

Iran options

Tonight I'm going to talk about Iran and its nuclear programme. Many of you will remember that 18 months ago, I presented a similar presentation. And tonight's talk will touch on similar themes.

I'm returning to the topic for a couple of reasons.

First, the Iranian nuclear issue has not gone away. Indeed, in the last 18 months, it has become more pressing.

Second, I want to provide you with some talking points, which you can bring up in your conversations with peers, journalists and politicians. Most people are not aware of either the Iranian threat, or the complexities involved in preventing it. It's important that we help get the message out there.

Third, I find it useful to have reminders of these things, so we can better understand all the articles in newspapers and magazines about Iran – and I'm sure there will be many more of them in the coming months.

I will talk about five things this evening.

The first is the Nuclear Non-Proliferation Treaty.

The second is the consequences of Iran acquiring nuclear capability.

The third is the Iranian opposition movement.

The fourth is the diplomatic options in preventing Iran acquiring nuclear weapons

And the fifth is a discussion of military options.

NPT

The Nuclear Non-Proliferation Treaty, or NPT, was agreed to in 1968. Iran has signed and ratified the treaty, and is thus bound to its provisions.

There are three pillars to the treaty.

These are: Non-Proliferation; Disarmament and Peaceful use of nuclear energy.

Non-proliferation means that those countries that do not possess nuclear weapons agree not to attempt to develop them.

Disarmament means that those countries that already possess nuclear weapons agree to decommission them.

Peaceful use of nuclear energy means that all signatories to the NPT can use nuclear energy for scientific and power purposes, and can utilise the technology developed by other countries.

As a signatory to the NPT, Iran has agreed not to develop nuclear weapons, and to open all its nuclear sites to UN inspectors. The UN inspectors have, on numerous occasions since 2003, found Iran to be in non-compliance. On most of these occasions, the UN has written an angry letter to Iran. However, on a couple of these occasions – from memory, I think three – the inspectors have referred the matter to the UN Security Council, which – under the NPT – has the power to impose sanctions on Iran.

On previous occasions, the UN Security Council has imposed relatively weak sanctions. It is currently considering a new round of sanctions. But, I'll speak a bit more about sanctions in a little while.

The reason I brought up the NPT, is because I wanted first to explain why Iran's actions are illegal and the basis for the UN sanctions, and second to explain the differences between Iran's and Israel's nuclear programmes.

Israel is one of only four countries that are not parties to the NPT. The reason Israel has never signed up is because to do so would require it to declare whether it has any nuclear weapons, and to open up all its nuclear installations to regular inspections.

Israel has long had a policy of nuclear ambiguity. It will not say it has nuclear weapons, but neither will it say it does not have nuclear weapons. The NPT would force Israel to come clean on the issue – something Israel does not want to do.

However, since it is not a party to the NPT, it is under no obligation to follow any of the NPT pillars.

Thus, if Israel has nuclear weapons, it is under no obligation to disarm. If Israel does not have nuclear weapons, it is under no obligation not to develop them.

The key difference between Iran and Israel is that Iran has volunteered to become a signatory, and is therefore obligated not to develop nuclear weapons. But all evidence suggests Iran is developing them, and therefore, it is in breach of the NPT, and in violation of international law. To put it bluntly, because Iran has signed up to the NPT and Israel has not, any Israeli nuclear weapons are not illegal, but any Iranian nuclear weapons are illegal.

Consequences

So, what are the costs of Iran acquiring nuclear weapons?

Ultimately, for Australians, the cost of living will substantially increase. Remember when, in 2008, the price of oil was almost US\$150 per barrel? If Iran gains nuclear weapons, that will seem cheap.

Why?

A nuclear weapon is the ultimate deterrent. If you have a nuclear weapon, no one will attack you, because they think you will destroy them in retaliation. For most countries – such as Israel – this is enough.

However, Iran isn't merely satisfied with being secure from invasion.

It has long interfered in other countries' affairs. With a nuclear deterrent, it will be free to interfere even more boldly than it has in the past, because it knows that no one will touch it.

