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POLICY OUTLOOK

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Changing Iran's Nuclear Interests

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Introduction

Nothing about Iran is easy. Everything about it is complicated. This essay begins with assessments of whether Iran intends to build nuclear weapons and whether its technological activities prove or disprove its intentions. Under current international rules, some activities that may lead to nuclear weapon capabilities are allowed as long as there is no evidence that a state intends to build nuclear weapons. The rules do not specify how judgments of intention should be made. Circumstantial evidence is neither relevant nor irrelevant. The matter is open to political struggle, which is now occurring. Some actors want to define the rules more precisely and, recognizing the difficulty of proving intentions, want to rule out the acquisition of technologies that can lead directly to nuclear weapons production. Others, including Iran, resist.

Policy Recommendations for the United States

In order to influence positive change in Iran, the United States must first recognize that

- U.S. policy toward Iran over the past twenty-six years has not worked;
- Unilateral sanctions, denunciations, and other forms of coercion are insufficient; and
- The U.S. needs the cooperation of at least Europe and Russia to affect Iranian behavior.

Working with the international community, the U.S. should help

- Clarify which technologies should be allowed under the Nuclear Non-Proliferation Treaty;
- Support IAEA Director General ElBaradei's proposal for a moratorium on construction of new fuel production and reprocessing facilities;

- Build robust U.S.–E.U. trust that no party will accept a result short of Iran’s modification of its nuclear program to rely on guaranteed foreign-fuel services rather than domestic uranium enrichment and plutonium separation; and
- Devise in close cooperation with the E.U. sequences of specific positive and negative incentives commensurate to actions Iran takes, including an agreed series of escalatory measures that could lead up to and beyond referral to the Security Council.

To improve the prospects of E.U.-Iran negotiations, the U.S. should make clear that, if Iran stops pursuing technologies vital to the production of nuclear weapons and threatening its neighbors, the U.S. will

- Respect Iran’s security and state sovereignty, while continuing to morally and politically support democratic reforms in Iran;
- Support Iran’s ambitions to be an advanced technological state and suggest possible technological collaborations; and
- Encourage establishment of a regional security forum to address security dilemmas between Iran and its Arab neighbors.

To improve the climate for international negotiations and internal reform in Iran, the U.S. should unconditionally

- Release Iranian financial assets frozen since 1979;
- Abandon attempts to renew or tighten sanctions against non-American entities investing in Iran’s oil and gas sectors; and
- Allow the development of the proposed natural gas pipeline that Iran and Pakistan would build to bring gas to India.

Aside from these diplomatic steps, the U.S. intelligence community should seek to specify

- Whether data indicating clandestine nuclear-weapons-related activities in Iran have declined or risen since late 2003; and
- The impact of international pressure in altering Iran’s nuclear activities and intentions since 2003.

Capabilities and Intentions?

The United States and international intelligence communities have been unable to paint a full, accurate portrait of Iran’s nuclear program. Perhaps there is some solace in the likelihood that Iranian officials negotiating nuclear issues also do not know the full range of activities and intentions in their nuclear program. Historically, diplomats, sometimes relevant cabinet officials, and even heads of state—including in the United States—have not known exactly what their nations’ technical establishments are doing related to designing and manufacturing capabilities that could be used to produce nuclear weapons. Iran’s decision-making structure is factious and informal, making it extremely difficult to ascertain who intends to do what.

Saying that the portrayal of Iran’s nuclear activities is incomplete assumes that Iran is conducting undeclared activities that are intended to augment its capacity to build nuclear weapons. Such activities could include current or planned clandestine work to master uranium enrichment and/or develop the know-how and means to fabricate and detonate a

nuclear device. Making workable nuclear weapons requires mastering conventional high explosives and other techniques that do not involve nuclear material and hence do not have to be declared. Nor does the too-limited mandate of the International Atomic Energy Agency (IAEA) clearly authorize it to search for such activities. Beliefs that Iran is conducting clandestine nuclear-weapons-related work stem in part from shadowy evidence of activities that do not have to be declared to the IAEA.

It is also possible that Iran, after eighteen years of lies, deception, and suspicious behavior, is no longer conducting nuclear activities beyond those that it has declared. The IAEA has a few more outstanding questions to resolve, and it then seems ready to conclude that all Iran's *declared* nuclear activities can be explained and accounted for in keeping with Iran's obligation under the Nuclear Non-Proliferation Treaty (NPT) to limit its nuclear activities exclusively to peaceful purposes. If no clandestine activity is occurring, then the IAEA has a good picture of Iran's nuclear program.

