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THE IRANIAN QUESTION: ANALYZING NUCLEAR WEAPONS NON-PROLIFERATION POLICY OPTIONS USING  
ECONOMIC INCENTIVES

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# THE IRANIAN QUESTION:

ANALYZING NUCLEAR WEAPONS NON-PROLIFERATION  
POLICY OPTIONS USING ECONOMIC INCENTIVES

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## EXECUTIVE SUMMARY

With a gross domestic product (GDP) of over USD 412 billion, a population of almost 80 million people, a capable military force, and an advantageous geopolitical situation between the Persian Gulf and Caspian Sea, the Islamic Republic of Iran is a rising regional power in the Middle East. However, with its patented and vociferous anti-western and anti-Israeli sentiment, as well as its clandestine support of allied extremist groups such as Hezbollah and Hamas, Iran is currently one of the more potent rivals to American interests in the region as well, with its most dangerous domestic defense threat lying with its burgeoning nuclear program. Though Iranian officials have claimed that the nation intends to use its nuclear program for peaceful pursuits, the international community has largely concluded that Iran intends to develop a nuclear warhead capable of being fitted on their steadily advancing missile technology. Such a nuclear arsenal would instantly create an unacceptably enormous threat to global security and potentially result in the further destabilization of the Persian Gulf region, given Iran's growing regional "Cold War" with Saudi Arabia, the Shia theocracy's Sunni rival across the gulf. Should Iran gain nuclear capabilities, the Saudis could very well feel compelled to do the same, resulting in a nuclear arms race (*a la* India/Pakistan) in one of the most volatile regions in the world.

The international community, led by the United States, has established a framework to curb Iran's ambitions for a nuclear arsenal with the 2015 *Joint Comprehensive Plan of Action (JCPOA) Regarding the Islamic Republic of Iran's Nuclear Program*, which provided for the rollback of certain international sanctions against Iran in exchange for the Iranian government making a number of concessions concerning their nuclear program, including conceding the majority of its enriched uranium for fifteen years, limiting the facilities at which they can conduct nuclear research, and placing two-thirds of its centrifuges in storage for ten years. This paper will also hold that any U.S. security and economic policies geared toward Iran should revolve around the JCPOA, with the agreement forming an internationally sponsored framework for preventing a nuclear armed Iran, while not removing other policy options for the United States, if Iran were to ever break out of the agreement. This paper will additionally hold that Iran is a rational actor, and despite its history with the western international order and the Arab world, understands that it has much to lose if it continues its bellicose nuclear weapons program. Indeed, this paper will posit that, by integrating Iran into both the global economy and the global trade regime, the international community can intimately tie Iran to international markets and make them more likely to comply with international norms regarding the non-proliferation of nuclear arms.

Policy Prescriptions for the U.S. Government to use diplomatic and economic incentives to contain Iran's nuclear program:

- Sincerely conform to the JCOPA, and reinforce this adherence with positive rhetoric while maintaining steady United States leadership on the issue of ensuring a nuclear weapons-free Iran through diplomatic means
- Further integrate Iran into the global trade regime by releasing additional sanctions, such as allowing U.S. banks to complete dollar-clearing transactions for certain, pre-cleared Iranian entities
  - Support Iran's membership in the World Trade Organization (WTO) and assist the Iranians in building consensus in selecting the Chairperson to Iran's WTO Accession Working Party to facilitate their entry into the WTO

## HISTORICAL BACKGROUND

Many diplomats, historians, analysts and journalists believe that the Islamic Republic of Iran's drive for a nuclear program, weaponized or peaceful, is at least partially based in a sense of national or cultural pride, which has been repeatedly injured by foreign powers since the Middle Ages. With a history dating back over 3200 years, Iranians are proud of their heritage and culture. What is now modern day Iran has been the center of several Persian Empires, including the Achaemenids, Seleucids, Savafids, and others, all of whom were noted for their culture and influence in the region. Indeed, following the Islamization of Persia by the Arabs in 651 A.D., Persians were initially hesitant to accept Islam and, when they finally did, the concept of *shu'ubiyyah*, the resentment of the privileged status of Arabs in early Islamic society pervaded the culture, as a result of discrimination and cultural suppression perpetrated by the Arab conquerors against the Persians<sup>1</sup>. During the early 20<sup>th</sup> century, as part of the "Great Game" between the Russian Empire and the United Kingdom, the Anglo-Russian Convention of 1907 was convened, resulting in the *Agreement Concerning Persia*, which divided Persia into spheres of influence that would be dominated by the British and Russians<sup>2</sup>. As a result, following the discovery of petroleum in Masjed Solieman in 1908, the British took advantage of the situation and founded the Anglo-Persian Oil Company (APOC), one of the predecessors to British Petroleum (BP). APOC was established on the framework of the D'Arcy Concession, a 1901 deal struck by British businessman and socialite William Knox D'Arcy with Shah Mozzahfar al-Din, guaranteeing D'Arcy oil rights to the majority of Iran's land for 60 years, whilst only guaranteeing the Persian government 16% of the profits from any extractions<sup>3</sup>. Later, during World War II, Iran was invaded by a combined Anglo-Soviet force, in order for the USSR and UK to gain access to the so-called Persian Corridor, the Iranian railway system, and use it to transport Lend-Lease materials from the United States to the Soviets while simultaneously keeping it out of the hands of the Germans<sup>4</sup>. Foreign interference in Iran culminated in the early 1950s, when the Iranian government, led by

