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THE IRAN THREAT

An Assessment of the Middle East Nuclear Stalemate

© Nafeez Mosaddeq Ahmed

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Introduction

Since the 1990s, and increasingly after 9/11, Iran has been described by Western governments and intelligence agencies as a threat to the stability of the Middle East, as well as the world, due to its continuing attempts to develop a clandestine nuclear weapons programme. As a consequence of what is often seen as a potential nuclear crisis in the region, Israel, the United States and Britain have openly and tacitly vocalised their willingness to launch military interventions unless Iran halts its enrichment of uranium, while France, Germany, Russia and China have attempted to diffuse the stalemate using diplomatic efforts that have largely failed.

This report critically examines the underlying assumptions and overarching methods behind the official narrative on the West-Iran nuclear stalemate, as exemplified for instance in numerous research studies by think-tanks and research groups specialising in defence and security issues.[1] For the most part, these studies provide only partial insight into the implications of the available evidence on Iran's nuclear programme. Asserting a lack of certainty on both Iranian capabilities and plans, these studies conclude that it is necessary and legitimate to assume the worst, in the face of Iranian intransigence and lack of cooperation. From this starting-point, they move on quickly to contrasting the inevitable pitfalls of diplomacy and military intervention. Part of this analysis includes surveying the potential regional implications and likelihood of success of the latter. Although varying in their overall verdict on the efficacy of a military strike on Iran, they nevertheless converge on the principle that Iran does indeed pose a significant potential threat to regional and international security requiring urgent concerted international action.

This report draws on open source intelligence data to critically assess the credibility of this narrative by providing a comprehensive overview of the historical background, contemporary circumstances, and potential trajectory of the nuclear stalemate with Iran. It assesses the origin, development and current status of Iran's nuclear programme, and engages the pivotal question as to whether this programme aims towards weaponization. The report also examines the implications for regional and international security of the current diplomatic, intelligence and military policies of the international community toward Iran; the domestic political-economic basis of Iran's professed need to develop nuclear energy; and the potential trajectories of inter-state dialogue and rivalry vis-à-vis Iran due to the heightening of strategic, geopolitical, and economic tensions in the Middle East and Central Asia.

The report aims to contextualise potential hostilities with Iran in relation to wider macro-economic, resource-supply and regional geopolitical trends and processes. In doing so, it also

provides a detailed analysis of the probable outcomes of a military intervention in Iran, critically examining its likely efficacy with respect to disrupting Iran's nuclear programme, and exploring in detail the broad contours of an escalation of Middle East conflict that would inevitably follow such an intervention.

1. The origins of Iran's nuclear energy programme

1.1 1975 Iran's US-backed nuclear energy programme

The Iranian nuclear energy programme first began with the support of the United States, Britain, France and Germany in 1975, during the reign of the Shah, Mohammad Reza Pahlevi.[2] With widely publicised US support, accompanied by an official State Department press conference in Washington, Iran signed a major economic agreement with the US to "spend $15 billion on American goods and services over the following five years." The *New York Times* reported:

> "Iran has agreed in principle to spend $7 billion more on as many as eight large nuclear power plants in the next decade, with 8,000 electrical megawatts… Iran has made a major policy decision to develop nuclear power, anticipating that her oil supply will decrease sharply in the next few decades. Iran has already agreed to buy power plants from France and two from West Germany."[3]

In a subsequent article, the *New York Times* noted concerns that the Shah's nuclear programme might be diverted to the development of weapons technologies. But, the newspaper reported:

> "The Tehran Government insists the purchases are for peaceful purposes only. Moreover, Iran has publicly called for United Nations action to keep the Persian Gulf area free of nuclear weapons. Secretary of State Kissinger said that the nuclear deals would be subject to the 'safeguards that are appropriate' under the Nuclear Non-Proliferation Treaty, to which Iran is a signatory… Officials are trying to work out safeguards, especially if Iran is to re-process the fuel."[4]

The same economic rationale applies today. While Iran retains a large supply of natural gas for export, as the Washington-based PFC Energy reported, Iran's oil production is declining by 500,000 b/d per year, which is likely to render Iran a net importer of oil by 2016.[5] In summary, Iran's own rising domestic energy demands, combined with its reliance on oil and gas exports for revenue, has forced it to consider a variety of alternative energy solutions, and nuclear power is an attractive one given Iran's internal surfeit of uranium reserves. This has been thoroughly documented by a number of independent scientific studies.[6] As British energy management consultant Dr. David Wood convincingly shows:

> "Nuclear electric power generation is likely to free up large volumes of [Iran's] natural gas for export... One of the main arguments against Iran's development of nuclear energy is that this is a less economical way for it to generate electricity, given its vast gas reserves, as yet untapped, which could be more cheaply exploited for power generation. Indeed, the proposed Bushehr nuclear reactors would cost $1,000 per installed kilowatt, while electricity from natural gas-fired power plants could be delivered for much less at $600 to $800 per kilowatt. However, such pure cost analysis overlooks some of the broader issues. If the gas reserves were used to produce petrochemical products and gas-to-liquids transportation fuels, then much value and export revenue potential could be generated from the gas. Some of Iran's leaders have argued the case for the preservation of much of Iran's gas reserves, an act which would position it in the mid-21st century as the world's major energy supplier. There is also a strong environmental argument to be made, both globally and locally, for Iran to avoid adverse emissions from burning gas until better technologies are available to reduce greenhouse gas emissions and global-warming consequences.
>
> Such arguments suggest that Iran has a valid claim, on commercial, economic, social, and environmental grounds, to pursue alternative energy sources.
>
> In the early 1990s, Iran first realized that it faced increased pressures to sustain industrial development accompanied by rapidly growing domestic energy consumption, leading to the conclusion that it should explore alternative energy sources and primary energy mixes, including nuclear power. The country acknowledged that it would take some 20 years to get 20 percent of its electricity from nuclear power plants, and Iran first attempted to conclude a nuclear reactor deal with Russia at that time…
>
> Operating a full-cycle nuclear fuel fabrication and reprocessing operation would enable Iran to ultimately trade internationally in nuclear power fuel products and services, increasing and diversifying its status as a global energy power. In theory, Iran should be able to achieve such nuclear ambitions within the framework of the existing international nuclear proliferation treaty, and such moves seem to be supported by the majority of the Iranian population, whether or not they are sympathizers of the current hard-line regime."[7]

Indeed, a study commissioned by Professor David Cope, Director of the Parliamentary Office of Science and Technology, commissioned by the British Parliament's Foreign Affairs Select Committee, dismissed US arguments that Iran's nuclear programme could not possibly be designed to meet civilian energy requirements, concluding that such:

> "… criticisms were not supported by an analysis of the facts (for example, much of the gas flared off by Iran is not recoverable for energy use)… It is clear from Professor Cope's paper that the arguments as to whether Iran has a genuine requirement for domestically-produced nuclear electricity are not all, or even predominantly, on one side. We note, however, that other energy-rich countries such as Russia use nuclear power to generate electricity and we do not believe that the United States or any other country has the right to dictate to Iran how it meets its increasing demand for electricity, subject to Iran meeting its obligations under international treaties. The problem has been that Iran has failed to provide assurance to those who doubt its intentions."[8]

1.2 Lead-up to the 1979 Islamic Revolution

During the 1970s, political tensions were already high in Iran. Since the 1960s, the Shah's routinely brutal methods had inflamed popular opposition to his reign. In 1963, the religious cleric Ruhullah Khomeini spoke from his pulpit in his official capacity against the Shah's regime. According to religious historian Karen Armstrong, a fellow at the Jesus Seminar:

> "At a time when nobody else dared to speak out against the regime, Khomeini protested against the cruelty and injustice of the shah's rule, his unconstitutional dismissal of the Majlis, the torture, the wicked suppression of all opposition, the shah's craven subservience to the United States, and his support of Israel, which had deprived Palestinians of their homes. He was particularly concerned about the plight of the poor: the shah should leave his splendid palace and go and look at the shantytowns in South Tehran… Reprisals were swift and inevitable. On March 22, 1963… SAVAK forces surrounded the madrasah, and attacked it, killing a number of students. Khomeini was arrested and taken into custody."[9]

On 9th January 1978, when four thousand students poured on to the streets of Qum demanding a return to the 1906 constitution, freedom of speech, the release of political prisoners, the reopening of Fayziyyah Madrasah, and permission for Khomeini, who had been exiled since 1964, to return to Iran, the Shah's police opened fire into the crowds of unarmed protestors, killing 70 students.[10] For the Shah, this was the beginning of the end. Millions of Iranians responded to the massacre with outrage, and the uprising against his regime escalated. In different subsequent marches hundreds of demonstrators were killed in the following months as the Iranian people protested against his reign. In one gathering at Jaleh Square of around 20,000 people on Friday 8th September, martial law was declared and all large gatherings were banned. The demonstrators had no knowledge of the ban which was declared at 6a.m. that day. The Shah's soldiers responded to their refusal to disperse with rifle-fire, resulting in the killing of as many as 900 civilians. The massacre only inflamed the anger of the Iranian people further as crowds began raging through the streets in protest while the Shah's forces continued to fire at them from tanks.[11]

An extraordinary series of reports by the *Washington Post* based on US government documents and sources showed that the Shah's systematic deployment of indiscriminate violence to put down civilian protests was officially approved by the incumbent Carter administration. Then National Security Adviser Zbigniew Brzezinski had continually urged the Shah to use military force despite State Department warnings that this could lead to tens of thousands of deaths.[12]

The conflict culminated in the end of the Shah's reign. The Shah and his appointed Prime Minister Shahpour Bahktiar were forced to flee by February 1979, and Khomeini returned to

lead a new government, winning a landslide victory in a national referendum on whether Iran should become an Islamic Republic. Under the Shah, and through the lenses of the Nixon-Kissinger doctrine, Iran had been viewed by the United States as a "Guardian of the Gulf", a strategic pivot in a regional framework of order. The toppling of the Shah and the emergence of an independent Islamic Republic in the Middle East threw Western plans into urgent disarray. As noted by John Keane, Professor of Politics and founder of the Centre for the Study of Democracy at the University of Westminster:

> "To the surprise of most observers Islam did the unthinkable. It showed that a late twentieth century tyrant, armed to the teeth and backed by western investors and governments, could be toppled by popular pressure, and that the new Islamic regime installed by such pressure could stand politically between the two superpowers without being committed to either."[13]

2. Iran's continuing nuclear research and development: a closely-guarded secret?

After the 1979 hostage crisis at the US embassy in Tehran, the United States withdrew all support from Iran, cut all nuclear cooperation agreements, and, in fact, supported Iraq during the war. Iran remained interested in exploring its options regarding nuclear energy. Yet it is a matter of record that Iran had not attempted to conceal its activities, but on the contrary sought to cooperate directly with the International Atomic Energy Agency (IAEA) – the UN affiliated body which monitors and regulates nuclear energy programmes around the world to maintain their peaceful nature. However, although the US was already aware of Iran's geo-economic rationale for pursuing a peaceful nuclear energy programme, once the Shah was gone, the US not only withdrew support for Iran's nuclear energy programme, it actively obstructed Iran's efforts to continue developing a peaceful nuclear energy programme in association with the IAEA. It was only a few years after the revolution that Iran's interest in the Shah's previous nuclear energy programme was rekindled in the wake of local discoveries of large deposits of uranium reserves within the country.

2.1 Iran's Repeated Public Declarations about Uranium-Enrichment Efforts

Contrary to the popular view that Iran attempted to conceal a secretive nuclear programme, in fact Iran made no secret of these discoveries at the time, nor of its intent to research the ongoing viability, if not economic necessity, of a nuclear energy programme. Thus the BBC reported in December 1981:

> "The Iranian nuclear energy organization has announced the discovery of huge uranium deposits in four places in Iran (no details). The head of the organization, Reza Amrollah, has stated that the organization is to follow up with a detailed programme for nuclear research and scientific study."[14]

In March 1982, the BBC reported:

> "The head of the Esfahan nuclear technology centre, Dr. Sa'idi, said in Esfahan today that Iran was taking concrete measures for importing nuclear technology, while at the same time utilizing Iranian expertise in the field. He said the decision was made in the wake of discovery of uranium resources in the country and after Iran's capability for developing the industry had been established. Iran's plans for developing nuclear capability are conceived in three distinct phases…"[15]

The BBC report went on to describe Iran's nuclear plans in some detail, citing Dr. Sa'idi.[16]

2.2 Iranian Efforts to Cooperate with the International Atomic Energy Agency (IAEA) and US Interference

In 1983, however, Iran faced diplomatic interference from the US. Although Iran had attempted to work openly with the IAEA in developing its nuclear energy in a transparently peaceful manner, US efforts behind the scenes foiled Iran's relationship with the IAEA. This has been reported in detail by the respected nuclear energy journalist Mark Hibbs in *Nuclear Fuel*:

> "IAEA officials were keen to assist Iran in reactivating a research program to learn how to process U3O8 into UO2 pellets and then set up a pilot plant to produce UF6, according to IAEA documents obtained by NuclearFuel.
>
> Sources said that when in 1983 the recommendations of an IAEA mission to Iran were passed on to the IAEA's technical cooperation program, the US government then 'directly intervened' to discourage the IAEA from assisting Iran in production of UO2 and UF6. 'We stopped that in its tracks,' said a former US official."[17]

It should be noted, then, that as early as 1983, US opposition to Iran's development of an independent nuclear energy programme was not related to legitimate concerns about building

a nuclear bomb. On the contrary, Iran was actively cooperating with the IAEA to monitor and assist the development of a peaceful nuclear energy programme. As Hibbs reports, the IAEA was permitted access to Iran's nuclear facilities and was accordingly enthusiastic about assisting their development:

> "Entec was founded by the Atomic Energy Organization of Iran (AEOI) in 1974. Its work was halted by the 1979 Islamic revolution, but in 1981 the new government concluded that the country's nuclear development should continue. In 1983, the AEOI then invited the IAEA to survey Entec and another installation, the Tehran Nuclear Research Center.
>
> Herman Vera Ruiz, an IAEA official tasked by Deputy Director General Maurizio Zifferero to conduct a mission to Iran, visited Entec in October 1983. In November, he recommended to Zifferero and to Director General Hans Blix that the IAEA provide assistance to move Iran's nuclear research program forward.
>
> Ruiz's report to Blix and Zifferero 10 years before make clear that Entec had spelled out to the IAEA that it was established 'with the main objective of acting as the centre for the transfer and development of nuclear technology, as well as contribute to the formation of local expertise and manpower needed to sustain a very ambitious program in the field of nuclear power reactor technology and fuel cycle technology.'
>
> After the IAEA mission to Iran, the Vienna agency was ready to help Iran move that program along. The summary of the report states that 'a timely cooperation of the IAEA (with Entec) is highly recommendable… the overall objectives of Entec are quite clear and comprehensive'…
>
> The memo included a list of proposed 'expert services' which the IAEA would perform in eight fields relevant to work going on at all of Entec's departments… The proposed items included assistance and training in UO2 pellet and fuel element production and quality control procedures, 'advice on the chemical engineering and design aspects of a pilot plant for fuel conversion,' and 'advice on flow-sheet diagrams for uranium purification and conversion.'…
>
> While some of the proposals quickly found approval by the IAEA's technical cooperation department, the former US official said that after the US objected in Vienna, the IAEA dropped plans to help Iran on fuel production and uranium conversion."[18]

Under US pressure, the IAEA's involvement in Iran's nuclear energy programme was ended, forcing Iran to seek out other alternatives. Yet the US also interfered with those:

> "Instead, sources said, within five years Iran had set up a bilateral cooperation on fuel cycle related issues with China. That resulted in a deal to have China sell Iran a UF6 conversion plant to be set up at Entec. In 1997, however, China agreed to US arguments to drop most outstanding nuclear commerce with Iran, including the construction of the UF6 plant."[19]

Even then, however, Iran continued to declare its nuclear activities to the IAEA:

> "At that time, sources reported that regardless of the agreement by China not to build the UF6 plant at Entec, the Atomic Energy Organization of Iran reiterated to the IAEA that Iran would go ahead with construction of the facility... The plant was built at Entec beginning in 1997, and in 2000, Iran declared it to the IAEA…"[20]

Similarly, the widespread misperception that Iran had deliberately concealed the Natanz nuclear facility to develop a weapons programme is unfounded. As was reported in the journal *Science*:

> "Iran may not have contravened the NPT by keeping Natanz under wraps. The safeguards agreement, in force in Iran since 1974, mandates only that countries divulge design information on such a facility 180 days before it receives nuclear material. During ElBaradei's visit, Iran agreed to turn over design data much earlier, becoming the last NPT party to sign such an agreement. It has since provided preliminary design information on Natanz to IAEA, which is now drawing up a safeguards plan for the site."[21]

3. The Record of Intelligence on Iran 1990-2000: Speculation, Paranoia and Consistent Failure

3.1 Iranian Isolation: A Consequence of US Obstruction

During the 1990s, as Iran continued to find ways of developing its nuclear energy programme and domestic uranium-enrichment activities, it continued to face diplomatic obstruction from the US, despite regular, open contact with the IAEA. As noted by Iran analyst Cyrus Safdari, who teaches civil and environmental engineering at Michigan State University:

> "After the US prevented the IAEA from helping Iran obtain the enrichment and fuel fabrication technology in 1983, the US intervened with Argentine President Carlos Menem to prevent Invap from selling UO2 conversion technology to Iran [in 1992] (Nucleonics Week, 24 Sept.1992, 2) and in 1997, the US also persuaded China not to build a UF6 plant in Iran (Nuclear Fuel, 3 Nov.1997, 3). The IAEA was aware for several years of uranium exploration projects in Iran, and IAEA spokesman Melissa Fleming confirmed that IAEA officials had visited Iran's uranium mines as early as 1992."[22]

In 1990, the Soviet Union and Iran began negotiating over the completion of the Bushehr reactors and the supply of additional nuclear plants. In January 1995, the Russian Federation formally announced that it would complete the construction of the Bushehr reactors and signed an agreement with Iran to build three additional reactors at the site. Since the signing

of these agreements, the United States had continuously expressed its opposition to the Bushehr deal in many attempts to stall the project. Over the years, the United States has successfully blocked several of Iran's nuclear agreements, such as those with Argentina (uranium enrichment and heavy water production facilities), China (plutonium-producing research reactor, two power reactors and a uranium conversion plant), and Russia (heavy water production plant). The US itself was legally obliged under contract to supply nuclear fuel to Iran, and was paid $2 million out of $2.3 million before the 1979 revolution. Although the fuel was ready to ship, the shipment was stopped.[23]

Due to continual US government interference and obstructionism, Iran's attempts to develop its nuclear energy programme transparently and in open cooperation with the IAEA repeatedly came up against obstacles. These systematic US government efforts disrupted Iran's efforts and demonstrated the futility of Iran attempting to pursue its nuclear energy ambitions in an open and transparent way in cooperation with international agencies. Increasingly, Iran responded to US diplomatic disruption by withdrawing from the international community and continuing to develop its nuclear energy programme without publicity – Iran's experience with the IAEA had taught it that transparency did not necessarily pay. To this extent, Iran's relative silence on the state of its nuclear energy programme by the late 1990s becomes explicable as a rational response to the consistent disruption of its nuclear activities when they were conducted openly and transparently with the IAEA.

3.2 Politicisation of Western Intelligence Assessments in the 1990s

Yet throughout the 1990s, the Western intelligence community produced a number of unclassified assessments based on Iran's known nuclear infrastructure which continuously predicted that Iran would possess a nuclear bomb within a matter of years. All of these intelligence assessments were, in hindsight, false. As early predictions of an imminent Iranian nuclear weapons capability failed to materialise, these predictions were routinely revised and projected forward – yet without any real evidence provided. They were thus based not on factual information, but on extrapolation and speculation. As a report on Iran by the Washington Institute for Near East Policy concedes: "US intelligence has a decidedly mixed track record on evaluating what it thought was unimpeachable evidence about nuclear programs – a record that looks worse in light of the reversal of the intelligence community's 2005 'high confidence' judgement (that Iran had a nuclear weapons program) in the November 2007 NIE."[24]

For example, in April 1984, West German intelligence sources leaked reports to the press that Iran was running "a clandestine nuclear weapons program" that was so far advanced it would be capable of producing a bomb "within two years".

However, in 1992, the United States and Israel believed that Iran would attain a military nuclear capability between 2000 and 2002. By the mid-1990s, consistent with its earlier views, the US still believed that Iran would have nuclear weapons capability within five years, that is, by 2000.

