Summary

Despite Iran’s enormous oil and gas reserves, ironically, one of its most glaring areas of vulnerability is in the economic sphere. Roughly half of Iran’s government revenues stem from the export of crude oil, the production of which will continue to decline without substantial foreign investment. Yet, the international sanctions imposed so far do not indicate that there has been any serious mobilization for a real struggle against the Iranian nuclear bomb. Iran, according to a June 2007 assessment by IAEA Director General Mohamed ElBaradei, is “speeding up its enrichment capacity.”

What, then, must be done to convince Iran to give up its nuclear program? The U.S. and its Western allies have real economic leverage that must be more fully exploited. What is needed is to bring home to the Iranian leadership the tension between continuing the program and the survival of the Islamic Revolution in Iran. For significant sanctions to be effective and genuinely sharpen the regime’s dilemma, they must be accompanied by a credible threat of military force against the nuclear program and to the extent necessary against other targets in Iran as well. A twofold strategy is required.
The revolutionary Islamic regime in Iran has for years maintained a defiant policy toward the Western world and especially its leader the United States. Even if for extended periods it downplayed the problematic aspects of its activity, when because of external and internal constraints it seemingly had to defer to national concerns, the commitment of the regime’s hardcore ideological elements to advancing the goals of the Islamic Revolution did not wane.

Thus, the Iranian leadership persisted in supporting terrorism, striving to make Iran a regional power, promoting its acquisition of strategic weaponry, and its attempt to undermine the stability of the region’s pragmatic regimes. The dual perception of Iran in the West during the years of Mohammad Khatami’s presidency enabled Tehran to advance its policy without coming under significant pressure. In other periods, the sanctions that were adopted to get it to change its policy had only negligible significance, especially since it was only the United States that actually implemented them.

**Until 2004, and especially following the U.S. invasion of Iraq, the Iranians took seriously the possibility that the failure of the negotiations with the Europeans would lead to a UN Security Council resolution to legitimize a U.S. strike on Iran’s nuclear infrastructure, which was then much more vulnerable than today.**

Considering, then, both the West’s often feeble and halfhearted response to any threat to its values and interests and Iran’s impressive ability to use negotiations to mislead and deceive the West, a situation has emerged where, no matter how grave Iran’s misdeeds, the international community will always avoid adopting sanctions serious enough to discourage Tehran’s defiant behavior. It does not matter that the current Iranian president, Mahmoud Ahmadinejad, openly threatens to change the world order, and that the whole world agrees that Iran is marching resolutely toward nuclearization, while calling for Israel’s destruction in violation of international law, denying the Holocaust, and strengthening support for the Palestinian terror organizations, Hizballah, and the radical Shiite elements in Iraq.

The reactions to Iran’s progress toward uranium enrichment are perhaps the best example of the weakness of the West’s approach to this country. Repeatedly, Iran has been warned about crossing red lines, such as uranium conversion or launching research and development for enriching uranium in centrifuges; again and again it has ignored the warnings and has not been penalized in any way that would cause it to seriously reconsider.

Not surprisingly, then, Iran assumes that in the future, too, the international community including the United States will not take any significant action against it. The Iranians well understand that effective sanctions require broad international agreement and that the chances of obtaining such agreement from Russia, China, Europe, and the nonaligned countries are poor, since these states too are interested in altering the world
order and in hampering the United States, particularly under the Bush administration. Even if Russia and China merely see Iranian actions as a tool for subverting and weakening Washington and are not partners to Iran’s aspiration to become a great power, they are less concerned than the Americans, or even the Europeans, about the implications of Iranian nuclearization and also more skeptical about the amount of time that Iran needs to reach its treasured goal.

Furthermore, in light of America’s travails in Iraq and Israel’s inability to defeat Hizballah in the Second Lebanon War, the Iranians realize that the United States and Israel will have a hard time mobilizing political support domestically and internationally for significantly intensifying the pressures on Iran, let alone for a military action against it.

This means Tehran sees no need, despite the sanctions adopted by the UN Security Council, to stop its nuclear project or change its policy in any of the other areas where it has friction with the international community, including its support for terrorism and its human rights violations. At the same time, the Iranians do not appear to be complacent. They know that one reason for the international reticence is the fear of what an Iranian reaction could mean for regional and international stability and for oil prices, along with the assumption that it would be hard for a military strike to achieve the hoped-for results.

Thus the Iranians continue to amass strategic weapons and Russian-supplied advanced air defenses, which are meant to minimize the effectiveness of an air or missile attack against vital Iranian targets. They warn that their response to any attempt to push them into a corner will be “dreadful and terrible,” hoping thereby to improve their deterrence vis-à-vis the international community, and they try to convey that the underground facilities they have built to shield their enrichment endeavors would make attacking their nuclear program a mission impossible.