Thus, it could increase its support of the Houthi rebellion in Yemen, of Hezbollah in Lebanon, of Hamas in Gaza, of the Shi'ite minority in Saudi Arabia and the Shi'ite majority in Iraq. Not to mention the terrorist attacks the Revolutionary Guards have carried out in Germany, Switzerland, Argentina and elsewhere.

But there's another way of looking at things.

Iran will always pursue its perceived national interests. What are these perceived interests?

First is the preservation of the Islamic Republic. And second is the exportation of the Islamic Revolution.

Now, can anyone tell me what it takes to pursue these interests?

Money!

With money you can fund your armed forces, fund, arm and train external terrorists and paramilitary forces, and provide incentives and subsidies for your own citizens.

The best way to create and sustain a governmental income is to have a healthy market economy, as free from corruption and government interference as possible.

Unfortunately, such market economies require – or, at the very least, bring about demands for – democratic reforms, freedom of speech, religion, etc etc. And Iran doesn't want to do that, so it can't and won't allow a true market economy.

Fortunately for Iran, however, it is sitting on the world's second or third largest amount of oil.

Unfortunately for Iran, it needs high oil prices to balance its budget. Why? Because of its high defence burden, its woeful economy, and the subsidies it provides its citizens.

Thus, for Iran to balance its budget, and come out on top, it needs the price of oil to be over US\$90 per barrel. This compares with Saudi Arabia at \$49 per barrel, Qatar at \$24 per barrel, Kuwait at \$33 per barrel, and so on.

The current oil price is around \$78 per barrel. This means that Iran is currently losing money. Which is good for just about everyone. Saudi Arabia is the largest supplier of oil, and the country with the most control in OPEC, the global oil cartel. And Saudi

Arabia is happy to ensure the price of oil remains under \$90, because its biggest threat is Iran, and it doesn't want Iran to turn a profit.

However, while OPEC does, to a large extent, control oil prices, there is something else that pushes up the price. Instability.

When there is instability in the Middle East, the price of oil goes up.

Now, it's in Iran's interest to have a high oil price. And Iran knows that instability causes high oil prices. Thus, it is in Iran's interests to generate instability. And with a nuclear deterrent to prevent retaliation, Iran could generate as much instability as it wants.

Thus, it could hold aggressive naval exercises in the Persian Gulf. It could prompt Hamas and Hezbollah to be more aggressive toward Israel. It could make further blood-curdling threats against Israel. It could ferment more trouble in Iraq, Afghanistan, Yemen or Saudi Arabia. It could direct various terrorist groups to target oil infrastructure – such as pipelines – in other countries, and so on.

All of these would generate higher oil prices, which would feed Iran money, which would enable it do to the things it wants to do – secure the Islamic Republic and export the Islamic Revolution.

What are the other consequences of Iran going nuclear?

If Iran goes nuclear, it will prompt other countries to do so. Saudi Arabia will go nuclear the day after Iran does. How? It paid for Pakistan's nuclear programme, with the proviso that if it ever needs nukes, it will get them.

We can expect Egypt and Turkey – at the very least – to develop their own nuclear capability. And this would likely prompt Israel to come out of the nuclear closet.

A nuclear arms race in the Middle East would skyrocket the price of oil.

But there is something worse than that.

The Middle East is an area filled with countries intensely untrusting of the others. Think about this. Saudi Arabia and Egypt both think they should be the leaders of the Arab world. Both are scared of their more powerful neighbours. Saudi forces have fought Egyptian forces in the 1960s, in Yemen.

Iran, Turkey and Israel are all non-Arabs and Iran and Israel aren't Sunni. These three countries are more powerful than any of the Arab countries, who fear them. Israel is hated by everyone. Turkey ruled over all the Arabs for 400 years, and is resented because of that. Iran wants to rule over all the Arabs, and is resented because of that.

During the Cold War, seven countries possessed nuclear weapons – the UK, US, France, China, the USSR, Israel and South Africa. However, the Cold War was essentially between two sides – the West versus the Soviets.