Prime Minister Mohammad Mossadegh, humiliated by the lack of control that Iranians exercised over their most precious natural resource, per the D'Arcy Concession's (and later revisions to it in the 1930s), nationalized Iran's oil industry. After unsuccessfully suing in international court in 1952<sup>5</sup>, the United Kingdom successfully lobbied the United States to assist them in staging a *coup d'état* of Iran's government in 1953. The coup, which is often referred to by its CIA codename, *Operation: Ajax*, toppled the democratically elected Iranian government, resulted in Mossadegh's imprisonment and eventual house arrest, and increased the power of the heavily pro-western Shah, Mohammad Reza Pahlavi (known as Mohamed Reza Shah), essentially turning Iran into an absolute monarchy<sup>6</sup>. The Shah, with the tacit backing of the United States, instituted a patrimonial system of government in which he ruled as an absolute monarch, resulting in the political paralysis and exclusion of the large Iranian middle class and growing discontent among the people<sup>7</sup>. This political discontent coupled with the Shah's institution of liberal reforms which angered the nation's more conservative Islamic clerics to create the perfect storm for the Islamic Revolution of 1979. In November of 1979, a group of radical Iranian students, angered at the United States for allowing the hated, deposed Shah to retreat, stormed the U.S. Embassy in Tehran and held the staff hostage for 444 days. The hostage crisis was initially criticized by the new Revolutionary government, but was later seized upon by Ayatollah Khomeini and President Abolhassan Banisadr for political purposes<sup>8</sup>, as they used the situation as anti-American propaganda to convince the Iranian people to ratify the new constitution. Perhaps more than any other single event, the Iranian Hostage Crisis was the main reason for the negative change in temperature of U.S.-Iran relations, almost instantaneously, as evidenced by the massive turn in U.S. public and political attitude toward Iran in its wake<sup>9</sup>.

## **IRAN'S NUCLEAR PROGRAM**

Iran's nuclear program itself dates back to the 1950s, with the United States actually being the major supporter and initiator of the program. On March 5<sup>th</sup>, 1957, the United States and Mohamed Reza Shah's government jointly announced a "proposed agreement for cooperation in the peaceful uses of atomic

energy” as part of President Eisenhower’s *Atoms for Peace* program<sup>10</sup>. This deal was intended to create an environment conducive to U.S. direct investment in Iranian nuclear industries such as energy and healthcare, with the plan also calling for the U.S. Atomic Energy Commission to lease Iran up to 13.2 pounds of low-enriched uranium (LEU) for the purposes of research<sup>11</sup>. In 1967, the United States supplied Iran with its first nuclear reactor, the Tehran Research Reactor (TRR) along with 5.58 kg of highly-enriched uranium fuel<sup>12</sup>. Iran began to integrate itself into the global nuclear regulatory regime by becoming a signatory to the *Treaty on the Non-Proliferation of Nuclear Weapons* (NPT) in 1968. As pre-revolutionary Iran’s nuclear program continued to grow, and as other nations in the Middle East and South Asia, such as Israel and India, began to militarize their programs, the discussion in U.S. military and intelligence circles naturally began to revolve around whether the Iranian monarchy would pursue a weapons program. Indeed, a 1974 CIA assessment stated that, while Iran’s nuclear program was still in the “planning stage” at the time, that “there is no doubt, however, of the Shah’s ambition to make Iran a power to be reckoned with” and that “If he is alive in the 1980s, if Iran has a full-fledged nuclear power industry and all the facilities necessary for nuclear weapons, and if other countries have proceeded with weapons development, we have no doubt that Iran will follow suit. Iran’s course will be strongly influenced by Indian nuclear programs”<sup>13</sup>. The U.S. was well aware of Iran’s possible intention to develop nuclear weapons well before the revolution and began to put pressure on the Shah to forgo a weapons program, while convincing France and Germany to cancel planned projects to build additional nuclear reactors within the country, at Darkhovin and Bushehr. Western attempts to curb Iran’s nuclear program only intensified with the rise of the mullahs. Following the revolution, U.S. and western-led firms in sectors crucial to Iran’s nuclear development were forbidden to do business with Iran, following the implementation of sanctions. During the Iran-Iraq war, multiple Iranian nuclear facilities were damaged by Iraqi airstrikes, bringing the country’s program to a temporary halt. However, Iran received assistance from key actors in the realm of nuclear development during the early revolutionary period as well, including Pakistani nuclear scientist Abdul Qadeer Khan in the late 1980s<sup>14</sup> and Russia in the early 1990s, with the formation of an Iranian-Russian joint research organization

