscores the uncompromising and self-interested nature of Tehran's policy goals.<sup>47</sup> A nuclear armed Iran is unlikely to desist from these objectives and may be further emboldened by the added protection of nuclear deterrence. Unless and until the potential negative costs to Iran exceed the perceived benefits of its strategy, it is likely to reject compromise and pursue policies that threaten its neighbors and the broader international community.

### US Values, Interests and Objectives

The enduring US values that define the Bush administration's foreign policy are the promotion of freedom, democracy and respect for the rule of law.<sup>48</sup> This manifests itself in rhetoric and policy as an enduring commitment to democratization and an end to tyranny.<sup>49</sup> The primary US objectives relating to Iran include: denying its hegemonic aspirations; enforcing its compliance with NPT obligations; stopping the regional proliferation of weapons of WMD;<sup>50</sup> severing Iran's ties to regional and international terrorism; and preserving international access to Persian Gulf oil.<sup>51</sup> Tough US rhetoric, however, is not always accompanied by tough and practical policy. Although the reasons for this sometimes transcend US control, the outcome is an inability to persuade Iran that the costs of its behavior outweigh the benefits. American options in dealing with Iran are influenced by a range of factors, including limitations imposed by the international system and a resurgent tension in US foreign policy between the use of national power in pursuit of interests or universal values.<sup>52</sup>

### US Strategic Options

#### Constraints

Analysis to date reinforces Thucydides assertion that fear, honor and interest constitute the dominant motivators of conflict between nations.<sup>53</sup> Despite the fear that results from Iran's foreign policy, international reactions to date emphasize caution rather than resolve.<sup>54</sup> This partly results from the influence of globalization, which has served to shape European perspectives in particular towards a world view founded on economic interdependence and non-military solutions.<sup>55</sup> It also results from a belief that US objectives relating to Iran could easily follow a similar path to its invasion of Iraq.<sup>56</sup> Other constraints on US freedom of action include the concurrency implications of global military deployments and domestic political discord in the aftermath of the 2006 mid-term elections. These influence policy responses, which traverse a

spectrum that includes engagement, containment, subversion, deterrence, and military intervention.<sup>57</sup>

#### Engagement, Diplomacy and Concessions<sup>58</sup>

The unwillingness of the Bush Administration to engage Iran's leadership bilaterally and unconditionally is a recurring, critical feature of public commentary.<sup>59</sup> Recent statements by the Prime Minister of Great Britain, the Iraq Study Group and influencers like Henry Kissinger highlight growing pressure to set the terms for an expanded dialogue with Iran.<sup>60</sup> The intent is to explore Iran's willingness to play a constructive role in the future of Iraq and broader regional stability.<sup>61</sup> Opponents of engagement, however, argue that prolonged diplomacy and offers of concessions simply reward Iran for its policy of confrontation. Kenneth Pollack goes further in suggesting that Iran's ability to influence events in Iraq is over-stated and therefore unworthy of unconditional engagement.<sup>62</sup> As highlighted in the introductory quote, prolonged diplomacy in the Middle East tends to signal that an adversary is doing inconclusive things because they dare not do conclusive ones.<sup>63</sup> This may reinforce assessments in Iran, Syria and North Korea that defiance of international will is not only a low cost option, but a profitable one.<sup>64</sup> Unconditional US engagement may send such a signal, which is contrary to US interests and would weaken the position of moderate forces inside of Iran.

Although there have been moments of cooperation between the US and Iran since 1998, these were largely founded on mutually beneficial objectives relating to Afghanistan and Iraq. In the recent past Tehran has repeatedly stated that it sees no benefit in a resumption of diplomatic relations unless it is under fairer conditions. These are not specified, but potentially include recognition of Iran's regional leadership role, accelerated US withdrawal from the Middle East, and a lifting of US / UN sanctions.<sup>65</sup> Attendant conditions could include Israeli de-nuclearization and US repudiation of Iran's status as a member of the Axis of Evil.<sup>66</sup> These conditions are inconsistent with US policy and the prospect of the Bush administration initiating discussions on this basis is highly unlikely.<sup>67</sup> Ultimately, trust is the essential element that underpins successful diplomacy and Iran's record in this regard is unflattering.<sup>68</sup>

The assertion that engagement with Iran will work if the correct mix of concessions is offered, ignores Iran's prolonged investment in capabilities that promise to counterbalance US and Israeli influence. Stepping back from this investment risks a loss of authority that Iran's revolutionary leadership will not accept unless the political consequences of proceeding are outweighed by the costs. Proponents of unconditional engagement also fail to recognize the current lack of international will for a unified, coercive response should engagement fail.

Arguably, Iran's proximity to the strategic rewards it believes will accrue from a full nuclear cycle may have rendered engagement efforts nugatory. As its nuclear aspirations approach realization, the likelihood of an Iranian policy reversal decreases exponentially.<sup>69</sup> Achieving the type of coercive effects likely to influence Iran's calculus of costs and benefits is therefore a compelling near-term priority, which requires more than engagement and superficial sanctions. Although diplomacy is important, dialogue with Iran should remain conditional and be backed up by measures that induce real fear of consequences.<sup>70</sup> To paraphrase Stephen Hadley, the dispute with Iran has more to do with cooperation than communication.<sup>71</sup>

### Containment and Subversion

Containment of Iran is perceived by some as a compelling option that will inevitably result in regime change from within.<sup>72</sup> This is likely to be a slow process, however, given the longevity of Iran's hard line regime and the increasingly authoritarian nature of its domestic policies.<sup>73</sup> Iran's leaders are likely to continue their resistance of US containment, particularly while multilateral diplomacy remains fractious.<sup>74</sup> Notably, Russia and China appear resolutely opposed to substantive measures that might sway Iran's calculus of strategic costs and benefits.<sup>75</sup> Despite agreeing to limited sanctions against Iran under UNSCR 1737, the use of force is precluded and the commercial interests of Russia and China are protected.<sup>76</sup> The situation is analogous to the 1990s when US efforts to contain Iran were diluted by European and Japanese engagement. This plays to Iran's strategy of gaining time by pitting collective security interests against the commercial interests of its trading partners.<sup>77</sup> Paradoxically, the very western ideal of economic interdependence is constraining international responses against Iran. The type of measures with the potential to influence Tehran's strategy include: suspension from the UN; strict trade and foreign investment restrictions; and expulsion of its foreign intelligence networks. These measures must be accompanied by provisions that threaten severe consequences against states and institutions in breach. Iran would then be confronted by a clear choice between moderating its foreign policy and reaping the domestic consequences that robust sanctions may ignite.<sup>78</sup> The reality of multilateral diplomacy today, however, is that a number of powerful states are unwilling to risk their economic interests in this way.<sup>79</sup> The US must therefore consider whether it is willing to impose these measures unilaterally or on a 'coalition of the willing' basis.<sup>80</sup>

A complementary option open to the US is to increase the pressure on Iran from within the country, inclusive of subversive support to groups that reject terrorism and support more democratic ideals.<sup>81</sup> The recent establishment of a State Department office in Dubai with a

focus on enhancing institutional knowledge of Iran and cultivating contacts with visiting Iranians suggests this effort is underway.<sup>82</sup> There are difficulties, however, in targeting opposition groups due to the pervasive and increasingly authoritarian nature of Iran's neo conservative leadership.<sup>83</sup> Michael Rubin highlights additional difficulties, particularly the risk of igniting anti-US sentiment that may work against longer-term US interests.<sup>84</sup>

