

THE BROOKINGS INSTITUTION

IRAN AND INTERNATIONAL PRESSURE:
AN ASSESSMENT OF MULTILATERAL EFFORTS TO IMPEDE IRAN'S NUCLEAR PROGRAM

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PARTICIPANTS:

PANEL 1: IRAN'S INTERNAL DYNAMICS AND THE NUCLEAR PROGRAM

Moderator:

KENNETH POLLACK
Senior Fellow and Director, Saban Center for Middle East Policy
The Brookings Institution

Panelists:

CHARLES FERGUSON
President
Federation of American Scientists

RAY TAKEYH
Senior Fellow
Council on Foreign Relations

KEVAN HARRIS
Jennings Randolph Peace Scholar
U.S. Institute of Peace

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PROCEEDINGS

MR. POLLACK: (in progress)-- efforts to impede Iran's nuclear program, which is a joint production of my Saban Center and our Center for the U.S. and Europe. We're delighted to have you all here today. We're also delighted to see that the United States, the European Union, and others, was willing to comply with our request to please announce the sanctions the day before.

If you go down the street to AEI, they will tell you that Brookings controls this administration. We, of course, insist on the opposite. But it is nice every once in a while when the U.S. Government does comply with what works best for our timing. And of course, we do have exquisite timing today.

This is an incredibly important issue. It has been made even more so by the recent announcements. And our first panel is intended to cover the Iran side of this story. Obviously there are many sides to this story, but I think for all of us, it does start with Iran.

The Iranians are forging ahead with their program, and we wanted to start by getting a sense of the lay of the land, what the Iranians are up to, what the thinking is, what it might take to stop them, how things are working in Tehran, which will ultimately lead us to conversations later on in the day about what it is that we and our allies might do about it all.

We have a sensational panel to start things off this morning. You all have the bios in front of you so I am not going to give you lengthy bios, but just to give you kind of the quick order of play. Immediately to my left, is Dr. Charles Ferguson, who of course is the president of the Federation of American Scientists.

I'm going to ask Charles to start things off by talking a little bit about what we know about the Iranian program today. Obviously this is a program that has evolved over time and getting a sense of where the program is as best we understand it at any moment is both difficult and of course, very important in understanding where we are and what we might be able to do in the future.

After Charles, we have Kevan Harris. Kevan is the Jennings Randolph Peace Scholar at the U.S. Institute of Peace. And we're going to turn to Kevan to talk a little bit about the impact of sanctions themselves. Obviously the sanctions have been a critical element of the Western efforts to try to turn off the Iranian nuclear program.

They have so far not yet succeeded in that, but certainly there are arguments on both sides as to whether they have succeeded in accomplishing other goals, whether they might succeed in the future, whether we are just around the corner from success. And so we're going to ask Kevan to bring us up to date on where things are and talk a little bit about the impact of sanctions on Iran.

And then finally, on my far left, your far right, we're going to turn to Dr. Ray Takeyh, who I think all of you know is a senior fellow at the Council on Foreign Relations. And we're going to ask Ray to peer inside the black box of the Iranian leadership and talk a little bit about what's going on there as best we understand it; the motives of the regime, the divisions, the in-fighting, all of the stuff that captures our attention without actually ever being able to know what to make of it all. And we're going to ask Ray to give us a sense of what we should make of it all.

So with that, let me open things up to Charles. Charles, tell us about where the program stands.

MR. FERGUSON: Well, thank you very much, Ken. It's a great pleasure to be here at Brookings and to see so many people here in the audience, a lot of dear colleagues. It's a great turnout because this is such a hot issue. And Ken, maybe it was a bit of a Freudian slip because when he e-mailed the panelists yesterday, he called me Craig Ferguson. Maybe it was --

MR. POLLACK: Lack of sleep.

MR. FERGUSON: Well, no, no. Maybe he was thinking of the comedian Craig Ferguson because, you know, you're trying to find some humor in this subject of the Iranian nuclear issue and it's very hard to do because we know it's a very serious subject. But I guess if there is humor, it's more of maybe a Shakespearean farce comedy, some kind of comedy of errors that seems to be a lot of missed opportunities to either engage with Iran to try to put limits on their nuclear program or trying to read what are really the intentions of Iran.

So it seems that we keep kind of talking past each other and I look forward to my two colleagues remarks on those points since they're more of the political experts. So Ken asked me to kick it off, as he said, just to cover some of the basics and what we know from the technical standpoint. And we know that there's been a lot going on, as reported in the latest IEA report that just came out a couple of weeks ago.

So what I'm going to do is to do a bit of good news/bad news type of reporting to try to get you up to speed on most of the relevant points. So we know that Iran continues to defy the U.N. Security Council and the IEA Board of Governors resolutions to suspend certain activities; uranium enrichment activities, in particular, and there's also some growing concerns about what Iran is doing at the heavy water facilities at Iraq and building an IR40 research reactor. I'll touch upon that a little bit.

But the focus, rightly so, is on the uranium enrichment program. The IEA Board of Governors and the U.N. Security Council has also called on Iran to apply the additional protocol to its comprehensive safeguards, and what's called a modified code 3.1. I'll get into those a little bit in just a few minutes, but let's just cover what we know in terms of the latest news from the IEA.

Here is some bad news; that Iran continues to build up its stock pile of low enriched uranium, including 19.75 percent enriched uranium. That's close to the dividing line between low enriched uranium and highly enriched; the dividing line is 20 percent enrichment.

Even at 20 percent enrichment, it still is going to take a few hundred kilos of that amount of material to have enough for 1 bomb and Iran so far, according to the IEA, has something like 80 kilograms enriched to that level. So they're still a way before they have a breakout from that amount of material and to equal 1 bomb's worth of weapons grade material that they can further enrich to.

They've also amassed 4,900 kilograms of about 3.5 percent low enriched uranium. Now if they went for broke and they completely converted that into weapons grade material, you might get 3 or 4 bombs' worth out of that.

I would say it's somewhat good news though, is that's still not enough material to provide Iran with a true breakout capability, although, it is worrisome. I would say some other good news is that sanctions, export controls, and covert actions have slowed down Iran's nuclear program. Of course, this is good news from the West standpoint, not Iran's standpoint. I'm sure that's obvious.

Stuxnet, the computer virus that attacked Natanz and some other nuclear facilities, apparently destroyed about 1,000 of the uranium centrifuges, but these were replaced over time. So that was clearly a bit of a setback. Right now, though, Iran has something like 8,000 centrifuges that are in operation and they continue to build up more of these first generation centrifuges.

So far, the ones mainly in operation are these IR1 type models, kind of the first

generation centrifuges they got through the acuCon network, at least first got the knowhow of how to build them from the acuCon network.

Some other bad news though, is that despite the sanctions, Iran is still proceeding with its nuclear program, although apparently at a slower pace. It still appears determined to pursue its right to a nuclear program, and as obvious to probably all of you, this program has become very much a nationalistic issue. So it's going to very, very difficult for the leaders in Iran to give it up, or at least put some significant controls on it.

Some further bad news is Iran is continuing to proceed with developing more advanced centrifuge designs, although, that's tempered with some good news. It appears they're having trouble developing many of these centrifuges because of problems and getting access to high quality materials to build these machines.

Some further bad news though, is that, as I mentioned, they continue to defy the Board of Governors, and the IEA, and Security Council's resolutions to apply more stricter safeguards than they have been applying. There is the issue of the additional protocol.

The additional protocol requires states to go beyond just the declared facilities. It requires the IEA inspectors to assess whether there are any undeclared facilities or materials going on within the state, and so far, the IEA has not been able to make that determination.

The modified code 3.1, I mentioned a little earlier, that's to Iran's subsidiary arrangements to its safeguards agreement. Modified code 3.1 sounds like jargon, so let's break it down. Basically what it says, simply, is that a state is required to let the IEA know in advance design information about any facilities it wants to construct.

Iran has instead been interpreting its safeguards agreement under the old interpretation from the 1970s in that it doesn't have to report the facility until its within six months of introducing nuclear material to the facility. The IEA says that's not sufficient because safeguards work best when you can have safeguards by design, when you can build them into a facility from the start, and of course, the best way to do that is to get advance design information and for the state to work cooperatively with the IEA.