But a nuclear arms race in the Middle East will be between five sides, all of which distrust the others. It is an inherently unstable system. And since almost none of these countries will have a second strike capability, it increases the chance of a nuclear exchange.

But what about Israel?

It is my personal belief that Iran will not launch a nuclear strike on Israel. However, some things must be taken into consideration. The Revolutionary Guards, which are the elite, most loyal and most fundamentally religious Iranian soldiers, are in charge of the nuclear programme. Some of them, like Iran's President Mahmoud Ahmadinejad (who is himself a former Revolutionary Guard), believe the Mahdi – the Shi'ite Messiah – will only come in the midst of a global conflict. Thus, they would wish to start one – perhaps by initiating nuclear war – to prompt his return.

And what would happen if Iran was brought down from within? In the midst of collapse and chaos, when they know Iran is done for, and they know they face the gallows, will the Revolutionary Guards fire off a nuke for the sake of it? It's food for thought.

Just as I don't believe Iran will fire a nuclear weapon at Israel during normal circumstances, nor do I believe Iran will give a nuclear device to a terrorist group, though, again, the possibility cannot be discounted.

It would be quite easy to do. It's not as if Hezbollah would have to smuggle a nuclear bomb into Lebanon, and then fire it or smuggle it over the Israeli border. Rather, a ship that leaves Iran with a bomb could detonate it just off Tel Aviv's coastline.

From the Israeli perspective, even the possibility that Iran may fire a nuclear device at Israel is too much. After all, the Jews have long memories. The Bible is filled with stories of others making threats against the Jews, then attempting to carry them out. In the last century, the world has witnessed three different occasions – in the 1930s, the 1940s and the 1960s – of leaders making threats against the Jews (which weren't believed), readying the tools to make good those threats (which were ignored by the world's Gentiles) and then attempting to carry out the threats.

Iran today is threatening the Jews and making ready the tools to carry out its threats. Even if Iran does not intend to attack Israel with a nuclear bomb, it's little wonder that Israel is worried, and thus determined to prevent Iran from acquiring nuclear capability.

Time

It's beginning to feel inevitable that the Iranian regime will be brought down from within sooner or later. The question on everyone's lips is when and how.

Will it be before Iran achieves nuclear weapons? If not, what will happen to them in the possible ensuing chaos? If other countries have, in the meantime, chosen the nuclear option, they probably wouldn't disarm, even if Iran's new government did. And would the new government even disarm?

And how? Will it be a chaotic revolution with much bloodshed, and the possibility of a new dictatorship rising? Or will it be another Velvet Revolution?

People who don't want to take decisive action are hoping the regime will topple – nicely – before Iran acquires nuclear weaponry. But it is impossible to predict when and how it will happen. There are two certainties, however – unexpected events happen, and things in the Middle East rarely work out how we'd like them to.

Diplomacy

It is impossible to convince Iran, using 'nice' diplomacy, to give up its nuclear programme. Therefore, the only sort of diplomacy that will work is coercive diplomacy. That is, Iran will only give up its nuclear programme if it is convinced that the cost of nuclear weapons outweighs their benefits.

And since the benefits of nuclear weapons are extensive – security, national pride, greater freedom to act externally – the costs needed to convince Iran must be massive.

Targeted sanctions are the way to go.

You have to find the things that Iran's middle class and ruling elite like, and deny them those things. For instance, student, business and tourist visas for Iranians can be denied; Iranian banks can be banned from doing business abroad; it can be made illegal to buy Iranian products; oil from Iran can be boycotted, and so on.

The problem with sanctions is that they only have a chance of success if all the world's powers are on board. In other words, the UN Security Council imposes comprehensive sanctions. Then everyone – in theory – will have to obey.

But, both Russia and China have veto rights on the Security Council, and neither want comprehensive sanctions against Iran.

Why? Because they both do good business with Iran; they buy Iranian oil; they sell Iran weapons. And – more crucially – they don't think a nuclear Iran will be a problem for them.