### Military Operations

Direct military operations against Iran are clearly a last resort option and are highly dependent on accurate intelligence, which is problematic.<sup>85</sup> Potential military responses traverse a broad spectrum ranging from limited attacks in support of nuclear preemption through to higher intensity land-based operations. By any measure high intensity conventional operations are currently unachievable due to the concurrent demands of US military commitments, a lack of bi-partisanship within the US polity, and strong international opposition. Even limited military attacks against Iran raise difficult questions relating to intent and effectiveness. Is destruction of Iran's nuclear program possible and if not, is the delay achieved by partial destruction worth the risk? If the intent is to destroy Iran's nuclear program, is it the facilities and scientists that are the centre of gravity, or the leadership that authorizes the work, or both? Precision targeting of Iran's nuclear sites would be difficult given their dispersed, hardened and covert nature.<sup>86</sup> Additionally, even limited attacks would grow in scale and complexity given the concurrent requirement to suppress Iranian sensors and retaliatory capabilities. Ultimately, US military options may be pre-empted if Israel repeats its 1981 attack on Iraq's Osirak reactor.<sup>87</sup> The difficulties in relation to targeting remain, however, and other risks include a potential strengthening of Iran's ability to frame its responses as sovereign defense. Iran would also be able to emphasize US toleration of Israeli aggression and undeclared nuclear status, while suppressing the interests of other states in the Middle East. Nuclear pre-emption risks adding to Iran's legitimacy and igniting a much larger regional and international dispute.<sup>88</sup> There may be no choice to military preemption, however, if Iran's nuclear weapons program is assessed to be approaching a useable capability.

An intermediate military option linked to containment is to repeat the Reagan administration's overt use of US maritime power in the Persian Gulf during 1986-88. The intent would be to guarantee international trade via the Straits of Hormuz, while at the same time threatening to interdict Iranian oil exports should they resort to aggression.<sup>89</sup> The question of how tolerable the international consequences of this response would be is a key factor to consider. Importantly, Iran has threatened to exacerbate terrorist activity and close the Straits

of Hormuz if attacked.<sup>90</sup> Although such measures impact on Iran's own interests, anything is possible if its leaders felt they were engaged in a fight for political survival.<sup>91</sup> The inescapable logic, however, is that Iran could follow a similar path with the added security of nuclear deterrence.

### A Way Forward

Despite Tehran's perceptions of grand opportunity, there are diplomatic, informational, military and economic (DIME) points of leverage with the potential to moderate Iran's foreign policy. As Iran's diplomatic approach to the US in the Spring of 2003 demonstrated, American power and strength of purpose can be a powerful catalyst for Iranian pragmatism. This requires a stronger emphasis on the 'IME' in DIME and less emphasis on diplomatic rhetoric, which plays to a persecuted Shiite world view. The intent should be to exacerbate the negative effects that result from Iran's adversarial foreign policies, forcing it to "fight on a hundred fronts."<sup>92</sup>

#### Diplomacy

Contrary to the advice in the Baker-Hamilton Report, US efforts should be focused on generating greater pressure on Iran's leaders. This can be accomplished by constantly emphasizing the threat that Iran poses to the world oil trade, to countries with significant Shiite populations, and to regional anti-proliferation objectives. The US could also leverage regional fear of Iran and historical Arab-Persian rivalry, to encourage greater involvement by countries like Saudi Arabia, Egypt, and Jordan in resolving the Israel-Palestinian dispute.<sup>93</sup> Enhancing the limited sanctions adopted under UNSCR 1737 must also be a priority, noting that the opposition of key European states and China makes this problematic.<sup>94</sup> If effective diplomatic responses cannot be generated, the best option available to the US is stronger containment of Iran – either unilaterally or in partnership with like minded allies.

#### Information

The US must continue to mobilize domestic and international opinion against Iran, which requires more effective communication of the deleterious effects of Iran's behavior. For example, Iran's export of sophisticated military technologies beyond its borders must be repeatedly emphasized. In place of the 'catch and release' policy normally applied when Iranian operatives are apprehended in Iraq, the US should consider ways of exploiting the informational value of these detentions.<sup>95</sup> Similarly, public exposure of Iran's subversive activities throughout the Middle East should be a recurring feature of the US information strategy.

## Military

Containment of Iran must include a tougher military line on its subversive activities in Iraq.<sup>96</sup> This requires greater acceptance of risk (both political and military) in dealing with Iranian cross-border operations. The costs and consequences of Iranian subversion must be understood in Tehran, in Baghdad, and particularly by Iraqi officials in provinces like Maysan and Basra. The approval of enhanced measures under the Proliferation Security Initiative to interdict suspected dual-use or other prohibited shipments to Iran should be fast tracked. This requires a strengthened US maritime presence in the Persian Gulf to facilitate enforcement, to enable a rapid response to Iranian military threats, and if necessary to launch pre-emptive attacks on Iran's nuclear facilities.<sup>97</sup> Ultimately, US choices narrow in the event that Iran reaches a tipping point in its nuclear development program. Should reliable intelligence indicate Iran's realization of a useable nuclear weapons capability, the US and like-minded states must act preemptively to prevent such an outcome.

## Economic

The US should link Iran's economic future to its international behavior, focusing on Iran's single commodity economy as a key point of leverage.<sup>98</sup> One approach is to dissuade foreign investment in Iran, particularly by Japan and selected EU countries.<sup>99</sup> The US could also exploit Iran's vulnerability to oil price fluctuations by negotiating with OPEC members to increase oil production. This would lower prices, diminish the favorable impact on Iran's economy, affect its foreign currency reserves, and reduce the effectiveness of Iran's threats against world oil markets.<sup>100</sup> Although some argue that the population of Iran would be the unintended victims of a declining economy, this is only true if they were the ultimate beneficiaries of oil revenues.<sup>101</sup> This is not the case with much of the current wealth of Iran being diverted into the development of nuclear and military capabilities.

## Conclusion

Iran's behavior constitutes an obvious rallying point for a robust international response, the lack of which speaks volumes for the efficacy of multilateral diplomacy today. The political objectives that underlie this behavior have defined Persian politics for at least twenty years. The most important of these is a desire for regional hegemony, which is at the heart of Iran's emphasis on WMD, subversive interference in the affairs of regional neighbors, and efforts to diminish western influence. Its leaders perceive current geostrategic circumstances as an opportunity to consolidate existing gains and test the limits of its broader interests for as long as

the international community allows. Such boldness has not always been the case, however, with Iranian pragmatism most evident when US power and resolve have been strongest. The Reagan administration's response to Iranian aggression in the 1980s and Iran's offer of engagement with America at the height of the US 2003 offensive in Iraq are two compelling examples. They demonstrate that unless and until the potential negative costs to Iran exceed the perceived benefits of its strategy, it is likely to reject compromise.

