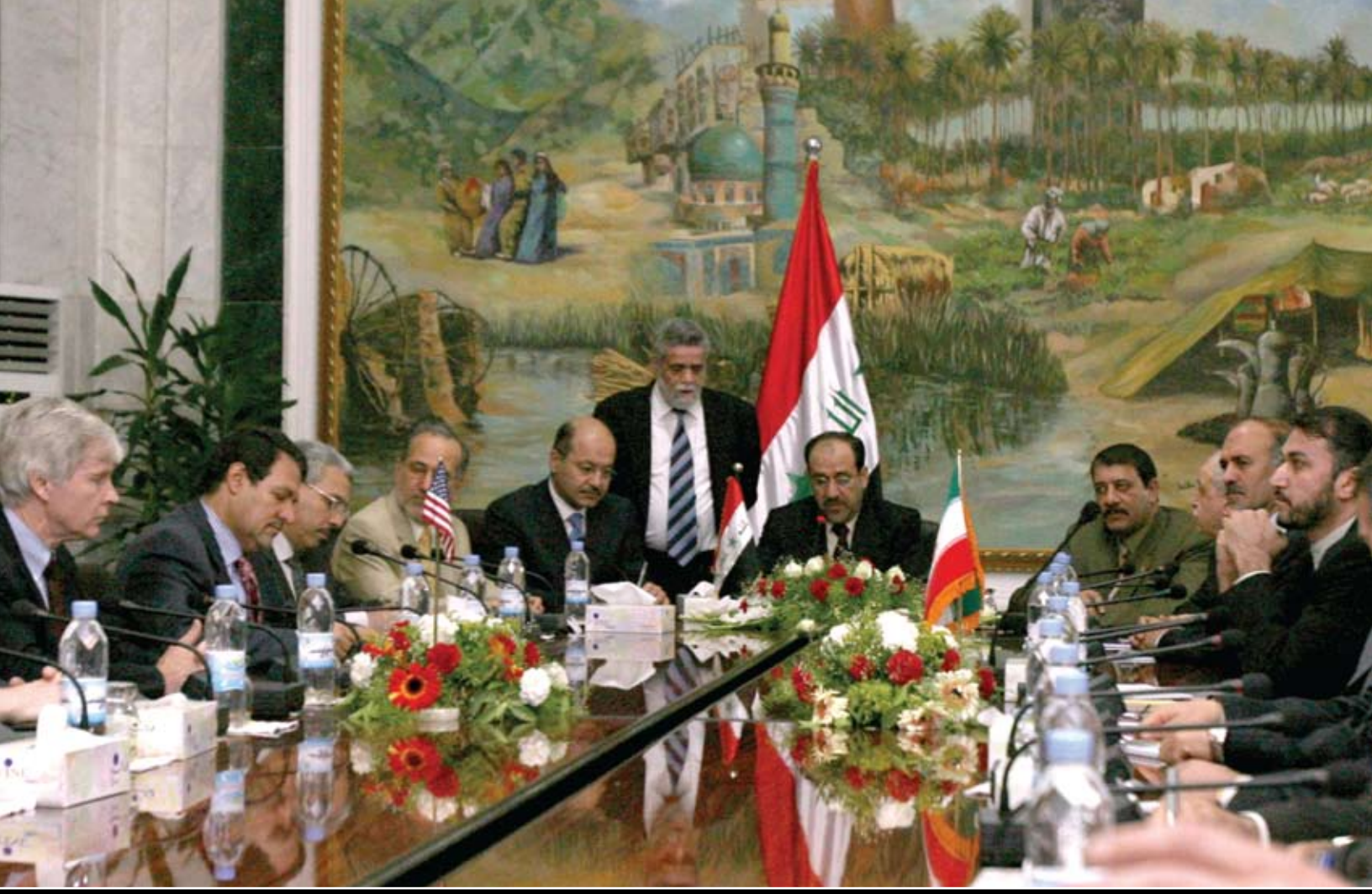

A WASHINGTON INSTITUTE STRATEGIC REPORT

The Perfect Handshake with Iran

Prudent Military Strategy and Pragmatic Engagement Policy

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Front cover: U.S. ambassador to Iraq Ryan Crocker, Iranian ambassador Hassan Kazemi Qomi, and Iraqi prime minister Nouri al-Maliki, at a meeting, May 28, 2007, where Iran and the United States resumed public diplomacy for the first time in more than a quarter century. (AP Photo/Hadi Mizban)

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Acknowledgments

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Preface

FOR THE PAST TWENTY-FIVE YEARS, The Washington Institute has worked closely with policymakers to craft a vision for U.S. involvement in the Middle East. Leaders in the policy arena have participated in events ranging from our annual symposia to policy forums to off-the-record roundtables. The Institute has cultivated equally close relationships with members of the U.S. military, with tens of military figures having served as fellows, often for stints of more than a year.

On January 12, 2010, The Washington Institute marked a new form of collaboration: a daylong conference on Iran, held in the Institute offices and cosponsored with U.S. Central Command and the U.S. Army Directed Studies Office, that featured talks by a dozen leading international experts on Iran. Attendees included some sixty Iran watchers, most of whom hold positions in the U.S. government, and the ensuing discussion was one of the best informed and enlightening of its kind. In the pages that follow, we are pleased to present a summary of the event's proceedings, and we thank our cosponsors for their generous assistance.