Iran has also said it wants to build another 10 enrichment facilities and said that it may have selected 5 new sites for these facilities. So that's apparently some bad news. But recent good

news is Dr. Abashi said in October, Iran would probably not need further enrichment facilities for at least another two years. Still, once again, Iran hasn't provided adequate information in that area.

Some other bad news, the IR40 research reactor at Arak, A-R-A-K, is still being constructed and heavy water facility construction still continues, and this is once again despite the U.N. Security Council resolution to spend. The good news, though, is that the IEA has accounted for declared facilities and nuclear materials, but the bad news, it doesn't have any confidence about accounting for any undeclared facilities or materials.

So you know, summing all of this up, and looking at what I think is probably the best news so far, is that Iran still benefits from staying inside a non-proliferation treaty. Iran still has an interest in not stimulating its neighboring states from acquiring similar nuclear programs and to provide breakout capabilities in the weapons programs.

So I think what we need to do is to find ways to keep Iran in that system and to have it apply not just to additional protocol, but go beyond that in places where we can have more confidence as to what's going on with its program.

If Iran says this is truly a peaceful program, it's clearly in our interest to show that it is a peaceful program by becoming more transparent and getting proper access. So let me stop at that point, Ken, and we can go back to military dimension of other things later.

MR. POLLACK: Great. Thank you, Charles. And yeah, I think we will definitely come back to that, but that's a terrific baseline. Kevan, are the sanctions having an impact?

MR. HARRIS: Okay. Thanks for inviting me, by the way. It's nice to be in the panel with Charles and Ray. I'm an academic, I'm a sociologist, and Ray's work is used in the study of Iran quite a bit so it's nice to be on the panel. And I'm perhaps the only one on the panel that actually travels to Iran often for purposes of research, so I want to talk about what's it's like, what's going on inside of the country, and what's been the recent changes.

So first, it's clear now and it's also clear according to statements by politicians inside of Iran that sanctions are having an impact. Not only the naming of particular enterprises and people, which is the official policy of some of the sanctions that have recently been implemented, but also the outcome is what I like to call trickle down sanctions; that sanctions affects the ability to particular banks and large

enterprises to procure, for example, foreign exchange and other goods on the international market.

But the end result is this has an effect on small and medium enterprises in the Iran, let's take for example the auto industry, so the major two auto producers in Iran require lots of credit and capital goods and supplies to maintain operations and it has become harder. The cost of business has gone up. Everybody knows that now.

But the upstream and downstream producers of tires, and car parts, and seatbelts, and you name it, which many of them are inside Iran, are also feeling the effect. So that raises unemployment to a certain extent and also decreases wages and things like that. So many of the labor protests in Iran right now are due to nonpayment of wages, and to a certain extent, we can link that to sanctions, but not the only reason.

So in that sense if one wants to describe this policy as a targeted one, the targeting is not as smart as we think. But you know, talking to people in Iran, I was just there in the spring, there's not a lot of people who identify sanctions as their biggest problem, both working class people as well as managers and people in the middle class.

I was talking to people who worked in the construction sector building these high rises for the middleclass, all of these high rises in Northern Tehran, and they certainly knew that sanctions were affecting them because they couldn't get, you know, all of the kind of construction supplies that building a high rise requires.

But certainly, that wasn't the only thing on their mind. There's a lot of other problems inside of the Iranian economy that they are constantly talking about.

But politically there's another effect. And I wanted to discuss this a bit because there's two consequences of the sanctions is as they intensify it's going to exacerbate this. First, the government has been privatizing to a certain extent many of the agencies and organizations they get targeted by sanctions.

So there have been privatization of banks, state banks, in the past year, this admittedly by their accounts, has been somewhat a result of sanctions, although, they've been willing to privatize some of these things for a long time; but also shipping and import export businesses and you name it. So there's a certain shell game going on where they privatize enterprises and it allows them to maneuver

until maybe the U.S. Treasury catches up. It's sort of a game.

But on the other hand, there's a recentralization of economic networks through the state because, as it becomes more difficult to interact with particular segments of the world economy, not all of them, but particular segments, the state of course, has to monitor and control things like foreign exchange, which they've been doing recently.

And also they've been trying to reregulate particular sectors of the economy, so for example, taxation. They're trying to implement a value added tax and this has caused the protest in the bazaar that we've seen in the past year to two years, really over tax, not really over political issues.

Now, I want to say something that might shock some people here though. This is not the military takeover of the economy that many, you know, people who work on Iran proclaim. In fact, you know, I tend to work a bit on this subject and my research generally shows that this notion of a military takeover of the Iranian economy is a myth.

The state is heavily involved in the Iranian economy, that's true, and many people in the second generation of bureaucrats and technocrats and politicians in Iran are in the military because they fought in a war for 10 years basically. But on the other hand, if we look at China, Brazil, India, any country in the, you know, developing world, the state is heavily involved in the economy and often the military is involved too.

So we need to be careful sometimes when looking at Iran and experts who work on Iran or work on Iran 24/7, that things that might seem peculiar to Iran might have been more general around the developing world. And certainly the IRGC is more involved in the economy than it was five years ago, but it was involved in the economy in the 1990s, especially also in the early '90s, so it's more of a general trend than a particular, I think outcome of recent years. And it's certainly not an outcome only of sanctions policy. So I'll leave it at that and we'll talk more later.

MR. POLLACK: Terrific. And that's a great start for us, and yeah, that's some stuff we'll definitely want to come back to and dig into, thank you. Ray, make sense of Iran for us.

MR. TAKEYH: Thanks. I'll try to do that in the seven minutes, though I might --

MR. POLLACK: You might have a couple of minutes to spare.

MR. TAKEYH: Quite a few minutes to spare. The way I would describe Iran's position

today, internally and externally, is impasse. I think there's a domestic impasse and then obviously there's an international impasse on the nuclear issue, but other issues as well.

The domestic impasse takes place I think at two levels. They're within the state institutions themselves, you know, the presidency against the office of the supreme leader, the parliament that wants to micromanage the ministries, and so there's some degree of institutional obstacles to the efficient operation of the government.

That particular impasse I don't think is particularly new. If you look at the history of the Islamic Republic, it's sometimes in the press and in other venues, it is portrayed as this power struggle, but some of those power struggles are almost endemic to the way this particular system works; if you look back at President Rafsanjani's 10 years and his confrontations with the parliament, if you look at President Khatami's 10 years and his confrontations with the office of the supreme leader, impeachment of his ministries, apprehension of his allies, and in his famous letter to tomorrow, where he complained about all of these things.

So that essentially takes place because in essence, you have a political system which has some competing sensors of power struggling against a supreme leader that wants to have hegemony of political power. And so long as these two coexist with each other, there's going to be some degree of tension, as I said, that's essentially within the system.

The second tension that one notices is within the state and society. There has been, in my judgment, severance of the organic bonds that link state to the population, particularly in the aftermath of the June 2009 election, but some of this was even obvious before that. It is today, and I think that can be said for the first time in the history of the Islamic Republic, where the large and substantial swath of the population no longer look at politics and participation in political affairs, elections, publicize, and so forth, as a useful means of changing the system.

That wasn't the case as early as 2009. And in 2009, I think it can be credibly reported that some 80, 85 percent of the population participated in the election. That in and of itself is an affirmation of the system's legitimacy, because a large number of people participated in the political process whose deficiencies they recognized, but they nevertheless perceived it as an effective means of engendering their voices in the deliberations of the government.

That's unlikely to happen ever again given how that particular election worked and given the resistance of the system to reform, or essentially broaden its contours. And so there is an impasse taking place between a government that has resistance to the popular will and a popular will that is increasingly expressing itself in a low simmering conflict.

That's the domestic impasse. There's an international impasse and there's a wide variety of motivations over the years ascribed to Iran's nuclear program; deterrents, and power projection, and I realize there's a connection between the two.

Increasingly, it is my belief that Iran's nuclear program is driven by domestic political factors. And not necessarily the domestic political factors that people tend to allude to, namely as the program moves forward, it is an indication of scientific achievement, and therefore it stimulates a surge of nationalism that redounds to the regime's benefit.

I don't believe that's true actually. I believe that in some sense the Islamic Republic can no longer anchor its legitimacy on popular perceptions or nationalism. This is a system that senses inception in 1979, consciously defined itself in contrast to Iran's history of nationalism, you know, pre-Islamic period as paganism, the monarchies, the centuries of monarchy, or centuries of, you know, corruption and pillage and so forth. And it essentially, Islamic Republic, in its own self definition and constitutional acknowledgement is a transnational phenomenon, is still.