Yet in 1998 the US Central Command offered revised estimates that Iran's efforts would result in a nuclear device by 2005, pushing the date further forward. Despite this assessment, the CIA remarkably concluded in January 2000 that Iran probably had already achieved nuclear weapons capability, not due to direct material evidence, but due to difficulty in tracking Iranian attempts to acquire nuclear materials and technology. The conclusion was contradicted by other intelligence agencies who believed that these efforts were still slow.[25]

This chequered record of 'intelligence' assessments on Iran's purported nuclear weapons programmes, riddled with inconsistencies and constant revision, is precisely because these assessments were devoid of substantive evidence, relying primarily on entirely subjective (and hence shifting) interpretations of Iranian 'intent'. This interpretive tendency is rooted in the broader US strategic approach to the Middle East generally and the Persian Gulf specifically. As noted by Iran expert Ray Takeyh, Senior Fellow at the Council on Foreign Relations:

> "Ever since the revolution that toppled the shah in 1979, the United States has pursued a series of incoherent policies toward Tehran. At various points, it has tried to topple the regime - even, on occasion, threatening military action. At others, it has sought to hold talks on a limited set of issues. Throughout, it has worked to box in Iran and to limit its influence in the region. But none of these approaches has worked."[26]

Having thus pushed Iran's nuclear energy activities underground by actively isolating Iran from the IAEA and the international community, the US government and other Western powers generated speculative, paranoid, and clearly politicised intelligence assessments that interpreted this very isolation as evidence of an intent to develop a nuclear weapons capability – rather than simply as a glaring sign of Iran's lack of faith in support and cooperation from an international community from which it had been systematically excluded, primarily under US leadership. The consistent pattern of pre-judging Iran's intent and capability to develop a nuclear bomb in the absence of actual evidence, and despite such pre-judgements turning out in retrospect to have been demonstrably false, points to the role of political ideology in informing intelligence assessments, rather than fact.

Thus, drawing on the expertise of several former US government and intelligence officials with direct experience of Iran affairs over the last few decades, the Institute for the Study of Diplomacy at Georgetown University concluded that the following critical variables were responsible for massive and systemic US intelligence failures on Iran since the 1970s: 1) A failure to delve into the intelligence and to ask the right questions (failure of imagination); 2) A failure to heed intelligence when it is presented; 3) The suppression of intelligence, to avoid a discussion of the weaknesses of existing policy and/or to obviate the need to seek alternatives; 4) A climate in which there is strong support at the top for the existing policy such that discourse at all levels of government is discouraged. In some cases, even powerful "insiders" may perceive that deviation from the consensus view is either useless or could damage an individual's credibility and lead to adverse professional consequences; 5) A perceived inability to change the course of policy because there are no clear and compelling alternatives; 6) Strong divisions within the intelligence community, resulting in failure to generate a National Intelligence Estimate (NIE) incorporating divergent viewpoints; 7) A failure to implement policy changes even when intelligence has been fully verified and troubling events which contradict the premises of the existing policy are clearly underway.[27]

4. Current Intelligence on Iran: The CIA, the NIE, and the IAEA – No Evidence of Nuclear Weapons

Western intelligence assessments have in the twenty-first century suffered from similarly massive revisions and inconsistencies, suggesting that the variables described by the Institute for the Study of Diplomacy in Washington continue to prevail today. However, the active role of the International Atomic Energy Agency in Iran after 2003 has permitted the release of information on Iran's nuclear energy programmes which has resolved numerous areas of speculation and confusion. The overwhelming implication of the evidence thus made available is that Iran is not attempting to develop a nuclear weapons capability, and has never planned to develop a nuclear weapons capability.

From 2001 to 2003, US administration officials frequently insisted, in line with the CIA's January 2000 conclusions, that Iran's development of a nuclear bomb was imminent. However, lacking substantive evidence for their allegations, they claimed that the best evidence was Iran's years of active concealment of its nuclear programme, and questioned why a large oil-producing nation would require such a programme for energy purposes. The disingenuous nature of these claims is evident from the fact that the US government itself in

1975 had already accepted the economic rationality of Iran's need for a nuclear energy programme due to projected declines in oil production against rising exports and internal demand.

The context of apparent US suspicions toward Iran should be understood directly in relation to the Bush administration's predisposition in favour of a regime-change in Iran, if necessary by force. In September 2000, the neoconservative Project for a New American Century (PNAC) – sponsored by leading members of what later became the Bush administration – warned that Iran "may well prove as large a threat to US interests as Iraq has."[28] In 2002, then deputy National Security Adviser Stephen J. Hadley commissioned a review of the prospects for enforced "regime change" in Iran. The findings of the review, however, contradicted administration wishes, cautioning against US interference in what the paper described as Iran's 'slow march toward democracy'. Earlier in December 2001, Hadley had convened a meeting between senior Pentagon officials and two Iran-Contra figures, Michael Ledeen and Manucher Ghorbanifer, to plan a covert regime change plan in Iran.[29] The overwhelming preference for a military option against Iran to impose regime change, combined with the history of already failed and politicised intelligence on Iran, has led to a consistent bias in continuing Western intelligence assessments regarding Iranian intent, rather than dealing with the factual realities of Iran's proven nuclear activities.

4.1 US National Intelligence Estimate 2005

Nevertheless, in 2005, the Bush administration's allegations about Iran's nuclear weapons capabilities and motives were significantly challenged, and the credibility of Iran's stated position increasingly affirmed, by the finalisation of the classified National Intelligence Estimate (NIE) on Iran, representing a consensus among US intelligence agencies. The substance of the NIE was described by government sources in the *Washington Post* as showing that while "Iran's military is conducting clandestine work… there is no information linking those projects directly to a nuclear weapons program." The most that the NIE could do was note that "Iran, mostly through its energy program, is acquiring and mastering technologies that **could be** diverted to bombmaking."[30]

Thus, the NIE was open to inconsistent interpretations, on the one hand affirming the "judgment of the intelligence community that, left to its own devices, Iran is determined to build nuclear weapons", yet on the other hand, candidly admitting "uncertainty about whether Iran's ruling clerics have made a decision to build a nuclear arsenal." The NIE, it seems, was unable to extract itself from the politicised conclusions of past intelligence assessments which had without substantive evidence repeatedly voiced the foregone conclusion that Iran was

trying to build a nuclear bomb; but at least was beginning to recognise that these previous conclusions may have been premature.[31]

Accordingly, the NIE also offered yet another newly revised estimate of when Iran might be capable of producing sufficient quantity of highly enriched uranium necessary for a nuclear device, to "early to mid-next decade" – that is, closer to 2015. This further was a minimum timeline assuming no major technical obstacles, and did not account for Iran's then voluntary suspension of uranium-enrichment as part of a tenuous deal with Britain, France and Germany. The extension of the timeline reflected "a fading of suspicions that Iran's military has been running its own separate and covert enrichment effort." The NIE further for the first time recognised the *plausibility* of Iran's explanation for why intricate details of its nuclear energy programme by the late 1990s were not consistently declared: "Assessed as plausible, but unverifiable, is Iran's public explanation that it built the program in secret, over 18 years, because it feared attack by the United States or Israel if the work was exposed."[32]

It should be noted, however, that the NIE failed to acknowledge the fact that for most of its existence, Iran's nuclear energy programme was not a secret at all, and was never actively concealed from the international community. Indeed, as documented above, it is verifiable that, having already repeatedly announced its intent and involvement in uranium-enrichment activities to develop a peaceful nuclear energy programme throughout the 1980s and early 1990s, it was not until the mid-late 1990s in response to US efforts to isolate and disrupt Iran in relation to its nuclear work, that Iran begin to avoid declaring details. As we will show below, all those details have been subsequently resolved by the IAEA. This means that Iran's public explanation is not merely plausible, as the 2005 NIE admitted, but corroborated by the historical record.

4.2 US Central Intelligence Agency Classified Draft Assessment 2006

The NIE's 2005 conclusions were further extended in late 2006, when senior US intelligence officials confirmed the circulation among the American intelligence community of an analysis of Iran's nuclear programme. The highly classified CIA draft assessment challenged "the White House's assumptions about how close Iran might be to building a nuclear bomb. The CIA found no conclusive evidence, as yet, of a secret Iranian nuclear-weapons program running parallel to the civilian operations that Iran has declared to the International Atomic Energy Agency." To date, the substance of this revelation has never been officially denied by the CIA. The CIA's analysis "was based on technical intelligence

collected by overhead satellites, and on other empirical evidence, such as measurements of the radioactivity of water samples and smoke plumes from factories and power plants." Additional data was collected using "high-tech (and highly classified) radioactivity-detection devices that clandestine American and Israeli agents placed near suspected nuclear-weapons facilities inside Iran in the past year or so. No significant amounts of radioactivity were found."[33]

Notably, the CIA assessment warned the White House that "it would be a mistake to conclude that the failure to find a secret nuclear-weapons program in Iran merely meant that the Iranians had done a good job of hiding it." During the height of the Cold War, the Soviets were "skilled at deception and misdirection, yet the American intelligence community was readily able to unravel the details of their long-range-missile and nuclear-weapons programs." Such has not been the case with Iran, a smaller country with less resources and expertise than Russia, suggesting that the widespread assumption among Western intelligence agencies that Iran intends the worst is based less on material evidence, than on long-term ideological preconceptions. Yet according to intelligence sources, the White House was "hostile" to the CIA analysis, and dismissed its findings. Bush and Cheney were likely to attempt "to prevent the CIA assessment from being incorporated into a forthcoming National Intelligence Estimate on Iranian nuclear capabilities."[34]

Indeed, the CIA intelligence assessment's affirmation that any nuclear weaponization programme, however purportedly clandestine, would be easily detectable by intelligence agencies, is absolutely fundamental. This has also been noted by independent experts, such as Dr. Gordon Edwards of Vanier College in Montreal who founded the Coalition for Nuclear Responsibility, who points out: "Only a handful of countries have the capability to produce weapons-grade uranium - namely the five nuclear weapons states (US, UK, France, USSR, and China) and a very few others (including South Africa and Pakistan). Typically, a uranium enrichment plant covers many acres of land and uses as much energy as a large city. **Such plants are large and sophisticated; they cannot be hidden from aerial surveillance**."[35] Moreover, many other methods of detection, as the CIA assessment mentions, would be able to locate and identify such facilities. To date, despite highly speculative efforts, US intelligence has failed to provide any such evidence of covert Iranian nuclear weaponization plants, either past or present. Under powers granted by Iran's initial voluntary agreement to an IAEA Additional Protocol in November 2003, IAEA inspectors, guided by intelligence inputs from the US, have visited Iranian military sites at Kolahdouz, Lavisan, and Parchin – finding nothing.

4.3 US National Intelligence Estimate 2007

The final piece of publicised Western intelligence on Iran came from the 2007 edition of the NIE. In February 2007, former CIA official Philip Giraldi cited informed sources in the intelligence community reporting that: "An as yet unreleased US National Intelligence Estimate on Iran concludes that the evidence for a weapons program is largely circumstantial and inconclusive." But he went on to point out that "the NIE is unlikely to see the light of day unless it is rewritten to conclude that Iran is an immediate threat."[36] Subsequently, in November 2007, several US intelligence officials confirmed that they had participated in White House efforts to re-draft the already completed NIE to fit with Vice-President Dick Cheney's preference to depict Iran as an imminent threat. According to the intelligence sources, "There is a split in the intelligence community on how much of a threat the Iranian nuclear program poses… Some analysts who are less independent are willing to give the benefit of the doubt to the alarmist view coming from Cheney's office, but others have rejected that view." White House efforts, however, had limited success in removing the dissenting views, many of which remained in the final draft. To avoid further damage to the administration's Iran agenda, key findings of the NIE were thus kept declassified.[37]

The 2007 National Intelligence Estimate was finally released in December that year. Despite its subjection to political pressure, further confirming the politicised and therefore unreliable nature of previous intelligence assessments, the NIE further undermined the Bush administration's case for Iran as an imminent nuclear threat to world peace. In an accurate summary, the *New York Times* reported that the NIE "concludes that Iran halted its nuclear weapons program in 2003 and that the program remains frozen, contradicting judgment two years ago that Tehran was working relentlessly toward building a nuclear bomb." Assuming that Tehran is "likely" to keep "its options open" regarding building a nuclear device, the NIE nevertheless admits that intelligence agencies "do not know whether it currently intends to develop nuclear weapons." Notably, the *New York Times* explicitly observed that the new findings were in concordance with the CIA's earlier classified conclusions.[38]

The NIE noted Iran's continuation of enriched uranium production, and warned that this programme "could still provide Iran with enough raw material to produce a nuclear weapon sometime by the middle of next decade, a timetable essentially unchanged from previous estimates." On the other hand, the NIE declared with "high confidence" that "a military-run Iranian program intended to transform that raw material into a nuclear weapon has been shut down since 2003", in response to increasing "international scrutiny and pressure." Iran's decisions, the NIE observes, "are guided by a cost-benefit approach rather than a rush to a weapon irrespective of the political, economic and military costs."[39]

Once again, the NIE revealed unresolved inconsistencies in the intelligence community's approach to Iran. On the one hand, the NIE concurred with the previous CIA draft intelligence assessment and significantly revised the previous NIE analysis in confirming that there was no evidence of Iran's involvement in a nuclear weapons programme. Yet on the other hand, the NIE contradicted the earlier CIA assessment in affirming that an Iranian nuclear weapons programme had indeed existed until 2003. The CIA's classified draft assessment circulated among intelligence agencies in 2006 had concluded precisely the opposite – that there was simply no evidence at all of any Iranian nuclear weapons programme. Such inconsistencies revealed the deeply flawed nature even of the new NIE, due to the extent of White House politicisation of the intelligence process on Iran. Indeed, there is direct evidence that the NIE's insistence that Iran was running a clandestine nuclear weapons programme until 2003 is based on corrupted and unreliable sources.

4.4 The Alleged Pre-2003 Iranian Nuclear Weapons Programme: Deconstructing the Laptop Documents Narrative

The only material evidence cited by US officials to prove Iran's intent to develop a nuclear weapons capability is a laptop, obtained by American intelligence from an unidentified walk-in source, containing thousands of alleged Iranian technical documents on plans to design nuclear warheads. This evidence was first used, though not then described, by then Secretary of State Colin Powell to accuse Iran of attempting to "adapt missiles to deliver a nuclear weapon" in November 2004.[40]

The alleged laptop evidence has provided the basis for detailed US allegations that Iran has been pursuing a covert nuclear weapons programme. Various academic studies of the Iran nuclear stalemate have taken these allegations at face value, providing little or no factual analysis of the origins and consistency of the evidence behind them. Anthony Cordesman from the Center for Strategic and International Studies in Washington, for instance, criticises the 2007 NIE failing to address "the 'Green Salt' and 'Laptop' issues being addressed by the International Atomic Energy Agency (IAEA)."[41] This perspective has even crept into serious debates on the Iran nuclear programme within relevant academic literature. For instance, writing in the journal *Survival*, US arms control expert Mark Fitzpatrick lists ten "indicators of military involvement" regarding Iran's nuclear programme, five of which are based on the alleged laptop evidence. The other five rely primarily on outstanding issues about which the IAEA has requested clarification from Iran.[42] Fitzpatrick later reproduces this list of "indicators" almost verbatim, once again emphasising the significance of the laptop evidence, in the *Nonproliferation Review*.[43] Both these papers have been widely cited in the growing

literature discussing the Iran nuclear question, and their conclusions often accepted by other scholars with little or no criticism. Yet Fitzpatrick himself was US Deputy Assistant Secretary of State for Non-Proliferation under President Bush until as recently as 2005, following which he joined the International Institute for Strategic Studies in London as a Senior Fellow. It is unsurprising then that these papers, published in 2006, seem incapable of impartially scrutinising US government allegations. According to Fitzpatrick, citing a number of open sources to back up his analysis, the laptop narrative is unimpeachable, having been verified by the international intelligence community, and revealing damning facts that incontrovertibly confirm a clandestine Iranian nuclear weapons programme. Yet careful examination of these very open sources, as well as a probing analysis of the bulk of the information on the laptop evidence that has emerged in the public record to date, raises fundamental questions about the integrity of this narrative. Such questions are systematically omitted not only by Fitzpatrick, but in the wider literature that relies on his work in particular and the laptop narrative in general.[44]

In 2004, for example, US government officials confirmed that the authenticity of the laptop and the information it contained was unverified, and "based on an unvetted, single source" who had approached US intelligence earlier in November:

> "… with more than 1,000 pages purported to be Iranian drawings and technical documents, including a nuclear warhead design and modifications to enable Iranian ballistic missiles to deliver an atomic strike... The official said the CIA remains unsure about the authenticity of the documents and how they came into the informant's possession. A second official would say only that there are questions about the source of the information… Officials interviewed by The Washington Post did not know the identity of the source or whether the individual is connected to an Iranian exile group that made fresh accusations about Iran at a news conference Wednesday in Paris."[45]

The Iranian exile group mentioned is Mujahideen-e-Khalq (MEK), listed by the State Department as a terrorist group, but nevertheless frequently used as a source of information on Iranian affairs by US intelligence although its claims have repeatedly proven unreliable.[46] The US government has strenuously denied, however, that the laptop originated from any Iranian opposition groups such as MEK.

By 2005, the Bush administration was actively pushing the laptop as hard evidence of Iranian intent to develop nuclear weapons. Senior US intelligence officials briefed the International Atomic Energy Agency along with other European diplomats in mid-July that year, providing them access to copies of thousands of the alleged Iranian documents. Yet as the *New York Times* reported, American officials, citing the need to protect their source, "have largely refused to provide details of the origins of the laptop computer beyond saying

that they obtained it in mid-2004 from a longtime contact in Iran… who they said had received it from a second person, now believed to be dead."[47]

A detailed investigation by Dafna Linzer for the *Washington Post* exposed the monumental inconsistencies between the claims being made on the basis of the alleged laptop evidence, and material facts on the ground. The laptop allegedly provided evidence to support three main issues, among others: 1) plans to adapt Iran's Shahab-3 missiles so as to be capable of holding nuclear warheads; 2) drawings of a 400m tunnel designed for an underground atomic test; and 3) designs from a firm to produce green salt, an intermediate product in the conversion of uranium to gas. Yet in all these issues inconsistencies raise questions about the credibility of information.