The current impasse between the international community and Iran, especially as regards the nuclear issue, is likely to persist—a message that was reinforced by several speakers. Likewise, any early hopes that U.S. engagement with Iran would yield transformative results have been tempered. On the Iranian side, preoccupation has centered not on the prospect of international engagement but on deep divisions among the elite that threaten to make Iranian politics ever more chaotic and dysfunctional. Forces on the ascendant, such as the Islamic Revolutionary Guard Corps (IRGC), worry that engagement could mean seduction by the Americans, a fate they regard as more dangerous than a U.S. attack. For the international community, engagement is complicated by the differing interests of the many actors. Coordination of a common position has consumed so much energy that action has often been slow and insufficiently vigorous. Meanwhile, regional players such as the Gulf states and Israel are feeling increasing pressure as a result of Iran's enrichment activities, justifying various preparations in the event that tensions escalate. The challenge is to achieve balance of continued engagement with Iran alongside prudent preparations by the United States, including military steps, to reassure allies of its commitment to a regional security architecture. Any such steps, participants emphasized, should avoid provoking Iran or prompting diminished support from other international powers.

Perhaps the most interesting conclusion reached at the symposium involved the continued openness of the most basic questions about engaging Iran:

WHEN?

We cannot exactly tell whether time is on Iran's side or not. The Islamic Republic is proceeding with its nuclear activities despite orders to suspend them by the UN Security Council, but the regime worries that domestic discontent may undermine its efforts. In addition, Iran is becoming more isolated internationally, with Washington's offer to engage making Iran look like the source of the problem, not the United States.

WHO?

Despite its perennial complaints about the lack of bilateral engagement with the United States, Iran has proven uninterested in such engagement with an obviously eager Obama administration. At the same time, the United Nations seems unable to agree on what steps to take next, and the P5+1 (the five permanent Security Council members plus Germany) has made little progress. As noted, regional states such as Israel and the Gulf monarchies are concerned about Iran's advances, but they would far prefer that someone other than themselves solve the problem.

WHAT?

It is unclear what actions the United States or the international community can take that will affect Iran's calculus. Tehran seems cool to the proffered inducements and unconcerned about the potential penalties, be they political isolation, sanctions, or a preemptive show of force.

THIS REPORT REPRESENTS the considerations of its author, in response to the January 12 event. It does not necessarily reflect the views of The Washington Institute, its Board of Trustees, or its Board of Advisors, nor does this report necessarily reflect the views of the U.S. Central Command, the U.S. Army Directed Studies Office, or the other symposium participants.

Introduction

ON JANUARY 12, 2010, U.S. Central Command, the U.S. Army Directed Studies Office, and The Washington Institute cosponsored a colloquium to discuss the latest security and diplomatic developments surrounding Iran. The assembled panel of experts focused on several key questions:

- **Iranian perspective on engagement.** How have the roles of the Islamic Revolution Guard Corps and the Supreme Leader evolved since the June elections? To what extent do domestic factors influence Iranian calculations regarding engagement?

- **International community perspective on engagement.** How can international sanctions be shaped in order to have maximum impact on Iranian decision-making with regard to their nuclear program? How can diplomacy and pressure best be combined? How should the various international actors coordinate their actions?

- **Iran's regional activities.** What is the relationship between international negotiations on Iran's nuclear program and Iranian activity in Iraq, Afghanistan, Lebanon, and the Palestinian territories?

- **Prudent preparations.** What military steps should the United States take to reassure allies of its commitment to a regional security architecture without being provocative or antagonistic, or diminishing diplomatic support from other international powers? What shape will the military strategies of regional states take as nuclear talks proceed?

The discussion was conducted under the Chatham House rule, which states that "participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed." The sections that follow are this rapporteur's conclusions from the colloquium.

Iranian Perspective on Engagement

THE IRANIAN ELITE DO NOT SHARE a common view on engagement with the international community or the United States. Indeed, one of the Islamic Republic's abiding features has been disagreement about the country's direction and political ground rules. That said, until the June 2009 election, the Office of the Supreme Leader had handled these divisions relatively well, often by manipulating the electoral system or creating new political structures. But the circles around Ayatollah Ali Khamenei have gradually been depopulated as he pushes away those he does not completely trust. Consequently, radicals have filled his shrinking inner circle, exacerbating his isolation and further eroding his legitimacy.

Khamenei's badly miscalculated handling of the election and subsequent protests brought home the impact of this growing isolation. The decisions to rig the vote so blatantly and then stare down the protesters have divided and even paralyzed the regime. The opposition Green Movement persists despite violent crackdowns that have included firing into crowds, making widespread arrests, torturing prisoners, and, most recently, using regime-sponsored crowds to overwhelm and intimidate protestors. During the December 27, 2009, Ashura protests, demonstrators took the conflict to a new level: they began to fight back. By contrast, on the February 11 Islamic Revolution Day, the protestors were out-organized by the government, leaving them dispirited

The regime's ability to manage conflict within the political elite has also eroded since the election. Internal divisions are deep, including on the issue of how to resolve the political crisis. The opposition itself encompasses a wide range of views, from those looking for democratic change to regime pragmatists such as failed presidential candidates Mir Hossein Mousavi and Mehdi Karrubi, both of whom are deeply committed to the Islamic Republic. Meanwhile, relatively moderate elites believe that President Mahmoud Ahmadinezhad and the Supreme Leader have been incompetent in their response to the demonstrations and want political compromise, while hardliners are concerned that such a move would make the government appear vulnerable to further pressure. Therefore, any compromise would have to include a strategy for containing the radicals. Furthermore, given Iran's loosely structured politics and lack of organized parties, there is no process by which a formal compromise agreement could be negotiated—in other words, any bargain would have to unfold over time.

The more likely outcome is that Iranian politics will become even more chaotic and dysfunctional. That does not mean the Islamic Republic will collapse. Instead, one can expect continued political paralysis, especially if little effort is made to contain the radicals pushing for harsher measures against the opposition. Such paralysis would seriously complicate any effort to engage the outside world.

NUCLEAR NEGOTIATIONS STALLED

There is no broad international consensus about Iran's nuclear objectives—experts are unsure whether the regime wants a "breakout" capability or intends to develop missile-mounted nuclear weapons. Despite this uncertainty, Iran's approach to nuclear negotiations with the West has been clear.