But is Iran really immune to any attempt to force it to act against its will, will it not laugh if it is tickled, will it not feel pain if it is pinched, and will it not be deterred if it is threatened? The history of recent years indicates that Iran, too, has weak points that, if probed, would make it react in a way consistent with a Western rationale; that is, it would try to minimize the chances of the damage it might undergo. Thus, when the European troika demanded in 2003 that Iran freeze its nuclear activity, Iran decided to respond. If the Europeans had not, as Iran insisted, removed significant operative parts from the original draft of their conditions for starting negotiations with Iran, Iran may possibly have acceded to the stricter conditions. In any case, for almost two years the Iranians reluctantly slowed the development of their nuclear program. Moreover,
the episode of the detainment of the British sailors in March-April 2007 ended, to the surprise of many, with their rapid and unconditional release as Iran hastily folded all the flags it had flaunted at the start of the affair.

What is the common denominator of these two cases? It is the Iranian regime’s fear that rigidity in their opening positions could lead to a harsh punishment that might include a military action against it. Until 2004, and especially following the U.S. invasion of Iraq, the Iranians took seriously the possibility that the failure of the negotiations with the Europeans would lead to a UN Security Council resolution to legitimize a U.S. strike on Iran’s nuclear infrastructure, which was then much more vulnerable than today. Even the Europeans made quite explicit use of this threat, which at that time appeared credible and intimidating, as a main means to get the Iranians to freeze their activity.

But when America’s image was weakened by its entanglement in Iraq, to which the Iranians themselves made no small contribution, the Iranians allowed themselves to treat the American threat lightly and to return to vigorously advancing their nuclear program. Also in the much smaller episode of the captive sailors, it was Britain’s threats, which were interpreted as readiness to use military force to gain the prisoners’ release, that convinced Iran to give up its demands in quite humiliating fashion (even though some analysts who ascribe ingenuity to every Iranian move saw adroitness here and an achievement for Ahmadinejad).

This common denominator certainly has not disappeared from the eyes of those Western actors seeking to stop the Iranian nuclear program. The lesson they propose learning from it, however, is not the need to create fear of a military strike among the Iranians, but rather that Iran can be induced to change its policy. This means that accurately mapping Iran’s weak points and then focusing pressures on these points could create greater constraints on Iran’s decision-makers, heighten their fears about regime stability, and ultimately convince them that it is best to give up the nuclear program.

Although it is clear that this viewpoint stems largely from the reluctance of all the actors about the military option, it is worth examining this assumption in depth to see if it has any basis and what are the necessary conditions for successfully pressuring Iran to halt its nuclearization effort. This article will scrutinize these points of vulnerability and the relations between them and the different possible strategies for stopping Iran’s nuclear program and obstructing its attempts to spread its radical ideology with the aim of undermining Middle Eastern stability, Israel’s security, and proceeding on a path to changing the world order.
Before beginning the analysis of the Iranian vulnerabilities, it is necessary to understand the broader cultural, ideological, and political context. An Islamic revolutionary regime has ruled Iran since 1979. As a matter of basic ideology, it sees itself as having an eternal and perpetual mission of imposing Islam on all the world by exporting its revolutionary ideology and making itself a source of emulation, just as the religious leader is a source of emulation (Marja Taklid) whose ways one should follow on the personal level (Velayat-e Faqih).

The regime, in other words, is committed to changing the reality in which it acts. From its standpoint regional stability is an unacceptable reality because it contradicts its revolutionary worldview. Based on its self-definition, it is obligated to create turbulence that ultimately will help it advance its goals. The anxiety of devotees of regional and world stability about threats to that stability contributes to Iran’s sense of self-confidence and power.

Agreeing to give up the nuclear program is therefore almost an existential issue for the Iranian regime, since it would mean accepting the prevailing world order and forgoing the ambition to become a regional let alone a global power. Without nuclear weapons, not only would Iran’s ability to outwardly project power and influence decline, but giving up the program could also make it appear docile and vulnerable and detract from its regional and international standing. Clearly Iran can allow itself tactical leeway and agree, in case of need, to temporarily slow the program’s pace so as to buy time and weaken opposition. In today’s Iran, however, the nuclear issue has taken the place of the revolutionary fervor of the early days of the revolution, so that totally relinquishing the program is unthinkable.