So I don't necessarily believe that the program is used to reconnect with the population, if you accept that those organic bonds have been irreparably severed. So therefore, what is the domestic motivation for the program? I think if your members of the Islamic public security apparatus or political leadership, the program, ironically enough, offers you a pathway, paradoxically enough, pathway back to the global society and back to the global economy.

You're unlikely to negotiate your way back to regaining economic contracts, commercial contracts, and your place in the international system as you had known it. But if you look at other cases of proliferation, whether it's India, and Pakistan, and so forth, after a period of international denunciation and international condemnation, and even ostracization, the argument becomes that this country is too dangerous to be left alone to nurture its grievances, and therefore, the best way of dealing with the new reality, which is the Iranian bomb, is to reintegrate Iran into the regional security system and international

economy, and international community as a means of imposing limits, and restraints, and incentives for proper behavior.

So increasingly, I think if you look at it, the program makes sense, not to discount other factors, deterrents, and projection of power, or perhaps even attempt to reconnect with the large members of the disaffected body polity. But it makes particular sense as a pathway back to international legitimacy.

That's a precarious, quite risky activity, but nevertheless, it's one path open to the regime. If that is true, then in order for the regime to get itself into that position, it must be prepared to do three things. Number one, endure a period of pronounced hardship with the escalating sanctions and so forth. Number two, you require actually having a bomb in order to become part of a nuclear club and, therefore, back to the international club. And that essentially means that this program may in a very real way, be beyond diplomatic mediation under -- by economic coercion.

The good news is that this is a weapon that is designed to extract tributes from the international concession, as opposed to strictly weapon designed to intimidate and endanger the neighborhood. Anyway, I'll stop there since my time has lapsed, but I think it's important to see the program, not only in its domestic prisms, but a changing domestic prism.

MR. POLLACK: That's great, Ray. Both insightful and provocative as always. I want to take the prerogative of the chair to dig a little deeper into each of these different issues and then we'll open it up to the floor for questions. But there's just so much here that we need to talk about.

Charles, the question I want to put to you is just where you ended up with militarization. The IAEA report has now put weaponization on the table, but what they said is a little bit confusing. Help us sort it out. What does the IAEA believe? And then if you want to flush that out a little bit with what do others out there think may be going on. I think that'll help enrich it.

Kevan, for you, that was terrific, and it's always wonderful to actually get some real on the ground experience with what's going on in Iran. While Charles answers my first question to him, if you could be pondering an answer to the question of what might have an impact in Iran?

First, you know, we're now going to have new sanctions on Iran. The administration has announced some, there's an expectation that the EU, will these new sanctions, will the threat of Central

Bank sanctions have an impact? You know, how do the oil sanctions play out in Iran? Is there something out there that you think could have the kind of impact on Iran, on Iranian society, that might change the calculus that Ray has laid out?

And then finally, Ray, for you, you got to the ultimate aims of where their foreign policy is and I think that's extremely important, but I'd love to have you fill in the middle ground a little bit. I mean, obviously we've seen a lot from the Iranians in recent days and recent weeks. There is this purported plot to kill Adel al-Jubeir.

None of us knows what to make of it, whether it's even true, but if it were true, that would say something about Iranian thinking. The rest of these various American spy rings is noteworthy, how they have been handling the IAEA, the negotiations. How should we understand Iranian foreign policy at this point in time and put that in a little bit of a context, especially in light of the kind of longer term thinking that you've already laid out? Charles.

MR. FERGUSON: Well Ken, I think first let's just remind ourselves what are the three pillars of a nuclear weapons program, and I think Ray touched on this toward the end of his remarks about whether Iran really wants to get a workable nuclear bomb to do extract tributes. It's a very interesting point. It's very provocative and we can tease that out later. But just what does a state need?

Obviously they need that fissile material and in could either be in two forms, either the highly enriched uranium, preferably weapons grade uranium that's enriched up to 90 percent or more and a certain isotope called uranium-235, or plutonium, and preferably weapons grade plutonium, although reactor grade plutonium, like what could come out of the Bushehr reactor, is still weapons usable, but not weapons desirable. So that's not enough.

A state also needs a warhead design, something that if you send a signal to compress that fissile material into a supercritical state it'll go kaboom. And we know that Iran has done some work in that area and has received some documents through the Khan network or other sources that could help it -- to develop those kind of designs.

And then quickly, the third element of a weapons program is a delivery vehicle. And preferably from Iran's standpoint, probably ballistic missiles because that is a very symbolic weapon and I think what Ray is getting at is that even if Iran gets their nuclear bomb and gets something that's a real

weapon, it probably won't use it. It's not actually like they're going to detonate it, but it will use it for other political purposes.

So I would argue, you know, playing off of what Ray says, that ballistic missiles are the ideal weapon. I remember Helen Caldicott in the 1980s; she published this book with the title *Missile Envy*. So it kind of, you know, says it all. And so even if you don't want to use the weapon.

So we know Iran has been doing a lot of work on ballistic missiles and that has stimulated the United States and its allies to move ahead with deploying missile offense in the European theater. But Iran still is apparently some ways away from developing the long range, the intercontinental ballistic missile capability so it could strike the United States with such a weapon.

It has the shorter range, and medium range ballistic missiles that could threaten states in the greater Middle Eastern region for sure, and the big question then is so does it have that workable weapon design? So the IEA was asked to make that assessment.

Well, it's interesting, Ken, that you know, you've got this debate going on now that does the IEA actually have a mandate to investigate those types of activities. And so Professor Daniel Joyner wrote a very interesting provocative piece recently basically arguing no. And there are those who are saying well, yes, and look, I'm not a lawyer, I'm not going to pretend to be. I'm a trained physicist and nuclear engineer, so I read the Article II of the MPT and I try to look at it from a plain text point of view and not some kind of Orwellian double-speak and I see that the last phrase of Article II, it says that a non-nuclear weapon state, you know, shall not seek or receive assistance in nuclear weapons manufacturing or manufacturing of a nuclear explosive device. So seek or receive assistance.

So we know that Iran has received such assistance, received the document, 15-page document, showing how to make these uranium metal hemispheres. You put those two hemispheres together, you get a solid sphere; that's an implosion device. It's a basic, you know, core of a nuclear weapon.

And we know that it's been doing some investigations in terms of electronic firing mechanisms, what are called explosive bridge wire techniques, and apparently it's gotten some assistance from a certain Russian scientist. So now he's saying that he's denying that he has any knowledge of nuclear weapons design, he's just investigating these nanodiamond technologies.

But you know, the question is, does that have an application to triggering a nuclear weapon? So there's all of those issues to assess and then there's the issue of is there anything really new in the annex to the IEA report. So you read through it and it's about 15 pages of material and you go through it and you have to say not really; there's not a lot of new stuff in there. Most of the things that are documented that we know well happened prior to 2004. And that's consistent with the National Intelligence Estimate, the NIE that came out in 2007, saying that there are strong indications Iran stopped its formal weapons design program sometime by the end of 2003 and there are some, you know, other activities that kind of were wrapping up going into 2004.

And the IEA report is very careful in saying there may be additional activities going on after 2004, but there's not really clear evidence of such. So maybe at this point I'll leave it there and we can come back, circle back, to that later.

MR. POLLACK: Great. Yeah, I think to leave it in an ambiguous spot is probably the right place to leave it.

MR. FERGUSON: Exactly, where we are right now.

MR. POLLACK: It is Iran after all.

MR. FERGUSON: Exactly, absolutely.

MR. POLLACK: Kevan.

MR. HARRIS: Sounds like a list of known unknowns.

MR. FERGUSON: Well, now --

MR. HARRIS: So given that, how can we get Iran to change its behavior is the question and the question of the policy. First, obviously the politics of the situation right now in this country probably means there's going to be a ramping up of unilateral or multilateral sanctions with maybe Europe, or some parts of Europe on board. So what will happen as a result of this?

It will make it increasingly difficult as it already is for the Central Bank to require foreign exchange. This is something that they've been preparing for for quite a while. If you follow the business press in Iran, they do discuss this a bit and it's caused a few runs on the -- already. But the result of this has been -- you get the bad news in the American press, but you know, they respond to this by recreating the tiered currency exchange system, foreign exchange system, that they had for 20 years.