Despite suggestions that an Iranian nuclear threat will not emerge for some time or that the world could live with a nuclear capable Iran, the consequences of being wrong demand the suspension of hope for more substantial policy responses. All of the available evidence suggests that a nuclear armed Iran is likely to pursue its interests with greater vigor and be even less amenable to international opinion with the added protection of nuclear deterrence. Given Iran's prolonged investment in a nuclear capability, the current dispute may have already assumed the status of decisive engagement – one that its leaders feel cannot be lost. The scale of this investment and the risk that Tehran accepts in pursuing a nuclear dividend, suggests it is a centerpiece of its strategic vision. The intensity of interests engaged requires the US to maximize the coercive effects of its national power – particularly economic, military and informational measures that can contain Iran and influence its leaders' assessment of strategic costs and benefits. In the event that this fails to ameliorate Iran's behavior and credible evidence emerges of a maturing Iranian nuclear weapons capability, then the US must be willing to employ preemptive force to prevent Iran from acquiring the added protection of nuclear deterrence. In essence US national security interests demand a proactive rather than an avoidant strategy in dealing with Iran. Acceptance of Iran's behavior or compensating it for complying with international will constitutes appeasement of the worst kind.<sup>102</sup> A willingness to overlook its behavior in the hope that it will respond cooperatively in regional stabilization efforts, ignores history, suspends logic, exaggerates Iran's control of terrorist groups, and establishes an unfortunate precedent that other rogue states may seek to exploit. Moreover, reliance on Iran's patronage of developing states like Iraq is akin to leaving a fox in charge of the hen house. It simplifies Iran's attempt at expanding its regional influence, exacerbates Sunni-Shiite rivalry, lays the framework for WMD proliferation, and puts at risk important US relationships in the region. Although some consider prolonged engagement and concessions as preferable to confrontation, in Middle Eastern politics this signals weakness and invites further pressure. To paraphrase George Schulz, it is often better to act strongly when you should, rather than when you must.<sup>103</sup>



## Endnotes

<sup>1</sup> Thomas Friedman, "Mideast Rules to Live By," *New York Times*, 20 December 2006, p. 29.

<sup>2</sup> Since the formation of the UN over 50 resolutions relating to Iran have been adopted. Current concerns are linked to the detection of highly enriched uranium by IAEA inspectors that is inconsistent with the type of material required for nuclear energy generation. See IAEA Board of Governors, "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran," 4 February 2006, linked from the *IAEA Home Page*, available from [www.iaea.org/Publications/ Board/gov2006\\_14.pdf](http://www.iaea.org/Publications/Board/gov2006_14.pdf); Internet; accessed 5 December 2006.

<sup>3</sup> The resolutions are hereafter referred to as UNSCR 1696 and UNSCR 1737. UNSCR 1696 was adopted on 31 July 2006 and demanded that Iran suspend all nuclear enrichment and reprocessing activities within one month or risk the imposition of economic and diplomatic sanctions. See United Nations Security Council Press Release, "Security Council Demands Iran Suspend Uranium Enrichment by 31 August, or Face Possible Economic and Diplomatic Sanctions," linked from the *United Nations Home Page* at <http://www.un.org/News/Press/docs/2006/sc8792.doc.html>; Internet; accessed 17 October 2006. Iran's ongoing defiance resulted in the unanimous adoption of UNSCR 1737 on 23 December 2006, which imposed limited sanctions and gave Iran a further two months to comply with its international arms control obligations. See Reuters, "U.S. Says Iran Resolution Not Enough By Itself," 24 December 2006; available from [http://today.reuters.com/news/articlenews.aspx?type=politicsNews&storyID=2006-12-23T19451Z\\_01\\_N23328666\\_RTRUKOC\\_0\\_US-IRAN-NUCLE](http://today.reuters.com/news/articlenews.aspx?type=politicsNews&storyID=2006-12-23T19451Z_01_N23328666_RTRUKOC_0_US-IRAN-NUCLE); Internet; accessed 24 December 2006.

<sup>4</sup> This is often portrayed in the media as a US-EU dichotomy. The failure of European-led diplomacy is evidenced by Iran's agreement and subsequent repudiation of two accords with the UK, France and Germany (EU3) to suspend its uranium enrichment activities since 2003. See, for example Bronwen Maddox, "Europeans Blink First in Standoff," *The Australian*, 2 September 2006 [newspaper on-line]; available from <http://www.theaustralian.news.com.au/stroy/0,20867,20332286-3147,00.html>; Internet; accessed 13 November 2006.

<sup>5</sup> Kenneth Katzman, "Iran: U.S. Concerns and Policy Responses," 2006; available from <http://fpc.stae.gov/documents/organization/71855.pdf>; Internet; accessed 10 December 2006.

<sup>6</sup> During a recent speech, Ambassador Dennis Ross highlighted the potential for countries like Saudi Arabia, Egypt and Turkey to seek their own deterrent nuclear capability if Iran crosses the nuclear threshold. Dennis Ross, "The Levant after the Israel / Lebanon War," Speech to US Army War College Middle East Symposium, Carlisle Barracks, PA, 28 November 2006.

<sup>7</sup> For an overview of the US position, see George W. Bush, Address to the United Nations General Assembly, New York, 19 September 2006, available from <http://www.whitehouse.gov/news/releases/2006/09/20060919-4.html>; Internet; accessed 21 September 2006. See also George W. Bush, *National Strategy for Combating Terrorism* (Washington, D.C.: The White House, September 2006): 19-20.

<sup>8</sup> Mahmoud Ahmadinejad, "A Date with a Dangerous Mind," Interview by Scott MacLeod, *Time Magazine*, 18 September 2006. See also "Iran Nuclear Plan Irreversible," 29 April 2006, linked from the *BBC Home Page*, available from <http://news.bbc.co.uk/1/hi/world/middleeast/4957282.stm>; Internet; accessed 26 November 2006.

<sup>9</sup> Thom Shanker, "Rice Dismisses Iranian Cleric Warning on Oil," *The New York Times*, 5 June 2006 [newspaper on-line]; available from [www.nytimes.com/2006/06/05/world/middleeast/05diplo.html](http://www.nytimes.com/2006/06/05/world/middleeast/05diplo.html); Internet; accessed 12 November 2006. For a comprehensive treatment of Iran's oil threat and possible response options, see James Philips, Ariel Cohen and William Schirano, "Countering Iran's Oil Weapon," 13 November 2006, linked from the *Heritage Foundation Home Page*, available from [www.heritage.org/Research/MiddleEast/bg1982.cfm](http://www.heritage.org/Research/MiddleEast/bg1982.cfm); Internet; accessed 26 November 2006. See also Amir Taheri, "Getting Serious about Iran: For Regime Change," *Commentary*, 122 (November 2006): 28-33.

<sup>10</sup> US interests in the Persian Gulf were articulated in President Carter's State of the Union Address in 1980, which warned that any attempt by outside forces to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the US and will be repelled by any means, inclusive of military force. See Jimmy Carter, "State of the Union Address," 23 January 1980; available from <http://www.jimmycarterlibrary.org/documents/speeches/su80jec.phtml>; Internet; accessed 18 January 2007.

<sup>11</sup> U.S. House of Representatives, Permanent Select Committee on Intelligence, Subcommittee on Intelligence Policy, *Recognizing Iran as a Strategic Threat: An Intelligence Challenge for the United States*, 23 August 2006, 4.

<sup>12</sup> The Shahab-3 medium range ballistic missile, for example, has a range of 2000km, with efforts currently underway to develop a solid-propellant system for an eventual ICBM capability. Media reports suggest that Iran may have also procured BM-25 ballistic missiles with a range of 2500km. See, for example "Iran Acquires Ballistic Missiles from DPRK," *Jane's Defense Weekly*, 4 January 2006.

<sup>13</sup> David Ignatius, "Ahmadinejad's Gauntlet," *Washington Post*, 24 September 2006, p. B07. The substantive aspects of President Ahmadinejad's ideology focus on the destruction of Israel and Judaism, as well as the reappearance of the 12<sup>th</sup> Imam.

<sup>14</sup> President Ahmadinejad has repeatedly rejected a two state solution for Israel-Palestine. See, for example Amir Taheri, "Our Enemies' Glee: Islamists Dream Big after US Elections," *New York Post*, 16 November 2006, p. 43.