Second, the revolutionary Islamic worldview regards suffering and sacrifice as supreme values in this world, and upholding them as essential to defeating the enemies of Islam. In the eyes of radical Islam, those enemies’ culture centers on the vague and empty pursuit of hedonistic happiness. Even former president Khatami believed so, not to mention President Ahmadinejad, who tried to explain the cultural disparity to President George W. Bush in his famous letter. Suffering and sacrifice not only guarantee attainments in this world but win the truly great prize for the believer: certain entry to heaven with considerable special benefits. Patiently submitting to threats to make Iran suffer is unthinkable to those who view the world through such a lens. Not only is there no justification for it but it means a total collapse of the value system that the regime is based on.
Hence Iran’s response to these threats is to flaunt its counterthreat, namely, the mobilization of the Suicide Brigades, which are deployed and ready to carry out their mission if required. The means the Iranians used in fighting Iraq prove that this is not just lip service. Here too, of course, there are limitations. The boastful declarations are not translated into the language of action immediately, but only when conditions are ripe. The use of this threat, however, indicates that for the regime the issue is extremely important and indeed existential.

Third, it is important to understand that at all times the regime’s immediate target audience is the Iranian public itself, and that the central question it constantly deals with concerns ensuring its survival and stability as an Islamic revolutionary regime. Giving up the nuclear program is tantamount to domestic political bankruptcy. Tactical maneuvers are clearly acceptable in light of the difficulties and weaknesses to be detailed below, but abandoning the program means acknowledging that the regime has lost its way and made grave errors, and would likely encourage the regime’s critics and opponents to dare to threaten the continued existence of the Islamic Republic of Iran in the form it has had for almost thirty years. Regionally speaking, such a concession would likely lead to the serious weakening of the entire radical Islamic camp, which leans to a large extent on the Iranian revolution, or at least to boosting the status of other radical actors, such as al-Qaeda, as leaders of the camp to the detriment of Iran. Clearly the regime cannot allow such scenarios to materialize.

At the same time, the regime is clearly aware that its survival and ability to provide for the seventy million Iranians depends on some degree of connectedness to the outside world. Iran does not intend and cannot allow itself to be economically and politically ostracized by the international community, or even by its near environment. This assumption underlies the international community’s recent economic-sanctions policy. The question is whether this dependence on economic, security, scientific, and political contacts with the world can override ideological and political considerations and whether damaging these contacts would suffice to get Iran to give up its nuclear program.

What, then, are the components of Iran’s vulnerability and what is their significance for the chances of stopping the nuclear program? Despite Iran’s enormous oil and gas reserves, ironically, one of its most glaring areas of vulnerability is in the economic sphere.\(^i\) Iran is a country whose state revenues stem largely from the export of crude oil.
and natural gas. The dependence on the import of non-crude-oil raw materials, refined derivatives, intermediary goods, machines, and consumer products is highly significant. This is despite the fact that the percentage of those employed in the oil economy is very low and most employment is in the fields of agriculture, industry, and services.

Iranian society has low per capita income and the Iranian economy suffers from economic difficulties and a low growth level; its real GDP growth appears to be declining and according to one estimate, its growth rate may have dipped to 3 percent.\(^2\) According to an analysis by the World Bank, Iran must create 700,000 jobs per year, but only 500,000 new jobs have been created annually at the economy’s current growth rate.\(^3\) It is not surprising to find that over the past five years Iran’s unemployment rate has been relatively high: over 10 percent. Moreover, over the past five years Iran has suffered from an average inflation rate of 14 percent.\(^4\) And Iran is a classic consumer society particularly with respect to the urban middle class, which is trying to match the world’s advanced societies in terms of individual standard of living. This creates demand pressures that, if unanswered, could lead to rapid inflation or social discontent based on these economic factors.

The dependence on trade with the world is so significant (in 2005 Iran’s imports came to about $43 billion) that Iran can be gravely damaged by constraining its ability to export oil or preventing the supply of refined products such as gas distillates, since about 40 percent of Iran’s fuel-product consumption comes from imports. Iran has been heavily subsidizing gasoline, half of which is imported because of its limited refining capacity. The same applies to a long list of other products such as food, of which about 50 percent is from imports, industrial machines, and electronic consumer products, whose nonprovision to Iran would paralyze its economic activity. In June 2007, Iran even instituted gas rationing, which led to rioting and acts of arson in Tehran.\(^5\)

Another area where the Iranian economy is greatly dependent on connections with the world is that of financial services. To maintain its international network of economic ties, and to ensure that the capital it accrues via the revenues from oil export is optimally
Iran has been heavily subsidizing gasoline, half of which is imported because of its limited refining capacity. For that reason, Iran’s oil minister, Kazem Vaziri-Hamaneh, announced in September 2006 that the country’s oil production could drop 13 percent annually unless there is new investment in its energy infrastructure.