called *Persepolis*. As part of the joint program, the Russians acted in advisory roles to the Islamic Republic and even provided the Iranians with missile technology, with all developments being approved at the highest levels of the Russian military, intelligence, and security apparatuses<sup>15</sup>. In 2002, an Iranian resistance organization, the M.E.K., announced that they had discovered that the Iranian government had maintained a secret nuclear program and was building nuclear facilities south of Tehran at which they would develop material for nuclear weapons<sup>16</sup>. Eventually, the renewed global outrage at Iran's lack of transparency led to the passage of several U.N. Security Council resolutions over the next several years, including resolution 1696, which demanded that Iran suspend its uranium enrichment program<sup>17</sup>, and resolutions 1737<sup>18</sup>, 1747<sup>19</sup>, 1803<sup>20</sup>, and 1929<sup>21</sup>, which imposed increasingly restrictive sanctions against Iran for failing to do so. In 2007, however, a U.S. intelligence report claimed that Iran had ceased its nuclear weapons program in 2003. International pressure still continued, as the European Union enacted an oil embargo against the Iranians in 2012. In 2013, facing intense sanctions pressure, Iran met with international leaders in Geneva and negotiated a Joint Plan of Action (JPOA), also known as the Geneva Interim Agreement, committing itself to short-term freezes of its nuclear program until a long-term solution could be reached. Finally in July of 2015, the Joint Comprehensive Plan of Action (JCPOA) was negotiated between Iran and the international community, requiring Iran to make long-term concessions concerning its nuclear program in exchange for sanctions relief. These concessions included capping its uranium enrichment to no more than 3.67%, phasing out its IR-1 centrifuges over 10 years, selling or destroying two-thirds of its centrifuges, not engaging in spent fuel reprocessing for 15 years, converting one of its main enrichment plants into a research facility, and allowing the International Atomic Energy Agency (IAEA) greater latitude in inspecting its nuclear facilities<sup>22</sup>. In exchange for these concessions, the United Nations Security Council agreed to pass Resolution 2231, which, in addition to setting up a strict observation process to ensure Iranian compliance, rescinded the UN sanctions imposed by previous resolutions<sup>23</sup>, with the European Union also agreeing to rescind most of its sanctions as contained in the EU Regulations 8 years after the adoption of the JCPOA, and the United States agreeing to rescind several, but not all, of its economic sanctions as well.<sup>24</sup>

Iran justifies the continuation of its nuclear program by claiming that said program is being utilized solely for the research and development of peaceful nuclear energy capabilities, which is their right under Article 4 of the NPT<sup>25</sup>. As of November 2017, Iran's current nuclear program consists of six confirmed primary facilities: The Arak heavy water reactor and production plant, the Bushehr nuclear power station, the Gachine Uranium mine, the Isfahan uranium conversion plant, the Qom uranium enrichment plant and the Natanz uranium enrichment plant<sup>26</sup>. International observers are also concerned that a seventh site, the Parchin military complex, could be used to develop nuclear missile technology. The several facilities and sites are briefly outlined below.

**Arak:** The Arak Nuclear Complex is composed of an IR-40 heavy water experimental reactor and an adjacent heavy water production plant. The experimental reactor was developed by the Iranians with the assistance of unknown foreign advisors and was first opened up to inspection by the International Atomic Energy Agency (IAEA) in 2009, when it was approximately 63% complete. The Iranians informed the IAEA that the IR-40 reactor at Arak was to become operational in 2013, being used for the production of 55 fuel assemblies by August 9<sup>th</sup> of that year<sup>27</sup>. Arak's heavy water production plant (HWPP) provides heavy water to cool and maintain the IR-40 reactor. The plant began operations in November of 2004 and can provide up to 16 metric tons of water per year<sup>28</sup>.

**Bushehr:** Iran's first commercial nuclear reactor, the Bushehr power plant was completed in 1994, with Russian assistance. Per an agreement, circa 2008, with the IAEA, Iran is required to send spent fuel rods from Bushehr back to Russia, the reactor's main fuel supplier. The Bushehr site is not mentioned specifically in the JCOPA, but per the agreement, Iran has agreed to ship out all spent nuclear fuel and refrain from engaging spent fuel reprocessing for 15 years, as of 2015<sup>29</sup>.

