

FORGING AN IRAN STRATEGY

Final Report of the Working Group on Iran's Global Influence

On August 15, 2006, the American Foreign Policy Council and the McCormick Tribune Foundation convened a group of experts and policymakers (group listing on page 86) to examine the contemporary challenge to American interests posed by the Islamic Republic of Iran, and policy options available to the United States. The resulting report, entitled "Forging an Iran Strategy," was released publicly in November 2006. It is reprinted here with permission.

Contextualizing the Iranian threat

The most far-reaching danger posed by the Islamic Republic derives from its nuclear program. By now, there can be little doubt that the Iranian leadership is intent upon acquiring nuclear weapons, and rapidly moving closer toward this goal. Over the past four years, the world has become aware of a massive, national nuclear endeavor on the part of the Iranian regime—one that has persisted despite mounting pressure from the international community. Moreover, despite the best efforts of the International Atomic Energy Agency, much of this program has remained hidden from public view, and Iranian officials have demonstrated a clear intent to deceive the West about the pace and scope of their nuclear work. Parallel to this effort, Iran has made serious advances in its development of ballistic missiles, which will serve as the principal means of delivery for this capability.

The likely impact of Iran's nuclear program will be profound. A nuclear Iran will have the ability to dramatically, negatively, and decisively alter the geopolitical balance in the Middle East. Through new diplomatic, economic, and security agreements with Tehran, states in the region, and well beyond,

can already be seen preparing for the emergence of a nuclear Iran—and for a corresponding retraction of American power. Thus, the consequences of a nuclear Iran are already being felt, even before Iran can actually demonstrate a nuclear weapons capability. All of the states that will be affected by Iran's acquiring nuclear capability have already begun to reassess, and in some cases to change, their strategies in anticipation that Iran will get the "bomb" and that no one, including the United States, will be able to stop it from doing so.

Iran's atomic advances also will almost certainly touch off a dangerous and destabilizing arms race, as states in the region—among them Saudi Arabia, Egypt, and Turkey—begin to look for strategic counterweights to the mounting threat from Tehran. Indeed, growing signs suggest that such discussions among the countries of the region have become increasingly prevalent as Iran has drawn closer to the nuclear threshold.

There is also the potential for the Iranian nuclear capability to be passed on to other hostile regimes or even to Iran's terrorist proxies; indeed, the Iranian leadership has already declared its intent to share such technology with the Muslim world. We should anticipate that Iran will share its nuclear capabilities with other state and non-state actors that support its positions and, thereby, extend its strategic reach.

At the same time, the Iranian regime will be emboldened to step up its support for terrorist activity worldwide, as well as become more active in the export of its radical revolutionary principles. Substantial environmental concerns also exist, since if Iran's nuclear technology is not handled properly the effects of an accident or malfunction would be cat-

astrophic for the people of Iran, and for the region at large.

Yet, while Iran's nuclear capability should be the most immediate concern for policymakers, it is hardly the only one. Iran is the world's leading state sponsor of terrorism, and has been instrumental in fueling the activities of a variety of radical and insurgent groups. These include Palestinian rejectionist groups, such as Hamas and the Palestinian Islamic Jihad, and Shi'a militias in Iraq. As the 9/11 Commission pointed out in its final report, the Islamic Republic also has had a tactical partnership with the al-Qaeda terror network since at least the early 1990s, and that relationship remains largely intact and active today. Iran's principal terrorist proxy, however, is Hezbollah. Since its establishment in Lebanon in the early 1980s, Hezbollah has emerged as a terrorist powerhouse—one responsible for more American deaths than any other group in the world except al-Qaeda. And, since 2000, Hezbollah's status in the Arab and Muslim world has risen dramatically, driven by the perception that the powerful Shi'ite militia was responsible for precipitating Israel's "retreat" from Lebanon.