Iranian vulnerabilities in the oil sector may in fact be growing. Iran needs to invest about $10 billion annually in its energy sector to maintain current output from its oilfields; however, Tehran is only spending a third of that amount. For that reason, Iran’s oil industry urgently needs foreign investment to promote its expansion; according to one estimate by the director of the National Iranian Oil Company, Ghalam Hossein Nozari, the Iranian energy sector needs $94 billion in foreign investment by 2014 to maintain current production rates.

Iran’s vulnerability in this field was already exposed in the episode of the takeover of the U.S. embassy in Tehran, when Iranian funds were frozen and put in an escrow account. Iran’s foreign currency holdings are currently estimated at over $60 billion and are held mainly in Western banks. Another additional financial service for which Iran is greatly dependent on the world economy is the insurance field. As the premiums levied on trade insurance with Iran and on insurance for Iranian assets increase, the pressure on the Iranian economy grows. Prohibiting insurance on investments in Iran would likely cause Iran substantial damage.

The reliance on outside technology is an important component of Iran’s economic dependence on the global economy. Iran indeed prides itself on its technological achievements and on its scientists who have been able to produce relatively advanced weapons and to cross technological thresholds in the nuclear field. Nevertheless, these achievements would not have been possible without substantial external assistance. Russian, Chinese, and North Korean assistance was required for producing the various kinds of missiles and for the nuclear breakthrough, where Iran apparently also benefited from Pakistani knowledge. In civilian fields as well, and especially with respect to the oil sector, Iran needs foreign, and particularly Western, knowledge to improve the functioning of its economic system and to bolster oil output so as to meet the growing demand.

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minister, Kazem Vaziri-Hamaneh, announced in September 2006 that the country’s oil production could drop 13 percent annually unless there is new investment in its energy infrastructure. There are predictions that at that rate Iranian oil exports will shrink to zero by 2015. It should be remembered that presently half the Iranian government’s revenue comes from the very same oil exports that are about to dramatically decline. Yet at the same time the Iranian government has had to sharply increase the Iranian state budget in recent years to meet its growing needs, including subsidies.

Because taking a decision on substantial sanctions, and the subsequent effectiveness of their implementation, depend on creating a broad and stable international consensus, those actors not interested in adopting tough measures against Iran for political reasons such as Russia, China, and even Europe could prevent the taking of significant decisions or foil their effective implementation. Iran is hoping that, should European companies follow the U.S. lead in curtailing their ties to the Iranian energy sector, Chinese or Indian companies will be able to fill the vacuum.

Iran’s oil industry urgently needs foreign investment to promote its expansion; according to one estimate by the director of the National Iranian Oil Company, Ghalam Hossein Nozari, the Iranian energy sector needs $94 billion in foreign investment by 2014 to maintain current production rates. But in the current international political environment, total foreign direct investment in Iran is plummeting from nearly $500 million in 2004 to $30 million in 2006.

Apart from preventing the export of Iranian oil, which would be problematic because of its effect on world oil prices, the components of Iran’s economic vulnerability are relatively easy to exploit as a means of exerting pressure. This is on condition of broad international agreement, including Iran’s main trading partners. Although the possibility of such an approach naturally arouses interest in the international community, there are “flies in the ointment”:

a. The international community acts with great caution in this context because of fear, bordering on anxiety, lest overly severe steps create a boomerang effect and a further rise in oil prices. This is despite the fact that the world is much less dependent on economic ties with Iran than Iran is dependent on the world.

b. The international actors are very cautious lest their measures harm the Iranian population instead of focusing on the regime or on those elements directly involved in the nuclear program. This stems from a moralistic assumption that there is no justification to cause suffering to those not directly responsible for the acts because of which the sanctions are imposed, as well as concern lest sanctions that harm the population end up helping the regime mobilize broad public support for its defiant policy. The regime could portray the sanctions as proving the existence of an international conspiracy against Iran and Islam and as evidence of the West’s cruelty, justifying the struggle against it and the continued efforts at nuclearization.
c. No actor is eager to forgo an opportunity for economic gain and creating employment opportunities in its country, except perhaps for cases involving an activity that clearly and directly assists the nuclear program. Moreover, when a decision on sanctions is taken there is concern that private actors will seek and find ways to get around them.

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e. Iran is likely to try and diminish part of the economic harm to it by heavy subsidization of alternative export industries, even if their profitability is doubtful, and by investment in developing channels of export and investment that circumvent sanctions, even if this means imported goods and services become considerably more expensive. Iran’s foreign currency holdings would enable it to finance such a policy for a relatively long period. Indeed, Ahmadinejad is already trying to promote such a policy under the heading of “self-sufficiency” or *chodkapay* in Farsi. Not surprisingly, this policy is undermining the public’s confidence in the economy, encouraging capital flight, and increasing the ferment among the workers because in the short term it damages the industries that require the import of machines and raw materials. In the long term, however, it will likely make it easier for Iran to cope with an economic boycott if one is indeed imposed.