Think about it – all of Iran's venom is directed at the West, particularly the US and Israel. It barely mentions Russia or China. And if Iran does acquire nuclear weapons, and if this ties down or threatens the West, then that's good for Russia and China, since the West (Europe and America collectively) is the main rival of both Russia and China.

It's pretty hard – if not impossible – to convince Russia and China to effectively sanction Iran.

Another option is for the West to go it alone. The US and the EU, which combined constitute a very hefty part of world trade, could sanction Iran. It might work. But Iran would still sell oil to China, and get its money that way.

Iran has a lot of oil. But its big weakness is its lack of refineries. Oil pumped out of the ground can't be used for anything. It has to be refined. Incredibly, Iran only has the capability to refine 40% of its oil needs. The rest is exported as crude oil, refined elsewhere, then imported as refined products.

What refinery infrastructure Iran does have is old, and needs significant investment just to keep working, let alone increase in capacity.

If the world were to stop selling Iran refined petroleum products, the country would be in real trouble. Especially if, at the same time, it made clear in Persian, that the reason for doing so was because of Iran's nuclear programme. The opposition movement would gain significant momentum.

Why? Because Iranians have long been used to heavily subsidised petrol. The price of petrol in Iran is under 20 cents per litre. But, because of cash flow problems – partly due to the limited sanctions imposed by the Security Council – Iran has been forced to ration petrol (to a thousand litres per month), and the price of petrol has been steadily rising.

Whenever there are price rises – or ration restrictions – normal Iranians have responded with riots. Anger at the government has been rising in recent years, less because of the Islamist nature of the regime and the freedoms it restricts, and more because of the economy and increasing price of basic commodities, including petrol.

The opposition movement has been able to tap into this anger, and was handed a gift by the regime in June last year, when the government so obviously faked the election results. The mass protests were the result of years of built-up anger, manipulated by some very smart and very brave democrats.

The question is whether the US and EU have the required political will to take such drastic measures. The US did under Bush, but it's unclear whether it does under Obama. And while most of Europe's leaders seem to recognise the Iranian threat, most of Europe's population hate and fear Israel much more than Iran, and might have difficulty understanding why Iran is being persecuted, and not Israel, when the latter is still occupying the Palestinians, yada yada yada.

Military options

There are numerous military options, but they can be grouped into three broad categories.

The first is unworkable, and is not being considered by any serious military planner.

That is, a full-scale invasion and occupation of Iran, much like what happened to Iraq in 2003. And while many people may have considered the invasion of Iraq militarily easy, there are dozens of differences between the two scenarios.

Iraq is a largely flat country with 29 million people. Iran is a very mountainous country, with 66 million people. Iran is three and a half times the size of Iraq. Or, putting it another way, Iran is the 18th biggest country on earth, whereas Iraq is 58th.

Iranians may hate the current regime, but they are an extraordinarily nationalist people – very proud of their country, race and history. Remember, Iran – slash – Persia has been around for thousands of years. Cyrus the Great, who allowed the Jews to return to Israel from Babylon in the 6th century BC, was Persian. In two and a half thousand years of continuous civilisation, the Islamic Republic has been around for only 40 years. It is a blip on the radar of Iran's immense and proud history.

On saying that, in the face of an invasion, Iranians would rally around their government.

The Iranian armed forces are well armed, well trained and well motivated. Defeating them in battle would be possible for American troops, but it would not be a walk in the park, like the US invasion of Iraq.

The US Army is now already stretched with its commitments in Iraq and Afghanistan. It is difficult to know whether it could spare the troops or money to succeed in a full-scale invasion, occupation and the resultant counter-insurgency operations that would become necessary.

Finally, after the debacle of Iraq – the lack of chemical and biological weapons and the deadly insurgency, which cost thousands of lives – it is unlikely the US has the domestic political capital to undertake the operation, and it is almost guaranteed a Democratic president of the likes of Barack Obama would not want to take America into a war of choice.

The second category of military option has been going on for years, most likely conducted by Israel. Over the past five or so years, many Iranian planes carrying nuclear equipment have crashed, and Iranian nuclear scientists have been killed in all manner of accidents.