Recall that the U.N. Special Commission on Iraq (UNSCOM) inspectors and the IAEA actually developed a good picture of Iraq's nuclear, biological, and chemical weapons capabilities in the 1990s, and that what was assumed to be missing from this picture—namely, weapons of mass destruction in Iraq—turned out not to exist. This is because Saddam Hussein concluded, after the UNSCOM inspectors had proved their skill and determination, that he could not get away with hiding illicit weapons work and that the costs of getting caught were too great.

Considering the Iraq experience, intelligence communities should test their data against the following scenario. From the late 1980s through 2004, Iran was secretly developing the full range of capabilities and knowledge necessary to have the option to build nuclear weapons. Many of these activities were undeclared. Most, but not all, were exposed between 2002 and 2004 as a result of revelations by Iranian opposition activists and subsequent investigations by the IAEA. This Iranian deceit and deception, and the intense international condemnation and scrutiny of it through the IAEA, surprised Iranian decision makers and embarrassed informed members of Iranian society. Many elements of Iran's political class did not know anything about the now-documented illicit activities, and they concluded that the people responsible for getting caught had made stupid mistakes.

As more Iranian elites began to pay attention to nuclear issues, they learned about the rules of the nonproliferation regime, and they came to the conclusion that if Iran had played by the rules and not lied, it could have acquired capabilities to enrich uranium (and later to produce and separate plutonium). A declared nuclear program playing by the rules would give Iran nuclear know-how, material, and prestige sufficient to satisfy its interests for the foreseeable future, much as Japan has done with its nuclear program. Conversely, undeclared, illegal nuclear activities bring a risk of detection that badly damages Iran's prestige, leads to its isolation, and buttresses its enemies. Therefore, Iran's leaders could well conclude that, for the time being, the country should desist from illicit nuclear activities and play entirely by the rules.

If intelligence communities have not already done so, they should be tasked specifically to assess whether any inflection has occurred in data indicating clandestine nuclear activities. Does the case that Iran is clandestinely trying to build nuclear weapons rely heavily on activities occurring before 2003? Are there more or fewer data points indicating clandestine nuclear activities in 2004–2005 than there were in previous years? Is there reason to think that Iran has changed its nuclear strategy—activities and intentions—as a result of having

been exposed and put under pressure not only by the United States but also by the European Union and the IAEA?

Paradoxically, it will be easier to handle the Iranian and global proliferation threats if indicators of illicit Iranian nuclear activity are rising rather than declining. Rising indicators would heighten the chances of finding the “smoking gun” that would prove Iran’s violation not only of safeguard agreements but also of its core commitments to the NPT. Such proof would destroy Iran’s international credibility and severely damage the internal position of Iran’s responsible decision makers, including the Supreme Leader. Strong indications of ongoing illicit activity also would strengthen the case for more rigorously interpreting the rules of the nonproliferation regime—for freezing further net increases in uranium enrichment and plutonium separation capability worldwide, and for putting facilities in current producing countries under international management.

Conversely, if indicators of illicit nuclear activity in Iran are decreasing, and if Iran has decided to strictly adhere to the rules, then the nonproliferation challenge may become greater. By complying with all IAEA requirements, Iran could strengthen the case for preserving the traditional interpretation of rules regulating nuclear technology. Iran could rally many other countries to preserve the “right” of all NPT-compliant states to acquire uranium enrichment and/or plutonium separation capabilities. Iran would find more support for its refusal to accept demands by France, Germany, and the United Kingdom (and the United States) that Iran revise its nuclear plans and rely on guaranteed international fuel services rather than national uranium enrichment and/or plutonium reprocessing. By forgoing illicit activities and pursuing nuclear fuel cycle capabilities in strict adherence to the rules, Iran would make military attacks by the United States or Israel much more politically risky.

In other words, if Iranian decision makers are clever, they will bring their nuclear program back into compliance with all international requirements, play by the rules while insisting on outmoded rights to develop whatever nuclear technology they want under strict international monitoring and safeguards, and thus gradually acquire the know-how, technology, and material necessary to produce nuclear weapons some day if a dire strategic threat should arise. This scenario, a variant of the Japanese model, is very difficult to counter and could be a model for states beyond Iran.