The possibility has recently been raised of unilateral sanctions by large financial organizations, such as the U.S. pension funds, which have decided to divest their shares in foreign companies doing business with Iran.

Moreover, a historical perspective on the effectiveness of economic sanctions, which have always suffered from the above-noted problems, indicates that in themselves they are insufficient to dissuade regimes that are determined to persist in a problematic policy, especially when the resultant suffering of the population makes it possible to erode the sanctions and strengthen domestic support for the policy. The failure of UN sanctions against Iraq, which the Saddam regime constantly circumvented with the help of many states and international corporations, is perhaps the best evidence of this. One may argue that unlike the Iraqi case, political power in Iran is not totally held in the hands of a single dictator but rather by several centers of power. Some may envision that it is possible to play them off against each other. However, when it comes to the nuclear issue, the radical clerics’ leadership is strong, determined, and monolithic enough to defy economic sanctions.
In sum, Iran suffers from considerable vulnerability in the economic sphere, but the prospects of exploiting this to convince Iran to change its policy on the nuclear issue are not good. Preventing the export of distillates and prohibiting the activity of Iranian banks abroad may be the most effective measures, but the chances of reaching full and stable international agreement on implementing them are not high. There is a possibility of sanctions by part of the international community, that is, a coalition of the willing, but these would probably be less significant and many of the abovementioned limitations would pertain to them.

The effects of these efforts are largely psychological, but they have produced relatively quick, tangible outcomes. European banks, such as the Swiss bank UBS, have either ended or reduced their dealings with Iran.

For years the only country that has imposed its own sanctions on Iran has been the United States. This has not, however, entailed any sacrifice for the Americans because in any case they have not had economic relations with Iran since the Islamic Revolution. Although the American law on which the sanctions against Iran are based (ILSA, which later became IFSA) also permits applying sanctions to non-American firms that invest in developing the Iranian oil economy, these have never been imposed in practice because of opposition by the European countries and because the different U.S. governments have requested a waiver on the ground that such sanctions deviate from the national interest.

The possibility has recently been raised of unilateral sanctions by large financial organizations, such as the U.S. pension funds, which have decided to divest their shares in foreign companies doing business with Iran. In parallel, the U.S. government has engaged the financial community directly, stressing the risks of investing in Iran. The effects of these efforts are largely psychological, but they have produced relatively quick, tangible outcomes. European banks, such as the Swiss bank UBS, have either ended or reduced their dealings with Iran. This is rapidly creating a difficult environment for Iranian foreign trade. Over the past year there has been a sharp decrease in export credits from Germany, France, and Japan.¹²

All these actions undoubtedly create pressures on the Iranian regime—and on President Ahmadinejad in particular. The mounting failures of the Iranian economy provide ammunition for his domestic rivals, but whether these actions alone can bring a change in Iranian nuclear policy is doubtful.
Furthermore, some foreign banks are refusing to issue new letters of credit to Iranian companies. All these actions undoubtedly create pressures on the Iranian regime—and on President Ahmadinejad in particular. The mounting failures of the Iranian economy provide ammunition for his domestic rivals, but whether these actions alone can bring a change in Iranian nuclear policy is doubtful. They might undermine, over time, domestic stability and strengthen his opponents, but it is not at all clear that they can effectively bring to a halt a nuclear program that enjoys popular support.

The second area of vulnerability in terms of its salience is domestic stability. Iran is undoubtedly vulnerable in this regard, given the opposition of large parts of the population to central elements of the regime’s domestic policy and the criticism of some elements of its foreign policy. Much of the Iranian public does not look kindly on curtailing individual freedom, particularly restrictions involving attire and public behavior, and is embittered by the difficulty of obtaining the products of Western culture. Not inconsiderable parts of the public are fed up with the economic policy that is unable to convert the huge revenues from oil into accelerated growth and a higher standard of living.

Others strongly oppose the discrimination against ethnic groups such as the Baluchis or the Arabs in Khuzestan, and discontent is sometimes seen in other sectors of the society such as students, bazaar merchants, teachers, workers in general and oil-sector workers in particular. There are also, of course, tensions in the political circles, where the more pragmatic elements who have been elbowed out of the ruling institutions still hope to reverse that process. Emigrants who oppose the regime are conducting a propaganda war against it.