**Gachine:** The Gachine Uranium Mine, operated by the Bandar Abbas Uranium Production plant

(BUP) is Iran's only operating nuclear material mining and milling facility and is located near the port city of Bandar Abbas on the Persian Gulf. Its open pit has identified uranium reserves of approximately 100 tons of uranium ore. The BUP, which became operational in 2006, is used to process the uranium ore and was designed to produce a maximum output of 21 ton of uranium per year<sup>30</sup>.

**Isfahan:** Construction Began on the Isfahan Uranium Conversion Facility (UCF) in 1999, based on a design plan provided by China. Though Iran plans to install several processing lines at the facility, only the line for converting natural uranium to UF<sub>6</sub> is complete and operational. As of 2013, the total amount of UF<sub>6</sub> produced at Isfahan stood at 550 tons<sup>31</sup>. According to the May 2013 IAEA report, Iran also plans to use the UCF to “produce UO<sub>2</sub> powder from UF<sub>6</sub> enriched up to 5% U-235, uranium metal ingots from natural and depleted UF<sub>4</sub>, and UF<sub>4</sub> from depleted UF<sub>6</sub>”<sup>32</sup>. However, as of May 2013, concrete steps had not been taken in that regard. Iran stores a considerable amount of water at the UCF and has constructed underground tunnels beneath the below for unknown purposes. Additionally, the Iranian government has placed several anti-aircraft missile batteries around the facility area in order to protect it from foreign airstrikes. In March of 2010, Iran notified the IAEA of its intention to use the UCF for research related to the development of fuel rods for the Tehran Research Reactor (TRR). The UCF may have been damaged by an explosion at in Isfahan, although reports are unclear and often conflicting<sup>33</sup>.

**Qom:** The Qom enrichment plant, also known as the Fordow Fuel Enrichment Plant (FFEP), is one of Iran's pilot nuclear fuel enrichment plants, buried in a concealed location in the side of a mountain near Qom. The facility is divided into two enrichment halls, with each designed to house eight IR-1 centrifuge cascades, with each cascade holding over 3,000 centrifuges. However, following the signing of the JCOPA, the facility was converted into a research center, monitored by the IAEA<sup>34</sup>. Though over 1,000 centrifuges remain installed, the facility has not been used for the enrichment of uranium since 2013, according to the IAEA<sup>35</sup>. Prior to the JCPOA, the size, secrecy and location of the FFEP led many analysts and policymakers in the United States to question the facility's true purpose, arguing that Iran was using it to covertly develop

weapons grade highly enriched uranium (HEU)<sup>36</sup>. Under the JCPOA, Iran has agreed to cease the enrichment for fifteen years, save for limited stable isotope production, and convert the facility into the aforementioned scientific research center.

**Natanz:** The Natanz Enrichment Center is Iran's primary enrichment facility and contains both the commercial Fuel Enrichment Plant (FEP), Iran's main enrichment apparatus in the country's centrifuge program<sup>37</sup>, and the Pilot Fuel Enrichment Plant (PFEP), used predominantly for testing, research and development<sup>38</sup>. The facility consists of three underground buildings that can hold up to 50,000 centrifuges as well as two above ground buildings. After the construction of the facility was revealed to the world in 2002, Iran negotiated a settlement with several European countries to end enrichment activities at Natanz in 2003, before beginning to backtrack on said agreement in 2006. However, as part of the JCOPA, Iran agreed to remove approximately two-thirds of Natanz's centrifuges limit uranium enrichment to 3.67 percent and down-blend or sell the majority of its lesser-enriched uranium (LEU) stockpile<sup>39</sup>.

**Parchin:** The large complex at Parchin is alleged to produce chemical weapons and to conduct experiments with laser technology and high-explosive testing for nuclear weapons<sup>40</sup>. Though uncertainties remain concerning the extent of Parchin's missile-related development, some experts believe that the facility is being used for the development of liquid fueled ballistic missiles<sup>41</sup>. Parchin was the site of a massive, unexplained explosion in 2014 and a Fajr-3 missile assembly line that uses North Korean missile manufacturing technology is alleged to exist at the site<sup>42</sup>.