<sup>15</sup> For an overview of the support within Iran's government for current policies, see Lowe, 5. See also U.S. House of Representatives, Permanent Select Committee on Intelligence, Subcommittee on Intelligence Policy, *Recognizing Iran as Strategic Threat: An Intelligence Challenge for the US*, 23 August 2006, 6.

<sup>16</sup> For an overview of the history and scope of Iran's nuclear program, see Joseph Cirincione, "The Clock's Ticking: Stopping Iran Before It's Too Late," *Arms Control Today* 36 (November 2006): 17-21 [database on-line]; available from ProQuest; accessed 8 December 2006.

<sup>17</sup> See, for example Ayatollah Ali Khamenei's speech on the occasion of a memorial ceremony to mark the 17<sup>th</sup> anniversary of the death of Ayatollah Khomeini, available from [www.khamenei.ir/EN/News/detail.jsp?id=20060604A](http://www.khamenei.ir/EN/News/detail.jsp?id=20060604A); Internet; accessed 25 November 2006. See also Arnold Beichman, "Dealing with Iran's Threats," *Washington Times*, 14 November 2005 [newspaper on-line]; available from [www.washingtontimes.com/commentary/20051113-114109-6209r.html](http://www.washingtontimes.com/commentary/20051113-114109-6209r.html); Internet; accessed 25 November 2006.

<sup>18</sup> Ryan Jones, "Iran Limits Cooperation With IAEA, Bars Inspectors," *All Headline News*, 22 January 2007, [newspaper on-line]; available from <http://www.allheadlinenews.com/articles/7006216260>; Internet; accessed 27 January 2007.

<sup>19</sup> The immediate past Chairman of Iran's Assembly of Experts (Ayatollah Meshkini) has stated that "the only legitimate government on Earth is the Islamic Republic and the entire world, starting with the Muslim nations, must be put under the rule of the Supreme Guide." See Amir Taheri, "Getting Serious About Iran," *Commentary* 122, no. 4 (November 2006): 23. Evidence of Iran's preference for instability is seen in its lack of support for the international coalition that evicted Iraq from Kuwait and since then, its persistent support of regional terrorist proxies.

<sup>20</sup> Robin Hughes, "Iran and Syria Sign Mutual Assistance Accord," *Jane's Defense Weekly*, 21 December 2005.

<sup>21</sup> See Economist Intelligence Unit, *2006 Country Profile: Iran*, (2006): 6. Moderate conservative gains are clearly counterbalanced by the Iranian Guardian Council's suppression of reformist political forces. For example, almost a third of candidates (predominantly reformist) were vetoed by the Council prior to the February 2004 elections.

<sup>22</sup> Mehrzad Boroujerdi, "The Iranian Nuclear Miasma," speech to the US Army War College Middle East Symposium, Carlisle Barracks, PA, 29 November 2006. Dr Boroujerdi highlighted what he considers to be quite rational motivations for Iranian foreign policy responses – including its current stand on nuclear development. These include: diversification of its energy sources; to preserve petroleum for more lucrative uses; a desire for scientific progress; to deter neighboring nuclear powers (Israel) and preemptive attack by the US; and as a weapon of last resort for a revolutionary regime.

<sup>23</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Time Books, 2006), 3. Takeyh asserts that America misunderstands the complexity of Iranian political life. He argues its nuclear program is not focused externally, but is intended to divide domestic political opponents and shore up domestic power.

<sup>24</sup> James Baker and Lee Hamilton, *The Iraq Study Group Report* (Washington, D.C., 7 December 2007), Recommendation 8.

<sup>25</sup> Iran's leaders expect that US Democrats will press for a Clintonesque grand bargain that recognizes Iran's regional prominence and right to a full cycle of nuclear technology. A grand bargain with Tehran, however, has been explicitly rejected. See Daniel Dombey, "Bolton Rejects 'Grand Bargain' With Iran," *Financial Times*, 9 June 2006 [newspaper on-line]; available from [www.ft.com/cms/s/3016bd2-7e9-11da-9481-000779e2340.html](http://www.ft.com/cms/s/3016bd2-7e9-11da-9481-000779e2340.html); Internet; accessed 25 November 2006. For more detailed coverage of the potential nature of a grand bargain, see Geoffrey Kemp, Iran: What Are the Options," *Hoover Digest* 1, 2005, linked from the *Hoover Digest Home Page*, available from <http://www.hoover.org/publications/digest/3001466.html>; Internet; accessed 13 November 2006. For a perspective on the desirability of a grand bargain with Iran, see Flynt Leverett, "Only a Grand Bargain with Iran Will Work," speech to CATO Institute Conference, 13 December 2006, available from [http://www.niacouncil.org/press\\_releases/press500.asp](http://www.niacouncil.org/press_releases/press500.asp); Internet; accessed 14 December 2006.

<sup>26</sup> The Associated Press, "World Has to Live with a Nuclear Iran Says Its Prez," *New York Daily News*, 15 November 2006, 7.

<sup>27</sup> The coup in 1953 and installation of Shah Mohammad Reza Pahlavi was largely driven by a US-UK desire for an Iranian government that was more amenable to western interests, particularly the cooperative exploitation of oil resources. As a consequence of this enmity, Iran's policy responses towards America are shaped by religiously sanctioned deception (*taqiyya*) and great secrecy in negotiations (*kitman*). For an insight into Persian cultural influence on its politics, see Andrew Campbell, "Iran's Nuclear Deception: Taqiyya and Kitman" *National Observer* 67 (Summer 2006): 8-25.

<sup>28</sup> For an overview of the unintended strategic consequences resulting from these factors, see Paul Kelly, "US Policy Makes Iran the Winner," *The Australian*, 1 September 2006 [newspaper on-line]; available from <http://blogs.theaustralian.news.com.au/paulkelly.html>; Internet; accessed 12 November 2006.

<sup>29</sup> Russia and China in particular have refused to consider sanctions that are enforceable under Chapter VII of the UN Charter. See Gareth Porter, "As Rice's Strategy Fizzles, Cheney Waits," *Asia Times*, 5 December 2006 [newspaper on-line]; available from [http://www.atimes.com/atimes/Middle\\_East/HL06Ak01.html](http://www.atimes.com/atimes/Middle_East/HL06Ak01.html); Internet; accessed 7 December 2006.

<sup>30</sup> For an overview of the changing nature of Iranian cooperation with the IAEA, see Kemp, 1-2. For a review of the Iranian offer to diplomatically resolve its differences with the US, see Flynt Leverett, "Bush Administration Not Serious About Dealing with Iran," interview by Bernard Gwertzman, Council on Foreign Relations, 31 March 2006; available at [www://cfr.org/publication/10326.html](http://www.cfr.org/publication/10326.html); Internet; accessed 18 July 2006.

<sup>31</sup> A key US strategic objective during the 2003 Iraq Campaign was to convince other countries like Iran to cease support to terrorists and to deny them WMD. See Michael Gordon and Bernard Trainor, *Cobra II: The Inside Story of the Invasion and Occupation of Iraq* (New York: Random House, 2006), 73-74.

<sup>32</sup> See Michael Hayden, Statement for the Record Before the Senate Armed Services Committee, 15 November 2006; available from [www.cia.gov/cia/public\\_affairs/speeches/2006/DCIA/SASC\\_Testimony.html](http://www.cia.gov/cia/public_affairs/speeches/2006/DCIA/SASC_Testimony.html); Internet; accessed 26 November 2006.

<sup>33</sup> Edward Luttwak argues convincingly that Iran's current adversarial policies would be substantially emboldened by the acquisition of a nuclear deterrent capability. See Edward Luttwak, "Three Reasons Not to Bomb Iran – Yet," *Commentary* 121 (May 2006): 21-28.