From 2002 to 2005, Iran sought to prevent UN Security Council action on the issue, believing that resolutions or similar measures would serve as a stepping stone to regime change through military force—Tehran's reading of what happened to Iraq under Saddam Hussein. The elite have since lost that fear, however. They now believe that a military attack is unlikely with the United States bogged down in Iraq and Afghanistan. Successive international deadlines without further action have confirmed that the regime faces no real military threat and quite possibly not much of a sanctions or diplomatic threat either. As far as hardliners are concerned, these facts reduce the urgency of doing anything substantive on the nuclear issue.

Given this lack of urgency and the deeply contested nature of the current political environment, few in Iran will advocate bold steps to address the issue. Khamenei and Ahmadinezhad cannot, for instance, pursue rapprochement with the international community, and the Greens are unlikely to express support for sanctions. The recent Tehran Research Reactor deal is a case in point. The Iranian negotiator who initially accepted the deal clearly had Khamenei's approval to do so, but the agreement still fell through at home. Mousavi declared that the government did not have the authority to bargain away Iran's national right to nuclear energy, while other opponents of the deal did not trust the Europeans to live up to the deal. This forced Khamenei to withdraw his original support.

GROWING ROLE FOR THE IRGC

The Revolutionary Guards' role in government has been expanding and evolving for some time. Ayatollah Ruhollah Khomeini founded the force to protect the regime from within and without. Today, it is steadily becoming an instrument of state repression and shaper of the Iranian political scene.

Upon its emergence soon after the 1979 revolution, the IRGC was a rudimentary force intended to prevent a military coup. During the 1980–1988 Iran-Iraq War, its members became battle-hardened veterans and won loyalty and praise for their humility and self-sacrifice. The war also led Khomeini to found the Basij militia, which he considered the backbone of the resistance against Iraq. Its members held a romanticized concept of war and were perceived to be even more idealistic than the IRGC. They were a diffuse force, however, not a tightly structured organization.

> "There is no broad international consensus about Iran's nuclear objectives—experts are unsure whether the regime wants a 'breakout' capability or intends to develop missile-mounted nuclear weapons."

These sorts of deadlocks seem to grow worse as outside pressure increases. None of the elites want to be accused of bowing to such pressure or acting as agents of foreign powers. So the greater the pressure, the more difficult it is for them to discuss the issues at hand or propose flexible policies. In short, a nuclear deal with the international community is unlikely under the current government.

Should the Greens came to power, Mousavi would personally be loathe to give up what he has long seen as Iran's nuclear rights. But institutions would be stronger than any personality in such an environment, so his preferences would not necessarily dictate the new government's policy. Mousavi would probably seek a way to allay the West's concerns by visibly changing Iran's foreign policy orientation rather than making concessions on the nuclear front. In any case, the Greens would certainly insist on having easy access to nuclear energy and advanced technology. For the time being, the movement has expressed frustration at Washington's preoccupation with the nuclear issue.

Following the war, the IRGC morphed into an organized entrepreneurial group. President Akbar Hashemi Rafsanjani turned to it as a means of reconstructing Iran, placing it at the forefront of a "Reconstruction Jihad." As part of its new mandate, the IRGC changed the traditional, prerevolution army, liberally distributing promotions and replacing many army leaders with IRGC officers (many of whom became generals overnight). It also took over the Basij and gained influence in the law enforcement agencies. In addition, it awarded university degrees to newly promoted personnel and their civilian colleagues, filling key positions and denying them to other individuals and factions. As part of this process, the IRGC created its own higher educational system. Overall, this period brought wealth, control, and confidence to the Guards, though not without isolating them and making them less representative of the population.

During the past decade, the IRGC entered the political arena, initially as a bulwark against the reformist movement headed by President Muhammad Khatami. The first instance of such intervention arose in 1999, when student protests prompted the IRGC to send a letter to Khatami reminding him that the reformists needed to respect the Islamic nature of the regime. Not long thereafter, the Supreme Leader began to insist that IRGC veterans be appointed to cabinet positions. Meanwhile, the Guards themselves began to view many of those who were originally part of the revolution as outsiders. Their sense of "us vs. them" deepened, with "us" becoming progressively exclusive and "them" expanding to the point where it now includes many political conservatives. In response to what they perceive as an internal threat from this broad faction, the Guards have further increased their political involvement, despite Khomeini's original prohibition against military interference in politics.

The current crisis continues to strengthen the IRGC, while the parliament, Expediency Council, Assembly of Experts, judiciary, and executive branch become even more fragile. The Basij have been transformed into a brutal force of repression against the opposition, infiltrating the legislature, the universities, and numerous other institutions.

An ascendant IRGC committed to defending its view of the revolution could lead to some pretty dark scenarios, including the assassination or imprisonment of a broad range of Green Movement leaders and activists, accompanied by bloody crackdowns on demonstrators. In this eventuality, the Islamic Republic's character would change substantially, becoming more solidly totalitarian. It is unclear precisely how the Supreme Leader, the IRGC, and the regular army would share power under such conditions, but the Guards would most likely hold the bulk of it, at Khamenei's expense.

International Perspective on Engagement

THE PROSPECTS ARE NOT GOOD for persuading the current Iranian government to abandon its dangerous nuclear ambitions. This fact raises questions about the goals of engagement. At the same time, just because the prospects for success are poor does not mean the international community should stop trying. Reviewing the experience with diplomacy to date may yield some useful lessons for future efforts. And there are a host of questions about how best to proceed with economic sanctions.