## ECONOMIC AND GEOPOLITICAL SITUATION

According to the World Bank, Iran is the second largest economy in the Middle East and North Africa, after its rival, Saudi Arabia, with a gross domestic product of 412.2 billion USD (as of November 2017) and the second largest country in the region in terms of population as well, with its 78.8 million inhabitants trailing only Egypt. Following sanctions relief in 2015, Iran's economy experienced a

remarkable growth rate of 6.4% in 2016.<sup>43</sup> The Iranian economy is dominated by oil and gas production, with oil exports accounting for more than 80% of Iran's public revenue as of 2012,<sup>44</sup> and Iran has one of the most educated populations in the Middle East, with more than half of people aged 18-24 enrolled in some form of higher education<sup>45</sup>. As recently as 2009, some 80% of Iran's economic activity was centrally planned, with Iran having taken several steps within the last several years to liberalize its economy and reduce its economic dependence on government subsidies<sup>46</sup>. Still, many economists believe that further economic problems, such as widespread corruption, poor public administration and significant illegal contraband markets continue to burden private sector-growth. Furthermore, Iran's economy has been under siege for the last three and a half decades by the international community, specifically by the United States and Europe, via the imposition of economic sanctions. These sanctions, enacted largely in response to Iran's nuclear program, have included trade restrictions and prohibitions on foreign firms from doing business in Iran as well as full embargos. Following the Revolution of 1979, the sanctions placed on Iran included a freezing of its assets, at the time worth over \$12 billion USD in U.S. banks alone. In 1987 the U.S. placed a goods embargo on Iran, "as a result of Iran's support for international terrorism and its aggressive actions against non-belligerent shipping in the Persian Gulf," according to the U.S. Treasury. Additionally, and perhaps most crippling to Iran's economic potential, the U.S. banned importation of Iran's petroleum, with the European Union following suit in 2012, thus levying a sentence of economic purgatory on the oil-rich country.<sup>47</sup> The results of these sanctions have included rampant inflation and stagnated growth, further burdening an already challenged Iranian economy. However, prior to the signing of the JCPOA, there was disagreement concerning the real, long-term effects of these sanctions on Iran's economy, with some analysts arguing that Iran's economy was still built to perform well in the long run despite the sanctions, and questioning whether the economic pressure brought by the sanctions would be enough to bring Iran to the table concerning its nuclear program<sup>48</sup>. Many, though not all, of these questions and concerns were put to rest by Iran's coming to the table to negotiate the JCPOA, and the fact remains that there is broad consensus among economists that, over the years, Iran's economy has seriously wilted under the weight of

the sanctions. Most analysts today agree that the sanctions were, in fact, one of the primary motivating factors behind Iran finally coming to the negotiating table concerning its nuclear program in a serious way in 2013, with those negotiations eventually leading to the JCPOA two years later. Iran stands to gain economically from the relief of many of the sanctions it has faced in response to its nuclear program, pursuant to the JCPOA. Following the adoption of the JCPOA, economists anticipated Iran's general economic welfare per capita to increase 3.7% as a result of sanctions relief, while the redaction of the E.U. oil embargo, another key part of the JCPOA, being set to decrease the global price of oil by approximately 13%<sup>49</sup>.

Iran lies at a strategically advantageous geographical position on the broad isthmus between the Caspian Sea and the Persian Gulf. The country sits adjacent to the economically critical Strait of Hormuz, with an easy jaunt to the Arabian Sea and the Indian Ocean to the south and the Gulf of Aden, which leads to the Red Sea, and eventually to the Mediterranean. The Iranian plateau, located inland, has historically been one of the crossroads between Asia and North Africa, making Tehran the center of trading routes across the Middle East. Iran lies next to several weaker and/or destabilized neighbors, such as Afghanistan, Iraq, Syria and Yemen, but with the very notable exceptions of Israel, Saudi Arabia and Turkey. This situation brings with it both benefits and drawbacks. The primary benefit is that Iran is relatively safe from invasion from its weaker neighbors and could potentially exercise tremendous influence on them, with its relatively large size and political stability allowing it to act as one of the primary strongmen in the Middle East, opposite the Israelis, Saudis and Turkish. The drawback, however is that Iran often feels the effects of the conflicts and turmoil in these neighboring states, with the threat of the uprisings, militias, and radical Islamic groups that sprout up in its neighbors spilling over into Iran remaining constant. Additionally, Iran, a Shia theocracy, is engaged in a regional "Cold War" of sorts with its Sunni rivals, especially Saudi Arabia. The Iranian-Saudi rivalry has been the catalyst for a variety of proxy wars, including the conflict in Yemen, and various arms races and military buildups. In fact, perhaps the greatest fear associated with a nuclear

weapon-capable Iran is not what mayhem Iran would enact upon the region, but rather, what its neighboring rivals would do in response. Indeed, given Iran's cold relations with the Saudis, the prospect of a nuclear Iran could, potentially, kick off a nuclear arms race in the Persian Gulf region, inserting numerous units of the most dangerous class of weapon known to humankind into one of the most volatile regions of the world: an unacceptably dangerous scenario from an international security standpoint. The rivalry has a large sectarian element to it, and historians, observers and diplomats continue to argue over whether this contemporary conflict contains echoes of a historically cold relationship between Arabs and Persians<sup>50</sup> (see discussion of *shu'ubiyyah* under Historical Background above), or if such a relationship has even been traditionally cold at all<sup>51</sup>. One thing is certain however: Iran's status as a rising regional power stands in direct threat to Saudi Arabian strength in the Persian Gulf region and both Tehran and Riyadh are aware of this reality.