<sup>34</sup> David Sanger and Elaine Sciolino, "Iran Strategy: Cold War Echo," *New York Times*, 30 April 2006 [newspaper on-line]; available from <http://www.nytimes.com/2006/04/30/world/middle-east/30iran.html>; Internet; accessed 13 October 2006.

<sup>35</sup> For an overview of Iran's energy status see Anthony Cordesman, *Iranian Nuclear Weapons? Options for Sanctions and Military Strikes*, Working Draft (Washington, D.C.: Center for Strategic and International Studies, 30 August 2006), 2.

<sup>36</sup> Robert Lowe and Claire Spencer, eds., *Iran, Its Neighbours and the Regional Crisis: A Middle East Program Report* (London: Chatham House, 2006), 13-15.

<sup>37</sup> For an overview of Iranian perspectives on why a nuclear weapons capability is desirable as a deterrent to Israel see Saikal, 195-197.

<sup>38</sup> Cirincione, 3. Interestingly, Cirincione acknowledges the likelihood that Iran has conducted nuclear weapons-related activities in the past and has accelerated its program surreptitiously through the A.Q. Khan network. For reasons that are less clear he expresses confidence that these activities have now ended or been suspended.

<sup>39</sup> Barry Posen, "Exit Strategy and How to Disengage from Iraq in 18 Months," *Boston Review Online*, January / February 2006 [journal on-line]; available from <http://bostonreview.net/BR31.1/posen.html>; Internet; accessed 27 November 2006.

<sup>40</sup> Jim Krane, "Arabs Urged to Eject U.S. From Bases," Associated Press, 5 December 2006 [newspaper on-line]; available from [http://news.yahoo.com/s/ap/20061205/ap\\_on\\_re\\_mi\\_ea/iran\\_arabs\\_us\\_military\\_1](http://news.yahoo.com/s/ap/20061205/ap_on_re_mi_ea/iran_arabs_us_military_1); Internet; accessed 9 December 2006.

<sup>41</sup> Iran's support of terrorist groups operating throughout the Middle East was recently reaffirmed in the December 2006 House Armed Services Committee Defence Review Report (p. 21). For a recent summary of its enduring support of Hezbollah, see Edward Djerejian, "From Conflict Management to Conflict Resolution," *Foreign Affairs* 85 (November / December 2006): 41-80 [database on-line]; available from ProQuest; accessed 18 December 2006. See also Ray Takeyh, "The Israel-Hezbollah Conflict and the Shiite-Sunni Divide," in Robert Grace and Andrew Mandelbaum, *Understanding the Iran-Hezbollah Connection*, September 2006, available from [http://www.usip.org/pubs/us\\_ipeace\\_briefings/2006/0922\\_iran\\_hezbollah.html](http://www.usip.org/pubs/us_ipeace_briefings/2006/0922_iran_hezbollah.html); Internet; accessed 18 October 2006.

<sup>42</sup> During the author's posting to Iraq during 2005, it was clear that Iranian intelligence (Ministry of Internal Security and Special Operations' Department of the Islamic Revolutionary Guard Corps) was involved in illegal cross border activities in support of Shiite organizations in Iraq. This occurred predominantly in poorly guarded border crossing areas. Notably, the Iran-Iraq border runs through the Shatt-Al-Arab from the Al Faw Peninsula to the border crossing point at Shalamchah - a river area that is easily infiltrated. Iran's main effort in Iraq is linked to support of paramilitary organizations like the BADR Corps and JAM. The extent of its influence is apparent in the rapid reclamation of Camp Abu Naji in Maysan Province by JAM, immediately following the withdrawal of British-led Multi National Forces from the Camp in October 2006. Much of the equipment utilized by JAM, Hamas and Lebanese Hezbollah is identifiable from production markings as being of Iranian manufacture. The volume and cost of equipment involved is highly suggestive of Iranian government involvement. For an overview of the type of weapons and support being provided by Iran see Richard Zahner, "U.S. Military Intelligence Official Discusses Iran's Strategy in Neighboring Iraq," 28 September 2006, linked from *The U.S. Department of State Web site*, available from <http://usinfo.state.gov/xarchives/display.html?p=washfileenglish&y=2006&m=September&x=20060928161144sjhtrop0.6480219>; Internet; accessed 14 October 2006.

<sup>43</sup> Iran constantly emphasizes its natural leadership role within the Muslim world and prioritizes transnational Islamic allegiances above those linked to ethnicity or state citizenship. See Walter Mead, *Power, Terror, Peace and War: America's Grand Strategy in a World at Risk* (New York, Knopf Publishing, 2004). Muhammad Laranjani, during his appointment as foreign policy adviser to President Rafsanjani, was quoted as saying that Iran's eventual leadership of the Islamic world was a historical fait accompli. See Mohammad Mohaddessin, *Islamic Fundamentalism: The New Global Threat* (Washington, D.C.: Seven Locks Press, 2001).

<sup>44</sup> The rhetoric of Umma is often used by Iran's leaders to reframe Muslim national diversity into a unified political community that transcends state allegiances. Countries with large Shiite populations like Saudi Arabia and Bahrain are likely to be concerned by Iran's appeal to their Shiite constituencies. For background on transnationalism as the new form of nationalism in the twenty-first century, see Riva Kastoryano, "The Reach of Transnationalism"; available from <http://www.ssrc.org/sept11/essays/kastoryano.html>; Internet; accessed 11 September 2006. See also Nina Glick-Schiller, Linda Basch, and Cristina Szanton-Blanc, *Nations Unbound: Transnational Projects, Postcolonial Predicaments, and Deterritorialized Nation-States* (New York: Gordon and Breach, 1994).

<sup>45</sup> Iran Policy Committee, *What Makes Tehran Tick? Options for Israel and the United States to Prevent a Nuclear-Armed Iran* (Washington, D.C.: 9 May 2006), 15.

<sup>46</sup> Mohsen Milani, "Prospects For Democracy," speech to US Army War College Middle East Symposium, Carlisle Barracks, PA, 28 November 2006. Dr. Milani has highlighted the linkage between Iran's desire for regional influence and its support of sectional causes in the Palestinian Territories and elsewhere.

<sup>47</sup> In a recent address to an Australian Federal Parliament Sub-Committee, the Iranian Ambassador to Australia asserted that Iran would not recognize any referendum carried by the Palestinian people in favor of a two-state solution. See Paul Kelly, "A Strategic and Moral Dilemma Haunts the West," *The Australian*, 30 August 2006 [newspaper on-line]; available from <http://www.theaustralian.news.com.au/story/0,20867,20297132-12250,00.html>; Internet; accessed 11 November 2006.

<sup>48</sup> For an overview of US security priorities over time, see Don Snider and John Nagi, "The National Security Strategy: Documenting Strategic Vision," in U.S. Army War College, Department of National Security and Strategy, *Volume 3 Readings* (Carlisle Barracks, PA: 2006): 3-18.

<sup>49</sup> George W. Bush, *The National Security Strategy of the United States* (Washington, D.C.: The White House, March 2006), 19-20.

<sup>50</sup> The IAEA has recently named Algeria, Egypt, Morocco, Saudi Arabia, Tunisia, and the United Arab Emirates as six countries that are likely to embark on civilian nuclear energy programs. See Richard Beeston, "Six Arab States Join Push to Go Nuclear," *London Times*, 4 November 2006 [newspaper on-line]; available from <http://www.timesonline.co.uk/article/0,,3-2436948,00.html>; Internet; accessed 13 November 2006. For an overview of the potential for Iran's nuclear program to encourage regional proliferation, see Kathleen McInnis, "Extended Deterrence: The U.S. Credibility Gap in the Middle East," *Washington Quarterly* 28 (Summer 2005): 169-186.