GOALS OF ENGAGEMENT

Any engagement effort should be established on two foundations. First, a hardline-run Iran is highly unlikely to abandon the wide range of activities to which the West objects, be it nuclear efforts, state sponsorship of terrorism, subversion against other governments, or human rights abuses at home. Second, the vast majority of Iranians, especially youths, do not support the regime's policies, and a hardline government would probably be incapable of prevailing into the next generation. Based on these observations, engagement should aim to buy time until the regime changes from within. Such an approach would require "critical engagement" on Western terms, without any implicit endorsement of Tehran's human rights record or adverse regional activities.

Unfortunately, much of the engagement to date has instead focused on how to freeze Iran's nuclear program. That focus has been problematic, especially given the lack of international consensus on a viable long-term technical solution. Without such a solution, the international community has sought to buy time in the expectation that the regime would evolve from within.

Yet many Iranian elites view engagement as normalization, which in their view would require Tehran to permit open cultural, educational, and informational interaction with the global community; to acknowledge that Iran is a state, not a cause; and to accept that Iran cannot be allowed to dominate its neighbors despite its regional importance. In other words, true engagement implies the end of the revolution and a dramatically different regime, even if that result is achieved peacefully and the current elite retains power. Few of Iran's leaders are interested in this kind of engagement. Some are willing to explore certain aspects of it (especially scientific and economic engagement) while limiting or rejecting others. Even more discouraging, a significant number of leaders worry that compromise is a slippery slope, where the first concession would lead to an avalanche of additional pressure—in other words, compromising on any front would mean compromising the revolution. These leaders have not been willing to look at engagement seriously except when Iran has been under direct threat, as it perceived itself to be in 2003.

In short, Iranian and Western differences regarding the goals of engagement are the central impediment to engagement. If Iran's leaders truly wanted to engage, they would have pursued opportunities with the numerous partners and institutions that have expressed interest in working with them over the years. Instead, much of their diplomatic interaction has centered on dividing the West and deflecting sanctions and other pressure. One tactic in this strategy is to periodically endorse Western overtures in order to buy time, during which the regime continues to carry out objectionable activities. Tehran also seeks to create differences within the international community in order to isolate the United States and the West—for example, by suggest-ing that it could work with more "reasonable" partners such as Russia, China, and developing nations. In reality, only under the greatest duress would the hardline government make a strategic decision to change its nuclear stance or cease challenging the regional status quo.

The Iranian leadership's greatest fear is American seduction, not American attack. The hardliners fear U.S. friendship much more than they fear U.S. enmity.

Americans tend to believe that the best means of enticing a difficult government is to begin with modest confidence-building measures and incentives, such as student scholarships, cultural exchanges, sports interaction, easier visa processes, and ambassadorial exchanges. But the hardliners would rather face a military strike than such friendly measures—some might even regard the former as a blessing in disguise if they could direct the subsequent nationalist reaction into revolutionary fervor. In short, some hardliners fear American carrots more than American sticks.

INTERNATIONAL DIPLOMACY

Speaking to Iran and other powers at the same time is structurally difficult for the United States; what is needed to move one audience may complicate efforts to move the other. Affecting the target audience in Tehran—the hardline leadership—requires constant calibration between perceived concessions and coercive elements such as sanctions. But such a delicate process is difficult to reconcile with the consuming attention required to forge and maintain cohesion among the European Union's diverse members.

> "Sanctions have had some success in delaying Iran's nuclear program. Unfortunately, they are unlikely to change the regime's mind about important strategic matters..."

At the international level, the UN Security Council is currently marginalized because China and Russia would sabotage any new proposed sanctions against Iran, as they have done in the past. This same problem undercuts the utility of negotiating through the P-5 + 1 (i.e., the five permanent Security Council members plus Germany). Neither Moscow nor Beijing sees the Iranian nuclear program as an urgent matter. China has never regarded nuclear proliferation as a serious threat to its interests, and Iran's activities are no exception to this rule; Beijing has faced little if any pressure from Arab oil suppliers to support sanctions. Meanwhile, Russia seems to think that the United States and/or Israel will handle Iran's nuclear program if it becomes a threat, so why should Moscow make Tehran angry by supporting sanctions? Some Russian leaders also believe they have an interest in making the EU and United States appear ineffective, while others seem to have personal business ties that allow them to profit significantly from dealing with Iran.

In retrospect, it may have been a mistake to move the Iranian nuclear issue to the UN without an agreed plan for serious sanctions. The long delays before Security Council action and the light penalties placed on Tehran thus far have persuaded the regime that its past concerns about being brought before the UN were unfounded. Resorting to the UN did not carry much political weight with Iran either. The current regime views the Security Council as an illegitimate institution and its resolutions as scraps of paper with nothing behind them—neither moral nor practical force. By contrast, Tehran is sensitive to regional criticism and isolation from developing countries. Accordingly, strategies involving regional pressure and unity should not be overlooked.

The threat of force or other tangible consequences has been central to the limited diplomatic successes witnessed to date, such as when Iran temporarily agreed to suspend some activities and provide more information and access to the International Atomic Energy Agency (IAEA). It is difficult to bring this threat to bear at present, however. Iran's hardliners are firmly convinced that the United States is tied down, politically if not militarily, by the ongoing wars in Iraq and Afghanistan. They also believe that Israel would not take military action without American approval.

This lack of concern about consequences is rooted in Tehran's reading of the past few years. The international community has drawn an ever-shifting series

of red lines that, if crossed, would supposedly result in serious repercussions. The first line was crossed with the introduction of yellow cake into the Isfahan conversion facility and its conversion into uranium hexafluoride (UF6). Then came the introduction of UF6 into the centrifuges at Natanz. Then came the continued spinning of the centrifuges, then the production of additional centrifuges, and so on. Whenever Iran crossed a red line, the international community continued to engage without enforcing negative consequences. Even Israel's drastic warnings that time is running out and that a moment of decision is near have lost their punch; after all, similar statements in the past were not followed by Israeli action. In fact, the international community typically made a better offer whenever Tehran crossed a line, telling the regime it could keep whatever it had just created as long as it produced no more. The Iranians' policy of playing for time and dividing the international community has worked for them: their program has continued to move forward, and the limited price they have had to pay is one they are willing to accept.