From the Standpoint of International Security, What Are the Most Sensible Objectives?

The most immediate objective in dealing with Iran’s nuclear activities is so important that achieving it alone would be a tremendous boost to international security: *Iran’s implementation of an agreement to develop peaceful applications of nuclear energy without the acquisition and operation of uranium enrichment and plutonium separation capabilities.* This objective recognizes that it will be politically impossible to seek Iran’s abandonment of nuclear technology altogether. Neither Iran nor many other states would accept this objective. Yet this objective seeks greater restrictions on Iran’s nuclear activities than has been required by traditional readings of the NPT.

Because the Iranian case illuminates a larger problem that could recur, states need to clarify the definition of the particular technologies to which states have a “right” under the NPT. Iran, with the backing of many countries, perhaps including the United States, argues that the NPT gives states the right to acquire uranium enrichment and plutonium separation

capabilities as long as they fully comply with their safeguard obligations and do not seek to acquire nuclear weapons. Thus, if and when the IAEA deems Iran to be fully compliant with its NPT obligations, Iran will refuse to give up claimed “rights” to enrich uranium and/or separate plutonium.

In this case, the problem would be the international interpretation of nuclear “rights,” not Iran per se. Thus, while the international community is now concentrating on the specific case of Iran, it must also be establishing rules that would apply not only to Iran but also to subsequent cases.¹ The United States, the IAEA, and the United Nations High-Level Panel on Threats, Challenges, and Change all recognize this need to prevent the construction and operation of new uranium enrichment and plutonium separation facilities in countries that do not now have such facilities. The IAEA director general, Mohamed ElBaradei, has wisely proposed a moratorium on the construction of new fuel production and reprocessing facilities. International leaders should apply their energies without delay to this end. U.S. officials should help by recognizing that major inducements will have to be offered to win support for new rules.

Persuading Iran to revise its nuclear plans and substitute guaranteed international fuel services for nationally produced fuel production and waste processing will require negotiations that include U.S. participation—indirectly at first. These negotiations, in turn, will require satisfying additional Iranian and international objectives that are directly related to concerns about nuclear technology. These other germane objectives are encompassed in the framework under which France, Germany, and the United Kingdom (the E.U.-3) are currently negotiating with Iran, whereby these parties are also seeking to commit themselves to combat terrorism, address regional security issues, negotiate trade cooperation, and support democracy in Iraq.

The Decision-Making Context in Iran

On the basis of on a recent visit to Tehran, and ongoing interactions with Iranian officials and scholars, I offer the following impressions of the context in which Iranian leaders will decide how to guide their nuclear and related policies. These impressions are admittedly limited, having been derived from interactions with elites in Tehran ranging from advisers to conservative politicians, Western-trained scholars, students, reformers, and current officials. The overall conclusion is that Iranian decision makers feel that their situation is far from desperate.

High oil prices have greatly enhanced national revenue and have allowed the Iranian government to keep popular disaffection manageable. Infrastructure has improved, and parks and public spaces are well kept. Tehran bustles with activity on the streets and construction all around. Shops are filled with imported electronic goods. Traffic is horrendous, even though major roadways and a subway have been added. Young businesspeople are optimistic about their economic prospects, although they would like various economic reforms to be implemented. Yes, people complain about the government and the economy, as do many in other societies, but one senses an awareness that things could be much worse.

The removal of Saddam Hussein from power in Iraq and the defeat of the Taliban in Afghanistan have greatly improved the sense of security in Iran. One cannot overstate the intensity of memories of the 1980–1988 war with Iraq, when so many Iranian families suffered great losses and experienced the fear of Iraq’s use of chemical weapons. Walking

around Tehran University, I saw walls adorned with posters portraying grotesque photographs of victims of the war—almost twenty years since hostilities ended. Iranians are relieved that Saddam and his regime are gone. The Taliban also frightened many Iranians with its violent sectarian Sunni ideology. Iranians felt (and feel) that Sunni extremists, including Osama bin Laden, are terrorists and that Iranians—as Shiites—are more immediate targets than Americans. So the U.S. intervention in Afghanistan created welcome results.

As a result of the wars in Iraq and Afghanistan, and the broader U.S. campaign for democracy, Iranians feel that Shiites are in the best position ever to have their rights as a beleaguered minority protected. Iraq now is led by Shiites (the majority there), but even where they remain a minority, as in Afghanistan and Saudi Arabia, they are gaining opportunities to participate in politics and to have their rights better protected. The overall impression is that history is moving in beneficial ways.