<sup>51</sup> In a 2006 statement to the House International Relations Committee, the US Undersecretary of State for Political Affairs, Nicholas Burns stated that Iran's leadership directly threatened vital American interests in four key areas: its pursuit of a nuclear weapons capability; its role as the "Central Banker" in directing and funding terror; its determination to dominate the Middle East as the most powerful state in the Persian Gulf region; and its repression of the democratic hopes of the Iranian people. See R. Nicholas Burns, "Opening Statement before the House International Relations Committee," Washington, D.C, 8 March 2006; available from <http://www.state.gov/p/us/rm/2006/62779.htm>; Internet, accessed 27 January 2007.

<sup>52</sup> For a review of the debate and its influence on US policy, see Jeffrey Record, "A Note on Interests, Values and the Use of Force," *Parameters* 31 (Spring 2001): 15-21. See also Caspar W. Weinberger, "The Uses of Military Power," *Defense '85* (January 1985): 2-11.

<sup>53</sup> Robert Strassler, ed., *The Landmark Thucydides: A Comprehensive Guide to 'The Peloponnesian War,'* Richard Crawley trans. (New York: Free Press, 1996), 43. Donald Kagan, *On the Origins of War and the Preservation of Peace* (New York: Doubleday, 1995), further reinforces Thucydides' perspectives on the causes of war.

<sup>54</sup> The reasons for this are multi-dimensional and are influenced by the competing interests of other major powers like Russia and China. For an excellent juxtaposition between American and European ideals relevant to the exercise of US foreign policy, see Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York: Knopf Publishers, 2003). Kagan argues convincingly that US and European views of the world are increasingly different. Consequently, the UN and other multilateral forums are viewed as a means of collectively influencing US national power.

<sup>55</sup> For an assessment of the policy implications of globalization and other influences on the international system, see Hanns Maull, "The Precarious State of International Order: Assessment and Policy Implications," *Asia-Pacific Review* 13 (May 2006): 68-77.

<sup>56</sup> See Colum Lynch, "'Dissent Grows at UN over Iran,'" *Washington Post*, 6 November 2006 [newspaper on-line]; available from <http://www.washingtonpost.com/wp-dyn/content/article/2006/11/06/>; Internet; accessed 11 November 2006.

<sup>57</sup> Deterrence recognizes the potential for an accelerated Iranian achievement of a nuclear weapons capability, but is not addressed as a response option due to this paper's scope.

<sup>58</sup> The two key dimensions of US engagement with Iran are political and societal. Although this paper focuses on the former, it is worth emphasizing that an active engagement strategy with Iran's citizens should be an enduring feature of US strategy.

<sup>59</sup> Sheryl Gay Stolberg and Kate Zernicke, "Bush Backs Away From 2 Key Ideas of Panel on Iraq," *New York Times*, 8 December 2006, p. A1. See also Agence France Press, "Bush Rejects Direct Talks With Iran," 13 November 2006, linked from the *NCR Home Page*, available from <http://www.ncr.org/content/view/2488/71/>; Internet; accessed 16 November 2006. Calls for direct dialogue with Tehran on specific areas of mutual concern are long standing. See, for example Zbigniew Brzezinski, Robert Gates and Suzanne Maloney, "Iran: Time For a New Approach," 19 July 2004, linked from *The Council For Foreign Relations Home Page*, available from <http://www.cfr.org/publication.html?id=7194>; Internet; accessed 11 November 2006. Interestingly, a co-chair of the task Force that compiled the report (Robert Gates) has recently been appointed by the Bush administration as the new Secretary of Defense.

<sup>60</sup> See Simon Tisdall, "Pride and Prejudice," *The Guardian*, 14 November 2006 [newspaper online]; available from <http://www.guardian.co.uk/Columnists/Column/0,,1947267,00.html>; Internet; accessed 14 November 2006. Henry Kissinger is a prominent voice calling for Iran's involvement in an international conference on the future of Iraq. See, for example Kirk Semple, "Syrian Foreign Minister, in Baghdad, Calls for Timetable for U.S. Troop Withdrawal," *The New York Times International*, 20 November 2006, p. A12.

<sup>61</sup> Amin Saikal asserts that Iran is critical to achieving an enduring peace in Iraq and could be convinced to play a constructive role. See Amin Saikal, "The Iran Nuclear Dispute," *Australian Journal of International Affairs* 60 (June 2006): 193-199. See also Kaveh Afrasiabi and Mustafa Kibaroglu, "Negotiating Iran's Nuclear Populism," *The Brown Journal of World Affairs*, 12 (Summer/Fall 2005): 255-268.

<sup>62</sup> Kenneth Pollack, "Don't Count on Iran to Pick up the Pieces," *New York Times*, 8 December 2006, p. A31.

<sup>63</sup> Angelo Codevilla, "How to Eliminate Iran's Nuclear Weapons," 7 April 2006, linked from *The Claremont Institute Home Page*, available from <http://www.claremont.org/writings/crb/spring2006/codevilla.html>; Internet; accessed 15 October 2006.

<sup>64</sup> The UN's unwillingness to confront Iran's repudiation of UNSCR 1696 in a stronger way is likely to have sent such a signal. See, for example Editorial, "Annan Urges Peaceful End to Iran Standoff," *The Australian*, 4 September 2006 [newspaper on-line]; available from <http://www.theaustralian.news.com.au/story/0,20867,20347860-31477,00.html>; Internet; accessed 13 November 2006.

<sup>65</sup> The key difficulty in articulating Iran's view on what constitutes 'fairer conditions', relates to the tendency of its leadership to axiomatically define its interests as opposed to the US. For an insight into general conditions see Ali Larinjani, "Larinjani Conditions Iran's Help With U.S. Pullout From Iraq," *Tehran Times*, 6 December 2006 [newspaper on-line] available from <http://www.tehrantimes.com/Description.asp?Da=12/7/2006&Cat=2&Num=005>; Internet; accessed 7 December 2006.

<sup>66</sup> President Bush referred to Iran as part of an axis of evil in his State of the Union message to Congress on 29 January 2002. See Arnold Beichman, "Dealing With Iran's Threats," *Washington Times*, 14 November 2005 [newspaper online]; available from <http://www.washingtontimes.com/commentary/20051113-114109-6209r.html>; Internet; accessed 23 October 2006.

<sup>67</sup> See, for example Tom Porteous, "Rice's Iran Gambit," 5 June 2006, linked from *Tom Paine.com Home Page*, available at [http://www.tompaine.com/articles/2006/06/05/rices\\_iran\\_gambit.php](http://www.tompaine.com/articles/2006/06/05/rices_iran_gambit.php); Internet; accessed 12 September 2006.

<sup>68</sup> For an overview of Iran's lack of faith in previous diplomatic negotiations, see Scott Sagan, "How to Keep the Bomb from Iran," *Foreign Affairs* (September / October 2006): 45-59. See also Michael Rubin, "The U.S. vs. Iran: One Side Is Playing for Real, the Other Only for Time," 20 September 2006; available from <http://www.opinionjournal.com/editorial/feature.html?id=11008968>; Internet; accessed 18 October 2006. The seizure of US hostages in 1979 in contravention of Vienna Conventions on diplomatic and consular relations is one example. President Rafsanjani's public disclosure of private negotiations with the Reagan Administration in relation to US hostages in Lebanon is another. Perhaps the most compelling example is the unwillingness of Tehran's hard liners in the 1990s to negotiate a grand bargain with the US despite bipartisan Congressional support to address Iranian grievances.