So they're very used to dealing with government intervention in the foreign exchange market to direct currency to the sectors of the economy that need it the most; whether it's state sectors or, you know, the industrial sectors.

So this reminds me of the early 19th century Napoleonic blockade on the U.K. in way; that you know, in the beginning of the, you know, French Revolutionary War, Napoleon had convinced most of Europe, because he had conquered it all, to block U.K. and to blockade the countries, which was an island. And yet, bit by bit, countries peeled off. I think Portugal was first, and then the Dutch, and things like this.

So that probably will happen unless the United States can sustain a diplomatic effort with China, India, and also Japan, which have all given signs that they're willing to go as far as the United States wants. So there's going to be a game afoot between these groups.

And of course, China and India already have quite intense bilateral trade agreements with Iran and there have been, of course, China and India are getting the good deal these days from Iran, but that doesn't mean that the deal is going to go away I think. They're not giving any signs that they're going to change that situation.

But also, what is the end logic of ramping up sanctions and increasing, you know, what too many inside the country seem like punitive measures against the broad population? Is it too, I mean as Mark Kirk, who was a representative from my district, my home district, Mark Kirk said he wants to put the nuclear option on Central Banks, on the Central Bank of Iran, and sanction them. Is it to collapse the economy, as he just said?

You know, I really don't think that's going to happen. First of all, Iran is not Iraq and the world is different than in the 1990s to where, you know, you actually could get a full global effort to blockade a country. Iran is well embedded in particular networks that the sanctions have only increased as a result.

But second, what causes -- and this is where I might disagree a bit with Ray because if you look at post revolutionary states, states that have had popular revolutions, they end up lasting a long time. China, Algeria, Cuba, these kinds -- they last a long time, even though it seems like the legitimacy has eroded.

So what causes these kinds of states to -- for their political elite to cohere? We spent a lot of time talking about Khamenei versus Ahmadinejad and the (inaudible) versus the President and these kinds of things, but in, you know, most of the world factualism is not the outlier, but it's normal. I mean, even the Chinese Communist Party has factions. So factualism is normal, it's not odd. And looking at Iran like it has factualism and it's going to collapse as a result and we just need to squeeze it, doesn't seem like historically correct.

What causes elites to work together in countries like Iran? It's not money, it's not resources, they just fight more over those things, that's normal. It's fear. If you threaten, and we know this, if you threaten countries, all of a sudden they find a real big incentive to start working together.

So one policy, if you do want Ahmadinejad and Khamenei to get along, I would threaten them and then they might get along. And to do what, I don't know. But that would ensure that the factualism dies. And we've already seen this by the way. We've seen this over the last few months. That at high peaks of a perceived external threat, the discourse of unity rises and the discourse of factualism dies down.

So actually Ray's point, which is provocative, leads to, I think, the next obvious question that if the goal or the program is their perceived only path to international legitimacy, and it seems like an alternative policy to provide a different path to the international legitimacy for Iran, or at least to provide a more viable path for legitimacy, that currently they don't perceive as open and that might provide a different way.

So if we spend a lot of resources on sanctions, we're going to be spending more resource plus political and economic on sanctions in the next year. And then perhaps forward to 10 years we need to ask ourselves what's the cost benefit of that versus expending resources on diplomatic options.

MR. POLLACK: Thank you, Kevan. Ray.

MR. TAKEYH: Iran's foreign policy. I think Iran foreign policy may be belligerent and intense, but is patient in practice and flexible in tactics. And you see this play itself out. For Iranian leadership, time is sort of a temporal commodity.

The terrorist incident is interesting in many respects because what we have come to

know about Iran's terrorist portfolio, if you would, over the past 30 years have evolved. Initially, in the initial convulsions of the Revolutionary Period, Iran's terrorist aspirations were global, not just assassination of dissidents in Europe, but you know, aiding separatist movements in Africa and so forth. That chapter winds down.

And in more recent years, Iran's terrorist portfolio has geographically contracted, but it had become more intense in that geography. That's simply because there have been opportunities made available to it, in particular with Iraq, where Iranians had supported militias, and violent groups, and so forth, as well as the level of assistance going on probably to some extent because of its confrontations with Israel, Hamas because of their merge as a more of an autonomous Palestinian actor requiring some degree of Iranian subsidies. So it was intensification of that terrorism activity within a more circumscribed geographical sphere.

If this incident is true, and I'm not challenging its veracity or credibility, it suggests two things. Number one, that the previous red lines have been revisited, and in some cases, erased. One of the red lines was that Iran would not target Americans. The other one was certainly would not target Americans in the United States. That red line has appeared to have been revisited.

The second one is that Iran will meet pressure with pressure. That if you're not a state trying to mobilize pressure against it, variety of ways, that it too has resources to retaliate. One of the thesis of the pressure policy is that it would yield Iranian compliance and concessions. This, if true, indicates that they're willing to have some sort of an escalatory dynamic. And when you get into an escalatory dynamic of this type, you're getting on a tiger's back and you cannot always pick the place to dismount.

But if these allegations are true and Iran attempted to assassinate a foreign dignitary one mile from the White House, then we're in a new sort of an escalatory confrontational posture. And if it plays itself out, you can see it moving beyond the terrain of Iraq, beyond Afghanistan, and moving into a fairly unpredictable and difficult terrain. So it would suggest that this is a foreign policy that's becoming more acutely aggressive in terms of its retaliatory denunciations.

Overall, I think Iran's place in the region is in the short term, perhaps to some extent it is advantaged, not because of these movements, political transitions, or aspiring to emulate Iran, but simply

because international focus has switched to taking place in Egypt, rehabilitation of Tunisian, whether it's taking place in Syria, and so forth.

In the long run, if these political transitions manage to succeed in establishing a more responsive and accountable governments, which is a big if, then I don't think Iran can remain at oasis of autocratic stability in a region of popular empowerment. And that will redound to its disadvantage.

MR. POLLACK: Thank you, Ray. All right. I think that that is a great start. Before we take questions, for those of you in the back standing, there are a number of seats in the kind of front and middle. I welcome you to come on down and sit. Hopefully it will be a little bit more comfortable than standing in the back.

If you've got questions please put your hands up. What I'd love to do is actually take several questions, put them to the panel, give the panel a chance to respond to them so that we can have some free flow and some conversation. Matt, why don't we start with you? And there should be a microphone coming around. Oh, and please identify yourself even if I call on you by name.

MR. DUSS: Thank you. Matt Duss, Center for American Progress. Thanks very much for a really interesting panel thus far. It seems that over the past decade or more during the negotiation or the attempt by the U.S. and the international community to deal at various times diplomatically with Iran's nuclear program, I hate to use the typical, you know, bargaining analogy, but it seems that we've been bargaining up the entire time, rather than bargaining down.

We've been making it very, very clear to Iran in numerous ways how valuable their goods are, while at the same time trying to pay as little as possible to get them. Is there any way to deal with this problem? Is it whether to just lower the temperature and say listen, we understand the reasons for what you are doing, but you're not going to get what you want?

MR. POLLACK: Thank you. Garrett, just come on up to the mic.

MR. MITCHELL: Thanks. I'm Garrett Mitchell and I write *The Mitchell Report*. I want to ask the question in two parts. The first is, if one could say that our level, the United States' level, of anxiety and concern about Iran and Israel is a 10, or maybe it's a 12 in Israel and it's a 10 here, what's the panel's assessment of the level of intensity in genuine fear about the foreign policy intent that Ray mentioned in other major countries?

In other words, are there just two of us that lose sleep at night and are we making, not a mountain out of a molehill, but in other words, trying to get some sense of whether the level of anxiety and time spent in the public policy arena, et cetera, here in the United States, is a sort of typical American overreaction to, you know, the new Hitler of the year or the decade, or whether the rest of the major countries are sleeping?

And the second is, Ray, coming to your point about their intent and they they've crossed the red line and that maybe they really might be worse than we think, what's their end game? What do they gain if they knocked off a diplomat one block or one mile from the White House and crossed other red lines? What is it they're seeking and why would they risk more than opprobrium? I'd just like to get a sense of, you know, the reality picture here.

MR. POLLACK: This one, back.