Iran has two primary reasons for continuing its nuclear drive. The first is due to what Iran perceives as its basic energy and security needs. Iran's energy consumption levels are extraordinarily higher than international standards, with the country having to recycle up to 28% of its energy. Iran had high energy demands even prior to the JCPOA and with the country's economic growth being projected to range between 2-5% annually for the next few decades even before sanctions relief<sup>52</sup>, Iran will need new sources of energy, potentially from nuclear sources. From a defense standpoint, a potential nuclear weapons program would dovetail nicely with Iran's military strategy. With the budget, scope and capability of its military incomparable to that of the United States, and its military apparatuses often beset by institutional and administrative problems, Iran has resorted to a four pronged, deterrence-based, defensive security strategy to resist and disrupt American influence. This strategy involves using security forces to maintain domestic control and stability, utilizing intelligence operations to support foreign agents, such as Hezbollah, to sow discord in rival nations in the region, using propaganda to exaggerate or obscure true military strength to deter attack, and providing for a comprehensive defensive strategy in case of invasion and to

deter the threat of invasion<sup>53</sup>. This last prong is the most problematic for foreign rivals attempting to develop plans for a potential invasion, if it were ever necessary, and is also the prong that a nuclear weapons program would bolster. Iran's domestic missile system and underground military installations already couple with the nation's mountainous terrain to make an assault on the country a strategically difficult endeavor. If Iran were to develop nuclear weapons it could conceal them rather effectively within these underground systems, making their pre-invasion pacification almost impossible in the event of all-out war. Furthermore, the threat of the projection of nuclear power from Tehran would give solemn weight to Iran's foreign policy and would effectively neutralize the possibility of any military action against the regime.

The second reason for Iran's nuclear ambitions is far subtler in nature. For many Iranians, the contemporary drive for a nuclear program (peaceful or otherwise), as well as Iran's rise to prominence in the Middle East in general, is an issue of supreme importance to its national pride<sup>54</sup>. After two millennia of weak, decentralized Persian governments and of humiliation from the Western and Arab worlds and after thirty-plus years of international isolation, Iran's nuclear program represents a reintroduction of Persian power and control into regional and global norms. A scientific (and possibly security-based) advancement like the development of a comprehensive nuclear program would grant Iranians a sense of national pride and direction and serve as proof that the oft-maligned Iranian authorities can successfully administer the country's energy and infrastructural sectors. Many Iranian politicians, such as former president Mahmoud Ahmadinejad, have begun to spin the issue of Iran's nuclear program in nationalistic terms, successfully using such political and rhetorical theater to attract younger, middle class Iranians, whose support typically eludes the conservative regime<sup>55</sup>. Additionally, and of most concern to the international community, some Iranian officials posit that, if the nation can successfully convince international observers that it is capable of crossing the nuclear threshold, that even the threat of "turning the knob" on its weapons program and fully developing a nuclear warhead can be enough to keep perceived threats such as Israel, Saudi Arabia, and the United States at bay for good. Indeed, some even posit that Iran could use the threat of nuclear

program as a bargaining chip to end its 35-plus year isolation from the world following the Revolution<sup>56</sup>, which it may have successfully done during negotiations of the JCPOA. Despite all of this, many Iranians recognize the dangers that the country's pursuit of a nuclear program has brought upon the country. Should Iran ever break out of the JCPOA and continue its enrichment program in pre-agreement fashion, it risks military confrontation with much more powerful enemies in the west, should the situation escalate. Even if war did not break out, or even if Iran waits until after the JCPOA expires, continued aggression from Tehran on the nuclear front would re-isolate the country from the international community in a globalized world, setting back years of diplomatic negotiations and digging itself into a hole that the regime may not be able to climb out of.

## **POLICY PRESCRIPTIONS**

Any and all policies concerning Iran and its nuclear program should revolve around ensuring conformance to and enforcement of the JCPOA, with the agreement forming the cornerstone of all Iran-based security policy in general. Furthermore, given the strains of the international sanctions on its economy over the years, Iran can be economically incentivized into abiding by the JCPOA both under threat of sanctions snapback if it "breaks out" and abandons the agreement and under promise of economic growth if it continues to conform by it. Over the next 15 years, integrating Iran into the global economy is critical to ensuring its compliance with international non-proliferation norms, both in the short and long terms.