Notwithstanding the good news for Shiites in Iraq, it is important to note that Iranians draw cautionary lessons from the turmoil and bloodshed there: If Iraq represents regime change and a transition to democracy, it is frightening. Iranians extrapolate from Iraq not the danger of sectarian conflict—Iran is much more homogenous—but rather the danger of partisan bloodletting and chaos reminiscent of the early years of the Iranian Revolution.

From the above observations, a general impression forms that Iranians do not want to rock the political boat—shake it a bit, perhaps enough ideally to throw the Office of Religious Leader overboard, but not so much as to capsize it. This fear of capsizing, of major political upheaval, gives the impetus to established authorities. Average people realize this and simply retreat from politics and lower their expectations. The bloodshed and chaos in Iraq have shown how much worse things could be and have led people to hope somehow for incremental peaceful change.

Indeed, Iran's own Revolution shows how much worse things could be. Most urbanites do not like the idea of Iran being seen as a pariah state—it rubs off on them as individuals and limits their freedom of movement and opportunities to participate in international life. They blame “the mullahs” for what frustrates them. Corruption is always obnoxious, but when religious leaders are corrupt, the injury is doubled by the hypocrisy of its perpetrators. Still, if the choices are the existing system or political upheaval, people prefer the existing system and the hope that a new leader will make it work better.

The greatest fear that most of my interlocutors expressed was of “radical” conservatives tied to the Revolutionary Guards and newly potent factions elected to the Parliament. These elements, many of them veterans of the Iraq war, are financially and ideologically wedded to relative autarky. They benefit from Iran's economic isolation and would lose out if the economy and polity were opened up to international competition. An example of this group's mentality and interests was the takeover by the Revolutionary Guards of the new Imam Khomeini Airport as it was due to open. The takeover appeared to be economically motivated—the occupiers wanted to capture the income from airport services—but the state's incapacity to resolve the issue for almost two years has demonstrated the limitations of not only the elected leadership's power but also the Religious Leader. The airport still sits vacant and unused.

Iranians also take some comfort from international antipathy toward the U.S. government. Iranians emphatically welcome visiting Americans and profess admiration for “America,” but they also worry that the U.S. government could act aggressively toward Iran. Awareness

of international disaffection toward the U.S. government (demonstrated in many ways, including international polls) therefore reduces Iranian fears that the United States would risk aggression against Iran. Liberal-minded Iranians feel that U.S. attacks would unify the nation around the government in Tehran and set back prospects for gradual reform, including efforts to diminish the role of the nonelected Supreme Leader.

Finally, consistent with these impressions, Iranian elites see the “nuclear issue” primarily in symbolic terms. This is not to diminish the importance of these perceptions. The nuclear issue in Iran, as in most countries, is an elite affair. Most people’s concerns are much more immediate, prosaic, and close to home. But for elites, the nuclear issue is about modernity, prowess, national superiority, and anticolonialism. Iranian officials insist they are seeking nuclear technology for peaceful purposes within the rights granted under the NPT. Most discussants in Iran argue that nuclear weapons would do Iran little good, but that Iran should acquire nuclear technology to modernize. This is not a detailed, rigorous analysis, but rather a common equation of nuclear technology with modernity—nuclear technology proves that a society is smart and advanced. Efforts to prevent Iran from acquiring nuclear technology are seen as colonial discrimination, an effort to keep Iran from becoming an advanced country. The fact that the United States and Israel are seen to be leading the charge against Iran deepens the feeling that inherent hostility toward Iran is driving the dispute, not specific concerns about particular Iranian activities. Iranian officials cleverly play on this by offering unprecedented monitoring of their nuclear activities to prove that Iran is playing by the rules. Rejections of these offers are seen as evidence that the U.S.-Israeli axis is determined to keep Iran down, no matter what Iran offers.

This description of how the nuclear issue is seen politically in Iran does not preclude the possibility that the men actually driving Iranian technological development and policy making have elaborated strategic plans to make use of a nuclear deterrent. The point is that such discussions do not feature in the political debate over the issue and in the negotiations with the E.U.-3. Iran’s past and current nuclear activities, as documented by the IAEA, suggest the intention to at least acquire the capability to manufacture nuclear explosives. When asked, “What security benefits would Iran gain from the nuclear capabilities they are now seeking?” Iranians tend to answer that the capability to produce a bomb is enough to deter any of Iran’s regional adversaries from militarily threatening it. They point out that no one would threaten to attack Japan because Japan can produce plutonium and has stockpiles of the material and a full range of missile capabilities. Iranians say they merely want to exercise the same rights as Japan in playing by the rules.