The radical opposition organization Mujahideen Khalq—about which Tehran has lately been less concerned—prefers to use terror to undermine the regime, and local Sunni terror groups are forming such as the Jund Allah organization on the Pakistani border. As noted, foreign policy is also a subject of criticism, including the wastefulness with which monies are transferred to Palestinian actors, along with Iran’s radical support for Israel’s destruction and Holocaust denial, which are seen as coming at the expense of Iranian interests.

Despite the vulnerability in this sphere, it is hard to see how the desired results could be achieved through activity directed at Iran’s domestic arena. First, the Iranian public has internalized the lessons of the revolution regarding the instability it fostered, and of Khatami’s careful and failed attempt to change the situation. This public has very little taste for the disorder likely to result from challenging the regime, and so long as the regime does not strictly oversee individual life outside of public places, the public prefers “the devil it knows”—the present situation—to the fear and uncertainty entailed in subverting the public order, or in confronting the regime on the nuclear issue. Furthermore, the public views the progress in the nuclear program as a justified and appropriate national achievement.

Even if there are disagreements about policy toward the world community in this sphere, so long as the international response to the project’s continuation does not
cause suffering to the public and does not involve attacking the nuclear sites while inflicting harm on the population, the public tends to support the regime's nuclear policy (which is presented to it as intended for peaceful purposes and attaining national prestige through the mastery of advanced technology, though the public understands that the real purpose is nuclear weapons). In addition, it has very little belief in its ability to withstand a frontal clash with the security arms of the regime, or with the ruling doctrine of the Islamic elite. Thus, the divided Iranian public is not an effective tool for stopping the nuclear program.

It is indeed clear that assisting actors in Iran who favor extensive reform is very important in a long-term perspective. It is doubtful, however, whether the regime's stability can be affected in the relatively short-term context that remains before the nuclear project is completed (several years), let alone before Iran crosses its last technological threshold—the ability to enrich uranium in centrifuges (several months if not less).

It is precisely in the military domain that Iran is most vulnerable. The Iranian weapons industry is indeed impressive in the context of developing states, but the Iranian armed forces, which include the standing army and the army of the Revolutionary Guards, generally possess outmoded weapons even though the Revolutionary Guards have strategic weaponry and battle tactics that somewhat compensate for their weaknesses, and despite Russia's readiness to supply advanced air-defense systems to Iran. Although these systems can provide a reasonable level of local protection, they cannot ensure systemic and comprehensive defense of the widely dispersed strategic weapons deployment, let alone overall protection for all of Iran.

Regarding strategic weapons, which enable force projection beyond its borders, Iran also suffers at present from a lack of redundancy, augmenting its vulnerability. Ground-to-ground missiles of the Shahab-3 and BM-25 types, the spearhead of this deployment, are indeed capable of hitting targets in Israel and possibly even in the heart of Europe, but the amount of launchers and missiles in Iran's hands is limited. The Second Lebanon War also reduced Iran's ability to use the territory of Lebanon, via Hizballah, as a sort of "land" aircraft carrier for attacking Israel, even though Hizballah's rockets arsenal has since been replenished. At the same time, Iran has considerable ability to strike its...
neighbors with relatively short-range missiles, which have better accuracy than what the long-range missiles afford. This especially endangers U.S. targets in Iraq and strategic targets in states in the Arabian Peninsula, particularly Saudi Arabia. Iran also explicitly and vocally threatens that terror attacks will be perpetrated throughout the world if it is attacked, and it is indeed strengthening its capabilities designed for that purpose.

In sum, Iran’s difficulty in defending itself against a military attack is one of its main weak points. To cover up this weakness Iran is trying—along with the effort to improve its defensive capability—to develop a dimension of deterrence based on ability to strike its neighbors, Israel, and targets throughout the world with missiles and terror, and by using a rhetoric of intimidation stressing that Iran’s rationale for action knows no inhibitions. As always, the effectiveness of the Iranian deterrence is determined by the actors it is used against. Thus, if it turns out that attempting to persuade Iran to forgo the nuclear project by exploiting the other weak points does not succeed, the West led by the United States, Israel, and the Gulf states will have to decide if they prefer to cope with the dangers entailed in attacking Iran or with those stemming from its nuclearization.

The nuclear program is in itself an Iranian vulnerability. The program is meant to enable Iran to operate a full nuclear fuel cycle, involving both enriching uranium in centrifuges and a plutogenic basis. Both channels require serial processes, with the nonexistence of any one stage in the process precluding the entire process. The enriched-uranium channel is the critical path to completing the program, both because it is more advanced than the plutogenic channel and because at the present stage it involves very little dependence on external knowledge and materials. Iran has now mastered all the required technologies for the process of uranium enrichment except for enrichment in centrifuges. It mines uranium, processes it into “yellowcake,” and converts it into usable material for enrichment (UF6). Today it already has about 250 tons of UF6 that may suffice for perhaps eight atom bombs. Hence the chances that preventing foreign assistance for this project—prevention that is essential in itself—would cause the project’s cessation are very low at the present stage.

