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Thank you for this invitation to speak with you today about the nuclear crisis with Iran, perhaps the most important national and global security problem we face today.

Let me start by noting that I see twin dangers in the public discussions about Iran, dangers common in the US and Europe, perhaps less so Israel, that can cloud our judgment. First, there is a kind of creeping sense of inevitability – what could be called proliferation fatalism – about whether there is any chance that diplomacy, even strong coercive diplomacy, can prevent Tehran from getting the bomb today. Second there is also a growing sense of deterrence optimism in many circles: the belief that Iran can be successfully deterred from using nuclear weapons IF it gets nuclear weapons.

Proliferation fatalism and deterrence optimism reinforce each other in a subtle but pernicious manner. As nuclear proliferation comes to be seen as inevitable, wishful thinking can make its consequences seem less severe; and as blind faith in deterrence grows, the incentives or the will to take the steps necessary to prevent proliferation can diminish.

I want to counter both of those perceptions today.

We should start by discussing the 2007 National Intelligence Estimate on Iran. The common understanding of the NIE report was that it said Iran had “ended” its nuclear weapons program in 2003; but that is a misreading. Yet that misreading led Ahmadinejad to declare victory, as if Iran was vindicated, and encouraged Russia and China to back away from tougher sanctions. What the unclassified summary of the NIE really said, however, was different: It said: “We judge with high confidence that in the fall of 2003 Iran halted its nuclear weapons program.” Halted is not ended. Halted is halted; it could be interpreted just as easily as to mean “suspended.”

Certainly there was no judgment in the NIE as to the finality of any Iranian decision regarding the weapons program.

Indeed, the key NIE finding that was not discussed in detail in most press reports was that Iran clearly had been operating a nuclear weapons development program. This was a violation of Iran's NPT commitments under article II not to seek nuclear weapons. This should have been emphasized in International Diplomacy after the NIE was released much more than it was. And it should still be emphasized by the IAEA and in international negotiations over Iran. Iran claims (quoting article IV of the NPT) that it has an "inalienable right" to nuclear power including enrichment facilities. This is not correct for article IV also states that the right is conditional on a state's compliance with its article II commitments.

The NIE further said "We assess with moderate confidence that Iran probably would use covert facilities...for the production of highly enriched uranium for a nuclear weapon." It added that "a growing amount of intelligence indicates that Iran was engaged in covert uranium conversion and uranium enrichment" outside of Natanz. As one senior US intelligence officer told David Sanger of the NYT: "I am not saying that we saw centrifuges spinning on the edge of the Caspian Sea....but there was a secret enrichment program too."

This point in the NIE is far more important than generally realized because the existence of covert uranium enrichment facilities both greatly complicates the effectiveness of potential military options against Iran, but also should provide an opportunity for more aggressive international pressure on Iran and increased efforts for intelligence agencies and IAEA inspections to find the covert sites.

Deterrence Optimism

Optimists like to cite the Cold War, when the US did not want the USSR to get NW, but learned to live over time with nuclear deterrence. Deterrence worked, albeit imperfectly, in Cold War, however, in part because we were facing a highly centralized, conservative, and ultimately quite cautious

Soviet Union. That is not the case with Iran and the experience of Pakistan once it got nuclear weapons is a more appropriate analogy.