According to Linzer: "Experts at Sandia National Laboratories in New Mexico ran the schematics through computer simulations. They determined two things: The drawings were an effort to expand the nose cone of the Shahab-3 to carry a nuclear warhead, and the modification plans, if executed, would not work." One nuclear expert said: "This clearly wasn't done by the A-team of Iran's program. It might have been given to an outside team or subcontracted out as an assignment or project for the military, though." Indeed, the modifications are consistent with Iranian claims to be attempting to adapt missiles for a space programme – a possibility apparently ignored by US and Western intelligence analysts.[48]

Similarly, while US officials point at the "drawings of the unbuilt test site" as evidence of Iran's "ambition to test a nuclear explosive", others are less convinced. "US and UN experts who have studied them said the undated drawings do not clearly fit into a larger picture. Nowhere, for example, does the word 'nuclear' appear on them. The authorship is unknown, and there is no evidence of an associated program to acquire, assemble and construct the components of such a site."[49]

Finally, the designs to produce green salt are also questionable. Purportedly completed by a private firm in Iran called Kimeya Madon, the plans were to establish a "small uranium-conversion facility" to convert uranium into a gas – a precursor to enrichment – the byproduct of which would be the production of a uranium tetrafluoride, or "green salt". Intelligence officials expressed concern that further large-scale enrichment plans could allow such material to be used in a nuclear bomb. The concern, it seems was that while Tehran already "has one such conversion plant and opened it to IAEA inspectors," they had "not disclosed or produced the blueprints of a second one." The inference was that the alleged Kimeya Madon plans represented a blueprint for a "clandestine uranium-conversion facility". One US official observed that the Iranians "should have reported the work" to IAEA inspectors. In any case, the very same documents note that Kimeya Madon was shut down in early spring 2003 and remains defunct.[50]

Yet other officials remained sceptical of such alarmist conclusions, noting that even if authentic, the plans remain consistent with peaceful intentions. “Other sources with equal access to the same information, which went through nearly a year of forensic analysis by the CIA, were more cautious”, reports Linzer. “A second facility for uranium gas could have been envisioned as a replacement in the event the United States or Israel bombed the existing one in the city of Isfahan. ‘It was either their fallback in case we take out Isfahan,’ one US analyst said. ‘Or maybe they considered an alternative indigenous plan but they realized it wasn’t as good as what they already have, and so they shelved it.’” A foreign official similarly remarked: “It’s a complex-looking thing. You see the drawings but nothing beyond them, and you wonder, ‘Can we be sure?’”[51]

In other words, the primary basis for suspicion here, yet again, was not material evidence as such, but rather the question of Iran concealing certain nuclear activities from the international community. However, assuming that the alleged plans were real, Iran was under no obligation to report such plans to the IAEA at that time. According to nuclear physicist James Gordon Prather, who was the US Army’s Chief Scientist in the Reagan administration: “The Iranians deny that Kimeya Madon had been involved in a uranium-conversion design project. But even if it was, Iran would not have been required under its existing Safeguards Agreement to have informed the IAEA about it until six months before the plant actually began operations.”[52]

Additionally, there are further significant gaps in the alleged Iran laptop documents which raise questions about their relationship to a comprehensive nuclear weaponization programme. According to US physicist David Albright of the Institute for Science and International Security (ISIS), who believes the documents if authentic suggest an active weaponization programme before 2003, nevertheless concedes that the documents “do not encompass the full scope of work required for a comprehensive nuclear weapons program. Missing from these documents is theoretical work on nuclear weapons, uranium metallurgy, and the development of a neutron initiator.”[53]

Unsurprisingly, then, the international intelligence community appears divided on the authenticity of the alleged Iranian laptop documents. As Linzer points out:

> “US intelligence considers the laptop documents authentic but cannot prove it. Analysts cannot completely rule out the possibility that internal opponents of the Iranian leadership could have forged them to implicate the government... CIA analysts, some of whom had been involved only a year earlier on the flawed assessments of Iraq’s weapons programs, initially speculated that a third country, such as Israel, may have fabricated the evidence. But they eventually discounted that theory. British intelligence, asked for a second opinion, concurred last year that the documents appear authentic. German and French officials consider the information troubling, sources said, but Russian experts have dismissed it as inconclusive.”[54]

Further contradictions abound. Offices mentioned in the documents are connected to an Iranian military officer, Mohsin Fakrizadeh, whom US intelligence officials claim is tied to an Iranian clandestine nuclear research programme on missile development, supposedly known as Project 111.[55] The problem is that once again it appears that under White House pressure, US intelligence agencies may well be entering the realm of fantasy. Fakrizadeh was among 12 Iranians singled out by the State Department in December 2006 for a UN draft resolution advocating "bans on international travel and business dealings" due to their "suspected ties to nuclear weapons." Yet the CIA strongly disagrees that any of those names, including Fakrizadeh – allegedly linked to the laptop documents – have any link to Iranian nuclear weapons activity at all. In a separate *Washington Post* investigation, Linzer reported:

> "None of the 12 Iranians that the State Department eventually singled out for potential bans on international travel and business dealings is believed by the CIA to be directly connected to Iran's most suspicious nuclear activities. 'There is nothing that proves involvement in a clandestine weapons program, and there is very little out there at all that even connects people to a clandestine weapons program,' said one official familiar with the intelligence on Iran."[56]

Extraordinarily, then, the CIA argued that Fakrizadeh, routinely and arbitrarily associated by US officials with an Iranian nuclear weapons programme on the basis of the laptop files, is not "connected to Iran's most suspicious nuclear activities."

But the final blow to the US administration's case for the existence of a clandestine Iranian nuclear weapons programme that was shut down in 2003 came on February 2008, with revelations from credible German, American and Israeli sources that the laptop came from the Mujahideen-e-Khalq, and possibly originated from Mossad. In a detailed investigation for the Inter Press Service, national security policy analyst Dr. Gareth Porter – former Academic Director for Peace and Conflict Resolution at American University – reported in detail as follows:

> "German officials have identified the source of the laptop documents in November 2004 as the Mujahideen e Khalq (MEK), which along with its political arm, the National Council of Resistance in Iran (NCRI), is listed by the US State Department as a terrorist organisation...
>
> Tehran has denounced the documents on which the charges are based as fabrications provided by the MEK, and has demanded copies of the documents to analyse, but the United States had refused to do so. The Iranian assertion is supported by statements by German officials.
>
> A few days after then Secretary of State Colin Powell announced the laptop documents, Karsten Voight, the coordinator for German-American relations in the German Foreign Ministry, was reported by the Wall Street Journal Nov. 22, 2004 as saying that the information had been provided by 'an Iranian dissident group'. A German official

familiar with the issue confirmed to this writer that the NCRI had been the source of the laptop documents. 'I can assure you that the documents came from the Iranian resistance organisation,' the source said... The United States is known to have used intelligence from the MEK on Iranian military questions for years...

The German source said he did not know whether the documents were authentic or not. However, CIA analysts, and European and IAEA officials who were given access to the laptop documents in 2005 were very sceptical about their authenticity... Scott Ritter, the former US military intelligence officer who was chief United Nations weapons inspector in Iraq from 1991 to 1998, noted in an interview that the CIA has the capability to test the authenticity of laptop documents through forensic tests that would reveal when different versions of different documents were created. The fact that the agency could not rule out the possibility of fabrication, according to Ritter, indicates that it had either chosen not to do such tests or that the tests had revealed fraud.

Despite its having been credited with the Natanz intelligence coup in 2002, the overall record of the MEK on the Iranian nuclear programme has been very poor. The CIA continued to submit intelligence from the Iranian group about alleged Iranian nuclear weapons-related work to the IAEA over the next five years, without identifying the source. But that intelligence turned out to be unreliable. A senior IAEA official told the Los Angeles Times in February 2007 that, since 2002, 'pretty much all the intelligence that has come to us has proved to be wrong.'

Former State Department deputy intelligence director for the Near East and South Asia Wayne White doubts that the MEK has actually had the contacts within the Iranian bureaucracy and scientific community necessary to come up with intelligence such as Natanz and the laptop documents. 'I find it very hard to believe that supporters of the MEK haven't been thoroughly rooted out of the Iranian bureaucracy,' says White. 'I think they are without key sources in the Iranian government.'

In her February 2006 report on the laptop documents, the Post's Linzer said CIA analysts had originally speculated that a 'third country, such as Israel, had fabricated the evidence.' They eventually 'discounted that theory', she wrote, without explaining why. Since 2002, new information has emerged indicating that the MEK did not obtain the 2002 data on Natanz itself but received it from the Israeli intelligence agency Mossad. Yossi Melman and Meier Javadanfar, who co-authored a book on the Iranian nuclear programme last year, write that they were told by 'very senior Israeli Intelligence officials' in late 2006 that Israeli intelligence had known about Natanz for a full year before the Iranian group's press conference. They explained that they had chosen not to reveal it to the public 'because of safety concerns for the sources that provided the information'.

Shahriar Ahy, an adviser to monarchist leader Reza Pahlavi, told journalist Connie Bruck that the detailed information on Natanz had not come from MEK but from 'a friendly government, and it had come to more than one opposition group, not only the mujahideen.' Bruck wrote in the New Yorker on Mar, 16, 2006 that when he was asked if the 'friendly government' was Israel, Ahy smiled and said, 'The friendly government did not want to be the source of it, publicly. If the friendly government gives it to the US publicly, then it would be received differently. Better to come from an opposition group.'

Israel has maintained a relationship with the MEK since the late 1990s, according to Bruck, including assistance to the organisation in beaming broadcasts by the NCRI from Paris into Iran. An Israeli diplomat confirmed that Israel had found the MEK 'useful', Bruck reported, but the official declined to elaborate."[57]

Porter thus concludes that this evidence offers "some indications… that the MEK obtained the documents not from an Iranian source but from Israel's Mossad."[58] With this, the primary source relied upon by US and some Western intelligence services as proof of an Iranian nuclear weapons programme preceding 2003 collapses as patently unreliable and unverifiable, most likely a forgery originating from an Iranian terrorist group with ongoing ties to Israeli intelligence services.

4.5 International Atomic Energy Agency (IAEA) Findings in Iran and International Negotiations

Despite pressure from the US, successive reports by the IAEA have found no evidence of an Iranian nuclear weapons programme, past or present. As a signatory to the Treaty on the Non-proliferation of Nuclear Weapons (NPT), it is Iran's inalienable right to develop peaceful nuclear energy technology. The NPT affirms that "all parties to the treaty are entitled to participate in the fullest possible exchange of scientific information for - and to contribute alone or in cooperation with other states to - the further development of the applications of atomic energy for peaceful purposes." The NPT further requires that all countries that do not already have nuclear weapons must agree a Safeguards Agreement with the IAEA to prevent the diversion of "source or special fissionable material" to nuclear weapons production. The IAEA Director General and his designated inspectors "shall have access at all times to all places" as necessary "to account for source and special fissionable materials" and "to determine whether there is compliance with the undertaking against use in furtherance of any military purpose." Iran joined the IAEA's Safeguards Agreement in February 2003 and voluntary cooperated with the Additional Protocol in December. Since then, the IAEA's inspectors have conducted over 2,000 person-days of intrusive investigations into Iran's nuclear facilities. In June that year, the IAEA concluded that Iran had not fulfilled its nuclear reporting requirements, but did not suggest that Iran was in violation of its NPT obligations.[59]

Part of the difficulty for the international community is the US government's insistence, in violation of international law as set out in the NPT, that Iran should not be permitted to control the uranium-enrichment process itself. While repeatedly claiming, echoed by Israel, that Iran is nearing a "point-of-no-return" in its development of clandestine nuclear weapons capabilities without evidence, the US government has simultaneously refused to participate in diplomacy or dialogue with Iran (which has been instead led consistently by Europe), and has openly threatened Iran with military intervention including the possibility of a pre-emptive

nuclear strike. Yet as noted by Norman Dombey, Professor Emeritus of Theoretical Physics at the University of Sussex:

> "… the facts don't support the hawks. At present, Iran has installed 328 old-fashioned uranium centrifuges that are copies of a Dutch design from 30 years ago. It has successfully enriched uranium to five per cent but not produced more than a few grams of enriched material. To make a nuclear weapon it would need to make about 40kg of uranium enriched to 90 per cent. Even with the 3,000 centrifuges that President Ahmadinejad claims are planned, it would probably take about two years to install and run them and another two before they could enrich enough uranium for one weapon. And the enrichment plant at Natanz is under continuous IAEA camera surveillance. So there is no imminent nuclear threat; there is plenty of time for a negotiated solution if the US wished to find one."[60]

The evidence suggests, indeed, that the nuclear issue has been used as a political lever by which to prepare the diplomatic ground for military action. In the first round of EU3 negotiations, Iran voluntarily agreed to suspend uranium enrichment in return for meaningful concessions from the West, including the sale of aircraft spare parts, and facilitating Iran's membership in the World Trade Organisation that had been regularly vetoed by the United States. US absence from these talks, however, meant that other significant issues - such as the lifting of US sanctions imposed for the last two decades, the release of frozen assets, and above all meaningful security guarantees – were all ignored. To the contrary, instead of security guarantees, the US continued to threaten military intervention. Two years of no progress led Iran to resume limited uranium-enrichment, but only after informing the IAEA. The US responded by pressuring Iran to be referred to the UN Security Council (UNSC).[61]

Yet in November 2004, the IAEA reported that "it had found no evidence the nation had a nuclear weapons program and that Tehran's recent cooperation with the agency has been very good." In a 32-page report IAEA chief Mohamed ElBaradei concluded that "all the declared nuclear material in Iran has been accounted for, and therefore such material is not diverted to prohibited activities."[62] Contradicting US suspicions further, toward the end of August 2005 a group of US government experts and international scientists reporting to the IAEA determined that: "Traces of bomb-grade uranium found two years ago in Iran came from contaminated Pakistani equipment and are not evidence of a clandestine nuclear weapons program." One senior official associated with the investigation confirmed: "The biggest smoking gun that everyone was waving is now eliminated with these conclusions."[63] Similarly, in ElBaradei's report to the IAEA Board in November that year, he confirmed that: "All the declared nuclear material in Iran has been accounted for, and therefore such material is not diverted to prohibited activities." The main area of concern he cited was Iran's non-declaration of enrichment activities for several years until their exposure before 2003, which for the US amounted to de facto evidence of 'concealment' of a potential nuclear weapons

programme. Yet as already noted above, Iran's non-declaration of its enrichment activities was a consequence of its increasing isolation due to US efforts to disrupt its pursuit of peaceful nuclear technology in cooperation with the IAEA and the international community. Moreover, under NPT regulations, Iran was not under obligation to declare enrichment activities until 180 days before full-scale production. Thus, in his March 2006 report to the IAEA, ElBaradei reiterated: "As our report earlier this month made clear, Iran continues to fulfil its obligations under the Safeguards Agreement and Additional Protocol by providing timely access to nuclear material, facilities and other locations."[64]

Indeed, it is often assumed that the referral of Iran to the UNSC was for "non-compliance" with its nuclear treaty obligations. This is clearly not the case. In the words of nuclear weapons physicist Gordon Prather, who worked on national security issues not only in the Department of the Army but also in the US Department of Energy and the Office of the Secretary of Defense:

> "…. the IAEA Board only 'requested' that Director-General Mohamed ElBaradei 'report' to the Security Council the absolutely outrageous and discriminatory demands that the Board had made on several occasions, calling on Iran to – among other things – implement 'transparency measures' which 'extend beyond the formal requirements of the Safeguards Agreement and Additional Protocol, and include such access to individuals, documentation relating to procurement, dual-use equipment, certain military-owned workshops, and research and development as the Agency may request in support of its ongoing investigations.'"[65]

Thus, the unjustifiable referral of Iran's nuclear files to the Security Council by the IAEA Board was a politicised decision that occurred under US pressure, and in violation of the IAEA Statute. Iran had during this process provided the EU and the IAEA with the non-declared information about its nuclear programme under the impression that this would be sufficient to avoid a Security Council referral. When this failed, Iran once again lost faith in the direction of continuing diplomacy with the international community, and resumed limited uranium processing. Proposed alternatives were inadequate. Russia for instance had proposed to enrich Russian uranium and sell the fuel to Iran. Yet Iran had already faced significant problems due to US obstructionism with such agreements, and argued that it can thus no longer rely on secure foreign supplies. For instance, as already noted, under US pressure Russia had delayed providing fuel for Iran's Bushehr nuclear reactor despite a supply agreement with Iran.[66]

By September 2006, the IAEA came on record again to refute detailed allegations contained in a newly published report by the US House of Representatives' Permanent Select Committee on Intelligence. The report claimed, among other things, that Iran enriched uranium to weapons-grade level and that the IAEA had removed a senior safeguards inspector

Chris Charlier for raising concerns about Iranian deception over its nuclear programme.[67] The IAEA confirmed that inspectors had found only small quantities of enrichment at extremely low levels, nowhere near weapon-grade level, and clarified that Charlier had been removed at the request of Tehran, which has the right to make such objections under agreed rules between the agency and all states. In response, one member of the Select Intelligence Committee Congressman Rush Holt conceded that: "This report was not ready for prime time and it was not prepared in a way that we can rely on. It relied heavily on unclassified testimony."[68]

In February 2008, ElBaradei issued another report to the IAEA Board concluding:

> "The Agency has been able to continue to verify the non-diversion of declared nuclear material in Iran. Iran has provided the Agency with access to declared nuclear material and has provided the required nuclear material accountancy reports in connection with declared nuclear material and activities."[69]

However, the report noted some outstanding issues, namely: "Iran has also responded to questions and provided clarifications and amplifications on the issues raised in the context of the work plan, with the exception of the alleged studies."[70] On 21st August 2007, ElBaradei agreed a work plan with Iran to resolve issues connected with "alleged studies" of nuclear weaponization attributed to Iran and contained on the stolen laptop that came to light in 2004, shown to IAEA inspectors in 2005. With regard to "uranium particle contamination found on some equipment at a technical university," the IAEA inspectors "concluded that the explanation and supporting documentation provided by Iran regarding the possible source of contamination by uranium particles at the university were not inconsistent with the data currently available to the Agency. The Agency considers this question no longer outstanding at this stage." Another concern was the "uranium metal document" cited as the only information the IAEA has, suggesting "the actual design or manufacture by Iran of nuclear material components of a nuclear weapon." ElBaradei, however, noted Iran's explanation that the document was received from Pakistan along with other centrifuge documentation "and that it had not been requested by Iran. The Agency is still waiting for a response from Pakistan on the circumstances of the delivery of this document."[71]

As to Iran's Polonium-210 research, ElBaradei concludes: "Based on an examination of all information provided by Iran, the Agency concluded that the explanations concerning the content and magnitude of the polonium-210 experiments were consistent with the Agency's findings and with other information available to it. The Agency considers this question no longer outstanding at this stage."[72]

And similarly on Iran's Gchine uranium mine, ElBaradei writes: "The Agency concluded that the information and explanations provided by Iran were supported by the documentation,

the content of which is consistent with the information already available to the Agency. The Agency considers this question no longer outstanding at this stage."[73]

Thus in conclusion, according to ElBaradei:

> "The Agency has been able to conclude that answers provided by Iran, in accordance with the work plan, are consistent with its findings — in the case of the polonium-210 experiments and the Gchine mine — or are not inconsistent with its findings — in the case of the contamination at the technical university and the procurement activities of the former Head of PHRC."[74]

Thus, Iran is in full compliance with its NPT Safeguards Agreement, but has provided adequate explanations for the outstanding issues, many of which are not directly related to its compliance with its Safeguards Agreement. The only outstanding issue left to clarify pertained to questions arising from the alleged Iranian laptop, which as documented above is already discredited due to compelling circumstantial evidence suggesting it may have been sourced from an Iranian terrorist organisation in association with Israeli intelligence. Indeed, according to ElBaradei:

> "The one major remaining issue relevant to the nature of Iran's nuclear program is the alleged studies on the 'green salt' project, high explosives testing and the missile re-entry vehicle. However, it should be noted that the Agency has not detected the use of nuclear material in connection with the alleged studies, nor does it have credible information in this regard."[75]

Under US pressure, however, the IAEA has had little choice but to follow-up the allegations based on the discredited laptop documents with Iran. Continuing, ElBaradei thus writes:

> "This is a matter of serious concern and critical to an assessment of a possible military dimension to Iran's nuclear program. The Agency was able to show some relevant documentation to Iran on 3–5 February 2008 and is still examining the allegations made and the statements provided by Iran in response. Iran has maintained that these allegations are baseless and that the data have been fabricated. The Agency's overall assessment requires, inter alia, an understanding of the role of the uranium metal document, and clarifications concerning the procurement activities of some military related institutions still not provided by Iran."[76]

However, these final outstanding issues were finally clarified in ElBaradei's follow-up report of May 2008, its contents widely misreported by the international press, which tended to focus on claims based on the discredited alleged laptop studies. With regard to Iran's enrichment of uranium, ElBaradei reports that Iran has produced only "low enriched uranium," which "remains under Agency containment and surveillance." He notes that Iran did apply modifications to centrifuges that "should have been communicated to the Agency… sixty days before the modifications were scheduled to be completed." Yet this is not an

overwhelming problem, for he continues to point out that "The Agency was, however, able to ensure that all necessary safeguards measures, including containment and surveillance, were in place before UF6 was fed into the newly installed centrifuges."[77]

While press reports criticised Iran for denying IAEA inspectors access to sites related to the manufacture of centrifuge components, Iran is not required to provide access under its present agreement with the IAEA, which could only access those sites under an Additional Protocol that would grant the agency far more intrusive monitoring powers. Although in November 2003 Iran had expressed willingness to sign an Additional Protocol and voluntarily cooperated with its requirements, the Iranian Parliament rejected the proposal in summer 2005 in response to the US administration's intensifying vocalisation of claims based on the alleged Iranian laptop documents discredited above. However, in early June 2008 ElBaradei announced that Iran is expected to shortly implement the Additional Protocol (having already offered to do so in previous months).[78]

ElBaradei's May report repeats concerns about the "alleged studies on the green salt project, high explosives testing and the missile re-entry vehicle project", but concedes that: "It should be noted that the Agency currently has no information – apart from the uranium metal document – on the actual design or manufacture by Iran of nuclear material components of a nuclear weapon or of certain other key components, such as initiators, or on related nuclear physics studies."[79] The report goes on to state:

> "It should be emphasized, however, that the Agency has not detected the actual use of nuclear material in connection with the alleged studies… The Agency has been able to continue to verify the non-diversion of declared nuclear material in Iran. Iran has provided the Agency with access to declared nuclear material and has provided the required nuclear material accountancy reports in connection with declared nuclear material and activities."[80]

Regarding the uranium metal document, ElBaradei's report notes that its queries with Pakistan were answered favourably: "Pakistan has confirmed…that an identical document exists in Pakistan," thus corroborating Iran's explanation for its possession of the document.[81]

In summary, from the five main outstanding issues identified by ElBaradei in February, all four were resolved, except questions relating to the "alleged studies". Despite the centrality of the alleged laptop documents to their case, however, "Some US agencies have refused to allow the IAEA to show the original documents to Iran."[82] The failure to do so only raises the significance of questions raised earlier about the high probability of fabrication of the laptop documents. Given that the evidentiary basis of the international community's suspicions rests ultimately on those documents, then it is difficult to avoid the conclusion that the overwhelming evidence available is consistent with Iran's position that it remains on course to develop a solely peaceful nuclear energy programme. As El Baradei declared at the

World Economic Forum in May: “We haven’t seen indications or any concrete evidence that Iran is building a nuclear weapon and I’ve been saying that consistently for the last five years.”[83] These IAEA reports thus lay to rest every one of the ten purported “indicators of military involvement” regarding Iran’s nuclear programme described by former Bush administration arms control chief Mark Fitzpatrick.[84]

Finally, in the IAEA’s September 2008 report, the nuclear monitoring agency essentially reiterated these conclusions almost verbatim. Mainstream media tended to seize the wording of the report in paragraphs 6 and 23, where the report notes that the IAEA is unable to verify undeclared facilities, and therefore cannot verify the exclusively peaceful nature of Iran’s nuclear programme. Yet the report did not articulate any suspicion that any undeclared facilities actually exist. The language of the report mirrors that used for some 40 other countries where the IAEA also cannot verify the absence of undeclared nuclear activities. The IAEA categorically cannot verify the absence of undeclared nuclear activities for any country unless it has signed and ratified the Additional Protocol. For example, Egypt, held by Condaleeza Rice as a model nuclear programme, has not signed the Additional Protocol, unlike Iran which did so voluntary for two years by allowing intrusive surprise inspections of undeclared sites. Many of these inspections were based on US intelligence on alleged secret nuclear activities, yet all turned out to be false leads. The Iranian parliament’s ultimate decision not to ratify the Additional Protocol, well within its NPT rights, occurred in response to US and EU unilateral insistence that Iran permanently suspend uranium enrichment. Currently, Iran’s position is that it will implement the Additional Protocol once its rights under the NPT are recognized.