MS. CADEI: Hi, Emily Cadei with *Congressional Quarterly*. And Kevan, you mentioned briefly Mark Kirk's legislation to sanction the Central Bank and whether or not we can realistically expect a collapse of the Central Bank of Iran, and that we need to do a little bit of a cost benefit analysis on our sanctions program.

I was wondering if you could engage in that sort of cost benefit analysis when it comes to targeting the Central Bank, specifically, it looks like these sorts of amendments that are up to the Defense Authorization Bill could actually pass, and so what would be the impact of sanctions that would target financial institutions doing business with the Central Bank of Iran?

MR. POLLACK: And I'll add one, Kevan, onto that and then we'll turn it over to the panel, which is, you know, when I hear the words collapse in other countries' economy, my own experience with Iraq immediately -- do we want to cause the collapse of the Iranian economy? Would that somehow be positive for what we're trying to achieve?

I would argue in the case of Iraq, it wasn't. But again, Iran is a different case. Why don't we turn it over to the panel? Charles, we'll start with you and just go right through and you can answer whichever parts or whichever questions you'd like.

MR. FERGUSON: Yeah, I think I'll stick with Matt's point about bargaining and maybe I'll take on what appears to be a somewhat narrower topic, but one that was of keen interest and still is. This

is the issue of the 20 percent enrichment activities.

We go back to September of 2009, when we had Barack Obama and other -- you know, Sarkozy, and then there was the prime minister of Britain. I missed the third one, oops, and I'm blanking on this name. No, I joke. But, no, it was Cameron, right? No, it was actually Brown, yeah. So sorry, bad --

MR. POLLACK: At least you got a name right.

MR. FERGUSON: At least I got a name, bad imitation referred. But anyway, the point was that we appeared to have for a period of time a real serious offer that we do some kind of swap that the West would provide nuclear fuel at just about the 20 percent enriched level that's useful for the Tehran research reactor, which had been originally provided by the United States, had been converted some years ago, working with Argentina, to get to that 20 percent enriched level.

This is a reactor that produces medical isotopes for something on the order of 800,000 or more Iranians. So this is not any kind of aspect of a weapons program, this is a device that's used for medical treatments. But we were -- maybe we were trying to be too clever by half. So we're trying to create this bargain where we would only provide that material if Iran would take out an equivalent amount of low enriched uranium.

And two years ago it seemed like a pretty good deal because at that point they hadn't stockpiled that much low enriched uranium. The point was to get out, you know, at least a bomb's worth of material from Iran to further delay the onset of some kind of breakout capability. Well, it ended up getting rather complicated. I won't get into all of the blow by blow.

Turkey and Iran. Turkey got involved with Iran in 2010 and that kind of muddied the waters and so there were mixed messages sent back and forth. Washington wasn't pleased with what Brazil was trying to do, its role, and then the deal just fell apart. And that gave Iran an apparent green light to say well look, the West isn't serious about this deal, we're going to forge ahead with the 20 percent level.

Now we've gotten to the point just a couple of months ago when we have Ahmadinejad and we have some other Iranian leaders saying this time we're serious, we really do need that material and otherwise we're going to try to go ahead on our own and make the nuclear fuel rods for that reactor.

And they might be able to do it.

They apparently are struggling. You see the IEA report says they do have a fuel manufacturing plant. The point though is, that here again we have another opportunity to create an opening, a positive opening in my view and also a view of my colleague, Ali Vaez, who is here in the audience.

We wrote a piece in the *International Herald Tribune* about a month ago saying let's take Ahmadinejad and these other leaders at their word and we don't have much to lose here. We can say we'll offer this 20 percent material with no conditions. This is a humanitarian gesture on the part of the United States and the West, just like the United States helped Iran in 2003 when there was an earthquake near a bomb.

This was a case where we didn't question whether, you know, Iran was up to no good, it was people were in need, they were hurting, they were injured, and we provided assistance. It's a similar situation now with this reactor. Even though it's something nuclear, it's really, my view, it's really about an opportunity to really have a true engagement to have that open hand. Instead, what we've been hearing a lot is just finding ways to more and more sanctions and I don't really see ways for the U.S. to really open up in terms of avenues of engagement. And I think that's the one way to do it.

MR. POLLACK: Thank you, Charles. Kevan.

MR. HARRIS: Well, in one sense the whole 20th century history of Iran is an attempt to prevent the collapse of the state, and Ray knows this from his work on Iranian history. In fact, we know that Iraq is full of Sunni and Shia only now because the state collapsed. I mean, you know, we occupied the country.

And then, one of the wonderful things about Iran is that we are ignorant to the fact that Iran has Turks and Kurds and Lurs and nomads because the state never collapsed. You only learn about these things in catastrophes. So it's our ignorance is Iran's blessing to a certain extent.

I can tell you this, that the Iranians have been there before. They never will be as isolated, they believe, as they were during the 1980s, during the war. And during the 1980s, they, with the price of oil being quite low by the middle of the '80s, were able to survive, although it was extremely constraining. And they created a series of mechanisms to get by. And of course, the country was forced

into autarchy. And it's arguably the autarchy, the isolation in terms of the economy that happened in Iran, had all kinds of unintended consequences, but it came as a result to the isolation, it wasn't the plan of the revolutionaries in 1979.

And so the economy, compared to other economies in the, you know, developing world, does have a high level of internal autonomy. I mean it's nowhere near what it was in the '80s, but I mean, you know, the Kirk Amendment and these, I think these kinds of assumptions that targeting the Central Bank will lead to this collapse first of all, the kind of sanctions that had an impact on Iraq were only possible in the 1990s after a war was won against them.

So when you think about sanctions that work, sanctions that don't work, and sanctions that cause changes of behaviors, you have to remember what came before those sanctions were implemented. So the kind of sanctions that lead to collapse or lead to actual changes of behavior, often assume that there was something going on before that. So where is the war in this case? And is there a blurring here between the military and economic sanctions that something like the Kirk Amendment will push forward? And I think I'll leave it at that, yeah.

MR. TAKEYH: It's a question regarding whether other members of the international community view this with the same degree of sensitivity and urgency, I think that's the first part of it? One of the interesting things that has happened over the past, really going back to 2005, is the way the Europeans have kind of gradually accepted the argument of the United States, namely -- I mean, if you recall, Garrett, the European policy in the 1990s was something called critical dialogue, where they would be critical of the United States and have dialogue with Iran, and essentially the view that economic engagement as a means of tempering Iranian motivations.

I don't see that as being the policies of the European state, an aftermath of U.N. resolution in 1929, that July, the European Union announced a sort of sanctions, which were actually quite aggressive, quite robust. So there's been the severance of the European-Iranian linkages.

I think there's a disagreement in Europe versus the United States or elsewhere about the utility of the use of force, but not in terms of international isolation of Iran and economic coercion of it as a pathway to its moderation, whatever you think of that thesis.

I can't really speak about the Russian foreign policy and the Chinese foreign policy

because there are other people here that are far more qualified than I to do that. But it does seem to me that those states have to consider the relationship with Iran in the larger context of the relationship with the United States, and the larger context of their place in the international system, and they make their adjustments accordingly.

And they try to have it, sort of, both ways, you know -- have deepened their ties with Iran economically as the Chinese have, while at the same time renegotiating the international resolutions as a means of putting some degree of blame on Iran while preserving their commercial activities. But we'll see how that policy plays out because I think in the long run it's rather unsustainable. You've got to make your decisions and choices as they did with Syria when they chose to veto that resolution. They may opt for that as well, I don't know.

I cannot really decipher the Saudi assassination plot because it sort of defies the limitations of my faculty and the limitations of my imagination. The only explanation I can offer is that perhaps, if true, Iranians were trying to reestablish the plausibility of their deterrence beyond the region and offer that argument, but I cannot really try to unpack that because that actually goes to a certain level of mental acuity, which I'm not capable of ascending.

MR. POLLACK: At least not after your second cup of coffee. Great. And let me remind everyone that of course we're going to have a second panel that Dr. Fiona Hill is going to lead, my counterpart from the Center on the U.S. and Europe, that will look specifically at this question of the Europeans and other countries and their roles. Let's take some more questions. We'll start down here and I'll start moving back around. Why don't we start right down here?