The recent conflict between Hezbollah and Israel (July-August 2006) has only served to reinforce this view. The month-long war touched off by Hezbollah's kidnapping of two Israeli soldiers in mid-July has ended inconclusively, with the terrorist group retaining much of its political cohesion and substantial military capability. The conflict itself was a boon to Hezbollah's chief sponsor, Iran, deflecting international attention from the Iranian nuclear program. The outcome of the war has similarly bolstered Iranian stature, providing the regime in Tehran with greater

regional legitimacy for having faced down Israel—and, by extension, the United States—in a major proxy conflict. Indeed, Israel's failure to eliminate Hezbollah's capabilities has become viewed on the Arab "street" as a clear victory for Hezbollah and its Iranian backers.

Iran is also moving to expand its influence in the Middle East. Over the past several years, Iran has forged a robust strategic alliance with the regime of Bashar al-Assad in Syria, as well as nudging a number of regional neighbors into alignment with its policies. It has launched a sustained military rearmament, courtesy of assistance from Russia and China. And, working through a variety of Shi'ite political and military factions, it has dramatically deepened its influence in post-Saddam Iraq. Since the fall of the Hussein regime in 2003, Tehran has emerged as a major contender for power in the former Ba'athist state, providing aid to segments of the Iraqi insurgency and deepening its influence among the country's various warring political factions. In the process, it has significantly impeded the establishment of peace and security inside that country, and complicated Coalition efforts to establish a stable democracy there.

Simultaneously, Tehran is expanding its military presence in the Caspian Basin, where it now possesses the region's second largest naval force. Iran is also actively engaging regional governments in an effort to craft an anti-NATO and anti-U.S. security bloc in the "post-Soviet space." At the same time, it has extended its support for terrorist elements in Russia's Near Abroad, providing assistance to groups such as the al-Qaeda-affiliated Islamic Movement of Uzbekistan.

Many of these efforts are underpinned by Iran's alliances with two countries: Russia and China. Both have provided major military, economic, and diplomatic support to the regime in Tehran over the past two-and-a-half decades, and continue to supply advanced military and WMD-related technology to the Islamic Republic despite the imposition of sanctions on numerous Russian and Chinese entities by the United States. These countries have also been instrumental to Iran's nuclear ambitions, since they wield veto power at the United Nations Security Council and have used this status to thwart any meaningful diplomatic consensus regarding the containment of Iran's nuclear ambitions.

Iran has also drawn support from a number of nations deeply hostile to the United States, most directly North Korea and Venezuela. The former has played a major, if not the primary, role in Iran's development and acquisition of ballistic missiles, which now provide Tehran the capability to strike Israel, India and southeastern Europe. The latter, meanwhile, has developed strong diplomatic, military and economic ties with Tehran, forging an anti-American alliance that has the potential to adversely affect the United States in the Middle East and in Latin America.

U.S. options

So far, the United States has failed to articulate a comprehensive strategy for dealing with this challenge. Since 2002, the principal focus of the White House has been to defuse Iran's nuclear ambitions, and its principal approach for doing so has been diplomatic. In the process, the Bush administration has wedded itself to a dangerous—and deeply flawed—United Nations negotiating

track, one that has disadvantaged the United States and bought valuable time for the Iranian regime to forge ahead with its nuclear program. Iran, for its part, has encouraged this dialogue, confident in the knowledge that the United Nations system will serve as a serious impediment to forceful international action.

Simply stated, the failure of international diplomacy can be attributed to the lack of a credible threat against Iran. The Iranian regime today strongly believes that, given ongoing difficulties in Iraq and Afghanistan, as well as its own ability to unleash a worldwide wave of terror and manipulate the global oil market, the United States and its allies do not have the capacity or the motivation to enforce their demands. The result has been an emboldened Islamic Republic—one that has begun to draw the smaller, weaker countries of the region into its orbit.