SANCTIONS

Sanctions have had some success in delaying Iran's nuclear program. Unfortunately, they are unlikely to change the regime's mind about important strategic matters such as whether to develop a nuclear capability or nuclear weapons.

In general, the world has failed to make use of the (admittedly limited) punitive instruments available to it. For example, following Tehran's refusal to permit IAEA inspectors to visit certain sites, the agency had the authority under its Safeguards Agreement with Iran to request a "special inspection," but it never did so. Although the regime may well have refused such a move, it would have been an opportunity to mobilize concern about Iran's stance on the part of the many developing countries on the IAEA Board of Governors, isolating Iran from the sorts of nations that it sees as its natural constituency. Similarly, little was done to make the UN sanctions effective. At the operational level, the international community did not establish active cooperation to prevent Iranian smuggling from the emerging market economies, which did not regard Iran sanctions as a priority and likely lacked the resources to detect Iranian front organizations themselves.

In light of these problems, new players are needed in the sanctions game. A smaller coalition of like-minded countries would be best—ideally the United States and the EU. Although unilateral U.S. sanctions have had an impact, Europe must do more. The most effective strategy would be a joint EU-U.S. sanctions office based in Brussels and managed by trade and proliferation professionals rather than diplomats. Together, Europe and America could deprive Iran of much of the high technology it both needs and wants, even if China, Russia, and other countries do not cooperate. And if friendly states such as Canada, Japan, and South Korea participate, Iran could face real problems obtaining the foreign expertise and equipment necessary for its ambitious infrastructure construction program. At the same time, a joint EU-U.S. effort could include an offer to suspend some of the most bitterly protested American sanctions (e.g., on spare parts for civilian airliners) if progress is made on the nuclear file, such as implementation of the Tehran Research Reactor deal.

Washington and its partners should also build on the U.S. Treasury Department's innovative efforts by instituting severe sanctions against the IRGC's expanding business empire. Treasury's targeted financial measures have already attracted serious attention from Iran's senior leadership, and such steps could be greatly expanded. As the key institution supporting the hardliners, the Guards act as the main force behind Iran's nuclear program, terror sponsorship, and human rights abuses. They also reportedly control nearly a third of the country's economy and wield influence over millions of jobs, whether directly (as employers) or indirectly (as key customers or competitors). The blunt steps the IRGC has taken to block government actions that would cut into its income—such as its heavy-handed 2004 takeover of Imam Khomeini International Airport—suggest that it cares deeply about its financial prospects. Accordingly, some analysts see the Guards' economic power as a major limitation on the

opposition, which may find it difficult to challenge the regime in the face of IRGC financial and labor threats.

If the Iranian economy were to receive a truly crippling blow in the form of expanded sanctions, it is unclear how the country would respond. Such a development might generate a nationalist backlash, although that has not been the reaction so far to the existing set of lower-grade, gradual sanctions. Perhaps a crippling blow would be such a shock to the system that it would undercut the hardliners' resolve, though their self-confidence and limited concern about the people's well-being may render them impervious to such a shock. In any case, the international community has shown no signs that it would make the considerable effort required to enact and implement such a measure.

SUPPORT FOR THE OPPOSITION?

Explicit, large-scale international support for the Iranian opposition would be difficult to conduct and of unclear utility. More modest measures are called for, such as expanding broadcast efforts to Iran and upgrading the quality of overall programming to the BBC Persian service's impressive standards. Not only are these steps ethically appropriate, they also offer a means of undermining the self-confidence that leads Tehran to believe it need not compromise domestically or internationally.

"Explicit, large-scale international support for the Iranian opposition would be difficult to conduct and of unclear utility. More modest measures are called for..."

Iranian Regional Activities

IRAN'S FOREIGN POLICY GOALS have remained fairly consistent for decades: to limit U.S. influence in the region, to be the dominant regional power, and to export the revolution. Despite some successes in gaining influence, Tehran has also had setbacks. Both in Iraq and among the Shiite populations of the Gulf Cooperation Council (GCC) states, Iran's influence is not what it once was. None of these parties are particularly interested in supporting Tehran during the current nuclear impasse. Although they would be sympathetic to Iran in the event of a U.S. military action, they would probably not do much other than mount peaceful protests.

It is unclear how much Iran's protest movements have affected Iraqi and GCC Shiite public opinion. If demonstrations become more widespread and the authorities use more violent repression, the Gulf perception that Tehran enjoys widespread domestic support could change.

INFLUENCE IN IRAQ

Tehran has been cultivating influence in Iraq since the 1979 Islamic Revolution. Indeed, when Iraq invaded in 1980, Baghdad blamed Khomeini's frequent calls for Saddam Hussein's ouster and the Iranian-encouraged assassination of a cabinet minister, among other factors. Years later, Iranian efforts paid off following the 2003 U.S. invasion of Iraq, when Tehran exploited its many assets already in place to further its agenda. As a result of this long-term strategy, Iran now has considerable sway in its neighbor's economic, political, and military sectors.

On the economic front, Iran is one of Iraq's major trading partners, exchanging $4–5 billion annually. It also appears to have been subsidizing products being sent into Iraq, thereby undermining Iraqi private sector development.

On the political front, Iran's gains have derived in part from its relationship with the Sadrist movement, which began as a nationalist Iraqi group but evolved under Iranian influence. Tehran began its efforts to control the organization through the so-called "special groups" and then branched out. Eventually, the group's leader, Muqtada al-Sadr, moved to Qom, Iran, under government sponsorship.