- Pakistan considered nuclear weapons as shield behind which it could engage in increased support for terrorist attacks and even direct Pakistani military engagement in Kashmir in 1999; the Iranian government has clearly been promoting and arms Hezbollah and other organizations that engage in terrorism, and I believe Teheran would similarly be emboldened if it feared retaliation even less than it does today.
- In Pakistan the splits between civilian leaders and the Pakistani Army and between Army and the ISI made it unclear (even to themselves) who controlled NW doctrine, alerting, and launch operations in the middle of crises with India: same would be true, in spades in a nuclear Iran today, in which the decisions of the Supreme Leader are challenged by Ahmadinejad and his fanatical faction within the Iranian Revolutionary Guard Corps. If Iran does get the bomb, the IRGC is likely to have physical custody of the weapons; from whom they would seek spiritual and political guidance and whose orders would they follow and is not clear.
- Third, the guardians and creators of the arsenal in Pakistan, not just senior government officials, had ties to terrorists. Osama Bin Laden met with Khan Research Lab officials, for example, and the ISI, at least in 1999, both vetted who could guard nuclear weapons in Pakistan and ran Pakistan's Jihadi operations in Kashmir, not a healthy mix of responsibility. In Iran, the IRGC would presumably both control NW and run relations with Hezbollah, Hamas, and other terrorist organizations and even if leaders did not support giving nuclear weapons to such terrorists, a perpetual "insider threat" problem would exist.
- Finally, elements in the Pakistani government under the shield of nuclear weapons has at a minimum permitted, and sometimes encouraged, anonymous terrorist attacks (like the 2000 Delhi parliament and 2008 Mumbai attacks), This is a new and frightening prospect that should lead to more pessimistic assessments about the

prospects for deterrence: because of current limits on what is called nuclear forensics, Iran in the future might be tempted to engage in an anonymous nuclear attack, with the perpetrator masked and the return address for retaliation unclear.

- Further proliferation in the region, all in the name of deterrence, only would repeat such dangers.

Fighting Fatalism

So a nuclear-armed Iran would be a grave threat for not just Israel but for the US and most other countries. So what to do about it? That will be what we will be mostly discussing in this panel today. Let me leave you with three related thoughts to place on the table.

Candidate Obama is on record as saying that Iran with nuclear weapons is unacceptable, that he would not rule out the use of force, but that the Bush Administration had failed by both having inadequate carrots and weak incredible threats. What might be behind the open hand that President Obama has extended?

1. In terms of carrots, the first possibility is to signal, as difficult as this would be, that we do not seek to change the Iranian regime by force. Peaceful coexistence, by analogy with the Cold war, did not mean the end of ideological competition; it just meant the end of trying to overthrow each other by military means. Second, to the degree that the Iranian public and professional class really does value Nuclear Power (and not nuclear weapons) we could provide support for Light Water Reactors (provided the fuel was imported from outside Iran and spent fuel taken back to place of origin).

Third, ultimately, there is interest in a potential grand bargain of dropping all sanctions and ending Iran's isolation in return for credible and verifiable ending of its enrichment and reprocessing program and its support for terrorist organizations.

2. In terms of *Stronger Sticks*: the single most biting sanction would be on refined petroleum, Iran continues to import just under a half of its refined

petroleum and the economic costs to the public and political costs to regime of such a ban would be enormous. If Iran retaliated with its own ban on exports of oil, the costs of oil would clearly go up in the world, but with the price of oil so much lower now than in the recent past, the economic costs to the West would be less than when this option was discussed during the Bush Administration. All this would require Russia and China, in the UNSC to go along, of course, and the cooperation on trade sanctions and help with oil would be crucial from the Arab states as well. The alternative, practiced of late, of financial sanctions from the US and Europe can be deepened but is not likely to have anywhere the bite of threatening and playing the petroleum card if necessary.

3. Finally, there is a range of military options, ranging from sabotage, to limited strikes on the nuclear program. to broader strikes on the nuclear program and other military and regime control targets. We have others on this panel better equipped to discuss those options, but let me conclude just by noting that my listing military options last was deliberate. Any direct military option would have serious international repercussions and as I noted in the start of this talk, the likely existence of covert activities suggests that military strikes may only delay, not eliminate, Iran's nuclear weapons program. The military option is not going to be taken off the table (indeed, even if it was off the table, it would be a lurking presence known to all just under the table.) Still, the international legitimacy (and the ultimate effectiveness) of military options would be significantly greater if they were considered a last resort, only executed when all other options had failed. Now is the time to put those other diplomatic options to the test.