Nuclear deterrence is not a viable solution to the current crisis. Many analysts have concluded that it would be possible to “live with a nuclear Iran.” They contend that once Tehran has acquired an atomic capability, it would be bound by the same rules of Mutual Assured Destruction that governed the U.S.-Soviet “balance of terror” during the decades of the Cold War. Such an assumption is flawed, and potentially dangerous. Cold-War-era deterrence functioned effectively because a series of factors (good communications, understanding of the adversary, and a shared assumption that war should be avoided) were presumed to exist in both Moscow and Washington. None of these apply in the case of Iran. Since 1979, the United States has had little to no official contact with the Iranian leadership, and there is a great deal of uncertainty about our

understanding of Iranian intentions or “redlines.” Even more troubling is the fact that at least one segment of the Iranian leadership—the so-called “war generation” led by Iranian president Mahmoud Ahmadinejad—holds a messianic, apocalyptic worldview that actually encourages confrontation with the West as a way of hastening the return of the Islamic Messiah, or *Mahdi*.

Sanctions, on the other hand, if implemented forcefully stand at least some chance of success. Today, the Islamic Republic possesses a number of concrete economic vulnerabilities. These include high inflation, an aging and fragile energy infrastructure, a major gap between rich and poor, dependence on foreign direct investment, chronic unemployment, especially among young people, disproportionately large government control over the economy, and reliance upon imports of refined petroleum from foreign sources. By tailoring economic levers to exploit these “points of entry,” the international community can slow Iran’s nuclear progress and signal its opposition to an Iranian “bomb.” If coupled with effective public diplomacy, such measures can also drive a wedge between the Iranian government and its people over the prudence of acquiring a nuclear weapon. However, relying on the United Nations to impose sanctions will virtually guarantee the emergence of a nuclear Iran, since two of the Islamic Republic’s chief nuclear enablers, Russia and China, hold veto power over any substantive UN action. Instead, the U.S. government should focus upon two parallel approaches: the creation of an economic “coalition of the willing” capable of applying those specific measures most likely to alter Iranian behavior in the immediate future, and devising cost-

imposing strategies on Iran supporters like Russia and China that could make their cooperation with Tehran more reluctant or more expensive, or both.

Yet the possibilities of constraining Iran's regional and international freedom of action are declining. Iran's mounting power has catalyzed a wave of Shi'a empowerment throughout the region, which will increase dramatically if Iran possesses nuclear weapons. Today, Iran's radical proxies—from Hezbollah to Shi'ite militias in Iraq—are beginning to show alarming signs of boldness. Notably, however, this trend also has begun to generate serious concern among the Sunni Arab states of the Persian Gulf and Levant. Indeed, in a sign of their unease, countries such as Saudi Arabia, Egypt and Jordan were among the first to take a forceful stand against Hezbollah in the recent conflict in Lebanon. This has created a major opportunity for the U.S. to forge a regional bloc to blunt Iranian power and curb its nuclear ambitions. As of yet, however, Washington has not seriously worked to develop strategies that bring together others who share our fear of a nuclear Iran. It should do so without delay.

Military action also must remain an option. President Bush has declared that the United States “will not tolerate” a nuclear Iran, and at some point the use of force may be necessary in order to prevent such an occurrence. However, given the domestic popularity of Iran's nuclear program, the consequent likelihood of a “rally around the flag” effect on the Iranian street, and ongoing American difficulties in Iraq and Afghanistan, prudence dictates that the use of military force be viewed solely as a last resort. However, more limited intervention action linked with economic

and political pressure (for example, against Iranian refineries or Iran's electrical grid) should be explored.

Recommendations

The Iranian threat is real, and it is mounting. How the United States responds to the challenge of a rising Iran will dictate the shape of American interests and U.S. foreign policy in the greater Middle East for years to come.