In paragraph 12, the report recommends that Iran should implement “transparency measures”, that is, inspections beyond Iran’s legal obligations under the Safeguards Agreement and even the Additional Protocol. Yet the UN Security Council’s demand that Iran implement these measures is itself illegal, as the Security Council does not have the legal authority to force a country to abide by an agreement which it has not ratified. The bulk of the report elaborates on issues arising from the “alleged studies” derived from the discredited laptop narrative. Describing the associated allegations as being of “serious concern”, the report argues correctly that Iran has not yet resolved the questions posed by these allegations. In this regard, the report continues to reiterate precisely the same language used in previous IAEA observations about the “alleged studies,” and adds nothing new. It should be noted, however, that in August 2007 the IAEA and Iran adopted a “modalities agreement” to facilitate resolving such outstanding issues. Under the agreement, Iran would be presented with the actual documents on which the laptop allegations are based as a precondition for responding to them. However, the IAEA under US pressure has continued to withhold this evidence. Until the evidence is presented, Iran cannot be expected to prove a negative on the

basis of a set of allegations deriving from what may well be a US-Israeli propaganda campaign. In any case, the report continues to confirm its previous positive findings that Iran remains in compliance with its obligations under the Safeguards Agreement, noting that: "The Agency has been able to continue to verify the non-diversion of declared nuclear material in Iran. Iran has provided the Agency with access to declared nuclear material and has provided the required nuclear material accounting reports in connection with declared nuclear material and activities." The report also confirms that the IAEA finds "no evidence on the actual design or manufacture by Iran of nuclear material components of a nuclear weapon or of certain other key components, such as initiators, or on related nuclear physics studies... Nor has the Agency detected the actual use of nuclear material in connection with the alleged studies."[85]

4.6 The Failure of International Diplomacy

It is frequently assumed that the lack of a diplomatic solution to the Iranian nuclear stalemate is the fault of Iranian intransigence. The series of nuclear energy proposals drafted and put forward by the members of the international community are construed as constructive and viable, while Iran's refusal to accept them is interpreted as proof of unwillingness to negotiate, and thus indirect evidence of intent to covertly develop nuclear weapons. Yet such a narrative can only be supported if its premise – that Iran has been the subject of meaningful diplomatic overtures from the international community – is accurate. Unfortunately, this premise is demonstrably false.

The international community has never made Iran a reasonable or constructive proposal regarding its nuclear energy programme. Some of the significant gaps were discussed above. The lack of serious proposals, combined with the insistence on unqualified demands for Iran's immediate suspension of uranium enrichment, has given Iran little room for diplomatic manoeuvre. Further, as Iran's own proposals – considered both reasonable and constructive by independent experts – have been met with a wall of international silence, the result is a protracted stalemate which US government officials have claimed is evidence of an Iranian strategy to buy time to covertly construct a nuclear bomb.

In August 2005, a major E3/EU proposal was given to Iran. Yet it repeated the gaps in the previous proposal discussed above. Paul Ingram, Executive Director of the British American Security Information Council in London, described the proposal as "vague on incentives and heavy on demands", offering "potential for cooperation in a number of areas, but few concrete offers." The proposal appears "designed to fit closely with US requirements", rather than setting a robust, viable and "mutually beneficial" compromise. Noting that the proposal

is unsatisfactory from Iran's perspective regarding the prospect of dependence on the West for its nuclear-fuel supplies, Ingram points out that: "Even the establishment of a buffer store of nuclear fuel is proposed to be physically located in a third country, rather than in Iran under safeguards." He thus concludes that: "The E3/EU do not seem to have had the courage to offer either the substantial, detailed incentives or a creative, compromise solution on enrichment which could reasonably have been expected to receive Iran's endorsement." He continues to record other salient contradictions:

> "… the Iranians will be asking what concrete assurances they can be given that EU members are abiding by their own commitments towards nuclear disarmament referred to in the E3/EU document, given existing UK and French plans to continue deploying nuclear weapons.
>
> The reaffirmed support from the E3/EU for an effective and verifiable Middle East zone free of weapons of mass destruction and their means of delivery will be welcomed by Iran. But the Iranians will be asking what Europe proposes to do about undeniable Israeli deployment of hundreds of nuclear warheads within the region if they are to avoid accusations of double-standards and demonstrate they are serious about such an objective...
>
> It is not too late for the commitments within the document to be developed further by the E3/EU, but it would be a mistake for them to believe the ball is in the Iranian court. While many EU demands are reasonable, the key sticking point remains the demand to abandon all fuel-cycle activities. If the EU were prepared to compromise upon this particular point in return for compliance with other demands, the negotiations would be on a good deal more solid ground."[86]

Fundamental problems also beset the latest round of 5+1 diplomacy with Iran in June 2008. The proposals were put forward by EU foreign policy chief Javier Solana on behalf of the US, Britain, France, Germany, and Russia, and failed to advance considerably from the 2005 proposals. Further, as usual the US refused to participate in the talks. The pre-condition for the US entering into any direct diplomatic negotiations with Iran remained the question of uranium-enrichment within Iran. Thus, underlying the package was a demand for Iran to indefinitely suspend all uranium-enrichment activities. In return the international community would agree to assist Iran to develop a nuclear programme limited solely to light water reactors, on the grounds that the technology is more difficult to divert to bomb-making, along with legally-binding fuel supply guarantees from the international community.[87]

Still missing from the proposal, however, were meaningful security guarantees that would assure Iran of its safety from military intervention by either the US or Israel. Likewise, there were no serious clarifications attempting to alleviate Iran's principal concern regarding fuel supply – given that members of the international community had in the past buckled under US pressure in violation of past supply agreements, future agreements could similarly be subject to such pressure. As the former US Army's Chief Scientist Gordon Prather noted, Iran's

insistence on controlling uranium-enrichment is precisely "all because President Clinton strong-armed Boris Yeltsin into cancelling the turn-key Safeguarded uranium-enrichment plant the Russians had agreed to provide Iran, and strong-armed the Chinese into cancelling the turn-key Safeguarded uranium-conversion plant they had agreed to provide Iran."[88] The insistence on denying Iran its NPT-stipulated right to enrich its own uranium is viewed by Iran as an attempt to maintain its dependence on Western nuclear-fuel supplies, which it fears could easily be used in future as a mechanism of political influence – an idea that is hardly outlandish given the US administration's preference for 'regime-change' in Iran.[89]

The proposal thus made little economic or practical sense, in that 1) Iran had already invested heavily in developing the technology to complete the fuel-cycle within the UK, previously with IAEA support, its right under the NPT; 2) Iran has proven and undiscovered uranium reserves of its own which it wishes to exploit; 3) Iran has every reason to guarantee its own control over its own fuel supply. Iran's response was to emphasise that it could not afford to suspend uranium-enrichment, although all other issues would be on the table for discussion. Thus ultimately the talks failed on a single sticking-point – the US administration's insistence that Iran should give up its NPT-stipulated uranium-enrichment rights and Iran's insistence that it will not do so.

As the Council on Foreign Relation's Iran analyst Ray Takeyh pointed out, the international community's US-led approach based on "suspension for incentives" is "hopelessly defective", due to repeatedly "insisting on onerous conditions that are unlikely to be met by any Iranian government." Instead Takyeh argued that the international community needs to move to a proposal based on "enrichment transparency". Under such a formulation:

> "Western powers would concede to Iranian indigenous enrichment capability of considerable size in exchange for an intrusive inspection regime that would ensure nuclear material is not being diverted for military purposes. Such verification procedures must go beyond the measures in place; they should encompass 24-hour monitoring, continuous environmental sampling and the permanent presence of inspectors who have the right to visit any facility without prior notification. Moreover, Iran's breakout capacity must be constrained by limiting the amount of fissile material it is allowed to keep in stock. The relevant question is no longer whether Iran will have a nuclear infrastructure but how we can regulate the program and make certain that untoward activities are not taking place... the advantage of a plan that trades enrichment for transparency is that it meets Iran's nationalistic mandates while also alleviating the great powers' proliferation concerns."[90]

Indeed, largely unreported is the fact this is precisely what Iran formally proposed to the international community in February 2008, offering to enforce the Additional Protocol of intensive inspections, in return for its nuclear file being returned from the Security Council to the IAEA. Further, on 13th May Iran delivered a detailed counter-proposal to the 5+1 package to UN Secretary-General Ban Ki-moon. The counter-proposal called for "the creation of an

international consortium to enrich uranium on its own soil", including the prospect of "establishing enrichment and nuclear fuel production consortiums in different parts of the world." This proposal, and the seriousness with which it has been offered by Iran – endorsed also by an IAEA Expert Group headed by Dr. Bruno Pellaud - is yet further unambiguous evidence that Iranian intentions are concerned not with developing nuclear weapons, but with developing a peaceful nuclear energy programme.[91]

The Iran proposal is considered entirely viable by a group of experts at the Massachusetts Institute of Technology (MIT). In an open letter to UK government cabinet ministers, Sir John Thomson GCMG from MIT's Working Group for Science, Technology and Security describes the plan as "a lower risk alternative with a higher probability of achieving the main objective." The scheme entails "a multilateral partnership to run an enrichment facility in Iran on commercial lines… and is generally known as the Forden-Thomson plan." The plan:

> "… provides two levels of IAEA monitoring and inspection in addition to the obligatory standard level, first, the Additional Protocol, second, special measures designed for the situation. Our plan also provides that the multilateral partnership would take over all Iranian enrichment-related facilities, not just the centrifuges. Thus we would know if anyone tried to remove surreptitiously hexafluoride gas or any material in the chain leading up to it. And so there would be no material to feed into any centrifuges that somehow evaded IAEA inspection. In addition, there would be international personnel on duty at every stage of the enrichment operation – on each shift in the plant, in personnel management, in the overall management, in the secretariat and accounts, in the guard rooms etc. We would know the significant Iranian technicians and engineers and could investigate suspicious absences or activities. In short, it would be hard to devise a more watertight protection against covert operations."

Sir Thompson goes on to list the main advantages of the Forden-Thompson plan as follows:

1) the multilateral concept has been encouraged by the IAEA and specifically derives from the report of an expert committee including all the main Western countries and Iran (February 2005); there is growing pressure for the idea to be applied widely in the international fuel cycle;

2) on at least half a dozen occasions, the present Iranian government has said publicly they would accept an international partnership to enrich uranium in Iran and they have complained that they have received no Western comment; the silence, they say, has been 'resounding';

3) several solid reasons suggest that the Iranian national interest lies in accepting the plan – their own scheme will never allow them to produce anywhere near enough fuel indigenously for their proposed twenty civil reactors by 2035 whereas ours will, and in addition can provide high quality fuel for export and as a resource for an IAEA virtual fuel bank; they

would get the hefty foreign investment they seek; there would be interesting work for all their engineers and technicians who would learn from their Western counterparts;

4) the plan would ensure (in several ways, including those suggested above) that Iran did not make nuclear weapons but would secure the Iranian bottom line, enrichment on Iranian soil, so it would be a compromise in which neither side was defeated, and both could join in support of the international non-proliferation regime; it would thus be a vehicle whereby the bitter opposition on which Islamic extremism feeds would be diminished, and the moderate pro-Western element in Iranian society encouraged.[92]

Indeed, as the international community under US leadership rushed to push through a new set of international sanctions against Iran in June 2008, Iran officially declared that it was still exploring the 5+1 package. Foreign Minister Hamid Reza Asafi told a press conference that the package contained "points which are acceptable. There are points which are ambiguous. There are points that should be strengthened, and points that we believe should not exist." He highlighted that "there are also points that are unclear, such as the uranium enrichment program", and emphasised that time was required to study these points in detail in order to produce a meaningful response clarifying the rationale behind Iran's position. He also warned that the implementation of sanctions would be viewed as a form of coercion, resulting in Iran's outright rejection of the package.[93]

Notably, the US government and its allies, while pursuing intensified sanctions against Iran, simply ignored Iran's previous counter-proposal while reiterating the demand for the suspension of uranium-enrichment. In this respect, the international community has not yet participated in genuine diplomatic negotiations with Iran, largely under US government pressure. According to Flynt Leverett, former Senior Director for Middle East Affairs at the US National Security Council (NSC), and Hillary Mann Leverett, NSC Director for Iran and Persian Gulf Affairs under President George W. Bush, "the real lie is the president's claim that his administration has made a serious offer to negotiate with the Islamic Republic, and that Iranian intransigence is the only thing preventing a diplomatic resolution." They point out that the Bush administration continuously rebuffed negotiations with Iran until they backed the multilateral offer for nuclear negotiations with Iran in 2006. But even then, they "refused to endorse the incentives package unless the language dealing with regional security issues was removed. Senior British, French, German and EU officials have told us they recognized that removing these provisions would render the package meaningless from an Iranian perspective. Nevertheless, the Europeans went along...." Notably, the same situation applied in relation to the 5+1 2008 package, indicating that this was also similarly flawed, as the US has remained "adamantly opposed to putting strategic incentives on the diplomatic agenda with Iran." Crucially, the former NSC officials argue that:

> "The diplomatic efforts of our European allies and other international partners to broker serious negotiations with Iran are doomed to fail until this deficit in US policy is corrected… It is in this context that the significance of Bush's real lie about Iran is exposed: The Bush administration has never offered to negotiate with Tehran on any basis that might actually be attractive to the Islamic Republic's leadership."[94]

The lack of these two fundamental issues from European proposals so far, namely 1) credible guarantees concerning the security of Iran's uranium fuel-supply including questions about the exploitation of its own reserves, and 2) credible regional security guarantees, render them "meaningless", in the words of Leverett, as far as legitimate Iranian interests are concerned. They are proposals that are bound to fail. Further, the international community's continued inexplicable silence on Iran's own counter-proposals on establishing a multinational commercial consortium to conduct uranium-enrichment on Iranian soil – considered viable by leading independent British and American scientists and experts – is indicative of a lack of interest in genuinely constructive diplomacy. Insistence that Iran is failing to do more with regard to negotiations does not account for these systematic and serious flaws in all proposals by the international community to date (up to summer 2008); and turns a blind eye to the international community's policy of completely ignoring Iran's own proposed solutions. While there may be domestic disagreement inside the Iranian political establishment on how to respond to the international community's unreasonable diplomatic overtures, with some supporting acquiescence to US demands, this hardly vindicates those overtures from the criticism that they are objectively unacceptable from an Iranian perspective.

These circumstances mirror those of 2003, when Iran issued a proposal to Washington through the Swiss Embassy – confirmed by Flynt Leverett - "calling for a broad dialogue with the United States", on a wide-range of issues aiming for:

> "… full cooperation on nuclear safeguards, 'decisive action' against terrorists, coordination in Iraq, ending 'material support' for Palestinian militias and accepting a two-state solution in the Israeli-Palestinian conflict. The document also laid out an agenda for negotiations, including possible steps to be achieved at a first meeting and the development of road maps on disarmament, countering terrorism and economic cooperation."[95]

That unprecedented proposal for bi-lateral talks, representing an unprecedented opportunity for both Iran and the US, was ignored by the Bush administration in 2003. Although it remains on the table as an offer of negotiations, the Bush administration remains equally adamant that it will not conduct any such talks with Iran.