Indeed, just last week, a leading nuclear scientist, who was associated with the opposition movement, was killed by a bomb planted outside his house. The opposition movement blamed the Iranian government. The Iranian government blamed Israel. I don't know anything more than you guys, but I wouldn't be at all surprised if it was Israel that pulled the trigger.

These clandestine attacks, and the large number of technical malfunctions that Iran has admitted to over the years (which I wouldn't be at all surprised if they were acts of Israeli sabotage), have delayed the nuclear programme, but haven't stopped it.

The final category of military option is that of targeted strikes.

This is the option seriously considered by all manner of strategists. Let me describe some of the things necessary to take place for this option to be successful.

Iran's nuclear facilities are scattered around the country, which means numerous targets must be identified and struck.

Some of these facilities are adjacent to or in towns, which means civilian casualties would be likely.

Most of these targets are quite deep underground or otherwise hardened, which means repeated bombings of the same target would be necessary.

The dozens of sites and their hardened nature means dozens of sorties would be required. It would take much more than a single sortie of five Israeli planes, which took out the Iraqi reactor in 1981, for instance.

Because dozens of warplanes would be required – and probably on numerous sorties – Iranian air defences would have to be taken out before any other operations begin. This includes the Iranian air force and the batteries of highly sophisticated ground to air missiles Iran has deployed.

Moreover, to protect vital oil and other infrastructure in the Persian Gulf from Iranian counter attack, all Iranian naval and Revolutionary Guards bases in that region would have to be destroyed.

To be successful, the entire operation would likely take three to four weeks of continuous air strikes – similar to the NATO operation in the late '90s against Serbia.

Israel has neither the planes, the weaponry, the time nor the money to undertake such an operation. If it were to fall to Israel, it would have one night to do what it could, perhaps with the help of its battery of Raphael missiles. It would damage the nuclear installations, but almost certainly not destroy all of them.

Thus, Israel is hoping, should a military operation prove necessary, that the US will undertake such an operation. It is Israel's nightmare that America gives Israel the green light, but does nothing itself.

During the time it would take for a successful air operation against Iran, the price of oil would go through the roof, making the \$150 per barrel of mid 2008 look positively cheap.

Hamas and Hezbollah would open up their respective fronts against Israel, firing their tens of thousands of rockets into Israeli communities. In the four-week Hezbollah-Israel war of 2006, only 4,000 rockets were fired by Hezbollah. Since that time, Hezbollah – care of Iran – has stocked many times more that amount.

There would also likely be mass protests on the streets of London, New York and Melbourne against the action, and violent attacks against Jews in these and other cities would spike.

As a result of the air strikes, the Iranian population would rally to the flag, and the opposition movement would be discredited and destroyed because, during the air strikes, Iran would imprison or kill all the opposition leaders it could lay its hands on.

Moreover, you can't destroy knowledge. So even if every Iranian nuclear installation were destroyed (and who knows if Western intelligence is aware of all of Iran's

nuclear installations), it would probably only take 10 years for Iran to get back to the position it's in today.

And let's not forget that military operations involve deaths. Not a death here or there of nasty people. But hundreds – maybe thousands – of ordinary Iranians who will be in the wrong country at the wrong time. Dozens – maybe hundreds – of Israelis will die in the resultant rocket attacks against that country. War is a horrible, horrible thing – just ask anyone who has been in one. Thus, we should be careful about being too blasé about the Iranian threat and Israel's or America's supposed willingness and ability to prevent it.

My point in telling you all of this is to let you know the incredible complexities facing decision-makers *vis-à-vis* Iran. There are no easy options. And all options have significant costs – for sometimes very meagre benefits.

I'm somewhat of a pessimist when it comes to the Middle East, so take what I have to say with a grain of salt. But it's my belief that Iran will acquire nuclear weapons, and the repercussions of that, which I mentioned earlier will likely take place. The next 30 years are going to be interesting, expensive and bloody.

Thank you.