For the United States, the promotion of stability in the greater Middle East has emerged as an overriding strategic objective. Today, Iran's concerted pursuit of a nuclear capability, its interference in Iraq and its deep support for international terrorism constitute serious impediments to achieving this goal. In addressing the challenges posed by the Iranian regime, the U.S. faces three policy choices. First, it can decide to act immediately and decisively to end Iran's nuclear efforts through action that would be military in nature and almost assuredly conducted unilaterally. Second, it can choose to live with a nuclear Iran, and to manage its detrimental effects upon the international community. Third, the United States can work to delay the emergence of a nuclear Iran, while simultaneously isolating the Iranian regime and encouraging a fundamental political transformation within its borders.

It is our belief that this third option represents the optimal course of action. However, should such efforts fail, the use of military force will need to be an option. This approach can be pursued through a series of concrete and interrelated steps:

Expanding intelligence on Iran

Today, the United States and its allies still know far too little about the strategic capabilities of the Ira-

nian regime. By the admission of American officials themselves, U.S. intelligence on Iran, its strategic programs, and the internal correlation of forces within the Islamic Republic is virtually nonexistent. Such a state of affairs is unacceptable. Quite simply, the United States cannot afford to be “a day late” in its estimates about the maturity and pace of Iran’s nuclear program. Neither can it afford to misjudge the extent of Iran’s political activity in Iraq, the scope of its sponsorship of terror, and its likely political evolution.

To correct this critical deficiency, the United States must immediately embark upon a crash program to “get smart” on Iran. Such an effort must include identifying Iran as the number one priority intelligence target. Greater surveillance of the Islamic Republic, using all available sensors, as well as expedited work to rebuild America’s once-robust HUMINT (human intelligence) network inside that country, is essential. In addition, the U.S. should encourage greater intelligence collection (both technical and HUMINT) by—and increased intelligence sharing with—all friendly countries in the region. The U.S. should also immediately assist those friendly countries in increasing their intelligence capabilities against Iran through funding, increased liaison and greater technical support. Such capabilities are critical for the U.S. to accurately gauge the time remaining for it to apply the recommendations that follow.

***Delegitimizing, discrediting
and marginalizing the
Iranian leadership***

Today, as a result of the recent Israeli-Hezbollah conflict, ongoing unrest in Iraq and its own nuclear

advances, the Iranian regime is rapidly expanding its regional and international influence. In the process, it has catalyzed a wave of Shi’ite empowerment in the region, much to the detriment of U.S. allies there. Over time, Iran’s growing power has the potential to force Sunni groups into alignment as well—a development that would dramatically reduce the number of “undecided voters” in the Arab and Muslim street. Diminishing the regime’s international standing and domestic legitimacy should consequently be a major objective of the United States. One major area of concentration should be the regime’s corruption. The current regime came into power promising to empower the Iranian people, allowing them to personally benefit from national wealth. To date, these promises have not been fulfilled. Iran’s population today is no better off economically than before the current leadership was elected. This fact should be noted locally, regionally, and internationally, as a way of motivating opposition elements inside and outside of Iran to call for a change in leadership—and then to act upon that call.

The U.S. should also work to expose, publicize, and discredit the “Quds Force,” the principal unconventional warfare unit of the Iranian regime’s clerical army, the *Pasdaran*. Such a step is particularly important, given the role of the Quds Force in training paramilitary forces (like Hezbollah), transferring advanced weapons to Iranian proxy groups and carrying out acts of sabotage and subversion throughout the world. Other regime leaders and proxies, such as Iranian President Mahmoud Ahmadinejad and Hezbollah spiritual guide Hassan Nasrallah, should become the subjects of similar campaigns.