On the military front, Iran is closely affiliated with many key Iraqi figures. For example, several of the three-star generals in the Iraqi Ministry of Defense previously lived in Iran for decades. The ministry's inspector-general, a very powerful figure, also has strong ties to Iran. Even the main parliamentarian overseeing Iraq's defense forces is close to the Iranians. These ties take on added importance when one considers that it is difficult for senior Iraqi military figures to remain unaligned politically. Given the prevailing culture of politics and patronage, Iraqi military leaders may well decide to affiliate themselves with a political party for protection—a move that could also give their Iranian associates even greater sway in Iraqi affairs.

Although Iran is clearly a major force in Iraq, its influence has diminished somewhat over the past couple years. For example, in 2006 and early 2007, the IRGC transferred large numbers of sophisticated weapons to a range of groups inside Iraq. By summer 2007, however, Baghdad had had enough and issued stern warnings to the Iranians to back off—a threat the IRGC heeded. Meanwhile, Iraq's Shiite political parties are becoming more independent, secular, and nationalistic, and openly touting ties to Tehran is no longer a winning strategy. The 2009 provincial elections were evidence of this shift, with pro-Iranian candidates faring poorly. Even Prime Minister Nouri al-Maliki began to gain popularity when he portrayed himself as an Iraqi nationalist rather than focusing on his Shiite or Iranian ties. In addition, Iraqi Sunnis are more willing to participate in the political process now as opposed to 2005, when they boycotted the elections. As a result, Shiite politicians feel compelled to appeal somewhat to the Sunni base, making them less likely to publicly highlight connections to Tehran.

The Islamic Supreme Council of Iraq (ISCI) is a good example of how much the situation has evolved. A party with longstanding, high-profile ties to Iran, ISCI now sells itself as an Iraqi nationalist organization. Middle Easterners tend to have long memories, however, and it remains to be seen how effective this attempted rebranding will be.

INFLUENCE ON GULF AND LEVANT SHIITES

Among Shiite communities in the GCC, Iranian influence is on the decline compared to the 1980s and 1990s. The 1979 revolution gave Tehran real credibility among Gulf Shiites for overthrowing a widely despised regime. These communities have evolved over the past thirty years, however, and an anti-Iranian Shiite political movement has emerged. For example, one of the leading Saudi Shiites who strongly supported Iran during the 1980s has now begun to speak out against Tehran's foreign policy. He also recently supported the Saudi government's military intervention in Yemen, despite the fact that Iran reportedly sponsored the Shiite Houthis there.

Gulf Shiites are also increasingly focused on local issues, such that Iran is no longer a top priority or concern for them. Even the Kuwaiti Hizballah recently turned on Tehran, reaching a rapprochement with the emirate's government and publicly stating that Khamenei is not the only legitimate Shiite religious leader. One reason for this development is that the GCC countries have adopted far smarter policies toward their minority Shiite communities. Instead of resorting to repression as they did in the past, they are now focused on co-opting and integrating these communities. By and large, this strategy has worked (with the exception of Bahrain, where Shiites are the majority and are pushing for true democracy so that they can take over).

Given this new environment, a U.S. or Israeli attack on Iran would probably not spark a major Shiite uprising in the Gulf. Some protests might break out, but opposition would likely be limited to that.

A more difficult question is what the Lebanese Hizballah would do under such circumstances. The Iran-Hizballah relationship has evolved over time, and Tehran now has somewhat less control over the organization than in years past. Today, Hizballah hopes to maintain the appearance of being a credible political actor in Lebanon, which might constrain the actions it would be willing to take. That said, Hizballah will remain an important Iranian proxy regardless of whether the current regime survives. Even a Green Movement government would want to maintain close ties to the group. In fact, Hizballah will remain an important strategic asset for Tehran as long as the Israeli-Palestinian conflict persists.

"The Iran-Hizballah relationship has evolved over time, and Tehran now has somewhat less control over the organization than in years past."

Prudent Preparations

REGIONAL STATES NEED TO TAKE appropriate diplomatic and military measures to counter Iran's nuclear ambitions. Although discussion of diplomatic pressure tends to center on the P-5 + 1 countries, Israeli and Gulf Arab diplomacy must be considered as well. And although preventive military action is usually thought of in terms of U.S.-Israeli planning, Gulf Arab states must be prepared to counter any Iranian retaliatory action following a strike on the regime's nuclear facilities.

One complicating factor in determining what is prudent is the lack of consensus about Iran's progress toward nuclear weapons capability. Israel and the GCC are firmly convinced that Tehran seeks a nuclear weapon, while the U.S. government continues to debate whether Iran will acquire such capability but eschew the final step of assembling weapons. There is also wide divergence regarding the amount of time remaining before that point arrives, and about what constitutes a nuclear red line. Israel believes that the timeframe is 2009–2013, implying that Iran might already be able to make nuclear weapons. The United States, however, believes that Iran will not reach that point until sometime after 2013.

GCC PREPARATIONS

Whether the outcome is a Western military strike or an Iranian nuclear breakout, the GCC states believe that their fundamental interests are at stake. They are reluctant to take a diplomatic lead, however, lacking confidence in their own stability and strength. Indeed, many Gulf citizens are proud that Iran can challenge perceived U.S. and Israeli dominance in the region. And Gulf governments question the value of getting involved in anti-Iranian efforts that they believe are doomed to fail. In particular, they are not sure they can rely on the United States to follow through on tough policies toward the Iranian nuclear program. Many GCC elites saw the 2007 U.S. National Intelligence Estimate as a sign that Washington planned to do little to stop Iran's nuclear progress and would therefore be an undependable ally if they were to confront Tehran themselves. More recently, international efforts on the nuclear front have led them to conclude that Iran is outsmarting the West.