5. Why Iran? And Why Now? The Macro-Economics and Geopolitics of Regional Interventionism

The historical record shows that the US administration has overwhelmingly pathologized Iran as a threat to regional stability and international security, to the extent that doing so has ignored ample available evidence which indicates otherwise. The record of threats of military intervention; the persistent allegations of certitude about Iranian clandestine nuclear weaponization efforts; persistent unfounded allegations about arming insurgents in Iraq;[96] indiscriminate exploitation of the discredited laptop documents by the US to convince both allies and the international media of Iran's guilt vis-à-vis an alleged secret nuclear weapons programme; the failure to indulge in meaningful negotiations since 2003; and the escalation of covert operations against Iran including military and financial assistance to terrorist networks (many affiliated to al-Qaeda) to carry out bomb attacks inside Iran;[97] all speak of a highly-politicised programme that is less interested in facts, than in fomenting crisis. Thus, the US administration is pointing at the failure of the June 2008 5+1 package – a failure resulting from the inherent inadequacies of the international community's own proposals and negotiating posture – as a sign of Iranian "intransigence", justifying further hostile measures against the country.[98]

Most significantly, the latest American intelligence data on Iran, coupled with the successive findings of the IAEA, overwhelmingly confirm that there is no evidence to support the US administration's allegations that Iran is attempting to weaponize, or has intent to weaponize, its nuclear energy programme. While reasonable diplomatic solutions to the nuclear stalemate are being rejected outright or ignored by the US administration, the drive to war continues. In that context, the policy preference of the US government favouring coercive measures against Iran, including the threat of military intervention, requires explanation. Indeed, the lack of willingness to explore genuine diplomatic solutions indicates that the nuclear issue is being exploited to generate a casus belli for a military solution designed to inflict 'regime-change' on Iran. According to a former senior US intelligence official, a meeting in Vice-President Cheney's office occurred a few weeks after five Iranian patrol boats approached three US Navy warships in the Strait of Hormuz. Press reports described Iranian ship-to-ship radio transmissions threatening to "explode" the warships. But within a week, an internal Pentagon inquiry concluded that there was no evidence that the Iranian boats were the source of the transmissions, and that they originated from a prankster long known for sending fake messages in the region. Regarding the meeting with the Vice-President, the official confirmed that: "The subject was how to create a casus belli between Tehran and Washington."[99]

5.1 Anglo-American Postwar Middle East Geostrategy

There are critical macro-economic and geopolitical trends which appear to have influenced the US government's strategic planning for the Middle East. US policy toward Iran is formulated in the context of this wider geostrategy, which has been in place since the Second World War. In general, US foreign policy has been guided by principles described in a series of planning documents of the War and Peace Studies Project, a joint initiative of the US Department of State and the Council on Foreign Relations in the 1940s. US policy planners, preparing for the reconstruction of world order after the war, identified a minimum "world area", control of which was deemed to be "essential for the security and economic prosperity of the United States and the Western Hemisphere." The US aimed "to secure the limitation of any exercise of sovereignty by foreign nations that constitutes a threat" to this world area, which included the entire Western Hemisphere, the former British Empire and the Far East. This objective was premised on "an integrated policy to achieve military and economic supremacy for the United States." So the concept of "security interests" was extended beyond traditional notions of territorial integrity to include domination of regions considered "strategically necessary for world control." State Department planners, recognizing that "the British Empire as it existed in the past will never reappear", candidly argued that "the United States may have to take its place." 'Grand Area' planning, as it was then known, aimed to fulfil the "requirement[s] of the United States in a world in which it proposes to hold unquestioned power."[100]

This underlying framework of concepts, despite important variations and evolution over time, has in its fundamentals remained the same throughout the postwar period, as evidenced by a series of unclassified documents from the Office of the Secretary of Defense, authored principally by current Vice-President Dick Cheney as well as by other former US government officials such as Paul Wolfowitz, Colin Powell and Donald Rumsfield. A consistent theme of these documents is that the US should maintain global "pre-eminence."[101] This entails ensuring that other powers recognize the established order, and do not seek to increase their power in the international system. Thus, a "first objective is to prevent the re-emergence of a new rival" to US global pre-eminence, by working "to establish and protect a new order that holds the promise of convincing potential competitors that they need not aspire to a greater role or pursue a more aggressive posture to protect their legitimate interests." This world order must "account sufficiently for the interests of the advanced industrial nations to discourage them from seeking to overturn the established political and economic order" under US hegemony. In particular, this means the US must also "endeavour to prevent any hostile power from dominating a region whose resources would, under consolidated control, be

sufficient to generate global power", these regions including Western Europe, East Asia, the former Soviet Union and the Middle East. It is paramount to maintain "the sense that the world order is ultimately backed by the US."[102]

This strategic framework has, then, obvious implications for specific regions. The Middle East is one region, among others, which the US seeks "to prevent any hostile power from dominating", and whose resources might "generate global power." The principal interest in the region, of course, is oil, as noted in 1945 by US planners formulating a joint approach with the UK:

> "... our petroleum policy towards the United Kingdom is predicated on a mutual recognition of a very extensive joint interest and upon control, at least for the moment, of the great bulk of the free petroleum resources of the world... US-UK agreement upon the broad, forward-looking pattern for the development and utilisation of petroleum resources under the control of nationals of the two countries is of the highest strategic and commercial importance."[103]

In 1947, policy planners stated that the US should "seek the removal or modification of existent barriers to the expansion of American foreign oil operations" and "promote… the entry of additional American firms into all phases of foreign oil operations."[104] By 1953, the US National Security Council stated the US position as follows: "United States policy is to keep the sources of oil in the Middle East in American hands."[105]

It is precisely in this context that Anglo-American policy has tended to ally itself with the most authoritarian regimes in the region, due to their willingness to control their societies through force and coercion in order to maintain the supply of petroleum to the West as cheaply as physically and politically possible. Thus, secret British Foreign Office documents confirm that the Gulf sheikdoms were largely created by the British to "retain our influence" in the Middle East. This required not only protection from external threats, but also internal overthrow. Hence, Britain had to "counter hostile influence and propaganda within the countries themselves." Police and military training would help in "maintaining internal security". Similarly, US foreign policy planners concurred that Anglo-American regional interests would be preserved by countering challenges "to traditional control in the area", to sustain the "fundamental authority of the ruling groups."[106]

Anglo-American policy-planners knew this meant opposing genuine popular demands for democratisation in the Middle East. In 1950, US planners noted that "among increasing numbers of Arabs there is… a conviction that we are backing the corrupt governments now in power, without regard for the welfare of the masses."[107] On the same note, the Foreign Office warned in 1957 about the prospect that friendly but authoritarian sheikhdoms may end up "losing their authority to reformist or revolutionary movements which might reject the

connexion with the United Kingdom."[108] This attitude led Stafford Cripps, Chancellor in the Attlee government from 1945 to 1951, to wonder: "Why do we support reactionary, selfish and corrupt governments in the Middle East instead of leaders who have the interest of their people at heart?"[109] Consequently, as is set out candidly by an extraordinary 1952 UK Foreign Office paper entitled "The Problem of Nationalism", any nation attempting to pursue the following courses of action – certainly any nation in the Middle East – would be considered a significant threat to regional order and international security:

> "(i) insistence on managing their own affairs without the means or ability to do so, including the dismissal of British advisers; (ii) expropriation of British assets; (iii) unilateral denunciation of treaties with the UK; (iv) claims on British possessions; (v) ganging up against the UK (and the Western powers) in the United Nations."[110]

Thus, Canadian historian Stephen Randall, Director of the Institute for United States Policy Research and Senior Fellow at the Centre for Military & Strategic Studies at University of Calgary, argues that US foreign oil policy has always emphasised three goals: 1) acquiring foreign petroleum reserves; 2) breaking down traditional spheres of interest of competing international powers; 3) containing nationalism in oil-producing states and regions. On these goals, there has been a remarkable continuity in US foreign oil policy from the interwar years, to the Cold War, and through to the post-9/11 era.[111]

5.2 The Problem of Iran

Anglo-American perceptions of Iran can only be understood against the backdrop of this declassified documentary record of Anglo-American regional geostrategy. During the reign of the Shah, under the Nixon-Kissinger Doctrine, the US government viewed the network of Gulf sheikhdoms in the Middle East, particularly Iran, Saudi Arabia, and Iraq, as the keystones of regional stability. Certainly, the Gulf regimes were (and remain) highly authoritarian in their domestic relations, though friendly to Western interests in maintaining unimpeded access to regional oil and gas resources.

However, the 1973-74 oil crisis created the beginnings of a shift in American geostrategic thinking. By the early 1970s, all the Western industrial powers including the United States were dependent on oil imports from OPEC (Organization of Petroleum Exporting Countries). Hence, in response to British Prime Minister Harold Wilson's decision to withdraw British troops from 'East of the Suez' by 1971, the US National Security Council then headed by Henry Kissinger reviewed US interests in the Persian Gulf, leading President Nixon to mandate the expansion of the regional US military presence.[112]

The 1973-74 oil crisis was instigated by OAPEC (Organization of Arab Petroleum Exporting Countries), whereby the latter cut production culminating in a quadrupling of world oil prices which led to "the most fundamental shake-up in Western economies since the 1930s." The Arab states also severed petroleum deliveries to the US and cutback deliveries elsewhere. The crisis had a "major impact on US security perceptions", fueling renewed searches for alternative oil supplies around the world. Yet this did not obviate the strategic significance of the Middle East, given that 65 per cent of total world reserves and lowest cost supplies were located in Iraq, Iran and the Gulf states.[113]

The fall of the Shah in 1979 to the Islamic Revolution led by Ayatullah Khomeini was the last straw, and led to the formulation of the Carter Doctrine in January 1980, whereby President Carter firmly articulated the connection between energy and national security, and consequently military posture: "An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."[114] The Carter Doctrine led to the creation of the Joint Rapid Deployment Task Force, "the prime function of which was to safeguard Middle East oil in the event of any future security threat". The Task Force was developed in the 1980s into the US Central Command (CENTCOM), which was responsible for "securing US strategic interests in an arc of 19 countries stretching from Kenya in East Africa throughout the Middle East to Pakistan in South-West Asia."[115]

It is precisely against this geostrategic context that the US continues to view Iran as a fundamental threat, a threat to US regional interests, a threat to regional stability, and a threat to international security. Iran is the first major Gulf state to operate independently of British and American political, financial and military influence, and for this reason alone poses a significant potential problem for US regional ambitions. In 1999, General Zinni testified: "Iran remains potentially the most dangerous threat long-term to peace and stability in the [Persian] Gulf region. In the 20th year of its revolution, Iran's ambitions to be the dominant regional power and leader of the Islamic world remain undiminished." Iran's geographical location puts her in an ideal position to be able to potentially shut down oil shipping in the Persian Gulf and especially the Strait of Hormuz. According to General Zinni, Iran possesses sufficient military capabilities to endanger "open access to Gulf shipping lanes", in a future confrontation with the US.[116]

As noted by Michael Klare, Professor of Peace and World Security at Hampshire College, "With a long coastline on the Gulf and a large and growing naval capability, Iran is viewed in Washington as the 'threat after next' – the nation that is most likely to oppose American oil interests once the risk of an Iraqi invasion has been reduced to marginality."[117] The rationale behind this was elaborated by General Peay, who explained that: "[Iran] has a population of

over 60 million people, large numbers of highly educated engineers and technicians, abundant mineral deposits, and vast oil and gas reserves. With such resources, Iran retains the means, over the long-term, to potentially overcome its current economic malaise and endanger other Gulf states and US interests."[118]

In reality, US military perceptions of Iran as a dangerous power-expander attempting to maximise its regional hegemony are inaccurate. As two senior Iran analysts at the Council on Foreign Relations point out in *Foreign Affairs*, the main obstacle to a resolution of the Iran crisis is "the Bush administration's fundamental belief that Iran cannot be a constructive actor in a stable Middle East and that its unsavory behavior cannot be changed through creative diplomacy. Iran is not, in fact, seeking to create disorder in order to fulfil some scriptural promise, nor is it an expansionist power with unquenchable ambitions."[119]

The problem is that US military perceptions are informed by a deep-seated structural-ideological framework which privileges the concept of US pre-eminence and gauges the threat-level of other states' activities on the basis of their relation to US global influence. It is against this framework that Iran, as a fiercely independent power in a vital strategic region, is constructed as a strategic threat. As argued by Iran specialist Professor James A. Bill, Director Emeritus of the Reves Center for International Studies at the College of William and Mary:

> "… the United States seeks to prevent the rise of independent-minded regional hegemons. The more independent their behavior, the more pressure the United States exerts upon them. Also, the greater the difference in worldviews of the global and regional hegemons, the greater the political tension between them. Finally, the global hegemon especially seeks to control the behavior of regional hegemons in regions rich in geostrategic significance and natural resources. Iran is a regional hegemon of particular concern to the United States…"

Yet he goes on to note that the US military construction of Iran exaggerates the element of danger:

> "Iran's foreign-policy record has in many ways been constructive and correct. Iran, for example, played a key role in obtaining the release of Western hostages in Lebanon. Iran carefully remained neutral during the Gulf War initiated by Saddam Hussein. In Central Asia, Iran has been a significant arbitrator and mediator. In Tajikistan, Afghanistan and Armenia/Azerbaijan, the Islamic Republic has worked hard to promote stability. In this context, one would note that it is Iran that is most engaged in combatting the militant fundamentalism of the Taliban group. And President Khatami has called for a dialogue between Iran and the United States.
>
> Although there is an important element of authoritarianism in Iran's internal political system, the Islamic Republic, unlike many of its neighbors, has developed important mechanisms of participatory democracy. Iran's elections have been generally fair and free. Robust debate takes place in the Islamic Majlis."[120]

While Iran continues to suffer from significant and serious internal social, political and economic problems,[121] as a recent Oxford University study points out, "in many regards, there is more progress toward democracy in Iran than in other country in the Middle East, perhaps with the exception of Turkey."[122] Thus, according to Kayhan Bargezar of Harvard's Kennedy School of Government, Iran's foreign policy is based on seeking "to enhance its security and create opportunities to proactively shape international political realities according to its national interests." He adds that "a major part of Iran's current diplomatic energy and strength have focused on how to react to perceived external threats", particularly from the US. Nevertheless, on the whole, rather than aiming at revolutionary expansionism, increasingly: "Iranian foreign policy has been primarily geopolitical, oriented at building a secure environment at its borders, for strategic-pragmatic purposes."[123]

US military perceptions are, therefore, motivated not by the spectre of Iranian regional aggrandizement *per se* – a narrative that is far too oversimplified - but rather by a fundamentally different order of concerns related more to Iran as the first Persian Gulf power to develop a model of regional independence that in the long-term threatens to undermine pre-eminent US control over Persian Gulf energy resources, a scenario whose urgency is exacerbated in the context of a looming world energy crisis.

5.3 Global Energy Crisis and the Militarization of Foreign Policy

Amidst soaring fuel prices and increasing instability in key oil-producing regions, the question of energy security is now particularly prominent. In June 2008, the British Treasury for the first time acknowledged the possibility of an imminent oil supply crunch, pinpointing 2015 as the time when rocketing demand from China and India is likely to create significant difficulties. However, the problem goes deeper, and is far more complex, than this.

Bush administration policy planners had for long anticipated the contours of a world oil crisis related to a peak in world production. They believed that an intervention in the Middle East, starting with Iraq, would be essential for the US to sustain energy security into the twenty-first century. As early as 1999, then Chairman of Halliburton and soon-to-be Vice-President Dick Cheney spoke about the implications of peak oil at the launch of the London Institute of Petroleum. His comments reveal the extent to which the Bush administration has seen peak oil as a defining factor in the underlying strategic objectives of Anglo-American foreign policy in the course of the 'War on Terror':

> "From the standpoint of the oil industry obviously - and I'll talk a little later on about gas - for over a hundred years we as an industry have had to deal with the pesky problem that

> once you find oil and pump it out of the ground you've got to turn around and find more or go out of business. *Producing oil is obviously a self-depleting activity*. Every year you've got to find and develop reserves equal to your output just to stand still, just to stay even. This is as true for companies as well in the broader economic sense it is for the world. A new merged company like Exxon-Mobil will have to secure over a billion and a half barrels of new oil equivalent reserves every year just to replace existing production. It's like making one hundred per cent interest; discovering another major field of some five hundred million barrels equivalent every four months or finding two Hibernias a year. For the world as a whole, oil companies are expected to keep finding and developing enough oil to offset our seventy one million plus barrel a day of oil depletion, but also to meet new demand. By some estimates there will be *an average of two per cent annual growth in global oil demand over the years ahead along with conservatively a three per cent natural decline in production from existing reserves. That means by 2010 we will need on the order of an additional fifty million barrels a day. So where is the oil going to come from?* Governments and the national oil companies are obviously in control of about ninety per cent of the assets. Oil remains fundamentally a government business. While many regions of the world offer great oil opportunities, *the Middle East with two thirds of the world's oil and the lowest cost, is still where the prize ultimately lies*, even though companies are anxious for greater access there, progress continues to be slow… Oil is unique in that it is so strategic in nature. We are not talking about soapflakes or leisurewear here. *Energy is truly fundamental to the world's economy. The Gulf War was a reflection of that reality.*"[124]

The magnitude of the problem that Cheney refers to can be grasped when one considers that the projected additional 50 million barrels of oil a day required in 2010 is almost double what was collectively produced in 2001 by the six major Middle Eastern suppliers bordering the Persian Gulf, namely, Saudi Arabia, Iran, Iraq, United Arab Emirates, Kuwait and Qatar (i.e. 22.4 million barrels a day). Notably, Cheney's reference to the Gulf War illustrates the symbiotic connection between military intervention and access to strategic resources.

A 2001 study commissioned by Vice-President Dick Cheney conducted by the Council on Foreign Relations and the James Baker Institute for Public Policy noted the "centrality" of energy policy to "America's domestic economy and to our nation's security."

> "The world is currently precariously close to utilizing all of its available global oil production capacity, raising the chances of an oil-supply crisis with more substantial consequences than seen in three decades. These limits mean that America can no longer assume that oil-producing states will provide more oil… [T]he situation is worse than the oil shocks of the past because in the present energy situation, the tight oil market condition is coupled with shortages of natural gas in the United States, heating fuels for the winter, and electricity supplies in certain localities… with spare capacity scarce and Middle East tensions high, chances are greater than at any point in the last two decades of an oil supply disruption that would even more severely test the nation's security and prosperity."

The impending crisis is increasing "US and global vulnerability to disruption" and now leaves the US facing "unprecedented energy price volatility," already leading to electricity blackouts in areas like California. The report warns of "more Californias" ahead. The "central

dilemma" for the Bush administration is that "the American people continue to demand plentiful and cheap energy without sacrifice or inconvenience." But if the global demand for oil continues to rise, world shortages could reduce the status of the US to that of "a poor developing country." With the "energy sector in critical condition, a crisis could erupt at any time [which] could have potentially enormous impact on the US… and would affect US national security and foreign policy in dramatic ways." The growing energy crisis thus demands "a reassessment of the role of energy in American foreign policy." One of the key "consequences" of the fact that "the United States remains a prisoner of its energy dilemma" is the "need for military intervention." The report thus recommends that energy and security policy be integrated to prevent "manipulations of markets by any state." Iraq in particular was pinpointed as a prime threat to US energy security.

> "Iraq remains a destabilizing influence to US allies in the Middle East, as well as to regional and global order, and to the flow of oil to international markets from the Middle East. Saddam Hussein has also demonstrated a willingness to threaten to use the oil weapon and to use his own export program to manipulate oil markets... The United States should conduct an immediate policy review toward Iraq, including military, energy, economic, and political/diplomatic assessments."[125]

Iran continues to be viewed in much the same way, as a potentially destabilizing influence to unimpeded US access to Persian Gulf energy resources. Former US Energy Adviser to President George W Bush and Vice-President Cheney's 2001 National Energy Plan, Matthew Simmons – also chairman of one of the largest energy investment firms in the world – has argued vigorously that the peak of world oil production is imminent, a verdict which may well have been instrumental in the Bush administration's decision to militarize its Middle East geostrategy. At Simmons' address to the second international conference of the Association for the Study of Peak Oil (ASPO) at the French Petroleum Institute (IFP) in May 2003, he noted that although most scientists "worry that the world will peak in oil supply", most also assume "that this day of reckoning is still years away. Many also assume that non-conventional oil will carry us through several additional decades." This perspective, however, is "too optimistic… Peaking of oil will never be accurately predicted until after the fact. But the event will occur, *and my analysis is leaning me more by the month, the worry that peaking is at hand; not years away*."[126]

The basic rules for the discovery, estimation and production of petroleum reserves were first laid down by the world renowned geophysicist Dr. M. King Hubbert. Hubbert pointed out that, as petroleum is of course a finite resource, its production must inevitably pass through three key stages. Firstly, production begins at zero. Secondly, production increases until it reaches a peak which cannot be surpassed. This peak tends to occur at or around the point when 50 per cent of total petroleum reserves are depleted. Thirdly, subsequent to this

peak, production declines at an increasing rate, until finally the resource is completely depleted.[127]

One of the most authoritative independent studies so far on peak oil and its timing was conducted by Dr. Colin Campbell, a former senior geologist at BP, and Jean Laherrere, who worked for TOTAL for 37 years, on behalf of the Geneva-based Petroconsultants. The Petroconsultants database, used by all international oil companies, is the most comprehensive for data on oil resources outside North America – and is considered so significant that it is not in the public domain. Campbell and Laherrere concluded in their report, priced at $32,000 a copy and written for government and corporate insiders, that "the mid-point of ultimate conventional oil production would be reached by year 2000 and that decline would soon begin." They also projected that "production post-peak would halve about every 25 years, an exponential decline of 2.5 to 2.9% per annum."[128]

The Petroconsultants report pinpointed the peak of global oil production between 2000 and 2005. According to Murdoch University's Institute for Sustainability and Technology Policy, the study's accuracy is unparalleled, based on the performance data from thousands of oil fields in 65 countries, including data on "virtually all discoveries, on production history by country, field, and company as well as key details of geology and geophysical surveys." Due to their unprecedented access to such data, Campbell and Laherrere, unlike other oil industry commentators, are in "a unique position to sense the pulse of the petroleum industry, where it has come from and where it is going to. Their report pays rigorous attention to definitions and valid interpretation of statistics." A review of the research by senior industry geologists in *Petroleum Review* indicated, apart from minor disagreement over the scope of remaining reserves, "general acceptance of the substance of their arguments; that the bulk of remaining discovery will be in ever smaller fields within established provinces."[129]

London's *Petroleum Review* published a study toward the end of 2004 concluding that in Indonesia, Gabon, and fifteen other oil-rich nations supplying about 30 percent of the world's daily crude, oil production is declining by 5 percent a year - double the rate of decline a year prior to the report. Chris Skrebowski, the *Review's* editor and a former oil analyst with BP, noted that: "Those producers still with expansion potential are having to work harder and harder just to make up for the accelerating losses of the large number that have clearly peaked and are now in continuous decline. Though largely unrecognized, [depletion] may be contributing to the rise in oil prices."[130]

A 2004 report by the US Office of Petroleum Reserves thus concluded that "world oil reserves are being depleted three times as fast as they are being discovered...