MR. HARRIET: Jud Harriet, documentary filmmaker. From listening to you it seems to me that sanctions are not going to work or if they're going to work it's going to be very limited. Yet, U.S. political leadership is kind of panning themselves into a corner.

We will not permit an Iranian bomb. So it seems to me that we're heading towards one option. If sanctions don't work there's got to be something else, i.e., a war. So my question to you is do the Iranians understand this and are they preparing for it?

MR. POLLACK: Question? Why don't we go right over there? Take you two guys.

MR. MORLAND: Howard Morland, private citizen. The status quo in the Middle East

now, as I understand it, Israel has probably 200 fusion-boosted fission bombs and the deployed -- some on submarines, I think, and the U.S. has about 60 much more powerful thermonuclear weapons stationed in Eastern Turkey.

Now, if those weapons are taken out of the mix, we have a nuclear-free Middle East and our pressure on Iran would be perceived as an attempt to preserve the nuclear-free status quo. Right now, our pressure is perceived by the rest of the world as an effort to preserve the nuclear weapons monopoly of the U.S. and Israel. Why do we never hear in discussions like this any talk about the U.S. and Israeli nuclear weapons in the Middle East? It seems like that's a factor that should be considered.

MR. POLLACK: Can we go to the lady just back behind?

MS. McBEE: Yes, thank you. Jennifer McBee, CSIS. I was wondering in the NPT review conference last year, the Iranians agreed, reluctantly, to the final document, which included a holding of a conference to prepare for a Middle East nuclear weapon-free, or WMD-free zone. So part of the preparation for that is actually going on in Vienna yesterday and today.

There is a meeting about nuclear weapon free zones and Iran decided not to participate. So I'm wondering if any of you could shed any light on that and what it might mean for the 2012 conference on this subject? If you can't, I'll ask this afternoon's panel or the next panel. Thank you.

MR. POLLACK: Okay, and let's take this one over to the left.

MR. BRILL: Hi, Ken Brill. My question is, we've heard some very interesting comments about how challenging it is to affect policy in Iran, but could you guys give us some ideas of where are the opportunities to influence this society that is not monolithic? Where are the opportunities for the U.S., and others, to actually make some impact there?

MR. POLLACK: Great; why don't we put it to the panel? Pick any part or all of those.

MR. FERGUSON: Sure. Ken, I think I'll talk to Howard and Jennifer's point because they're related in terms of the larger region, how to deal with, you know, nuclear weapons in certain states and also the larger issue of weapons of mass destruction, including chemical and biological weapons in the region. And the resolution coming out of the MTP review conference last year, Jennifer mentioned, is there anything real there or is it just something the U.S. said yeah, okay, fine, we had to go along or to have amity and in terms of the review conference we had to agree to this but we're not really serious

about it.

Well, I think you know, we should take it seriously. I think you know, Howard raised a very important point here, you know, off of we don't really talk about Israel or U.S. weapons in the region and I think it is a great opportunity for us to not shy away from it, but one thing that I'm thinking of developing in my think tank is get experts together and assess what are the options.

How can you deal with the very challenging issues of verification? How can you deal with the very challenging issues of the security concerns of various states? And you know, not to make excuses for why Israel got the bomb, and they've never, you know, confirmed it, but it's the worst kept secret in the Middle East, or at least one of the worst kept secrets --

MR. POLLACK: There are so many.

MR. FERGUSON: There are so many, right. We can go on a whole day talking about that. But the point is that, you know, they felt the need that when they developed that program that they were under existential threat and questions, are they still under existential threat? Do those bombs really provide a capability that they still need?

And we have to realize that nuclear weapons possession is still rather limited in terms of what a state can achieve. If we look at what Israel did in terms of going into Lebanon back in 2006, you know, possessing nuclear weapons didn't prevent Israel from suffering a defeat in that conflict. Possessing nuclear weapons doesn't help resolve the Palestinian issue; it doesn't help resolve that ongoing crisis.

And so, you know, if a state possessed nuclear weapons like Libya, which Qaddafi, fortunately, did not and he gave up, you know, the program he was developing in 2003. Nonetheless, even if he possessed nuclear weapons, it wouldn't have stopped I think the Arab Spring uprising and toppling of his regime. So we've got to realize that even though nuclear weapons seem to be kind of glorified and put on a pedestal, they're still rather limited in what they can do.

MR. POLLACK: Kevan?

MR. HARRIS: Okay, four questions was my limit. I was starting to forget. I think the first thing that, I mean, the United States policymakers and the Iran -- should do is listen to the opinions coming from those people who are involved in democratic opposition movements inside Iran. And the

consensus among the majority of them is that sanctions, policy, and rationing of the sanctions would be harmful to the internal dynamics of state and society in the country.

And it's not, you know, we look from here and it is a black box, but over the last 30 years there's been a lot of changes inside Iran and there will continue to be changes. And I'm part of this, you know, youth generation. In Iran, I'm at the tail end but I'm not going to tell you my age. And that, you know, this generation has had an impact that's not monolithic. It's not a whole youth that acts in tandem, but when you hang out with them, they're quite educated and the country, no matter what happens, will not be the same in 10, 15, 20 years.

So we need to think again about the logic of the economic squeeze. I mean, if the politic elite aren't going to change, then are we expecting the Iranian people to rise up as particular scenarios have imagined it? This, first of all, doesn't happen in history. You don't squeeze a country and then people get considered about their daily bread and then they all of a sudden overthrow the state.

In fact, I was reading this book by Steven Kotkin, he's a Princeton professor, about the breakdown of the Soviet Union. It's called *Uncivil Society*. It's a very interesting account of the breakdown of the Soviet Union. It didn't happen because they were squeezed by Reagan and the Pope. It happened because in 1982, all of the opposition dissidents in the Soviet Union were here in the U.S. or in the West getting awards and there was no opposition movement inside the Soviet Union, and then there was a modicum of space that opened up in the Inesh community by the mid '80s, and then the internal dynamics of the elite had space to fight it out and Gorbachev, who was basically sort of a 1968 radical in a way, was able to counter the conservatives in the Soviet state, and that allowed for the dissolution of the Soviet Union.

So internal dynamics are important. It's not something that we can push like a billiard ball from here and expect a particular geometry of international relations to workout.

MR. POLLACK: Ray?

MR. TAKEYH: I'm familiar with that book and if you accept this thesis you have to discount solidarity of Vaclav Havel, Charter 77, and so forth, and an entire range of post-Helsinki dissident activity.

MR. POLLACK: He does, yeah.

MR. TAKEYH: He discounts that, and I think incorrectly. His better book is *Armageddon Averted*, if you're curious about him.

Let me just say to the question that was posed regarding the hypocrisy of the American stance on the Iran and nuclear issue because other issues have been dealt with. It's an important argument because I hear it a lot. I hear it a lot, particularly from not just the Iranians, but others. I think the Iranian nuclear infractions have to be recognized as infractions in and of themselves.

Iran is a signatory to the MPT and, therefore, it embraces certain obligations. And if it's in violation of those obligations, as IEAE, the inspection arm of the United Nations suggest, then there has to be some degree of penalties.

Those penalties cannot be mitigated or disregarded because there is undeclared Israeli capability or United States has certain repository of nuclear weapons as well. I think the case of the United States would be much better, you're right, if it actually moves to double zero, or zero option, whatever actually reduces its own nuclear weapons from negotiations with its Russian counterparts and so forth.

I mean you're right, it'll give a greater degree of credibility to the American case, but the fact that these things are not happening at the pace that one would like to see, that doesn't necessarily mean that Iranian infractions are not real and significant.

MR. POLLACK: Let's take some more questions. The gentleman right there in the center.

SPEAKER: Morning. My name is Sergio from -- I'm an intern at the U.S. House of Reps. My question is --

MR. POLLACK: Can you hold the microphone up closer?

SPEAKER: My question is what have we learned from the economic sanctions that we put on North Korea and why haven't we applied that knowledge to Iran? And also, you never answered the guy's question in front about are these sanctions a prelude to war against Iran? Thank you.

MR. POLLACK: Okay, there's also a question a little bit further back.

MR. RUST: Thank you. Dean Rust, retired State Department. I want to go back to what Ken Brill asked and that is how do you influence the internal dynamics within Iran to make them sort of

choose the path of legitimacy of responding positively to what the IEA wants them to do, as opposed to the path of legitimacy that Ray mentioned that might actually take them to the bomb? It seems inconceivable, frankly, after 10, 12, 15 years of Iran professing their program is only peaceful for them to somehow think that going for the bomb is the way to get international legitimacy.