Imposing robust sanctions

Iran today suffers from severe economic vulnerabilities. It is deeply dependent on foreign supplies of refined petroleum, obtaining close to 40 percent of its annual gasoline consumption from abroad at a cost of billions of dollars annually. The vast majority of regime wealth is concentrated in the hands of a very small number of people, as well as in Iran's sprawling, largely-unregulated religious/social foundations known as *bonyads*. Iran's energy sector requires sustained foreign direct investment (some \$1 billion annually to maintain current production levels, and \$1.5 billion a year to increase capacity), and without such sustained capital the Islamic Republic could revert from an energy powerhouse to a net energy importer in the span of very few years. Targeted financial measures that take advantage of these weaknesses can substantially impact Iran's political priorities, as well as the pace of its nuclear program. "Smart sanctions" that target regime officials and their associates (through travel bans, asset freezes and similar measures) can profoundly impact both the decisionmaking and the legitimacy of the regime in Tehran. Pressuring Iran's suppliers of refined petroleum (such as India, France, Turkey and the Gulf states) to curb supplies to the Islamic Republic can create major economic and political disruptions inside the country. The U.S. should also exploit its existing trade relationships with Iran's economic partners by threatening to levy "second-tier sanctions" on those nations unless they reduce their financial dealings with Iran.

Such measures, however, should not be pursued through the United Nations. Rather, the United States should seek to create an economic "coalition of the willing" that is both

ready and able to impose serious economic pressure upon the Iranian regime. In order to be effective, they must also be paired with robust public diplomacy designed to drive a wedge between the Iranian government and its people over the prudence of nuclear acquisition.

Severing links between the Iranian state and its terrorist proxies

The United States must degrade or deny the ability of the Islamic Republic to maintain its role as a state sponsor of terrorism in the years ahead. This will involve stepped-up interdiction of arms shipments from the Islamic Republic, as well as enhanced efforts to curtail contacts between Iran's clerical army, the *Pasdaran*, and the regime's terrorist proxies. The U.S. should also create a coordinated communications campaign aimed at fostering greater international awareness of Iran's role as a state sponsor of terrorism. In the wake of the recent Israeli-Hezbollah war, preventing the rearmament of Hezbollah also must become a major focus of the U.S. government and military.

A related priority should be military operations designed to capture or kill Iranian-supported radicals. By targeting Iranian proxies such as Hezbollah, the United States has the ability to substantially erode Iran's capacity to engage in future asymmetric warfare. There is substantial basis for such action; four Hezbollah members (Imad Mugniyeh, Ali Atwa, Hasan Izz-Al-Din, and Mohammed Ali Hamadei) are currently on the U.S. government's list of 20 most wanted terrorists, and have never been brought to justice for multiple crimes against America and Americans. By taking action against these killers, Washington would also provide an important cautionary example

to other radical elements in the region that their actions are not cost-free.

Improving strategic communications

The United States must improve the clarity and strength of its message to both the Iranian regime and the Iranian people. To the former, the United States must communicate clearly, both in word and in deed, that its continued rogue behavior will carry adverse consequences, up to and including the use of force. Simply put, diplomacy cannot succeed without a credible deterrent threat. Iranian leaders must clearly know American “redlines” on their nuclear program, their support for terrorism, and their regional troublemaking—as well as the likely consequences should they continue these activities.

To the latter, the United States must demonstrate its commitment to their urge for freedom, in deed as well as in word. To do so, it will be necessary to reform and retool the existing tools of American strategic communications, the *Voice of America's* Persian service and the *Radio Farda* component of *Radio Free Europe/Radio Liberty*. Currently, neither is responsive to the core “marketplace”: the Iranian people. Instead, their operations have degenerated into long sessions of music at the expense of proven approaches to shaping the strategic landscape through targeted analytical programming on history, culture, current affairs, society and ideas aimed at critical elites. These efforts should be reconfigured to better articulate support for opposition forces and political trends within Iran; help discredit the Iranian regime as the sole source of Islamic knowledge; highlight the corruption and human rights abuses of the country's leadership; and emphasize the dangers of

the Iranian regime's current conduct, among other goals. As part of this effort, it will likewise be necessary to identify and enlist new and emerging forms of media, ranging from Internet weblogs to text messaging, as a way of amplifying outreach. At the same time, the United States must expand its attention to—and support for—existing non-governmental media outlets communicating to Iran.