<sup>69</sup> Clausewitz has highlighted the correlation between the intensity of political interests engaged and the amount of military force subsequently required to resolve them. See Carl Von



Clausewitz, *On War*, eds., trans., Michael Howard and Peter Paret (New Jersey: Princeton University Press, 1976), 88, 606.

<sup>70</sup> Thomas Schelling argues convincingly that the power to hurt is the key to contemporary military power and the presence of credible, coercive measures is vital in maximizing diplomacy's potential. See Thomas Schelling, "The Diplomacy of Violence," in *Arms and Influence* (New Haven: Yale University Press, 1966), 1-34.

<sup>71</sup> David Sanger, "Dueling Worldviews: Baker's Emphasis on Negotiations Clashes With the Mind-set of Rice," *New York Times*, 8 December 2006, p. A16.

<sup>72</sup> Thomas Donnelly, "Countering Aggressive Rising Powers: A Clash of Strategic Cultures," *Orbis* 50 (Summer 2006): 413-428.

<sup>73</sup> See Elliot Hen-Tov, "Understanding Iran's New Authoritarianism," *The Washington Quarterly* 30 (Winter 2006-07): 163-179.

<sup>74</sup> For an overview of Iran's willingness to shrug off external efforts to moderate its behavior over time, see Pollack, 67-68.

<sup>75</sup> See, for example Irwin Arief, "Unilateral Steps Against Iran Unhelpful," *The Star Online*, 4 January 2007 [newspaper on-line]; available from <http://www.campaigniran.org/casmii/index.php?q=node/1016>; Internet; accessed 2 March 2007. Russia and China's opposition has economic and geostrategic dimensions, linked to a desire to limit the exercise of US power. Their interests-based approach to Iran is evidenced by the 2005 invitation for Tehran to join the Shanghai Cooperation Organization. For a predictive treatment of the future interests of key players, see Richard Haas, "The New Middle East," *Foreign Affairs*, (November / December 2006): 2-11. An important issue in gaining support for sanctions against Iran is the diversity of its trading relationships. Iran's top seven importing partners are Germany, France, Italy, China, UAE, South Korea and Russia.

<sup>76</sup> Reuters, "U.S. Says Iran Resolution Not Enough by Itself," 24 December 2006; available from [http://today.reuters.com/news/articlenews.aspx?type=politicsNews&storyID=2006-12-23T19451Z\\_01\\_N23328666\\_RTRUKOC\\_0\\_US-IRAN-NUCLE](http://today.reuters.com/news/articlenews.aspx?type=politicsNews&storyID=2006-12-23T19451Z_01_N23328666_RTRUKOC_0_US-IRAN-NUCLE); Internet; accessed 24 December 2006.

<sup>77</sup> An example is President Ahmadinejad's recent public warning to European leaders that cooperation with US sanctions would be considered by Iran as an act of hostility. See, for example "U.S. Presses China, Russia Ahead of Iran Sanctions Meeting," 5 December 2006; available from <http://www.cbc.ca/world/story/2006/12/05/iran-sanctions.html>; Internet; accessed 8 December 2006. This is a long standing strategy that Iran uses other areas of its foreign policy such as its Caspian Sea interests. See, for example Bulent Aras, "Iranian Policy Towards the Caspian Sea Region," in *The New Geopolitics of Eurasia and Turkey's Position* (London: Frank Class Publications, 2002).

<sup>78</sup> A key factor is Iran's heavy reliance on global credit in support of its trade. Additionally, despite its status as OPEC's number two exporter of oil, Iran imports almost half of its refined petroleum needs. The imposition of sanctions is clearly a double-edged sword, however, given Iran's ability to influence global energy markets. A truly unified international response would be necessary to overcome the likely impact on world oil supplies.

<sup>79</sup> Russia is completing Iran's first nuclear energy plant at Bushehr and China is assisting its construction of a uranium conversion facility at Isfahan. More generally, the extent of trade between EU countries and Iran has tripled in the last six years, providing much needed foreign currency for Iran to pursue its nuclear program and in the process, fostering the sort of economic relationships that complicate multilateral security discussions. Iran's developing global energy relationships with Russia, China and India means that it is less vulnerable to economic measures than may have been the case in the past. An insight into the difficulties of gaining broad multilateral support for sanctions is the IAEA Board of Governors vote on 24 September 2005 to declare Iran non-compliant with its NPT safeguard obligations. The vote was carried 22-1, although both Russia and China abstained. See Lynch, or Phillips, James, John Hulsman and James Carafino, "Countering Iran's Nuclear Challenge," 14 December 2005; available from <http://www.heritage.org/Research/MiddleEast/Iraq/bg1903.cfm>; Internet; accessed 4 October 2006. For an overview of the sort of concessions required to gain the support of Russia and China, see George Perkovich, "US Needs Conversation With Putin on Iran Sanctions," linked from *The CFR Home Page*, available from <http://www.cfr.org/publication/11366.html>; Internet; accessed 10 November 2006.

<sup>80</sup> This requires further extension and enhancement of the US Iran-Libya Sanctions Act (August 2001). Russia has warned, however, that unilateral action beyond the existing UN Resolution framework would be unhelpful. These warnings follow public statements by US officials that the sanctions regime under UNSCR 1737 was insufficient. See Arieff, 1.

<sup>81</sup> Enabling legislation in the Iran Freedom and Support Act was approved by the US Congress on 30 September 2006. See White House Press Office, "President Bush Signs H.R. 6139 and H.R. 6198," 30 September 2006, available from [http://www.whitehouse.gov/news/releases/2006/09/2006\\_0930-3.html](http://www.whitehouse.gov/news/releases/2006/09/2006_0930-3.html); Internet; accessed 20 November 2006. For a recent review of ethnic diversity in Iran that highlights potential points of US leverage see John Bradley, "Iran's Ethnic Tinderbox," *The Washington Quarterly* 30 (Winter 2006-07): 181-190.

<sup>82</sup> Additional staffing for a new Iran Directorate in Washington and Congressional approval of US\$76m for Iranian Democratization Outreach Programs are further indicators. See Hassan Fattah, "U.S. Sets Up a Perch in Dubai to Keep and Eye on Iran," *The New York Times International*, 20 November 2006, p. A3.

<sup>83</sup> For a convincing review of the entrenched nature of the current hard line leadership group in Iran and the synergistic effects of its regional linkages, see, Lowe, 6-48.

<sup>84</sup> Rubin argues that subversive influence through the use of Kurdish resistance groups or in places like Khuzestan and Baluchistan, risks trading short-term gain for long-term strategic harm. See Michael Rubin, "Domestic Threats to Iranian Stability: Khuzistan and Baluchistan," 13 November 2005, linked from *The Institute for Contemporary Affairs Home Page*, available from [http://www.jcpa.org/brief/brief\\_005-9.html](http://www.jcpa.org/brief/brief_005-9.html); Internet; accessed 22 October 2006.