At the same time, based on their reading of where Iran is headed, the Gulf states believe that a military confrontation is approaching, whether deliberate or accidental in origin. Since the June 2009 Iranian presidential elections, GCC governments have concluded that the nation's hardliners are consolidating power. Accordingly, they see a confrontation looming between Iran and either the United States or Israel. It could come in the form of a direct strike or an unplanned incident in Gulf waters. In short, GCC threat perceptions toward Iran are very similar to Israel's, though Gulf leaders will not say so publicly.

The GCC states realize that they become a front line in any conflict with Iran. The regime's most likely response to U.S.-Israeli military action can be ascertained from the nature of recent Iranian military exercises and the pronouncements of IRGC commanders, particularly with regard to asymmetric strategies. Examining such factors, one can see that oil transit chokepoints such as the Strait of Hormuz, the Suez Canal, and the Bab al-Mandab Strait may be at risk. Tehran could also sponsor efforts to create instability across the Arab world (e.g., Somalia, Yemen, the Palestinian territories), in the southern Sahara, and in the Afghanistan/Pakistan region.

GCC countries also tend to focus on their vulnerability to Iran's diverse and developing missile arsenal. Missile defenses have been boosted across the region, however, with several countries deploying Patriot PAC-3 batteries and the United Arab Emirates (UAE) acquiring a Theater High-Altitude Area Defense (THAAD) system. In addition, Gulf aircraft such as the Mirage-2000, F-15, and F-16 are all capable of threatening Iranian targets, and the UAE air force is deemed quite capable of holding its own against Iran.

The fact that greater regional military cooperation is occurring is a strong indicator of just how seriously the GCC states regard the Iranian threat. Traditionally, the Arab Gulf states have been limited by their historical reticence to collaborate militarily. Instead of forging deep multilateral relationships among themselves and integrating their command and control structures, they have preferred bilateral relationships with the United States. These limitations have now lessened to a certain degree.

In fact, the GCC states no longer wish to rely exclusively on the United States for military and diplomatic protection. They want to diversify their foreign relations, bringing in countries such as France and Italy to broaden their range of allies. In other words, they want to internationalize Gulf security. Washington is not certain what to make of this approach, and Iran is strongly opposed given its longstanding belief that only Gulf states should be involved in Gulf security.

Despite these bold initiatives, persuading the GCC states to be more active diplomatically on the nuclear issue will not be easy. Because they still see Iran as a major power in the region, their instinct is to avoid antagonizing Tehran whenever possible. GCC elites also worry about several previously mentioned factors, such as Iran's ability to stir up Shiite unrest and Washington's uncertain reliability when it comes to staying the course. Numerous other complicating issues are in play as well; for example, U.S. relations with Saudi Arabia are currently unsettled by differences regarding Israeli-Palestinian affairs, Afghanistan, Pakistan, Yemen, Iraq, energy, and climate change.

Ironically, the GCC's greatest fear may be a "grand bargain" between the United States and Iran. The Gulf states are intensely aware that Iran would be a great strategic asset for Washington. If the two countries were to become strategic allies, their friendship would undermine the importance of Washington's relationship with the GCC. Under such circumstances, Gulf elites fear that the United States would in effect endorse Iran's ambitions to dominate the region. This concern has not led the elites to become nervous about Iran's democratic opposition, however. Given their intense dislike of the Islamic Republic, they have been pleased about the popular unrest, despite its potential to result in U.S.-Iranian rapprochement.

ISRAELI PREPARATIONS

A major emerging diplomatic problem for the United States is that Israel is no longer sure it can trust Washington when it comes to Iran. Israel believes that the United States is in denial regarding the Iranian threat; some Israelis are even concerned that the Obama administration does not have a deep commitment to their country.

From Israel's perspective, if Iran cannot be contained without nuclear weapons, then there is little chance it can be contained once it has nuclear weapons. Attempting to do so would be a risky policy, with Israel bearing most of the risk. In particular, if the hardline leaders of a nuclear Iran find themselves about to lose power, Israel believes they may say to themselves, "If we have lost anyway, why not press the button first?"

Although President Obama has said that Iran is not a problem for Israel alone, Israel is not confident that the United States has thought through the consequences of an Iranian nuclear arsenal. For example, any U.S. port could be accessible to an Iranian nuclear weapon hidden in a storage container. Accordingly, many Israeli elites are convinced that the United States will have to take military action itself at some point. In their view, the question is whether Israel can wait for that to happen before taking action of its own.

Most Israelis also seem to believe that if Iran acquires nuclear weapons, Arab countries will seek their own nuclear arsenals. This recognition has significantly influenced Israeli views on security—specifically, they believe that any regional security architecture requires a foundation, and that prevention is the only solid foundation for the Middle East. Similarly, military preparations do not undermine engagement with Iran; to the contrary, without military pressure, engagement stands no chance of ensuring prevention.

In light of these core beliefs, Israel favors a twin strategy of throwing Iran off balance, while also making it clear that such an action is only the beginning of a more comprehensive approach. A nuclear weapon would become the number-one asset on Iran's balance

sheet. Nothing the international community could offer would be equal in value to that asset. Therefore, the only way to persuade Tehran to desist would be to make nuclear weapons the regime's number-one liability. Israel is convinced that the only way of mustering enough pressure to achieve this transformation is to include potential military measures as part of the pressure package. Pressure of any sort entails costs, and the question is whether the United States is prepared to pay the necessary price.

If Israel concludes that neither Washington nor the international community are planning to prevent Iran from going nuclear, then it will be forced to conduct a very serious cost-benefit analysis on its own. As noted repeatedly throughout the ongoing crisis, a nuclear-armed Iran could be seen as an existential threat to Israel. In fact, the mere threat of nuclear-tipped Iranian missiles could destabilize the Israeli population, prompting the departure of untold numbers to a less dangerous part of the world. Any Israeli prime minister would also be conscious of the cost of doing nothing, thereby risking horrendous casualties in the event of a nuclear strike. Jewish history would weigh heavily in such calculations, of course. Israelis are intensely aware, for example, that many Jews were killed at Auschwitz even after advancing American forces came within range of the camp's rail lines, all because U.S. officials rejected the appeals of Jewish organizations calling for timely action.