> "… Oil is being produced from past discoveries, but the reserves are not being fully replaced. Remaining oil reserves of individual oil companies must continue to shrink. The

> disparity between increasing production and declining discoveries can only have one outcome: a practical supply limit will be reached and future supply to meet conventional oil demand will not be available… Although there is no agreement about the date that world oil production will peak, forecasts presented by USGS geologist Les Magoon, the *Oil and Gas Journal*, and others expect the peak will occur between 2003 and 2020. What is notable ... is that none extend beyond the year 2020, suggesting that the world may be facing shortfalls much sooner than expected."[131]

Indeed, according to Chris Skrebowski in early 2005, conventional oil reserves are declining at about 4-6 per cent a year worldwide, including 18 large oil-producing countries, and 32 smaller ones. Denmark, Malaysia, Brunei, China, Mexico and India are due to peak in the next few years.[132]

It is thus likely that world oil production has already peaked. This, indeed, is the conclusion of an extensive October 2007 report by the German-based Energy Watch Group, run by an international network of European politicians and scientists, which reviewing international oil production rates finds that world oil production peaked in 2006.[133] This conclusion is corroborated by data released in BP's annual statistical review of world energy supply and demand for 2008, released on 11th June, which shows that world oil production fell last year for the first time since 2002, by 130,000 barrels per day last year to 81.53 million. Yet world consumption continued to rise by 1.1 per cent to 85.22 million barrels per day, outweighing production by nearly 5 per cent.[134]

Yet another direct indication of the link between Middle East interventionism and the energy crisis came in April 2008 from Brigadier-General James Ellery CBE, the Foreign Office's Senior Adviser to the Coalition Provisional Authority in Baghdad since 2003, who confirmed that Iraqi oil reserves are to play a critical role in alleviating a "world shortage" of conventional oil. The Iraq War has helped to head off what Brigadier Ellery described as "the tide of Easternisation" – a shift in global political and economic power toward China and India, to whom goes "two thirds of the Middle East's oil." "The reason that oil reached $117 a barrel last week", he said, "was less to do with security of supply… than World shortage." He went on to emphasise the strategic significance of Iraqi petroleum fields in relation to the danger of production peaks being breached in major oil reserves around the world: "Russia's production has peaked at 10 million barrels per day; Africa has proved slow to yield affordable extra supplies – from Sudan and Angola for example. Thus the only near-term potential increase will be from Iraq." Whether Iraq began "favouring East or West" could therefore be "de-stabilizing" not only "within the region but to nations far beyond which have an interest."[135]

It is no surprise in this context to learn that Anglo-American foreign policy planning continues to be pre-occupied with energy security. A February 2003 report of the UK Department of Trade and Industry notes that "our energy supplies will increasingly depend on

imported gas and oil from Europe and beyond." By 2010, the report states, "we are likely to be importing around three quarters of our primary energy needs. And by that time half the world's gas and oil will be coming from countries that are currently perceived as relatively unstable, either in political or economic terms." As a result, Britain has moved from being "self-sufficient to being a net importer of gas and oil", a transformation which "requires us to take a longer term strategic international approach to energy reliability" as well as "strategic energy issues in foreign policy." The solution is diversification of energy supplies, meaning extending strategic influence to Russia, the Middle East, North and West Africa, and the Caspian basin.[136]

The strategy, however, is a joint one between both the UK and the US, as is revealed by government documents leaked to *The Guardian* in 2003. For example, a US report to President Bush and Prime Minister Blair stated: "We have identified a number of key oil and gas producers in the West Africa area on which our two governments and major oil and gas companies could cooperate to improve investment conditions… and thus underpin long term security of supply." The same report revealed that both the UK and US "have noted the huge energy potential of Russia, Central Asia and the Caspian", and that "we have concluded that we have similar political, economic, social and energy objectives."[137]

In December 2003, a British Foreign Office report confirmed that the "ability to project armed force will be a key instrument of our foreign policy", including "early action to prevent conflict" – i.e. pre-emptive warfare. The document identifies eight "international strategic priorities", including the "*security of UK and global energy supplies.*"[138] Around the same time, the Ministry of Defence produced a white paper outlining the new strategic direction of British military operations. Noting that "military force exists to serve political or strategic ends", the MoD report observes that "UK policy aims" include most prominently the fact that "the UK has a range of global interests including economic well-being based around trade, overseas and foreign investment and *the continuing free flow of natural resources*." Jettisoning the historic separation of military force and crisis resolution, the report also concludes that solving "international security problems will require ever more integrated planning of military, diplomatic and economic instruments." British forces now require "the capability to deliver a military response globally", including "expeditionary operations" and "rapidly deployable forces" to be used in "a range of environments across the world." Specifically, the report emphasizes that "our armed forces will need to be interoperable with US command and control structures."[139]

In other words, both the US and Britain have explored military intervention as a primary instrument to establish energy security, rather than economic competition. Whereas economic competition in world energy markets is a game which can be lost to other rising rivals, such as China or India, the idea of military intervention might appear as the only alternative which

can guarantee direct and unchallengeable control of strategic energy resources; and in particular, control of the world's energy supplies, a position that might maintain international power as conflicts over increasingly scarce hydrocarbon resources escalates.

5.4 Iran: The Threat After Next?

Iran is OPEC's second largest oil producer and holds 125.8 billion barrels of proven oil reserves - approximately 10 percent of the world's total. New discoveries in June 2004 put the total at 132 billion. Iran also has approximately 940 trillion cubic feet (Tcf) in proven natural gas reserves - the world's second largest after Russia, that is 16 per cent of total world reserves. Sixty two percent of these reserves are located in non-associated fields and have not been developed, implying huge potential for gas development. This puts Iran's combined supply of hydrocarbon energy at equivalent to some 280 billion barrels of oil, just behind Saudi Arabia's equivalent.[140] As former Bush administration energy adviser Matthew Simmons has documented, even possessing the world's largest oil reserves, Saudi Arabia has most likely already peaked, and production is unlikely to increase significantly any further in the near future.[141]

The critical factor in this equation is not simply quantity of reserves, however, but the potential for future productive capacity, as Michael Klare points out. With a giant like Saudi Arabia unable to raise output sufficiently to meet swelling global demand due to higher consumption particularly in the United States, China, and India - expected to rise by 50 per cent - Iran still retains "considerable growth potential." Currently producing about 4 million barrels per day, Iran is believed "to be capable of boosting its output by another 3 million barrels or so. Few, if any, other countries possess this potential, so Iran's importance as a producer, already significant, is bound to grow in the years ahead." The situation is even more promising for gas reserves, of which Iran is presently producing only about 2.7 trillion cubic feet per year.

> "This means that Iran is one of the few countries capable of supplying much larger amounts of natural gas in the future. What all this means is that Iran will play a critical role in the world's future energy equation. This is especially true because the global demand for natural gas is growing faster than that for any other source of energy, including oil. While the world currently consumes more oil than gas, the supply of petroleum is expected to contract in the not-too-distant future as global production approaches its peak sustainable level - perhaps as soon as 2010 - and then begins a gradual but irreversible decline. The production of natural gas, on the other hand, is not likely to peak until several decades from now, and so is expected to take up much of the slack when oil supplies become less abundant."[142]

Under Executive Order 12959, US companies are prohibited from trading with Iran, including energy exploration and production. Under the Iran-Libya Sanctions Act 1996, the US government has also threatened to punish foreign firms and nations that trade with Iran with sanctions. Yet as the growing global energy crisis has heightened international competition over control of increasingly costly energy resources, countries have increasingly flouted US warnings and begun sealing deals with Iran. China for example has signed a contract with Iran worth $70 billion to purchase its oil and gas. Under the deal, China will buy 250 million tonnes of liquefied natural gas over 30 years, and 150,000 barrels per day of crude oil for 25 years at market prices, after commissioning of the Yadavaran field. Already in 2003, China had imported approximately 30 million tones of oil from Iran, 14 per cent of its total oil imports.[143]

India and Pakistan have also been negotiating with Iran for oil and gas. In January 2005, the Gas Authority of India Ltd (GAIL) signed a 30-year $50 billion deal with the National Iranian Gas Export Corporation for the transfer of 7.5 million tonnes of liquid natural gas to India per year. In return, India would assist the development of Iran's gas fields. Furthermore, Indian and Pakistani officials discussed the construction of a $3 billion natural gas pipeline from Iran to India via Pakistan, supplying both the latter with substantial gas supplies, while granting Pakistan $200-$500 million per year in transit fees. The plan was condemned by Secretary of State Condoleezza Rice while in India: "We have communicated to the Indian government our concerns about the gas pipeline cooperation between Iran and India." Those concerns are being ignored. To date, the Iran-India-Pakistan pipeline deal is slated for conclusion sometime in 2008, perhaps as early as mid-year.[144]

In early 2003, a Japanese energy consortium purchased a 20 per cent stake in the development of the Soroush-Nowruz offshore field in the Persian Gulf, a reservoir estimated at 1 billion barrels of oil. By 2004, the Iranian Offshore Oil Company awarded a $1.26 billion contract to Japan's JGC Corporation for the recovery of natural gas and natural gas liquids from Soroush-Nowruz and other offshore fields.[145] In the same year, Japan signed a $2 billion deal to exploit Iran's Azadegan oil fields, which has estimated reserves of 26 billion barrels. A State Department spokesman, Richard Boucher, said he was "disappointed" by the deal.[146]

Even Europe has jumped into the fray. In May 2008, Switzerland signed a 25-year $22 billion contract with the National Iranian Gas Export Company to deliver 5.5 billion cubic meters of gas annually to Europe through a pipeline scheduled for completion in 2010.[147] Iran has also concluded lucrative gas deals with Malaysian companies.[148] Indeed, the US has reacted venomously toward the European initiatives according to the *Financial Times*:

> "Although Washington and its allies have convinced the United Nations Security Council to sign up to three sets of sanctions against Iran's nuclear and missile sectors and banks, it

> has been unable to broaden such international measures into the key energy sector... 'The worry is that the Swiss deal will lead others, such as the Austrians, to confirm energy investments in Iran, and that companies like [France's] Total could then follow suit and sign contracts of their own,' said one western diplomat. He pointed out that the EGL agreement ended a period in which European energy companies had largely confined themselves to agreeing only non-binding memoranda of understanding with Iran."[149]

In the new global circumstances of the imminent scarcity of conventional hydrocarbon energy resources, particularly in relation to the peak of conventional oil production, the US strategy of dominating Middle East energy resources is being significantly undermined by Iran. With the future of oil supply-demand trends offering a landscape described by the International Monetary Fund (IMF) as "a permanent oil shock", the urgency of controlling the world's fast depleting oil and gas reserves is only exacerbated.[150] Iran's increasing success in opening its resources onto the world market signifies the increasing weakness, indeed irrelevance, of US hegemonic power, which through the lenses of US foreign oil policy is interpreted as a sign of decline requiring concerted corrective action, military if necessary. Iran's increasing ties with the principal competitors of the US – namely China, India, Russia and Europe – illustrates, from the perspective of US policy planning, that she is the locus of a regional, and potentially global, shift in international power toward the East. Military intervention, from the perspective of the US administration, potentially offers a way of solidifying direct US control of the strategic energy supplies of the Persian Gulf, and thus – controlling the world's largest oil and gas resources - continuing to dominate international order thus maintaining US pre-eminence for the foreseeable future. Thus US national security policy analyst Michael Klare concludes:

> "When considering Iran's role in the global energy equation, therefore, Bush administration officials have two key strategic aims: a desire to open up Iranian oil and gas fields to exploitation by American firms, and concern over Iran's growing ties to America's competitors in the global energy market. Under US law, the first of these aims can only be achieved after the President lifts EO 12959, and this is not likely to occur as long as Iran is controlled by anti-American mullahs... Likewise, the ban on US involvement in Iranian energy production and export gives Tehran no choice but to pursue ties with other consuming nations. From the Bush administration's point of view, there is only one obvious and immediate way to alter this unappetizing landscape - by inducing 'regime change' in Iran and replacing the existing leadership with one far friendlier to US strategic interests."[151]

5.5 Iran, Global Economic Crisis, and the Decline of the Petrodollar System

So far, soaring fuel prices can be explained primarily as a consequence of the convergence of the unprecedented decline of the dollar (since oil is priced in dollars, decrease in its value entails that more dollars are required to purchase oil) with rampant financial speculation, driven by concern over geopolitical instability in oil-producing regions like the Middle East, as well as by increasing fears over an oil supply-demand crunch that might be exacerbated by peak production.

As US deficits mount, with imports far greater than exports, the value of the dollar has declined, falling by 28 per cent against the euro between 2001 and 2005.[152] In August 2005, the problem was growing so serious that Federal Reserve Chairman Alan Greenspan warned that the federal budget deficit "hampered the nation's ability to absorb possible shocks from the soaring trade deficit and the housing boom." He criticized America's "hesitancy to face up to the difficult choices that will be required to resolve our looming fiscal problems." His comments were echoed a week later by David Walker, US comptroller general and head of the Government Accountability Office: "I believe the country faces a critical crossroad and that the decisions that are made -- or not made -- within the next 10 years or so will have a profound effect on the future of our country, our children and our grandchildren. The problem gets bigger every day, and the tidal wave gets closer every day." Indeed it does -- the budget surplus of $236 billion in 2000 had turned into a deficit of $412 billion by 2004. The even bigger looming problem is that the sum total of current debt, deficits and financial promises on the USA's three biggest entitlement programs -- Social Security, Medicare and Medicaid -- amounts to $43 trillion and rising.[153]

Then there is the trade deficit -- the difference between what the United States imports and exports, which is now more than twice as big as it was two decades ago, at 6.5 per cent. US citizens who become indebted in attempting to sustain lifestyles beyond their immediate financial means are in fact spending increasing amounts of the government's borrowed money to buy goods from overseas. Simultaneously, the government provides more services to the public than it can afford to, subsequently incurring further debt to cover costs. That debt is purchased by other nations, private investors and foreign banks in the form of US Treasury bonds and notes. Japan holds the most US debt, seconded by China, with which incidentally the US has the biggest trade deficit at $162 billion. Hence, the US economy is dependent on Japanese, Chinese, and other nations' central banks to invest in US Treasuries. The down-side of this is that the value of the dollar is being undermined, which in turn lowers the value of US Treasuries in foreign banks. The inexorably declining dollar value reduces

international incentives to continue investing. As this process continues, dollar-holding foreign banks and investors are increasingly likely to either reduce their dollar holdings or to invest less in the dollar, clearly exacerbating the problem and potentially igniting an escalating drop in the dollar's value.[154]

According to one leading expert, Clyde Prestowitz - former trade advisor to President Ronald Reagan, President of Washington DC's Economic Strategy Institute, and associate of US financiers such as Warren Buffet and George Soros - the world's central banks, now "chock-full of US dollars", are holding dollars simply because "at the moment there's no great alternative and also because the global economy depends on US consumption. If they dump the dollar and the dollar collapses, then the whole global economy is in trouble." What is worse is that the process of dollar-dumping, culminating in a global economic meltdown, could be triggered by something as simple as a "hedge-fund miscalculation":

> "So picture this: you have a quiet day in the market and maybe some smart MBA at the Central Bank of Chile or someplace looks at his portfolio and says, 'I got too many dollars here. I'm gonna dump $10 billion'. So he dumps his dollars and suddenly the market thinks, 'My god, this is it!' Of course, the first guy out is OK, but you sure as hell can't afford to be the last guy out. You would then see an immediate cascade effect - a world financial panic on a scale that would dwarf the Great Depression of the 1930s."[155]

The only reason, Prestowitz emphasizes, that the dollar has not yet plummeted is the lack of a viable alternative. Former Federal Reserve Chairman Paul Volcker, Greenspan's predecessor, had already warned that there was a 75 per cent chance of a dollar crash occurring in the next five years. Although Prestowitz optimistically believes that the US economy will continue to be the world's most powerful economy for the "foreseeable future", he agrees that it will undergo an "inexorable decline."[156] The subprime mortgage crisis has, however, considerably reversed such optimism. Many leading financial experts now believe that the decline of dollar is irreversible and inexorable. According to Harvard economist Kenneth Froot, a former consultant to the US Federal Reserve: "Part of the depreciation [of the dollar] is permanent. There is no doubt that the dollar must sink against periphery currencies to reflect their increase in competitiveness and productivity."[157]

Because the dollar is currently the 'fiat' international trading currency, the US effectively controls the world oil-market. The dollar accounts for an estimated two-thirds of all official exchange reserves. Over 80 per cent of all foreign exchange transactions, and about 50 per cent of all world exports, are denominated in dollars. US world economic pre-eminence is facilitated by the fact that billions of dollars worth of oil are priced in dollars. Effectively, the US has become the world's *de facto* central bank, the dollar constituting an oil-backed currency that can be freely printed and accepted worldwide. Countries must hold vast dollar reserves in order to buy energy and settle their IMF debts. In summary, since the world is

attached to a currency produced at will by the US, the latter has the capability to not only control world trade, but also to import goods and services at relatively low costs.[158] Oil, in this context, is not an end in and of itself, but rather the life-blood of industrial civilization, the fuel for military power and today's principal lever of control over the world economy; and thus the bedrock of global hegemony. The global economic crisis thus intensifies the possibility that the entire US petrodollar system may inexorably decline, and with it US pre-eminence. Simultaneously, the global economic crisis signifies the increasing irrelevance of US financial muscle as an instrument of global influence. The US, its dollar increasingly weak, finds it increasingly difficult to compete on world markets.

Against this background, Iran, isolated under the weight of decades-long US sanctions, has in response pursued economic measures whose consequences, depending on their success, may hold the potential to push the US petrodollar system into a faster downward spiral. Apart from sealing lucrative energy contracts with US rivals (a process which even if the US wished to engage is unlikely to be able to offer competitive alternative deals due to the weakness of the US economy), since spring 2003 Iran has required payments in the Euro currency for its European and Asian/ACU exports - although the oil pricing for trades are still denominated in the dollar.[159]

A little-noted 2004 report in the London *Guardian* described in further detail Iran's challenge to the "west's control of oil trading." Iran "is to launch an oil trading market for Middle East and OPEC producers that could threaten the supremacy of London's International Petroleum Exchange [IPE]." Major oil producing countries following Iran's lead "are determined to seize more control of trading... The Tehran oil bourse is scheduled to open in 2005, according to its architect, Mohammad Javad Asemipour", adviser to Iran's energy minister. Oil industry experts, moreover, had already warned Iran and other OPEC producers that the measures would not be viewed kindly by the "big financial and oil corporations" controlling western exchanges.[160] Iran's decision to establish its own oil bourse was made on the basis of consultation with Chris Cook, former director of the London International Petroleum Exchange, who advised the governor of the Iranian Central Bank that Iran should consider "the creation of a new Middle Eastern energy exchange" as an urgent priority simply to increase Iran's competitiveness on world oil markets.[161]

The three current US-dominated oil pricing standards (known as oil 'markers' in the industry) are the West Texas Intermediate crude (WTI), Norway Brent crude, and the UAE Dubai crude. The lack of an Euro-denominated oil 'marker' constitutes a technical obstacle to the establishment of an Euro-based oil transaction trading system. It was predicted that the proposed Iranian bourse would compete with London's IPE and the New York Mercantile Exchange (NYMEX), both of which are owned by US corporations. This has dramatic macroeconomic implications. "Considering that Iran has switched to the euro for its oil

payments from EU and ACU customers," observes US information security analyst William Clarke, "it would be logical to assume the proposed Iranian Bourse will usher in a fourth crude oil marker – denominated in the euro currency." Clarke, whose research on the relationship between the peak of world oil production, oil currencies and geopolitical conflict in the Middle East won two Project Censored awards from Somona State University, goes on to note:

> "Such a development would remove the main technical obstacle for a broad-based petroeuro system for international oil trades… Acknowledging that many of the oil contracts for Iran and Saudi Arabia are linked to the United Kingdom's Brent crude marker, the Iranian bourse could create a significant shift in the flow of international commerce into the Middle East. If Iran's bourse becomes a successful alternative for oil trades, it would challenge the hegemony currently enjoyed by the financial centers in both London (IPE) and New York (NYMEX)… A successful Iranian bourse would solidify the petroeuro as an alternative oil transaction currency, and thereby end the petrodollar's hegemonic status as the monopoly oil currency."[162]

In hindsight, the Iran oil bourse has yet to prove such an immediate blow to the extant Anglo-American petrodollar system. However, it has certainly facilitated an international tidal wave that has served to undermine the dollar's hitherto unquestioned position as world reserve currency and denominator of global oil transactions. Since the 2004 announcement, the Iranian oil bourse faced continual delays in its establishment, being re-scheduled each year. The bourse, the Iran Petroleum Exchange based on the Persian Gulf island of Kish, finally opened on 17th February 2008, as a Petrobourse for petroleum, petrochemicals and gas primarily in Euros and Iranian Rials, along with a basket of other major currencies.