If the foregoing gives a sense of the context in which Iranians will decide which outcomes of negotiations would meet their interests, one last tactical point needs to be made. Iranian leaders have been shaken by the negative attention, pressure, and potential isolation they have experienced over the nuclear issue in the past two years. They do not want the matter referred to the U.N. Security Council, in part because that would be humiliating—an insult to national pride and to the leadership’s protection of national interests. Ostracism of such a great nation as Persia—Iran—would be a major setback.

Hence, Iranian leaders see themselves in a contest over isolation with the United States. Iran loses if America rallies the international community to isolate Iran; Iran wins if it can split America (and Israel) from the international community. The European Union is the pivotal player here. Whoever “gets” the European Union wins, because a combined U.S.-E.U. front will likely pick up Russia and be able to isolate Iran, whereas if Europe defects from America, Iran will not be isolated. And Iranians feel that if the United States and the

European Union split, Iran will be able to eventually negotiate an accommodation with America on better terms than if it and the European Union are unified in isolating Iran.

What, Then, Should the United States Do?

By definition, U.S. policy toward Iran during the past twenty-six years has not worked. If America keeps doing what it has been doing, it is sure to fail. To influence change in Iran, U.S. policy also needs to change.

The core U.S. government failure is the refusal of the executive and legislative branches to agree that something more than sanctions, hostile rhetoric, and coercion are necessary to induce Iranian authorities to change their behavior. U.S. policy, often driven by congressionally mandated sanctions, focuses on seeking to inflict pain and loss on Iran. But Iran, like India in important ways, is too big, capable, proud, and important for the United States alone to coerce it to make a major change in its behavior. Although it would be ideal if America could coerce Iran to change its threatening behavior, as realists we must admit regretfully that this ideal condition does not exist. A more realistic approach is necessary.

Change in U.S. policy should be informed by two key points. First, the United States cannot by itself motivate Iranian leaders to change their most threatening behavior. At a minimum, America needs the cooperation of Europe, Israel, and—in the nuclear area—Russia. Second, sanctions, denunciations, and other forms of coercion are insufficient.

Coercive unilateralism does not work against Iran for reasons that an alternate strategy should exploit. Iran is by far the largest, most accomplished Islamic state in the greater Middle East. Indeed, its proud national identity long predates Islam. Persia's magnitude and grandeur limit its susceptibility to bullying. But this same national identity does make Iranians averse to pariahdom. Right now, in Iran's view, the United States is the leading bully (paired with Israel) that must be resisted, but America has not rallied enough partners to make the truly troubling threat of Iran's pariahdom real. A more effective U.S. strategy would play to Iran's national identity and at the same time rally the international cooperation necessary to make Iran a pariah if it acts threateningly.

Because the threat of isolating Iran is key, the United States by definition must develop strategy and tactics in cooperation with the other states needed to accomplish this isolation. The European Union and the United States, plus Russia, must build robust mutual trust that none will accept a result short of Iran's willingness to build a nuclear power program that relies on guaranteed foreign fuel services and eschews uranium enrichment and plutonium separation facilities in Iran. That bottom line must be immovable; once this is firmly agreed, the European Union, the United States, and Russia must then be willing to cooperatively devise incentives to raise Iran's interest in such an arrangement and disincentives to dissuade Iran from pursuing unsafe nuclear policies. If Iran perceives such a unified European–American–Russian front, it can be expected to conclude that the benefits of accepting the proposed trade-off are greater than the costs of becoming isolated by the United States, Europe, Russia, and the other states that would join them.²

The greatest impediment to this strategy has been U.S. unwillingness to provide the European negotiators with commitments that the United States will provide positive inducements commensurate with the obligations Iran would have to implement as a result of negotiations. (Washington's eagerness to provide negative incentives is well known.) The immediate issue is not whether the United States is willing to negotiate directly with the Iranian authorities, but rather whether Washington accepts the premise that it is imperative

to negotiate—to give and take—with the current constitutional authorities in Iran. Europeans can conduct the negotiations, but if the United States is unwilling to provide positive inducements to Iran, European negotiators will be badly handicapped and Iranian decision makers will be unable to calibrate whether their interests can possibly be met through such negotiations.