MR. POLLACK: Okay, and there was a question down here. We'll take that next.

MR. NAIMY: Thank you. (inaudible) Naimy, from National Iranian American Council. I had a question for Kevan. You mentioned in passing how, regarding sanctions, how Iran is well embedded in areas that sanctions increase. Could you, assuming you're connecting to the black market in Iran, could you speak on that more please?

MR. POLLACK: Okay, and this time why don't we start with Ray and we'll reverse the order?

MR. TAKEYH: Whether I think the question is twice, there's a diplomatic path to resolutions of these differences between the United States and Iran. And I'm not quite sure there's an obvious diplomatic path. If you want to look at diplomacies as making small incremental gains, perhaps negotiating fuel swap, which is not likely to happen, or some sort of a negotiated restraints on Iran's nuclear program.

It's more of our management strategy of having sanctions and sabotage slow down the program, perhaps diplomacy, inject some sort of a restrain in it, as a means of something happening inside Iran that will cause the change in the regime's orientation.

This is a regime, ironically enough, is vulnerable. It's economic vulnerabilities are perhaps the most obvious and probably the least relevant in a sense that this is a political leadership that can manage its economy, however half hazardly, and also is indifferent to the economic penalties that are inflicted on the larger population. It has vulnerabilities in a sense that it's increasingly isolated in an international community and that isolation may have some sort of an impact on this domestic political scene.

It has other sort of vulnerabilities. It has a large, as Kevan was mentioning, it's a disaffected population, it's an intelligent population, it is an educated population. There's an incongruity between Islamic Republic and the Iranian nation. You know, the Iranian populous -- quite sophisticated,

intelligent, I would say largely secular in terms of their orientation simply because they had to live under their religious order, and internationalists in terms of their perspective cosmopolitan in terms of their habits. They grew by a government that's none of the above.

That in and of itself is difficult to see how the Islamic Republic can forever precariously glide over the larger and deeper currents of Persian nationalism, history, and tradition because I think they are averse to one another. So it has domestic vulnerabilities that can be exploited in terms of assistance to various opposition groups and so forth and so on.

One of the theses that have emerged is that we cannot assist the opposition because they didn't ask for it. If you look at the history of how the United States has related to opposition movements, you go back to assistance to French, Italian, to trade unions and political parties in the 1940s. I don't remember them asking for it but there was a confluence of interest.

If you look at the establishment of, for instance, during the Cold War of something called the Congress for Cultural Freedom, which was essentially trying to mobilize anti-Soviet Western intellectuals. I mean, I don't remember Arthur Schlesinger and Sidney Hook and Raymond Aron, George Kennan asking for it; it was established. And you see in the Soviet era with the post-Helsinki civil society groups, solidarity, and so forth.

There is a confluence of interest between the United States and the Iranian opposition. The question is how do you connect those dots as opposed to shield one behind the notion, well, they haven't asked for it? So that's another area of vulnerability that can be exploited.

MR. POLLACK: Kevan.

MR. HARRIS: I'll answer your question then. Certainly inside Iran, when the perceived threat is highest, they do fear war and the population fears war. I was there in 2006, in the earlier peak of war talk, and I would say every other person I asked had some kind of fear and, you know, not sure of what was going to happen, some uncertainty. So it does have an effect, I mean, like it would have an effect anywhere.

That went down for a while and now I've been reading the news recently and everybody is talking about, well, that doesn't mean necessarily that they really believe that it's on the table, but certainly in the population people tend to, you know, do sometimes believe it. So yeah, they think it's a

possibility but they don't think it's likely there currently.

I appreciate Ray's comments. I want to just slightly disagree with him on the fusion of nationalism and Islamic Republicanism and the revolutionary ideology. I mean the use of, you know, pre-Islamic nationalism, as constructed by, you know, the (inaudible) monarchy about Fairdosi and Persepolis, and all of these kinds of things, was used by the Islamic Republic as early as 1990. They had international conferences about Persepolis and Fairdosi, and Rafsanjani signed this book of Persepolis that the shah had signed.

And so you know, the elite changes. I'm not saying that they, you know, believe this, but the right in Iran, especially the new right, is rather crafty, and Ray discussed this previously. They fuse and utilize symbols of pre-Islamic and Islamic nationalism like they're just juggling. And I'm not saying anybody is getting doped by this, but it's not -- the state adapts, all right. I mean, if we're analyzing it, we should be honest about what's happened in the country over the last -- the state adapts and changes and the society adapts and changes. And there's not always the huge gap between them that you think.

In fact, one of the reasons that arguably the green movement failed to a certain extent -- I was there, I saw it -- was that they did not win the battle of the nationalisms. You know, it wasn't that society versus the state, it was one particular vision of the nation versus another one. One side had all of the guns, that's true, but in a lot of cases the other side has the guns.

So there's a clash of nationalisms in Iran and it's ongoing and it will continue to go forward. And the question is what can the U.S. do to help one and not the other? And this is an important question; it's not one that has an easy answer.

MR. POLLACK: Thanks. Charles.

MR. FERGUSON: Ken, regimes come and go and physics is eternal. What I mean by that, and we've got to go back to sort of a back to the future strategy, we've got to go back to 1946, soon after the dawn of the nuclear age, you know, soon after the Manhattan Project delivered two types of atomic bombs that the United States used against Japan to help end the war in the Pacific. And some of the founders of my organization were involved in that activity and they formed the Federation of American Scientists to try to advocate for international control of these technologies.

You go back to the Acheson-Lilienthal report, 1946, you know, has those two political

leaders' names on it, but really it was Robert Oppenheimer, the scientific director, the nuclear physicist, the scientific director of the Manhattan Project nuclear physicist, who was the lead drafter. And he and those who wrote the report realized from a physics and engineering standpoint, a system of national ownership and control of nuclear technologies is open for failure.

You're almost bound the fail. There's only so much we can do to try to monitor and safeguard such a program. And Ray is absolutely right, you know, sanctions could help delay and by some time, but they're not going to put a halt to the program.

There's a question back there about lessons learned from sanctions on North Korea. Well, you know, North Korea, they have plutonium, they apparently now have a uranium enrichment program. You know, it's a relatively small program, but they've been able to weather that storm of sanctions, a very poor country.

There have been times, though, when sanctions have gotten North Korea's attention, especially when the U.S. targeted, you know, the banking in Macau and Kim Jung-il said, oh, my, you know, my shipment of cognac might be at risk so I'll pay attention for a period of time. So you know, there is a role for sanctions but it's not going to be any kind of cure all.

So back to the future is that we've got to get back to what was the lesson from the Acheson-Lilienthal report, is that we need to find a way to have more international controls on these dangerous nuclear technologies, enrichment, and reprocessing.

Very tough thing to do. We've been, you know, it's been kind of déjà vu all over again in terms of looking at this issue of international controls. It seems like every 5 or 10 years there's a whole other awakening and a whole flurry of reports and studies on this and we do have some semblance of international controls on some enrichment facilities.

We see here in the United States, there is a consortium, the Urenco consortium, you know, building a plant in New Mexico, the LES facility. That is an example of using black box technology, and the United States doesn't get access to that technology, and you know, enrichment there is through international ownership.

A similar thing is going to be happening in Idaho at the Eagle Rock facility that Areva wants to build. So I think there are examples where we can try to, and this has been, you know,

mentioned before to Iran, I'm not the first to say this. There's a lot of great work being done at Harvard and other places looking at ways that you could have multilateral ownership and control of facilities in Iran, still have enrichment, but have greater confidence that what they're doing could be detected if there is a breakout into weapons programs.

MR. HARRIS: Actually, there was a question asked to me about this black market. I'm sorry I didn't answer that.

MR. POLLACK: Yeah.

MR. HARRIS: It's actually the interesting -- so one of the arguments is that sanctions increases smuggling and increases black market activities, which may or may not be rang through military networks. Smuggling has been going on for a long time in Iran, in fact, you know, something like 90 percent of the cell phones that enter Iran, which are all coming from East Asia by the way, as here, 90 percent of them don't pay a custom. I mean, they don't pay the tariff when they enter the border.