Venezuela, a major oil-producing country, China and India all declared their support for the Iran oil bourse.[163] In 2007 Iranian officials had claimed repeatedly that more than half its customers had switched their payment currency away from the dollar. This was confirmed in March 2007 by Reuters, which reported that China's Zhuhai Zhenrong Corporation, the largest buyer of Iranian oil and gas worldwide, began paying for its oil in Euros in late 2006.[164] In September 2007, Japan's Nippon oil agreed to purchase Iranian oil in Yen, not dollars.[165] In December 2007, Iran converted all its oil export payments to non-dollar currencies.[166]

By paving the way for the rise of alternative oil currencies, the Euro and Yen, the Iranian oil bourse proposal – coupled with Iran's increasing technological and financial ties to Russia, Europe, China and India – has undermined the already fragile hegemony of the dollar, and thus of the US' position as leader of the international financial system. While alone this by no means represents a fatal challenge to US pre-eminence, if current trends continue US influence in the Persian Gulf may well continue to decline. As the dollar increasingly declines, the probability that investors will seek to trade oil in alternative currencies,

exploring the potential of the Iranian oil bourse among other avenues, increases in tandem. The option of military intervention in Iran is therefore consistent with repeatedly confirmed strategic planning, which sees military power as a corrective by which to potentially reinforce American domination of Persian Gulf resources that are increasingly being opened up to US key geopolitical competitors. A war, from this perspective, would aim to extend US military control from Iraq to Iran, thus consolidating over the entirety of the Gulf. Such a policy option can only *appear* rational, however, in the context of an overwhelming convergence of energy and economic crises over the coming year(s), in which both hydrocarbon energy scarcity combined with a continuing degradation of the value of the dollar, might motivate military intervention as an off-setting mechanism designed to re-secure US global power as the guarantor of world energy supplies, and thus, re-awakening the petrodollar system by re-positioning the dollar against the physical control of petroleum. However, the international system has not yet reached this stage of crisis.

6. War Plan Iran

6.1 Scenarios for Military Intervention

"In war theatre plans" for a war on Iran, following a war on Iraq, were formulated by the US Central Command (USCENTCOM) in the 1990s, specifically for the purpose of guaranteeing US access to Persian Gulf oil:

> "The broad national security interests and objectives expressed in the President's National Security Strategy (NSS) and the Chairman's National Military Strategy (NMS) form the foundation of the United States Central Command's theater strategy. The NSS directs implementation of a strategy of dual containment of the rogue states of Iraq and Iran as long as those states pose a threat to US interests, to other states in the region, and to their own citizens. Dual containment is designed to maintain the balance of power in the region without depending on either Iraq or Iran. USCENTCOM's theater strategy is interest-based and threat-focused. The purpose of U.S. engagement, as espoused in the NSS, is to protect the United States' vital interest in the region - uninterrupted, secure US/Allied access to Gulf oil."[167]

These plans, however, were thoroughly revised and updated by the Bush administration in the context of CONPLAN8022, completed in November 2003 and approved by then Defense Secretary Donald Rumself in June 2004. CONPLAN8022 is a detailed operational first-strike nuclear war strategy plan against "rogue states", especially Iran and North Korea, but

including Syria and Libya (as well as Iraq). Combining five regional theatres into a single unit, it brings forth the concept of a US "global strike", that is, the military capability to target multiple regions within a single hour, seamlessly integrating the use of conventional and nuclear weapons. As former US Army Intelligence analyst William Arkin reported:

> "In the secret world of military planning, global strike has become the term of art to describe a specific pre-emptive attack. When military officials refer to global strike, they stress its conventional elements. Surprisingly, however, global strike also includes a nuclear option, which runs counter to traditional US notions about the defensive role of nuclear weapons…The global strike plan holds the nuclear option in reserve if intelligence suggests an 'imminent' launch of an enemy nuclear strike on the United States or if there is a need to destroy hard-to-reach targets." [168]

In October 2004, White House sources revealed that Vice-President Cheney was exploring plans for the Israeli Air Force to attack Iran's nuclear facility at Bushehr using US-supplied "bunker busting" mini-nuclear bombs in three waves, "with the radar and communications jamming protection being provided by US Air Force AWACS and other US aircraft in the area.[169] By 2005, operational planning for the war was accelerating. In August, former CIA official Philip Giraldi warned that the Bush administration had drawn up detailed operational planning for a preemptive first strike, using nuclear weapons, on Iran:

> "The Pentagon, acting under instructions from Vice President Dick Cheney's office, has tasked the United States Strategic Command (STRATCOM) with drawing up a contingency plan to be employed in response to another 9/11-type terrorist attack on the United States. The plan includes a large-scale air assault on Iran employing both conventional and tactical nuclear weapons. Within Iran there are more than 450 major strategic targets, including numerous suspected nuclear-weapons-program development sites. Many of the targets are hardened or are deep underground and could not be taken out by conventional weapons, hence the nuclear option. As in the case of Iraq, the response is not conditional on Iran actually being involved in the act of terrorism directed against the United States. Several senior Air Force officers involved in the planning are reportedly appalled at the implications of what they are doing - that Iran is being set up for an unprovoked nuclear attack - but no one is prepared to damage his career by posing any objections."[170]

Less than two weeks after these revelations, sources within German Federal Intelligence Services corroborated the same to former National Security Agency analyst Wayne Madsen. They confirmed that the Pentagon planned to target Iranian nuclear and military facilities "with heavy saturation bombing using bunker buster bombs and tactical nuclear weapons", an attack "coordinated with urban and rural critical infrastructure sabotage carried out by elements of the People's Mujaheddin (MEK), Pentagon Special Operations units, and other Iranian dissident groups." The plan includes attempts to incite rebellions among Iran's minorities, such as Azeris and Turkmenis in the Caspian Sea region, Iranian Kurds along the

Iraqi-Turkish borders, and Baluchis along the Pakistani border. The end-game of the military strategy, however, is to "grab Iran's southwestern majority Arab and oil-rich Khuzestan Province."[171]

Another week later, President George W. Bush appeared on Israeli television to announce that "all options are on the table", including a military strike against Iranian nuclear facilities by US or Israeli forces, if the regime fails to "comply with international standards."[172] In the same year, considerable evidence emerged suggesting that the US planned to allow a military attack on Iran to be launched by Israel.[173]

By 2006, however, although the operational dimension of these war plans remain active, the focus had once again shifted back onto the notion of a lightning pinpoint strike on specific Iranian military and/or nuclear facilities. In August that year, Vice-President Dick Cheney proposed "launching airstrikes at suspected training camps in Iran." By December 2006, the option of attacking specified Iranian nuclear sites was raised by President Bush in a Pentagon meeting with the Joint Chiefs of Staff.[174]

In September 2007, further details of the options being explored by Vice-President Cheney were revealed in the *Sunday Telegraph*, which reported that:

> "Senior American intelligence and defense officials believe that President George W Bush and his inner circle are taking steps to place America on the path to war with Iran... Pentagon and CIA officers say they believe that the White House has begun a carefully calibrated programme of escalation that could lead to a military showdown with Iran..."

Vice-President Cheney "is said to advocate the use of bunker-busting tactical nuclear weapons against Iran's nuclear sites." A senior intelligence officer described "two major contingency plans" for air strikes on Iran: "One is to bomb only the nuclear facilities. The second option is for a much bigger strike that would - over two or three days - hit all of the significant military sites as well. This plan involves more than 2,000 targets."

One prime target for initial strikes is identified as "the Fajr base run by the Iranian Revolutionary Guard Quds Force in southern Iran, where Western intelligence agencies say armour-piercing projectiles used against British and US troops are manufactured." Military experts warn that the strikes will not end there, but will lead to an escalation of conflict likely to intensify the probability of nuclear warfare: "Under the theory - which is gaining credence in Washington security circles - US action would provoke a major Iranian response, perhaps in the form of moves to cut off Gulf oil supplies, providing a trigger for air strikes against Iran's nuclear facilities and even its armed forces."[175]

The US administration has managed to secure at least support in principle, and in many cases logistical and technical assistance, from Britain, France and Germany in Europe, and from Israel, Turkey, Azerbaijan and Georgia within the region, for military strikes on Iran.[176]

Despite the presentation of an initial strike option as a quick, 'limited' military strike on specific Iranian facilities designed to "disrupt" Iranian military and/or nuclear development for perhaps months or years, Iran would necessarily respond militarily in what it perceives to be self-defence. Iran's military response would in turn invite further US or Israeli retaliatory measures. This, in turn, would result in an inevitable escalation of military conflict between the parties, an escalation that is likely to spiral out of control.

6.3 Regional Impact of Military Intervention

First and foremost, of course, is the question of whether military intervention would achieve its stated objective of disrupting an alleged covert Iranian nuclear weapons programme (for which there remains no evidence). Expert analysis strongly indicates that military strikes, both 'limited' and of a wider nature, would fail completely to achieve this stated objective. On the contrary, it would more likely achieve the opposite. A detailed critical analysis of the prospects for success of a US and/or Israeli military strike on Iran is provided by US physicist and former UN weapons inspector David Albright of the Institute for Science and International Security (ISIS):

> "An attack against Iran, large or small, is likely to worsen the already dangerous situation in the region and undermine larger US strategic objectives throughout the world. Short of an invasion and occupation of Iran, an option no one is advocating, an attack on Iran is also a false promise because it offers no assurances that an Iranian nuclear weapons program would be substantially or irreversibly set back.
>
> Targeted strikes against the sites affiliated with Iran's nuclear fuel cycle would certainly set back for a number of years Iran's heavy-water reactor construction project at Arak and its ability to convert large amounts of uranium ore to uranium hexafluoride at Isfahan. They would also likely destroy Iran's centrifuge plant at Natanz, notwithstanding its hardening against such attacks.
>
> But the survivability of an Iranian nuclear weapons program does not rest entirely on those sites - knowledge and experience are transferable, centrifuges are replicable. Iran could rapidly reconstitute its gas centrifuge efforts elsewhere at smaller, secret sites if it has not already begun to do so...
>
> It should be assumed that Iran would remove key equipment and materials from its known nuclear sites in anticipation of an attack and may already maintain redundant capabilities for key centrifuge components... Iran needs only to ensure that less than 10 percent of its stock survives any raids in order to have enough material to make three nuclear weapons. In anticipation of military strikes, Iran could quickly move much of its uranium hexafluoride to safe sites, and some could find its way to a covert enrichment facility. Similarly, Iran could quickly evacuate key equipment, any enriched uranium, and components from Natanz.

> In short, destroying the facilities without the equipment and materials would not set back the enrichment part of the program significantly. Moreover, rather than possibly delaying or making it impossible for Tehran to carry out a final decision to make nuclear weapons, an attack might force the Iranian leadership's hand. Iran would almost certainly kick out IAEA inspectors and, freed of any international restraints, might well accelerate any weaponization efforts, launching a Manhattan Project-style undertaking in defense of the homeland. In such a case, the United States would likely be forced to launch and sustain a long, costly war against Iran.
>
> In the case that the United States launched a broader attack, causing far more destruction of Iranian infrastructure and disruption of the leadership's ability to retaliate, the United States would be faced with the same problem. There would simply be no assurance that Iran's ability to make nuclear explosive material would be significantly curtailed as long as it possessed covert facilities or the means to build and operate them. Finding them would be like looking for a needle in a haystack."[177]

Similarly, a study by the Center for Non-proliferation Studies (CNS) at the Monterey Institute of International Studies concluded that:

> "Such an attack would likely embolden and enhance Iran's nuclear prospects in the long term. In the absence of an Iranian nuclear weapon program, which IAEA inspectors have yet to find, a preemptive attack by the United States or Israel would provide Iran with the impetus and justification to pursue a full blown covert nuclear deterrent program, without the inconvenience of IAEA inspections. Such an attack would likely be seen as an act of aggression not only by Iran but most of the international community, and only serve to weaken any diplomatic coalition currently available against Iran."[178]

This is also confirmed by David DeBatto, former US Army Counterintelligence Special Agent and Iraq War veteran, who asks:

> "Will this military action stop Iran's efforts to develop nuclear weapons? Probably not. It will probably not even destroy all of their nuclear research facilities, the most sensitive of which are known to be underground, protected by tons of earth and reinforced concrete and steel designed to survive almost all attacks using conventional munitions. The Iranian military and Revolutionary Guard will most likely survive as well, although they will suffer significant casualties and major bases and command centers will undoubtedly be destroyed."[179]

Given that a military attack on Iran would have no meaningful effect in terms of destroying Iranian nuclear programmes, and would more likely encourage Iran to believe that a nuclear weapons capability is a desirable option given US preference for a pre-emptive attack perhaps involving first-strike nuclear weapons, then the strategic utility of a war on Iran is nonsensical. However, this contradiction can be resolved if the possibility is recognized that averting alleged Iranian nuclear weaponization is not necessarily even a primary goal for the US administration. In this case, the macro-economic and geopolitical processes described previously would provide a far more overwhelming motivation, with the

spectre of nuclear weaponization providing instead a convenient focal point to develop a domestic and international ideological framework conducive to war preparations that otherwise would be deeply unpopular and difficult to justify politically and ethically.

The next question regards the impact of a US military strike on Iran in the Middle East and on the international system as a whole. The problem here is that US military experts are already fully aware that any attack on Iran, however 'limited', will inevitably escalate beyond control with unpredictable consequences that can only be tentatively explored. The issue here is not whether the US and/or Israel could 'win' such a war, but ultimately, the fact that the costs of such a war, even assuming a 'win', would be so tremendous, that they would most likely result in a regional conflagration that could paralyse the international system for years to come, and whose long-term consequences would be an intensification of warfare, terrorism, and nuclear proliferation the likes of which the world has never seen.

According to *Newsweek* reporting in late 2004, "the CIA and DIA have war-gamed the likely consequences of a US pre-emptive strike on Iran's nuclear facilities. No one liked the outcome. As an Air Force source tells it, 'The war games were unsuccessful at preventing the conflict from escalating.'"[180] It is precisely for this reason that senior Pentagon officials have consistently opposed Vice-President Cheney's plans for launching military strikes on Iran. They point to the fact that the administration has failed to "make clear decisions about how far the United States would go in escalating the conflict with Iran." Disturbingly, one Pentagon insider revealed that the Cheney plan was viewed as "a ploy to provoke Iranian retaliation that could be used to justify a strategic attack on Iran."[181] Similarly, former Bush adviser Michael Gerson reports that: "The Defense Department fears what is called 'escalation dominance' - meaning that in a broadened conflict, the Iranians could complicate our lives in Iraq and the region more than we complicate theirs." In what direction, then, is this escalation likely to go?[182]

The US and NATO countries have amassed an unprecedented military presence in the Middle East, including Carrier Strike Group 12 led by nuclear powered aircraft carrier USS Enterprise; Eisenhower Strike Group – another nuclear powered aircraft carrier accompanied by military vessels and submarines; Expeditionary Strike Group 5 with multiple attack vessels led by aircraft carrier USS Boxer, the Iowa Jima Expeditionary Strike Group, and the US Coast Guard.[183]

Iran's ability to respond in the event of any attack by the US, Israel, or both, has always been known to be far-reaching, with destabilizing consequences for the entire region. Studying the potential scenarios, the Monterey Institute of International Studies concluded that: "Iran is not only capable but very likely to respond to a pre-emptive attack on its nuclear facilities." Indeed, a US or Israeli attack, the study argued, will "almost certainly" elicit "immediate retaliation," including a missile counterattack on Israel and US bases in the

Persian Gulf, an attempt to destabilize Iraq, Saudi Arabia and other Persian Gulf states with significant Shia populations, and rocket attacks on Northern Israel by Hizbullah. Iran also has the military capability to target US bases in Oman, Qatar, Kuwait, and Iraq, as well as Israeli cities.[184]

Iranian attacks of this kind will elicit further US and/or Israeli airstrikes on Iran, whose targets will increasingly widen to include not simply nuclear facilities, but more general military and government facilities, as well as general civilian infrastructure, including especially Iran's national electric grid and transport facilities. From this point on, escalation will be exponential. As the US/Israeli war effort would categorically exclude ground troops, air strikes – reportedly targeting from 2,000 to 10,000 targets inside Iran – would inevitably inflict punishing destruction on Iran's defence and civilian infrastructure. This would be the case in any event as Iran's nuclear facilities are widely dispersed around the country. Moreover, the lack of ground forces by which to enforce Iran's capitulation, along with Iran's ability to mobilize immense infantry forces (up to several hundred thousand), would invite American deployment of heavy bombers armed with anti-personnel weapons. Moreover, US and/or Israeli aircraft will not have free reign over Iranian airspace. Iran has been actively developing a modern integrated anti-aircraft system. In 2006, Iran completed the construction of an anti-aircraft laser warning system, and in January 2007 had purchased from Russia 29 Tor-M1 air-defence missile systems, followed by a further purchase by the end of the year of the S-300 anti-aircraft missile defence system.[185]

As former US counterintelligence officer David DeBatto observes:

> "… there will be significant US casualties in the initial invasion. American jets *will* be shot down and the American pilots who are not killed *will* be taken prisoner - including female pilots. Iranian *Yakhonts 26, Sunburn 22 and Exocet missiles* will seek out and strike US naval battle groups bottled up in the narrow waters of the Persian Gulf with very deadly results. American sailors *will* be killed and US ships *will* be badly damaged and perhaps sunk. We may even witness the first attack on an American Aircraft carrier since World War II."[186]

Western casualties would then lead to further escalation, including increasingly intense and indiscriminate bombing raids against a wider variety of Iranian targets. The massive Iranian military and civilian losses inflicted in this process would create uproar throughout the Muslim world in the Middle East and Central Asia. According to General Leonid Ivanosh, former Joint Chief of Staff of the Russian Armed Forces: "The planned offensive will entail a consolidation of forces not only in Iran, but also in other Muslim countries and among the public throughout the world. The support for the country suffering from the US-Israeli aggression will soar. Certainly, Washington is aware that the result will be not the strengthening, but the loss, of the US positions in the world."[187]

The eruption across the Muslim world is likely to especially afflict traditional zones of conflict, particularly in Iraq, the Occupied Territories and Lebanon. Iraq especially will be susceptible to massive uprisings, partially assisted by Iran, against US occupation. A pre-emptive US and/or Israeli attack on Iran would rapidly and effectively radicalize Iraq's predominantly Shi'ite population, transforming internal sectarian strife into a protracted populist war of resistance against US occupation. US supply lines, which run through southern Iraq from Kuwait via civilian truck convoys, would be endangered, jeopardising the occupation. Former head of Middle East intelligence at the Defense Intelligence Agency Patrick Lang notes:

> "If the route is indeed turned into a shooting gallery, these civilian truck drivers would not persist or would require a heavier escort by the US military. It might then be necessary to 'fight' the trucks through ambushes on the roads… A reduction in supplies would inevitably affect operational capability. This might lead to a downward spiral of potential against the insurgents and the militias. This would be very dangerous for our forces."