Although the United States and the European Union (and Russia, ideally) must collaboratively devise sequences of specific positive and negative incentives, the central elements are obvious:

- An Iran that does not threaten its neighbors' security should be reassured of its own security: The United States should clarify that if and when Iran stops supporting organizations that purposely target noncombatants with violence and stops pursuing technologies vital to the production of nuclear weapons, then America will join the European Union and other relevant countries in reassuring Iran that its security interests will be respected, notwithstanding ongoing U.S. support of the Iranian people's desire for full popular sovereignty.
- Iranians also want to be and be seen as the most technologically advanced state in their neighborhood. The United States, the European Union, Russia, and other states should demonstrably support Iran's technological ambitions and suggest impressive technological collaborations that will be pursued if Iran desists from acquiring nuclear technologies that make the world insecure.
- Iranians—both in and outside the government—feel that the United States is determined to keep Iran down as a nation, as payback for the humiliation of the hostage crisis of the 1970s. America should cease holding the Iranian people hostage to the misdeeds of the nonelected elements of their government, and instead it should demonstrate that it wants the Iranian people to prosper regardless of their government.

A lessening of the sense that the United States is obsessed with bullying Iran is necessary not only to facilitate nuclear negotiations but also to encourage political change in Iran.

Countries being threatened from outside are less inclined to make the transition to peaceful democracy; security concerns both “argue” for strong, if not dominant, roles for military forces and/or security services and also make open political competition seem too uncertain, inefficient, and divisive at a time when unity and strength are imperative. States facing insecurity tend to favor strong central authority and to resist dissent or even pluralism. Thus, even if one believed that the United States could and should play a decisive role in causing regime change in Iran, security reassurance is probably a precondition. (Front-loaded U.S. security assurances also would strengthen European leaders' capacity to get tough if Iran refuses to eschew uranium enrichment. Anti-American European publics will give their own governments more latitude to pressure Iran if they see that the United States actually is trying to be cooperative.)

In addition to conditional security assurances, the United States should consider three moves that could dramatically buttress the case for Iran's relying on international fuel services rather than domestic uranium enrichment or plutonium separation. These moves would strengthen Iranian public sentiment toward the United States and throw hostile factions on the defensive, significantly improving the political context for the ongoing Iranian–E.U. negotiations and the leverage of E.U. negotiators.

First and most dramatically, the United States should demonstrate its interest in letting historical bygones be bygones by releasing the Iranian financial assets that have been frozen since the Revolution. The Iranian people, most of whom were born after the Revolution, want to move on and want their old-guard leaders to move on. If the United States demonstrates that it can get over the Revolution, it could strengthen forces within Iran that would like to abandon revolutionary institutions, people, policies, and attitudes.

Second, the United States should not renew or tighten sanctions against non-American entities investing in Iran's oil and gas sectors. To abandon dangerous nuclear fuel cycle activities, Iranians must have confidence that they can rely on international markets and cooperation in meeting their energy needs. The Iran-Libya Sanctions Act has only strengthened Iranian arguments that indigenous nuclear fuel production is necessary; by letting these sanctions expire, the United States would change the terms of the debate in Iran and also gain leverage in Europe for other forms of pressure on Iran. This is an important tactical step that only Congress can take.

Third, the United States should not impede the construction of the natural gas pipeline that Iran and Pakistan have proposed to bring gas to India.

Of course, Iran's own actions will shape these possibilities: Moves to acquire nuclear weapons and to continue supporting terrorism or other subversive activities against neighboring states will cause countervailing pressures on Iran that will exacerbate insecurity. To avoid a vicious insecurity cycle, the United States, Iran, and other relevant actors must establish a regional security forum where relevant parties can redress security dilemmas. Iran needs to hear from its Arab neighbors how its nuclear program and other policies heighten their insecurity and make them rely more heavily on the United States. Iran needs a forum where it can express its security concerns and try to identify conditions under which the U.S. military presence in the region could be reduced. Americans and Iraqis need a forum where Iraq's security needs, especially against infiltrations, can be addressed collectively. The European Union could facilitate the formation of such a regional security forum.