I mean, they're coming in through an illegal mechanism, something like 50 percent of the clothing in Iran, which used to have a textile industry and does not any longer, is smuggled in. So there's a huge smuggling problem with Iran. It's something like 20 percent of the GDP I think; don't quote me on that. But the question is, is that a result of sanctions now or is it a result of the poorest borders of the country -- and when I said embedded, I said it's embedded in the world economy, right. It used to be the pivot of history, right, Central Asia.

So it's embedded in these particular networks of trade that it's going to be very difficult for anyone to totally close off. So any sanctions policy will, you know, squeeze a balloon -- no, not the toothpaste analogy, the balloon analogy, you squeeze a balloon with water and then you know it gets bigger somewhere else.

MR. POLLACK: Great. Okay, I'll take one last round of questions. There, and we'll come back to you.

MS. GIENGER: Thank you. Viola Gienger from Bloomberg News. Charles, I wonder if you can address a little bit the debate over the timelines that we're looking at at this point based on the information in the IAEA report and whatever the latest developments are? What sort of milestones are coming up in the next year to two years?

How far are we from various milestones in the development of Iran's nuclear program? And if any of you can also address the question of what do you think at this point is the minimum that the United States and its allies, and partners in the process, may offer Iran that Iran may find acceptable to pair its nuclear efforts?

MR. POLLACK: Thank you, Viola. Let's go to the lady right behind you.

SPEAKER: Okay, thank you. I'm (inaudible) from George Washington University and my question is how sure can we have that China will change its previous state rather than play Iran nuclear weapons as its big card given to the current status of -- U.S. relationship, especially after President Obama just claimed the return to the Asian Pacific region?

And my second question is I really think that Iran is kind of a threatened country, and theoretically speaking, it's just appeared to me that Iran may be caught in kind of a security dilemma, and theoretically speaking, maybe we can only offer -- maybe the proper way to get it out of the security dilemma is to let it go? And there is also the claim that maybe the area is some kind of sabotaged to get it out of this security dilemma. So what's your comments? Thank you.

MR. POLLACK: And let's just take one more from Greg down at the front and we'll have final comments from the panelists.

MR. TILLMAN: Greg Tillman. I just wondered if we could get a comment on what you think about the efficacy of assassinating Iranian scientists, both maybe from Charles on whether or not that can slow down the program, but also from Kevan and Ray about the effect on the Iranian people and the Iranian government in terms of increasing their willingness to make a deal to constrain their nuclear program?

MR. POLLACK: Great. All right, Ray, why don't you start us off again? And we'll again go in the reverse order.

MR. TAKEYH: On the issue of China, I'm reluctant to offer any sort of advice in the institution that features Ken Lieberthal. I mean, you know --

MR. POLLACK: And we should all feel free to -- we're going to have a whole panel on that so.

MR. TAKEYH: Foreign authority on that. I think assassinations that have taken place

are short sided and counterproductive because it assumes that Iranian scientific cadre is a limited number of people and this is a government that since 1990, in the aftermath of the war, has invested quite considerably in the scientific apparatus.

And its scientific apparatus has made significant gains if you look at it by the metrics of how many PhDs they produce in physics, chemistry, and so forth. Chemistry is always the crown jewel of sciences. Theoretical physics they're quite advanced on because it doesn't require a huge technological apparatus.

The number of authored articles in internationally recognized scientific journals has gone up. So this is a large scientific community and not all scientists are situated in university laboratories; they're also in the industry as they are in the United States. And I don't think we know the full scope of in the industrial application of the Iranian scientific community and the relationship between industry and the laboratories of the universities because, and Charles can speak about how you make a successful scientific community.

So essentially, one or two, three, four scientists getting killed is not going to reverse the scientific knowledge that this country has accumulated. It may even create a spear at the core within the remaining scientific community. And in that particular sense, I don't think it's particularly productive and it's more of -- it's of limited, if any, utility. I forget what the other question was, but anyway, I'll stop here.

MR. HARRIS: I forget the other question, too.

MR. TAKEYH: Let's talk about the sciences.

MR. HARRIS: It's a good answer, yeah.

MR. TAKEYH: That's not a pathway to disarm a mineral counter-proliferation.

MR. HARRIS: Oh, yeah. Okay, so productive, you know, carrots, right. This was the question. Well, I mean, so the new minister of oil in Iran is a rather burly fellow by the name of Rostam Qasemi, and he used to be head of the Revolutionary Guard Corps of Engineers if you will, and I just saw him give an interview for Al Jazeera English and he looks like a true revolutionary patriot. He was unshaven, like myself, and no tie, though. And he had just given a speech I believe yesterday or two days ago to an engineering society in Iran about the need for investment in the country's oil and gas sector.

And this is a country that's heavily underinvested in its own sector and this is not even a debate now among the elite in Iran. And he says that the country is \$100 billion of investment. So this is the obvious carrot that the Iranians -- as much as they say that they detest the West, they really like us and they want our investment. They don't like the Chinese investment. They always complain about how they have to take second rate Chinese capital goods and things like that, even though they're using the cell phones all of the time.

So that's the obvious carrot that you have to increase the vision of the future for Iran as being able to exploit its resources in a way that is more productive than it is now. That's what's on their mind and that should be discussed much more openly in policy communities here.

MR. POLLACK: Charles?

MR. FERGUSON: The whole question about timelines, and maybe I'll just say a few words about the whole issue of targeting and assassinating Iranian scientists and then to wrap up with the issue of timelines. Yeah, I agree with Ray, but I want to add a little bit more than that. I really see this as just, well, it's morally wrong and it's very counterproductive in what Ray is saying and also in other ways as well, we should be trying to learn lessons from the time of the Cold War and the relatively early days of the Cold War and in the 1950s when there was the Pugwash Movement got started and there was an exchange of views between Soviet and American scientists to try to find ways of having a dialogue and trying to find peaceful resolutions in some of these vexing issues.

And there has been some of that outreach from the U.S. part, the U.S. National Academy of Sciences, Glen Schweitzer and Norm Neureiter at AAAS have done a lot of great work in that area; more needs to be done. So I just wanted to get that out in the open.

In terms of timelines, I think there are a number of things we need to pay attention to in terms of how this proceeds going forward. There have been various assessments as to how far Iran is from actually breaking out into making nuclear weapons. I've seen an assessment of six months. I've heard a senior U.S. Government official say, and he is someone who is very concerned, but he says it's about a year, maybe longer.

But what does that really mean? Well, I mentioned in my opening remarks that according to the IEA, Iran has stockpiled 4,900 kilos of this low enriched uranium material. And so if they went for

broke and did kind of a batch of recycling and tried to convert that to weapons grade material that might be three, maybe four bombs' worth of material. Is that enough? Probably not, but I don't know. I mean, somehow we have to do a mind meld of my mind and Ray's mind and Kevan's mind and Ken's mind to try to -- and some other experts, to try to figure out what's the intention, you know, and so there's this interplay between intentions and capabilities.

But we do know that Iran is still continuing to amass more and more low enriched uranium material and we need to pay attention to the other enrichment activities up to that 20 percent level. Will they go beyond what is required to refuel the Tehran research reactor? That would be an interesting signal.

If they surpass that point, then that's an indication that there's something more probably going on than just getting enough material to fuel that reactor. We need to then look at how they're proceeding in actually manufacturing the fuel for that reactor. They may run into technical difficulties with that. If they run into technical roadblocks and they continue to enrich at that level, that's another signal, I think, as to their possible intentions.

We also need to look at how they're proceeding with the ballistic missile program. Are they making advances in terms of long-range missile capabilities, true intercontinental range ballistic missile capabilities? That plays in to this very contentious debate going on in the U.S.-NATO-Russia context as to missile defense. You know, that has very large implications as to where we go with the next round of nuclear arms reductions with the Russians. So you know, there's a lot at play here in terms of the various timelines and the various technical activities Iran is doing.

MR. POLLACK: Well, I don't know that we have necessarily solved the Iranian nuclear program, but I think that we have helped to map out a little bit more of the incredible maze of complexities that make up the issue from the Iranian side. And I think that the ambiguity that we have left on the table is actually the exact perfect starting place for our next panel which will begin at 10:45.

In the meantime, we've got refreshments for you outside. Please take a break. Before you do so, please join me in thanking this terrific panel. (Applause)

(Recess)