Even after the JCPOA expires, there is serious possibility that Iran's bellicosity and aggressiveness can become limited, at least in regards to its nuclear weapons program, if its economy can become sufficiently interdependent upon western countries within the international system. With these priorities, as well as the historical background and developments of this issue in mind, this paper will now lay out the following policy prescriptions that are recommended for adoption and utilization by the United States government:

I. Sincerely conform to the JCOPA, and reinforce this adherence while maintaining steady United States leadership on the issue of ensuring a nuclear weapons-free Iran through diplomatic means.

First and foremost, the JCPOA provides an organized, comprehensive, and internationally sponsored mechanism designed to control Iran's nuclear ambitions. The agreement provides clear, developed, well administered processes for compliance verification by reliable international apparatuses such as the IAEA and does not restrict policy options in the future, if Iran were to not reciprocate the United States' conformance to the agreement. There is broad international consensus that Iran must not be allowed to develop a nuclear weapon, and that there is a viable diplomatic path to achieving that end through the JCPOA, without resorting to military action. The Obama administration made it clear both during its negotiation of the JCPOA and after the agreement's adoption, that such action would never be taken off the table if necessary, but that serious attempts must be made to forge and maintain a peaceful, diplomatic solution to the Iranian nuclear issue. The first part of this endeavor, the forging of a diplomatic solution, has been struck with the adoption of the JCPOA, with the second task being its maintenance. The maintenance of the JCPOA ought to be a major Iran policy priority for all facets of the U.S. diplomatic apparatus, as the success or failure of the agreement rests largely on the continued endorsement, as well as the active enforcement, of the agreement by the United States, with the failure of the deal having wide-ranging security implications across the Middle East. It is known that the JCPOA, or the "Iran Nuclear Deal" as it is commonly known in the U.S., is a politically divisive issue in many circles. The agreement's critics often point to its lack of addressing other areas of Iranian aggression, such as its support for organizations classified as terrorists by the United States, as well as claims that the United States could have received more concessions from the Iranians had it continued with the imposition of sanctions. Other critics still question whether the JCPOA can realistically serve as a conduit for warmer relations between Iran and the west.

While these concerns are understandable, it must be noted that, as was argued by former U.S. Senators Sam

Nunn and Richard Lugar, there are no “perfect” nuclear deals, with the United States having a long history of making imperfect, though necessary and effective, agreements with rival powers, including China and, especially, the Soviet Union, the United States’ foremost rival during the post-war period, if it deems them in the security interests of the country and if it deems them able to bring about long-term peace.<sup>57</sup> Both of these conditions are met by the JCPOA, as the deal extends the time table for decision-making by the west concerning Iran’s nuclear program, and provides avenues for the sort of economic integration discussed in this paper to take place, potentially reigning in Iran’s aggressive nuclear ambition using incentives rather than military action. Additionally, the deal provides unprecedented mechanisms for the international community to access Iran’s nuclear facilities and verify its compliance. In 2017, former U.S. Secretary of Energy, and key JCPOA negotiator, Ernest Moniz has said that “...the most important part of the deal ... is verification. Certainly the bar to any covert weapons program has been raised a lot, and will be quite high”<sup>58</sup>. On the question of whether the JCPOA could serve as a starting point for a new course on relations between Iran and the western-led international community, the Israeli Chief of the General Staff, Lieutenant General Gadi Eizenkot, is convinced that it can be, being quoted as saying that “[w]ithout a doubt the nuclear deal between Iran and the West is a historic turning point. It is a big change in terms of the direction that Iran was headed, and in the way that we saw things” and that while Iran is still “high on our priority lists because we need to monitor its nuclear program”, that the deal represents “real change” and “many opportunities”. Eizenkot is not alone in his assessment, with former Mossad Chief Efraim Halevy holding that the JCPOA contains Iran’s nuclear program for “at least a decade” and that it “give[s] us a credible answer to the Iranian military threat, at least for a decade, if not longer”<sup>59</sup>. Furthermore, while more demanding negotiating styles can sometimes breed more favorable results, there is also the possibility to discourage cooperation from opponents and cause them to deem it in their interest to simply withdraw from the negotiating table altogether. Had the U.S. outright refused to reach an agreement with the Iranians unless they agreed to completely dismantle their nuclear program, there is a real chance that they would have walked away. Moving forward, for the United States to in any way violate or attempt to undermine the deal after it has

been brokered jeopardizes not just the viability of this agreement, but also potentially damages the credibility of the United States to make similar agreements with any future nuclear aggressors. The JCPOA manages to commit Iran to refraining from the continuation of their belligerent weapons program, while granting them economic incentives to adhere to those commitments, and still allowing for the United States to continue challenging Iranian destabilization efforts throughout the Middle East.

II. Further integrate Iran into the global trade regime by releasing additional sanctions, such as allowing U.S. banks to complete dollar-clearing transactions for certain, pre-cleared Iranian entities.