A Likely Bad-Case Scenario

It is doubtful that the United States will take the steps recommended above. Therefore, the following bad-case scenario is likely. Between now and September 2005, Iran will move to resume operating the uranium conversion plant at Esfahan, and it perhaps will resume testing centrifuges. Iranian officials will insist that such activities are entirely within Iran's rights under the NPT, and that they will be conducted in accord with IAEA safeguards. They will argue that the demands being made by Europe exceed any legal requirement, and that Iran is ending its voluntary suspension of enrichment activity because certain countries—read the United States and Israel—will never relent in their attempt to make Iran a backward, weak country. At the behest of these hostile states, the European Union will reject Iran's offer of the most intrusive possible monitoring and inspections of its nuclear activities. Iran will publish what it has offered and let the world judge who is being reasonable or not. Iran will not be able to do anything more to demonstrate that it will play by the rules in exercising its right to nuclear technology. Rather than be bullied by the United States, Iran will decide that it must rightfully resume its nuclear program.

The United States will seize on Iran's ending of its suspension and insist that the E.U.-3 should "do what they have promised" and take Iran to the U.N. Security Council. Popular opinion and many political figures in these countries will balk. Officials will leak that the

United States was unprepared to take steps that “everyone” knew would be necessary to persuade Iran to accede to demands that it permanently cease uranium enrichment and plutonium separation activities. “How can Iran be expected to give up its nuclear capability if the United States is threatening regime change?” Many in Europe and elsewhere will argue that America intended all along to repeat the Iraq scenario and manufacture a case for war against Iran. As the E.U.-3 countries waver about when to refer Iran’s case to the Security Council and what action to take there, members of the U.S. Congress will denounce French perfidy and German equivocation. Transatlantic recriminations will mount. In the IAEA and the United Nations, developing countries will decry U.S.-led efforts to ignore their rights and to impose a new form of nuclear apartheid.

In Iran, the U.S. Congress’s reauthorization of secondary sanctions and the George W. Bush administration’s eagerness to refer the Iran case to the U.N. Security Council straightaway will strengthen the feeling that Iran must hunker down to defend its rights to technological development. Known political reformers will not dissent. Student demonstrations will occur, demanding that Iran not give up its nuclear program. The new Iranian president will take a defiant stance, and all factions of the Parliament will unite to insist on exercising the “right” to enrich uranium. Iranian leaders will travel to China to sign new deals for investment in Iran’s energy resources....

All the while, Iranian leaders will be calculating that if the United States, the European Union, and Russia maintain a united front and somehow refer the Iranian nuclear issue to the U.N. Security Council, Iran will then be able to reinstate the suspension and return to negotiations with the E.U.-3 with a clearer sense of what action members of the Security Council would be prepared to take against Iran, if any. And if the United States, the European Union, and Russia were to split over immediate referral to the Security Council, then Iran would have many tactical options.

Among other things, this scenario suggests that the United States must augment the European negotiating position by demonstrating that America is not unreasonable or ineluctably hostile to Iran, and that Iran truly has much to gain by modifying its nuclear program. As further evidence of reasonableness and moderation, the United States and Europe need to build a bridge of intermediate steps leading toward the U.N. Security Council. Going to the council in one leap is a tactic too easy for Iran to counter, a bluff that could be called.

This analysis has focused on the positive inducements that the United States should be prepared to offer, in many cases through European negotiators. But America and the E.U.-3 also need to form a working group to develop an agreed-on series of escalating punitive measures that could lead up to and beyond referral to the U.N. Security Council. These measures need to be coordinated and multilateral, not unilateral, because the failure of past and current unilateral U.S. sanctions indicates that E.U. officials should tell Iranian officials privately that the European Union and the United States have devised such an escalating plan with international public opinion in mind.

Again, this challenge is ultimately about isolation. U.S. policy makers must ensure that each step they take and word they utter help America and Europe isolate Iran within the international community—and Iranian leaders within Iranian society. U.S. officials should not take any steps or speak any words that help Iran isolate the United States within the international community. ■

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- ¹ States that might see an interest in moving to acquire fuel production capability include South Korea, Taiwan, and Turkey. Brazil already is constructing a uranium enrichment plant.
 - ² Transatlantic unity on the issue of removing intermediate-range nuclear missiles from Europe in the 1980s was the key to persuading Soviet leaders ultimately to accept the zero-option arrangement that was codified in the 1987 Intermediate Nuclear Forces Treaty, an outcome that in the early 1980s seemed no more likely than a successful negotiation to persuade Iran to desist from operating facilities that can produce nuclear weapon fuels.