Moreover, it is essential that all of these steps take place in the near term, since American public diplomacy toward Iran has a “time horizon.” As Iran gets closer to a nuclear bomb, and as its influence in Iraq continues to grow, it will become increasingly difficult to engage those internal constituencies that will be instrumental to internal change, as well as to discourage and dis-incentivize the Iranian regime's troublemaking in the region.

Creating countervailing coalitions

In its efforts to contain and deter Iran, the U.S. has a potent ally in the moderate Arab states of the Middle East. These countries—among them Jordan and the six member nations of the Gulf Cooperation Council—have become increasingly concerned over Iran's quest for a nuclear capability, and the corresponding wave of Shi'a empowerment that is now sweeping through the region. These concerns have increased the possibility of forging new regional alliances against the Islamic Republic. Increased intelligence-sharing on Iran's strategic capabilities, stepped-up counterterrorism coordination against Iranian proxies, and greater military-to-military interaction will help to provide these nations with a measure of security against a rising Iran—and prevent them from striking a *modus*

vivendi with the Islamic Republic that is inimical to American interests.

Building defenses

Today, American politicians and scholars alike have become engaged in Soviet-era-style “mirror-imaging” vis-à-vis Iran. Despite the apocalyptic worldview of Iranian president Mahmoud Ahmadinejad and his supporters, and his clear commitment to acquiring a nuclear capability, many experts have concluded that a nuclear Iran would be a stable—indeed, perhaps even a stabilizing—international force. By making this unwarranted assumption, they run the risk of misreading both the capabilities and the intentions of at least one segment of the Iranian leadership, with potentially disastrous consequences.

Instead, the United States should be building effective defenses to combat the concrete capabilities that Iran is known to be acquiring. This includes accelerated deployment of theater and sea-based missile defenses as protection for U.S. allies and U.S. troops deployed in the region, as well as heightened homeland security screening for containers and commodities originating from—or transiting through—Iran. In addition, because the potential for low intensity and asymmetric warfare increases as Iran gets closer to the “bomb,” the United States should put a premium upon hardening vulnerable targets (such as embassies and consulates abroad), expanding the activity of special operations forces directed against Iranian-supported entities, and identifying likely future arenas of Iranian troublemaking.

Countering Iran in Iraq

Over the past three years, Iran has emerged as a central player in the ongoing instability in Iraq. Tehran has

provided political, economic and military support to Shi’ite militias such as firebrand cleric Moqtada al-Sadr’s al-Mahdi Army, the Supreme Council for the Islamic Revolution in Iraq’s Badr Organization, and the Wolf Brigade. It has also supplied sophisticated technology and explosives to Iraqi insurgents for use against American and allied forces. The U.S. must work to diminish this influence, and communicate clearly to the Iranian leadership that its interference will not be tolerated. It can do so by reinforcing and fortifying the Iranian-Iraqi border to better prevent infiltration, and by targeting known Iranian representatives in Iraq. The United States must also work to marginalize Iranian-supported Shi’ite militias and prevent them from becoming a “state within a state,” in part by backing their Sunni counterparts who support territorial integrity and stability.

Mapping out military action

While aerial strikes or a bombing campaign against Iran’s nuclear facilities carries substantial risks and should be seen strictly as a last resort, a range of other military contingencies is available. The United States has the ability to kill or capture Iranian agents already on the U.S. most wanted list. It can also restrict Iranian access to Iraq through greater border security measures and aggressive action against those operatives already “in-country.” The U.S. should also work to deny and disrupt Iran’s ability to resupply terrorist forces, including Hezbollah and Hamas. At the same time, the United States should consider carrying out “shows of force” designed to demonstrate its regional military dominance, up to and including naval maneuvers in the Strait of Hormuz and the Gulf of Oman. Significant covert action can

also be taken against Iran's terrorist proxies, its ballistic missile and nuclear capabilities and—if necessary—its political leadership. At the extreme, however, the U.S. military has the ability to target and destroy Iranian ballistic missile sites and nuclear facilities, beginning with those situated in remote and uninhabited areas.



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