One of the benefits of globalization is that the economic interdependence experienced by states can act as a stabilizing, peace-keeping force. This same line of theory can be applied to Iran, in that if the United States can successfully lead endeavors to integrate Iran into the global financial system, Iran can be incentivized into enacting long-term restrictions on its nuclear activities, even past the expiration dates of the JCPOA. The Atlantic Council has proposed the lifting of a 2008 financial sanction against Iran prohibiting dollar-clearing transactions. The lifting of this sanction would, of course, exempt certain security-threat groups on the Specially Designated Nationals and Blocked Persons List who would remain under prohibition. By allowing dollar clearing transactions, Washington would be setting the foundation for a stronger trade relationship between Tehran and the international community by allowing Iranian financial transactions take place in U.S. dollars, the *de facto* world's currency. This sanction lift would be acting within the tone and spirit of the JCPOA and would serve as a counter to ultraconservative political voices within Iran who argue that the United States does not truly want to adjust its relationship with Iran. Such an action would allow for a greater U.S. role in an economically open Iran, allowing for greater U.S. foreign investment in the country and strengthening U.S.-Iranian economic ties, as well as facilitating increased trade between Iran and Europe. These ties could potentially irritate the Saudis and Israelis, but would provide tangible security benefits, as it would force Iran to seriously jeopardize the growth of its

delicate financial sector if it were to take a more bellicose position regarding its nuclear program and anger foreign investors.

III. Support Iran's membership in the World Trade Organization (WTO) and assist the Iranians in building consensus in selecting the Chairperson to Iran's WTO Accession Working Party to facilitate their entry into the WTO

Iran has held observer status at the WTO since 2005, with the United States consistently blocking its entry into the organization. Tehran has declared that it currently prioritizes gaining entry into the WTO, and has followed up such declarations with action, as Iran completed and circulated all of the necessary documentation for entry in 2009, answered Member States' questions about in 2011 and revised its Memorandum on the Foreign Trade Regime in 2015. Selecting a chairperson for its ascension committee is more of a battle of political willpower within the international community than a reflection on Iranian policy. Some observers within the United States express concern about an Iranian entry into the WTO, specifically about whether Iran could use its status as a WTO Member State to hinder the U.S.' ability to sanction the country for its destabilizing behavior or if it were to break out from the JCPOA. However, the United States would still be able to economically pressure Iran, in theory, by invoking the "national defense clause" of Article XXI of the General Agreement on Tariffs and Trade (GATT), the WTO's governing document, if it were challenged by Iran. This would probably would never need to happen, however, as no Member State wants to force another to invoke the clause, as disagreements over the definition of goods to be used for "national defense" could threaten to undermine the entire trade regime. Iran would more than likely become entangled within the trade regime, with its economy tied its existence, and would thus be reluctant to potentially threaten its own economic well-being by challenging U.S. sanctions, as their relief simply would not be worth the risk. By entangling Iran in the global trade regime, the U.S. could subtly promote pro-free trade policies in Iran while giving the country additional incentives to abide by international norms<sup>60</sup>.

## CONCLUSION

Improving economic and diplomatic relations with Iran will not be easy, as the relations between the Islamic Republic and the United States have been cold for the better part of four decades, with actors on each side reluctant to warm to the other. Many Americans are instinctively distrustful of Iran and are doubtful about the potential benefits of charting a new diplomatic course with a traditional nemesis, citing years of Tehran's vicious rhetoric, autocratic tendencies, and staunch resistance to American influences. It is true that Iran's derisive and dangerous anti-western and anti-Israeli rhetoric cannot be ignored and its destabilizing behaviors in the Middle East continue to represent a serious threat to regional security that must be countered. However, the fundamental reality is that, so long as the Iranians reciprocate, the United States and the international community have a joint vested interest in improving relations with Iran, if for no other reason than to be in a position to modulate and influence Iran's rise as a regional power. The U.S. has an opportunity to serve a leading role in redefining Iran's relationship with the western-led international order. Iran stands to gain from an economically from its incorporation into the global economy and the global trade regime, and the United States and its allies stand to gain from a security perspective, from Iran's new incentives to play by the international community's rules. As Iran begins the process of economic liberalization and of incorporating its economy into the global trade regime, it will begin to experience economic growth and development that was unheard of in the country even a few years ago. There is compelling reason to believe that a rational Iran would not mortgage its economic future under these circumstances to pursue nuclear weapons. The Iranian Question is a simple one with complicated premises and implications: Can sincere adherence to the JCPOA and the promotion of Iran economic liberalization and global trade regime integration bring tangible security benefits for the world by helping to ensure a nuclear weapons-free Iran? Based on Iran's economic situation, its status as a rational rising power, its educated population and the largely peace-incentivizing nature of the global economic system, this paper would argue that the answer to that question is yes.

## ENDNOTES

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