The program’s vulnerability to a military operation is also diminishing the more time that passes, thanks to the technological sophistication, advances in producing the raw materials and intermediate products, and the improvement in protection of the program’s components, particularly the underground enrichment facility in Natanz. At the same time, given quality intelligence and air supremacy it is still possible to deal a
harsh blow to Iran's nuclear infrastructure. Iran is aware of its likely difficulty in denying air supremacy to those who may try to strike its nuclear sites, and also of the extent of intelligence penetration of the program—evident from the diaspora opposition’s repeated disclosures about what is happening in the program.

The continually emphasized point that this case does not resemble the 1981 attack on the Iraqi Osirak reactor is indeed correct for many reasons, including that the Iranian nuclear program is dispersed among many sites. This does not mean, however, that a strike on each of the sites would be insignificant or that their number is so great that there is no point in trying. Altogether, this is a mission that advanced Western air forces ought to be capable of performing. Iran's military vulnerability should, then, be of concern to it, since if it reacts harshly to a strike it will risk a wider military reaction beyond the nuclear sphere that, ultimately, would be incomparably more disastrous for Iran than it would be dangerous for the actors that might take part in such a campaign.

The political field emerges as one of those where the potential for Iranian vulnerability is particularly significant. Iran's decision to continue progressing with the nuclear program even after its exposure indicates, among other things, an assessment that the West will be deterred from a military strike on the program and that Russia and China will forestall far-reaching political measures against Iran and block any attempt to gain international legitimacy for a military operation. Seemingly, this assessment appeared somewhat less valid in light of Russia and China's agreement to enable international sanctions against Iran because of its failure to meet the United Nations' demands. The Iranians, however, seem to see this as an insignificant concession aimed at improving Russia and China's ability to prevent more substantial sanctions.

That assessment, however, will probably turn out to be mistaken. The United States and Israel have already proved several times that the restraint and hesitancy that characterize them for protracted periods do not indicate how they will act when faced by what they perceive to be an intolerable affront. Saddam erred in assessing America's reaction both in 1991 and 2002-2003. Arafat erred in assessing Israel's reaction before the Defensive Shield operation, and Nasrallah indeed admitted that he erred completely in assessing Israel's reaction in the Second Lebanon War. These errors stem both from the mistaken use of the inductive method to assess human behavior and from the mistaken assumption that the West has lost its will to fight for its values and security.

In any case, if it turns out that the West sees the Iranian threat as an overriding problem and so demands that Russia decide on which side of the barricade it stands, the Iranians are likely to discover to their surprise that the Russian reed on which they have pinned their hopes is a fragile one. In another scenario they may well discover that the United States or Israel, despite their hesitancy and even without achieving international legitimacy for it, has decided to act against them out of recognition that a nuclear Iran is an intolerable reality, as President Bush states repeatedly. Here, the United States or Israel would realize that continuing to delay an operation while waiting for the right UN Security Council resolution means accepting rules of the game that give Russia and China disproportionate power to their actual status in this context, and that enable the Security Council to prevent them from acting for their own security and vital interests.
The Iranians may well also discover that the convergence of interests between the United States, Israel, and the Arab states that are concerned about Iran’s buildup will likely go beyond sterile attempts to reach a political solution to the Israeli-Palestinian conflict and foster practical cooperation to deal with the growing Iranian threat.

In such a situation all the other elements of Iran’s vulnerability, primarily in the military sphere and in the nuclear program itself, will become more significant and more relevant to means of stopping the program.

Examining the sanctions the international community has so far imposed on Iran reveals that they are particularly soft and concentrate on the nuclear program itself. Security Council Resolution 1747 indeed broadened and detailed the Iranian actors involved in the nuclear project and created a better basis for enacting sanctions that were already imposed against the Iranian nuclear industry by Resolution 1737. However, the restrictions in the resolution concerning areas where there is substantial Iranian vulnerability reflect how much Russia and China have succeeded to prevent the adoption of tougher measures against Iran.

For example, Article 6, which deals with weapons export to Iran, makes no explicit prohibition of exporting weapons to it but merely calls on all countries to “exercise vigilance and restraint” regarding the sale, supply, or transfer of weapons to Iran. The resolution also, amazingly, underlines its own irrelevancy because it bothers to specify those weapons regarding which it calls upon the countries to exercise restraint—and precisely air defenses, the most problematic military means that Iran receives from Russia, are omitted from the list.