<sup>85</sup> The Chairman of the US House Intelligence Committee, Peter Hoekstra, has conceded this point. See Associated Press, "Rep. Says Iran's Nuke Capability Unknown," *Washington Post*, 23 April 2006. John Negroponte estimates it may take ten years for Iran to acquire a nuclear weapon, although there is clear potential for an acceleration of the program. See, for example Dama Unzer, "Iran Is Judged 10 Years From Nuclear Bomb," *The Washington Post*, 2 August 2005, p. A1. The "wild cards" that could support earlier achievement of a nuclear

weapons capability include: access to alternative sources of nuclear fuel, or access to a completed weapon from a rogue state like North Korea. See for example Cirincione, 4. Efforts to update intelligence on Iran are being progressed, with recent reporting suggesting that a new National Intelligence Estimate is currently being written. See, for example Seymour Hersh, "The Next Act: Is a Damaged Administration Less Likely to Attack Iran, or More?" *The New Yorker*, 20 November 2006 [journal on-line] available from [www.newyorker.com/fact/content/articles/061127fa\\_fact](http://www.newyorker.com/fact/content/articles/061127fa_fact); Internet; accessed 25 November 2006.

<sup>86</sup> In the aftermath of the Israeli bombing of the Iraqi reactor at Osirak, Iran took substantive steps to disperse and harden its nuclear sites. Assessments of how many targets would need to be struck in order to achieve an effective delay in Iran's nuclear aspirations vary wildly. A mid-range estimate is that 1500 different aim points and repetitive targeting would be required to achieve a substantive effect. See, for example Michael Duffy, "What Would War Look Like?" *Time*, 17 September 2006, 28-32. See also Mario Loyola, "Can Their Program Be Destroyed?" *National Review*, 23 October 2006, 38.

<sup>87</sup> The Israeli Government has repeatedly stated that it will never accept a situation where Iran becomes a nuclear power. Notably the option of military action remains on the table as evidenced by recent comments from Israel's Deputy Defence Minister Ephraim Sneh "Fewer Declarations and More Deeds: An interview with the Editor of the Jerusalem Post," *Jerusalem Post*, 12 November 2006 [newspaper on-line]; available from <http://www.jpost.com/servlet/Satellite?cd=1162378366817&pagename=JPost%2FJPostArticle%2F.html>; Internet; accessed 14 November 2006.

<sup>88</sup> Key risks include the US long-term relationship with Russia and China.

<sup>89</sup> The use of US maritime power in this way has a precedent in the Reagan Administration's policy in 1986-88 to ensure that the Iran-Iraq War did not interrupt world oil supply. This included the sinking of Iranian military shipping and seizure of Iranian oil platforms. See, for example Taheri, 31.

<sup>90</sup> "Iran Threat: Attacks By West Risks All Middle East Oil," *World Tribune*, 3 March 2005 [newspaper on-line]; available from [www.worldtribune.com/worldtribune/05/breaking2453433.078472222.html](http://www.worldtribune.com/worldtribune/05/breaking2453433.078472222.html); Internet; accessed 18 September 2006.

<sup>91</sup> Boroujerdi. In describing the rational motivations underpinning Iran's foreign policy, Dr Boroujerdi has highlighted the potential for Iran's leaders to consider nuclear weapons as a last resort in the event they considered their regime was engaged in a fight for survival.

<sup>92</sup> This phrase is taken from a recent editorial in the Iranian hardline newspaper Kayhan, which is normally supportive of President Ahmadinejad, but recently warned the Iranian government that it cannot fight on a hundred fronts simultaneously. See Mehdi Mohammadi, Editorial, available from <http://www.kayhanintl.com>; Internet; accessed 18 January 2007.

<sup>93</sup> Success in this area would diminish Iran's efforts to position itself at the forefront of Islamic causes. Such an approach may be at the heart of the "new opportunities" and "new strategic context" recently referred to by Condoleezza Rice. See Glenn Kessler and Robin Wright, "Rice Rejects Overture to Iran and Syria," *Washington Post*, linked from the *National Council of resistance of Iran Home Page*, available from <http://www.ncriran.org/index2.php?>

option=com\_content&task=view&id=2628&Itemid=...html; Internet; accessed 15 December 2006.

<sup>94</sup> Russia, China and a number of European states are unwilling to support sanctions that are enforceable under Chapter VII of the UN Charter Public. Reporting of UNSCR1737 portrays the sanctions regime as a watered down series of compromise measures that will not seriously inconvenience the Iranian Government. See, for example "How Much Impact Will the UN Resolution Have on Iran?" *Economist*, 28 December 2006 [journal on-line]; available from [http://www.economist.com/agenda/displaystory.cfm?story\\_id=8476308](http://www.economist.com/agenda/displaystory.cfm?story_id=8476308); Internet; accessed 30 December 2006.

<sup>95</sup> The policy of 'catch and release' was designed to avoid escalation of tensions. See Dafna Linzer, "Troops Authorized to Kill Iranian Operatives in Iraq," *Washington Post*, 26 January 2007, p. A01.

<sup>96</sup> For an update on a hardening US policy in relation to Iranian and Syrian influence in Iraq, see Reuters, "US Says To Go After Iran, Syria Networks in Iraq, 15 January 2007, linked from *Iran Focus Home Page*, available from <http://www.iranfocus.com/modules/news/article.php?storyid=9851>; Internet; accessed 15 January 2007.

<sup>97</sup> Recent reporting suggests this effort is underway, with the deployment of an additional carrier group to the area and heightened submarine activity. See, for example Associated Press, "Japan Seeks Probe of Ship Collision," *New York Times*, 10 January 2007 [newspaper on-line]; available from [http://www.nytimes.com/aponline/world/AP-Japan-US-Submarine.html?\\_r=18&oref=slogin](http://www.nytimes.com/aponline/world/AP-Japan-US-Submarine.html?_r=18&oref=slogin); Internet; accessed 12 January 2007.

<sup>98</sup> Iran's reliance on global credit and imports of refined petroleum is a key point of leverage. See, Andrea Mihailescu, "Iran Plans to Cut Gas Imports, Subsidies," *Washington Times*, 3 July 2006, [newspaper on-line], available from [www.washingtontimes.com/world/20060703-122150-7536r.html](http://www.washingtontimes.com/world/20060703-122150-7536r.html); Internet; accessed 25 November 2006. A strong economy is essential to controlling domestic pressures in Iran that result from high inflation and unemployment. See Kenneth Pollack, "Tackling Tehran," in *The Road Ahead: Middle East Policy in the Bush Administration's Second Term*, ed. Flynt Leverett (Washington, D.C.: Brookings Institution, 2005), 68.

<sup>99</sup> Japan and the EU account for 45% of trade with Iran. For a recent statistical review of Iran's trade relationships, see *The Washington Quarterly* 30 (Winter 2006-07): 119.

<sup>100</sup> Ross. Ambassador Dennis Ross of the Washington Institute has recently highlighted the vulnerability of Iran's economy to the targeted application of international economic power. From a foreign investment perspective, the International Energy Agency has estimated that Iran's oil and gas sectors require over US\$160 billion in investment during the next 25 years, which is an order of magnitude beyond current investment levels. See International Energy Agency, *World Energy Outlook*, 369-370.

<sup>101</sup> Michael McFaul, Abbas Milani, and Larry Diamond, "A Win-Win U.S. Strategy for Dealing with Iran," *The Washington Quarterly*, 30, 1 (Winter 2006-07): 123. The authors suggest that stronger sanctions and the resultant economic pain would hurt the masses more than the Iranian Government, which overstates the benevolence of ruling elites in Tehran.

<sup>102</sup> This is analogous to the avoidant strategy utilized by the Athenians in the Peloponnesian War. See Donald Kagan, *On the Origins of War and the Preservation of Peace* (New York: Doubleday, 1995).

<sup>103</sup> George Schulz, *Turmoil and Triumph: My Years as Secretary of State* (New York: Charles Scribner's Sons, 1993), 345. George Schulz argues convincingly that force is an integrated and legitimate component of effective diplomacy rather than a last resort option.