If Israel were to take unilateral military action, it would be focused and short-lived, conducted via long-range bombing runs or missile strikes. The most likely targets would be the plutonium-producing heavy water reactor under construction in Arak, the centrifuge enrichment facility at Natanz, and the uranium conversion plant in Isfahan. Israeli aircraft would likely fly along the Syrian-Turkish border or similar lines, confusing the issue of which countries were being overflown (though it is possible that Israel would ask for tacit permission to fly through Saudi airspace).

U.S. PREPARATIONS

The United States views the Iranian nuclear issue partly through the lens of the Islamic Republic's revolutionary activities, but more through the lens of proliferation. Although the risk of nuclear war may not get much popular attention, it is of deep concern to top American decisionmakers, particularly President Obama. The casualties from any use of nuclear weapons could be enormous. In late 2001, when an Islamic militant attack on the Indian parliament sparked a major India-Pakistan confrontation, Pentagon analysts calculated that a nuclear exchange would result in a death toll of somewhere between 10 million and 300 million. Even the lower bound of that wide range would be horrific. Therefore, Washington could serve U.S. interests by highlighting its concerns about nuclear war as an element in the current impasse over Iran's program, offsetting the regional and international tendency to focus exclusively on America's conflict with the Iranian regime.

"The United States views the Iranian nuclear issue partly through the lens of the Islamic Republic's revolutionary activities, but more through the lens of proliferation."

In the unlikely event that the United States does take military action against the Iranian nuclear program, all indications point to a campaign that would involve overwhelming force. The United States has not sufficiently explained why such a far-reaching campaign would be appropriate, however. The attack would presumably involve multiple strikes over a number of days, destroying Iran's ballistic missile capabilities, antiaircraft networks, and command structures in addition to nuclear targets. Many in Iran, across the region, and around the world may believe that the aim

of such a campaign is regime change, with the nuclear issue only an excuse to take action. Perceptions of that sort would not be in U.S. interests, so Washington should explain more carefully what preemptive strikes would entail. The reasons for doing so, while primarily political, are also military. For instance, base access and overflight rights will be more difficult to acquire if countries believed the U.S. objective was regime change. Alternatively, the United States could sidestep some of these third-country problems by conducting as much of the campaign as possible via carrier-based strike forces and long-range bombers operating from the United States.

Currently, the U.S. military has good working relations with Gulf militaries. These military-to-military relationships may be quite different from government-to-government relations, however. For example, Gulf governments may not be pleased if their militaries are perceived as adopting the U.S. stance on issues such as military preparations against potential Iranian action. Similarly, the United States has sometimes had trouble explaining to Gulf elites exactly what military steps would constitute prudent preparation. Considerable progress has been made in securing cooperation on missile and air defense as well as critical infrastructure protection, but more remains to be done.

Conclusions

THE MOST BASIC QUESTIONS about engagement remain open:

WHEN?

It is unclear whose side time is on. A good argument can be made that the Iranian hardliners have succeeded in advancing the nuclear program while using stall tactics to divide the international community. But a strong case can also be made that Tehran is increasingly regarded as the source of the problem (certainly much more so than two years ago), while the United States is seen as making a good faith effort. Additionally, Iran's ongoing domestic instability may force the regime to resolve the nuclear impasse rather than fight a "two-front war" at home and abroad.

WHO?

For years Iran insisted that the outstanding disputes could be resolved if only the United States would agree to direct bilateral engagement without preconditions. Then, when the Obama administration made a full-court press for such engagement, Tehran was utterly uninterested. The regime also insisted for years that the nuclear issue belonged at the IAEA rather than the Security Council. But in 2009, when an overwhelming majority of the IAEA Board of Governors took the initiative and condemned Iran's stance, the regime was dismissive. In light of these contradictions, European powers have shown greater willingness to consider sanctions by a group of like-minded states, including the EU, the United States, Canada, Japan, and others. This change has been reinforced by growing anger over Iranian human rights abuses and the inability to overcome Chinese inflexibility in the Security Council (which had been the Europeans' preferred venue for such action).

Meanwhile, the role of Arab states will likely remain limited by the complex GCC security agenda, including fears that Gulf states would be vulnerable to Iranian retaliation. And although the Israeli role has been subject to much speculation, the reality is that Israel is likely operating under the same basic rule that applies to most states facing extremely difficult decisions: it will wait until the last possible moment before deciding what to do.

WHAT?

It is unclear what incentives the United States can productively offer to a government that is deeply suspicious of U.S. friendship. It is also unclear what the United States can do to credibly demonstrate that military options are still on the table; after all, many observers share Tehran's conviction that the Obama administration will not use military force on this issue. The consensus among U.S. analysts is that the threat of stronger sanctions would make Tehran's choices starker and reinforce the search for a diplomatic solution—but key actors such as China firmly disagree with this approach. Finally, despite their sympathy for Iran's democratic movement and their unwillingness to hurt it by appearing to endorse an autocratic regime, Western governments are hoping to reach an agreement with the existing government, and they see little they can do to help the opposition.

The future direction of U.S. policy in the region is uncertain. The Obama administration's internal debate regarding Afghanistan can be read in one of two ways: either Washington will focus on that conflict and place Iran on a side burner, or its decision to proceed with vigorous action in Afghanistan signals that it will approach other international issues with the same commitment and resolve.

Equally unclear is extent to which the opposition will take center stage in U.S. strategic thinking about the Islamic Republic. If there is any realistic prospect that the hardliners will be shoved aside, then the United States would have less reason to concentrate on the nuclear impasse.

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"The current impasse between the international community and Iran, especially as regards the nuclear issue, is likely to persist."

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