Also Article 7, which calls upon (but does not obligate) states and financial organizations to avoid giving financial aid and new loans to Iran, does not pertain to the aid these bodies have already committed themselves to, and in any case does not refer to aid for humanitarian needs or development. Thus the resolution empties this article of any real content. The decision to forbid purchasing weapons from Iran is of course for purposes of protocol only, since clearly it will not induce Syria, Hizballah, and Hamas to end the military assistance they receive from Iran.

In short, the sanctions imposed so far testify more to the impotence of the international community than to its mobilization for a real struggle against the Iranian nuclear bomb. Those who favor the sanctions can of course claim that they constitute a significant
achievement in light of the obstacles the sanctions policy had to surmount, that these are first steps in a graduated process, that since Russia, China, and the Europeans have accepted the principle of sanctions it will be hard for them to block the continued ascent, and that the pace of intensifying the sanctions will accelerate in the future. Happy is the believer! In reality, the actors who are promoting this policy seem to feel obligated to present it as having chances of success despite their awareness that the likelihood of convincing Iran to abandon its nuclear program this way is very low.

It is essential to recall that economic sanctions take a very long time to have a decisive effect. Yet Iran, according to a June 2007 assessment by IAEA Director General Mohamed ElBaradei, is “speeding up its enrichment capacity.”\textsuperscript{14} In early February 2007, IAEA reported that Iran was operating only 328 centrifuges for uranium enrichment, but by May 2007 IAEA was already reporting 1,312 operating centrifuges. Moreover, IAEA was privately assessing that 8,000 operating centrifuges would be in place by the end of the year.\textsuperscript{15}

Those advocating the use of sanctions alone simply ignore the problem of the timetable—that is, the fact that the program’s technological hourglass is so close to running out that there is almost no chance of preventing Iran, in this fashion, from crossing the last technological barrier to mastery of all the necessary technological aspects of producing nuclear weapons. Hence they focus on presenting the inputs that they invest in imposing constraints on Iran’s progress, primarily the Security Council resolutions, instead of trying to produce outputs—that is, to prevent Iran’s actual continued march toward nuclearization.

What, then, must be done to convince Iran to give up its nuclear program? What is needed is to bring home to the Iranian leadership the tension between continuing the program and the survival of the Islamic Revolution in Iran. If the purpose of the nuclear project is to advance Iran toward the status of a world power and glorify the revolutionary regime at home and in the Islamic world, one should make clear to the regime that continuing the nuclear program will boomerang and become the main cause of its downfall.

The United States and its Western allies have real economic leverage over Iran that must be more fully exploited. Economic measures against Iran should be increased. Yet, however necessary these economic sanctions are for influencing Iranian behavior, they are insufficient instruments for neutralizing the nuclear program. Thus a twofold strategy is required.
To achieve this goal the international community must not only adopt much more substantial sanctions targeting Iran’s weak points and vulnerabilities in the spheres of the economy, domestic stability, the military, and the nuclear program, as described above, but also must push Russia into a corner and demand that it decide which side it is on. As the analysis so far shows, however, each of these elements also is not enough. The United States and its Western allies have real economic leverage over Iran that must be more fully exploited. Economic measures against Iran should be increased. Yet, however necessary these economic sanctions are for influencing Iranian behavior, they are insufficient instruments for neutralizing the nuclear program. Thus a twofold strategy is required.

For significant sanctions to be effective and genuinely sharpen the regime’s dilemma, they must be accompanied by a credible threat of military force against the nuclear program and, to the extent necessary, against other targets in Iran as well. Credibility in this context means readiness and willingness to use military force if the sanctions do not bear fruit. It is precisely a credible military threat of this kind combined with economic leverage that currently has the best chance to prevent the need for a future clash with a nuclear Iran and perhaps also to make it unnecessary to deal today with an Iran that is close to nuclearization. We already learned in the cases of Nazi Germany, Osama bin Laden, Hizballah, and Hamas that avoiding a credible military threat while there is still time is a clear recipe for catastrophe and for wars conducted under difficult conditions, and we learned from the 1981 attack on the Iraqi reactor how important it is to create such a threat and even carry it out if there is no choice. Have we drawn the appropriate lessons?

* * *

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Notes


2 According to the *Economist Intelligence Unit*, real GDP growth in Iran was 7.5 percent in 2002, 7.1 percent in 2003, 5.1 percent in 2004, 4.4 percent in 2005, and 4.3 percent in 2006. The drop to 3 percent appears in Amir Taheri, “Iran’s Economic Crisis,” *Wall Street Journal*, May 9, 2007.


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