Such circumstances would be fatal. Air re-supply would be unable to exceed 25 per cent of daily requirements, meaning that US forces would inevitably run low on supplies. Up to tens of thousands of soldiers would be required to defend the 400 to 800 miles supply routes. Supply trucks are, Lang points out, "defenseless against many armaments, such as rocket-propelled grenades, small arms, and improvised explosive devices." US troops would be unable to mount an effective defence of a "long, linear target such as a convoy of trucks" against guerrillas "operating in and around their own towns." He emphasises: "Without a plentiful and dependable source of fuel, food, and ammunition, a military force falters. First it stops moving, then it begins to starve, and eventually it becomes unable to resist the enemy."[188]

Simultaneously, depending on the extent of Israeli involvement, Israel would be likely to face a barrage of modified Shahib-3 missiles from Iran, and Katyusha rockets from Hizbullah across the Lebanese border. Israel's much vaunted missile defense system would ultimately be incapable of shielding from all such attacks. Hizbullah's capacity to engage in a protracted and successful guerrilla campaign against Israel was proven decisively in the 2006 war. As former MI6 officer Alastair Crooke observed: "The Arab armies of 1967 fought for six days and were defeated. The Hezbollah militia in Lebanon fought for 34 days and won."[189]

Syria, which signed a defence agreement with Iran in 2004, is also likely to be emboldened to intervene, not only indirectly in Iraq, but by opening a separate front against Israel. In DeBatto's projected scenario:

> "Israel… is attacked by Hezbollah in a coordinated and large scale effort. Widespread and grisly casualties effectively paralyze the nation, a notion once thought impossible. Iran's newest ally in the region, Syria, then unleashes a barrage of over 200 Scud B, C and D missiles at Israel, each armed with VX gas. Since all of Israel is within range of these Russian built weapons, Haifa, Tel Aviv, Jerusalem and virtually all major civilian centers and several military bases are struck, often with a result of massive casualties.
>
> The Israeli Air Force orders all three squadrons of their F-16I Sufa fighter/bombers into the air with orders to bomb Tehran and as many military and nuclear bases as they can before they are either shot down or run out of fuel. It is a one way trip for some of these pilots. Their ancient homeland lies in ruins. Many have family that is already dead or dying. They do not wait for permission from Washington, DC or US regional military commanders. The Israeli aircraft are carrying the majority of their country's nuclear arsenal under their wings."[190]

As waves of populist Muslim anger sweep across the Middle East and Central Asia, key states such as Pakistan, Saudi Arabia, Jordan, Egypt, and Turkey already suffering from deep-seated internal political instabilities, are likely to face unprecedented internal chaos. An Iran War involving Israel is exactly the kind of event that could tip these instabilities over into full-scale uprisings. As noted by Rami G. Khouri, Director of the Issam Fares Institute at the American University in Beirut, there is now a new "tone of defiance, resistance and self-assertion" on the Arab street. Increasingly, he reports, "a majority of Arab citizens identifies with a combination of Islamist and Arab nationalist sentiments, and this majority increasingly asserts itself and refuses to remain docile and acquiescent in the unsatisfying prevailing political order." We are therefore, "at the beginning of a period of sustained change, and some turbulence, throughout the Middle East."[191] According to Canadian military analyst and former Navy officer Gwynne Dyer, who has lectured in military history at the Royal Military Academy at Sandhurst and Oxford University, growing financial crises, political instabilities and energy insecurity alone are likely to dramatically intensify the vulnerability to collapse of Muslim dictatorships across the Gulf region over the next five years, and well within the next decade. An escalating war on Iran would accelerate this process with immediate effects.[192]

The fall of Egypt and Turkey, almost certain in these circumstances, to vastly more radical and anti-Western forces would effectively cut-off US forces from traversing these primary entry and exit points to and from the region.[193] The Saudi dynasty is particularly vulnerable to collapse,[194] as is the Pakistani caretaker government,[195] both of which are likely to be co-opted and radicalised by extreme anti-Western forces. Since 2003 Pakistan has had a secretive defence agreement with Saudi Arabia which includes the sharing of nuclear and missile technology, and specifically tasks Pakistan with the protection of the Saudis from nuclear attack.[196]

The overwhelming danger is the role of nuclear Pakistan, which has a large volume of financial and energy interests in Iran, and which in a climate of extreme political pressure

amidst an international war with the US and Israel, may well be emboldened to retaliate against Israel using nuclear weapons. This is a stark possibility which unfortunately US strategists, unfamiliar with regional dynamics, have failed to explore.[197] The probable collapse of any of the governments mentioned here would also embolden uprisings throughout the region, sparking a domino effect that could see the collapse not only of Saudi Arabia and Pakistan, but of a whole string of formerly-friendly Muslim states. Depending on how far this process unfolds, the US and Israel would see not only the dramatic opening of a large multiplicity of war-fronts across different regions simultaneously, the probability of this escalated international warfare remaining conventional would be seriously diminished.

Oil and gas installations throughout the Persian Gulf, along with regional US bases, would probably be directly targeted by Iranian missiles and other local Muslim forces. According to the Saudi Ambassador to the United States, Turki al-Faisal – the country's former intelligence chief – in the event of a strike on Iran, "the whole Gulf will become an inferno of exploding fuel tanks and shot-up facilities."[198] US access to and control over strategic oil and gas reserves throughout the region would be challenged, requiring corrective US military action to directly control them. In some cases, this might require more than simply aerial bombing, namely the necessity of protracted ground invasion and occupation, leading to long-term guerrilla warfare with hostile local populations receiving massive civilian casualties, and US forces facing equally unacceptable infantry casualties.

Specifically, Iran is likely to take action in the Persian Gulf itself - a narrow channel, about 1000 km long, only 56 km wide at its narrowest point, and never deeper than 90 meters. Iran's arsenal of Russian-supplied Sunburn anti-aircraft carrier cruise missiles and China-supplied silkworm missiles, guided by its team of Russian and North Korean-supplied submarines, would attempt to destroy shipping across the Persian Gulf including potentially inflicting significant damage on US aircraft carriers. Iran has also successfully tested a variety of new weapons. Although their actual implementation in real-time combat is another question, their successful testing poses a new challenge. The new weapons include the Shahab 2 surface-to-surface ballistic missiles; Fajr-3 mobile-launched, unguided and radar-undetectable artillery rockets; the remote-controlled Kowsar anti-aircraft carrier missile whose searching systems cannot be scrambled; the Hoot underwater torpedo which reportedly travels a 100m per second (the fastest in the world) and appears to be a modified version of the Russian Shkval missile whose auto-pilot system apparently has no known countermeasures.[199] Using this arsenal, as the conflict escalates, Iran would – by no means immediately but in response to a large-scale US and/or Israeli counter-assault on its military and/or oil infrastructure - almost certainly shut down the Strait of Hormuz, as it has threatened to do in the event of an attack. The Strait is the only way in and out of the Gulf and the supply transit route for up to 40 per cent of the world's oil. Iran would also be tactically

capable of striking against US carriers and carrier groups in the Strait, and in the Persian Gulf, and is likely to receive military assistance from Russia, China, India and Pakistan.

In August 2002, the Pentagon war gamed exactly such a scenario for an unidentified "rogue state". At the time, journalists speculated that the war game, Millennium Challenge was for the then impending war on Iraq to topple Saddam Hussein. However, the weapons deployed by that "rogue state" were inconsistent with Iraq – the subject of the war game was in fact Iran. As the *San Francisco Chronicle* reported, "Hussein doesn't possess such weapons. But neighboring Iran - against which the game reportedly was aimed - has a powerful air force and navy armed with Chinese-made missiles." The *Chronicle* described the sobering results of the $250 million war game:

> "As 130 US and allied ships ply the Persian Gulf, the stunning defeat inflicted on the fleet in a recent war game raises the sobering question: Is the US Navy cruising for a bruising in gulf? ... Marine Corps Lt. General Paul Van Riper... played the role of enemy commander ... The little noticed war game was based on an eerily familiar scenario: A US-led fleet has steamed into the gulf to dislodge the dictator of a rogue nation. But before the sands had run out on an American ultimatum, Van Riper's simulated evildoers attacked the US ships with theater ballistic missiles, swarms of small, fast attack boats and ship- killing cruise missiles. By the time the virtual dust had settled, Van Riper's sneak attack had sunk 16 US ships and damaged many more in the worst naval defeat since Pearl Harbor."[200]

To save face, the Joint Forces Command re-ran the war game with new rules designed to limit the tactics available to Riper, allowing the US to win.[201] The US already views the shut down of the Strait of Hormuz as an unparalleled threat. Standard military doctrine and operational planning for the Persian Gulf illustrates that the US will respond to any such action by Iran with overwhelming force. To cut off this oil supply, Iran can simply mine the Strait of Hormuz using bottom-rising sea mines - Iran has the world's fourth-largest inventory of sea mines, after China, Russia and the US. Combined with sea mines, Iran can also block the narrow strait with supersonic cruise missiles such as Yakhonts, Moskits, Granits and Brahmos deployed on Abu Musa Island and along the Iranian coastline fronting the Persian Gulf. The US, Japan (which derives 90 per cent of its oil supply) and Europe (which derives about 60 per cent of its oil supply from the Persian Gulf) would be severely affected. A shut down of the Strait of Hormuz, shutting down the bulk of the world's oil supply, would provoke tremendous fuel price hikes and send fatal shockwaves reverberating throughout the global financial system, paving the way for a massive global recession and immediate free-fall of the dollar. Other oil-producing countries, including Saudi Arabia, would barely be able to increase production anywhere near the amounts required to cap off soaring oil prices. OPEC President Chakib Khelil has confirmed that the cartel does "not have enough spare

capacity to replace Iranian oil if Tehran were to cut exports due to an attack", let alone a prospective shut down of the Strait of Hormuz.[202]

Even the release of US (and other) Strategic Petroleum Reserves would fail to alleviate this crisis, as the amount of oil that would need to enter the market if permitted to flow freely would quickly deplete reserves. Currently, the Reserves contain 700 million barrels of oil which the US administration intends to increase, not deplete, to 1.5 billion barrels. The extent to which the administration would display the political will to permit the Reserves to be released, and whether they would do so for a prolonged period (the duration of significant Iranian disruption to the Strait of Hormuz and the Persian Gulf could be at least several weeks, and is likely to be much longer if the conflict escalates regionally) is unclear, given that the US has "less than enough stocks to cover 60 days of imports." Similar questions arise for the effectiveness of the International Energy Programme, an emergency contingency plan for the controlled release of strategic oil stocks. As Stanford University energy expert David Victor points out, "Nobody knows how the IEA's procedures would really work in a serious crisis, but the signs are not auspicious. With spare capacity at its lowest ever, when governments next face an oil shock, they will be even more likely to adopt policies favoring their particular interests over the collective good than they did in the wake of the crises in the 1970s."[203]

Further, releasing oil from the reserves might well do nothing to affect the reaction of financial markets, which is not always rational and would respond to a Middle East crisis in a crescendo, as DeBatto points out:

> "The day after the invasion Wall Street (and to a lesser extent, Tokyo, London and Frankfurt) acts as it always does in an international crisis – irrational speculative and spot buying reaches fever pitch and sends the cost of oil skyrocketing. In the immediate aftermath of the U.S. invasion of Iran, the price of oil goes to $200.00 - $300.00 dollars a barrel on the open market. If the war is not resolved in a few weeks, that price could rise even higher. This will send the price of gasoline at the pump in this country to $8.00-$10.00 per gallon immediately and subsequently to even higher unthinkable levels."

This is a key reason that China and Russia have nurtured intimate economic, cultural, diplomatic and military ties with Iran. As Brigadier-General (ret.) Victor Corpus, former Head of Intelligence of the Armed Forces of the Philippines points out:

> "Without oil from the Gulf, the war machines of the US and its principal allies will literally run out of gas… It will surely drive oil prices sky high. Prolonged high oil prices can, in turn, trigger inflation in the US and a sharp decline of the dollar, possibly even a dollar free-fall. The collapse of the dollar will have a serious impact on the entire US economy."[204]

The probability of this scenario is exacerbated precisely due to the fact that the global financial system is already in a state of crisis. While the Bank of International Settlements has

warned that the financial system is on the verge of another Great Depression to rival in scale that of the 1930s – an economic crisis that precipitated the Second World War, other financial analysts point out that the $62 trillion Credit Default Swap bubble is on the brink of unravelling in the wake of the comparatively minor sub-prime housing crisis. This intense vulnerability in the dollar-denominated US-dominated world economy dramatically raises the probability of a dollar free-fall in the wake of a Middle East conflagration along the lines outlined. Such a global economic dislocation in itself would greatly weaken the US both politically and militarily.[205] The failure of policymakers to account for these probabilities and vulnerabilities is due to a generalised lack of understanding of the wider structural context of energy and financial crises. Unable to grasp their dynamic, their projections of a prospective Iran war are unable to acknowledge their potentially catastrophic, and converging, impacts.[206]

In DeBatto's view, in a worst-case scenario, the effects on the US could be irreversible breakdown of social order even if these circumstances prevail for just less than a month:

> "If that happens, this country shuts down. Most Americans are not able to afford gas to go to work. Truckers pull their big rigs to the side of the road and simply walk away. Food, medicine and other critical products are not be brought to stores. Gas and electricity (what is left of the short supply) are too expensive for most people to afford. Children, the sick and elderly die from lack of air-conditioned homes and hospitals in the summer. Children, the sick and elderly die in the winter for lack of heat. There are food riots across the country. A barter system takes the place of currency and credit as the economy dissolves and banks close or limit withdrawals. Civil unrest builds."[207]

Thus, the costs of war would multiply and converge dramatically, not only in terms of sustaining US forces in the region, but even in terms of sustaining civil order at home. Similar scenarios are plausible for other Western states. Further, the application of US force to counter Iranian control of the Strait is an uncertain question. While Clawson and Eisenstadt of the Washington Institute for Near East Policy, for instance, manage to retain a studious optimism that the US would easily be capable of virtually annihilating the Iranian navy, they ignore significant factors.[208] An irregular pattern of minesweeping would make US efforts at minesweeping and detection an exceedingly difficult and painstaking process rendering US ships vulnerable to Iranian attacks. Further, the US minesweeping ships already stationed in nearby Bahrain, ready for Gulf operations, suffer from serious technical problems including dysfunctional mine warfare hardware "hampered by cracks and leaks in equipment, damaged wires and cables, faulty indicators and exposed electrical wiring."[209] In the scenario outlined by DeBatto:

> "Just after the first waves of US bombers cross into Iranian airspace, the Iranian Navy, using shore based missiles and small, fast attack craft sinks several oil tankers in the Straits of Hormuz, sealing off the Persian Gulf and all its oil from the rest of the world.

> They then mine the area, making it difficult and even deadly for American minesweepers to clear the straits. Whatever is left of the Iranian Navy and Air Force harasses our Navy as it attempts minesweeping operations. More US casualties."[210]

The assumption that US forces would quickly and easily re-open the Strait is therefore deeply questionable. Also questionable is the recommendation, forwarded by Clawson and Eisenstadt, that attacking Iran's own oil production infrastructure would provide a powerful pressure on Iran to cease its nuclear programme by cutting off its source of international revenue. As they concede, "Iran has sufficient foreign exchange reserves to get by for more than a year" without oil export revenues. Yet they speculate that losing oil revenue would come as a "political shock." [211] This is simply untenable – like the US, Iran is fully aware that a US and/or Israeli military intervention is likely to escalate beyond initial focusing on select nuclear installations, to target Iran's strategic military and economic infrastructure, including oil facilities. Ultimately, this would only do the opposite, by guaranteeing that Iran's oil would be unable to enter the world market, fuelling financial speculation, exacerbating oil price hikes, and intensifying the weakness of the dollar. With its oil industry devastated, Iran would be compelled to doggedly pursue the development of its nuclear energy and gas export capabilities, and in the aftermath of such an attack would finally be convinced of the rationality of pursuing nuclear weapons as a deterrent to future strikes. Indeed, any limited oil exports that Iran might still be capable of organising would, in the context of higher oil prices – which might well triple after such a military strike according Saudi estimates – only multiply the scale of revenues available to Iran from these oil sales.[212]

With thousands of US personnel in Iraq facing hostile forces not only in that country, but throughout the region to the East and West, and with the Strait of Hormuz potentially closed off, they would face a difficult and costly extraction process, either through Turkey, Egypt or Saudi Arabia. All three countries would be facing unprecedented political instability and internal pressures, making such a retreat exceedingly difficult, and likely to flare up further protests and potential uprisings. With retreat either impossible, or politically flammable, and US forces in the region experiencing difficulties in resupply; and with Israel under threat as never before, both the US and Israel are increasingly likely to obtain security by applying nuclear weapons, and ruthlessly dispensing any attention to the Geneva Conventions. Indeed, the growing conflagration across the Middle East and an Iranian shut-down of the Strait of Hormuz, along with significant retaliations against the US presence in the Persian Gulf, would most likely be used to justify an unprecedented application of military force by US and Israeli forces across the region. As former German intelligence officer Paul Levian points out, Chinese and Russian war games predict that the US will fight a dirty war:

> "An initial Israeli air attack against some Iranian nuclear targets, command and control targets and Shahab missile sites. Iran retaliates with its remaining missiles, tries to close the Gulf, attacks US naval assets and American and British forces in Iraq. If Iranian missiles have chemical warheads (in fact or presumed), the US will immediately use nuclear weapons to destroy the Iranian military and industrial infrastructure. If not, an air campaign of up to two weeks will prepare the ground campaign for the occupation of the Iranian oil and gas fields.
>
> Mass mobilization in Iraq against US-British forces will be at most a nuisance - easily suppressed by the ruthless employment of massive firepower. And Israel will use the opportunity to deal with Syria and South Lebanon, and possibly with its Palestinian problem. The character of this war will be completely different from the Iraq war. No show-casing of democracy, no 'nation-building', no journalists, no Red Cross."[213]

Yet just as the US willingness to apply overwhelming force will increase, so too will the radicalisation and willingness of local populations to rout US forces in the region. Given that US government sources have already revealed US and Israeli plans to consider mobilising at the very least mini-nuclear weapons in a first-strike, at every step of the way toward escalation, the probability of a regional nuclear conflagration is intensified incalculably. The destruction of Iranian nuclear facilities and the radioactive fall-out that will inevitably result in itself might be viewed by Pakistan, for instance, as an effectively nuclear attack requiring a nuclear response. Certainly, an overtly nuclear US and/or Israeli assault would immediately exert enormous pressure on Pakistan, whose political allegiances are already in fundamental question, to assist Iran by launching a nuclear retaliation on Israel. In any such escalation, the cycle of mutual nuclear violence would arrive inexorably, and with unanticipated speed, at the conclusion of mutually-assured-destruction. Rosy predictions of the survival of Israel in this context border on the fantastical, having failed to account for these critical variables.[214]

Given the catastrophic import of a military strike on Iran, the question remains as to why the US administration would continue to seriously consider it as a viable option. The macro-economic, geopolitical and resource-supply context suggests that a war on Iran will not be attempted except, in the eyes of the US administration, as an absolute last resort responding to specific circumstances: namely, if it is believed that current energy and economic crises will accelerate and intensify in such a manner as to converge in a massive blow to US energy security and financial integrity within the next few years. In other words, if the world peak in oil production along with other impacts of financial speculation and so on generate a fuel security crisis which combines with a plummeting value in the dollar – both of which would signify an unprecedented and potentially permanent collapse in American global pre-eminence purely due to the unfolding of internal systemic failures within the global political economy – a war on Iran might be viewed in this context as a last resort mechanism by which to re-establish US power by consolidating control over Persian Gulf oil supplies.

Given that there is no substantive evidence of an Iranian nuclear weapons capability, or even of intent to develop such capability, and given that military action would be futile in disrupting that capability without unleashing full-scale regional Armageddon, it is unlikely that the nuclear issue features very prominently in the US administration's motives for considering a war on Iran. The possibility of military success might be seen as a way of reinvigorating US power and demonstrating the mistaken nature of any attempts to move away from US political and economic influence, whereas the absence of any military intervention might be viewed as potentially condemning US pre-eminence to an inevitably dismal future of terminal decline and possibly even collapse. A war on Iran, then, would appear as the only remaining mechanism for the US administration to tip the balance back in its favour. If this analysis is accurate, then a war on Iran will be postponed until macro-economic, geopolitical and resource-supply trends independently generate circumstances in which the US administration comes to believe it is likely to suffer unprecedented and potentially permanent energy and economic crisis.

However, it suffices to point out that the preceding analysis illustrates that a war on Iran would only exacerbate and radicalise such a convergence of crises in unimaginable and inherently unpredictable ways, rather than providing the US with a genuine means to sustain pre-eminence. Russia, largely independent from an energy perspective, and China, which would be able to rely on exports from Kazakhstan while Iranian gas is offline, would probably emerge from such a conflict relatively unscathed, leaving the US, Britain, Western Europe and Japan economically subjugated and politically fragile. Indeed, a war is likely to create a scenario of unprecedented danger and complexity, fundamentally undermining US global power, and perhaps even contributing to the permanent erosion of international and domestic democratic structures of civil society, which would be re-written and re-mobilised for nuclear warfare and an ensuing state of permanent global conflict.

Summary of Findings & Recommendations

On the basis of the open source intelligence data and other relevant literature critically reviewed here, this report concludes that: 1) evidence suggesting Iran's intent to develop nuclear weapons is weak, and indeed, non-existent; 2) Western intelligence on Iran is deeply politicised and demonstrably characterised by institutional paranoia; 3) Iran's case for developing a peaceful nuclear energy programme is compelling; 4) the conventional opinion that Iran has actively concealed its nuclear energy programme for the last few decades from the international community is unfounded; 5) US, British and European diplomatic efforts have been deeply unsatisfactory; 6) the US administration's preference for a military solution is motivated by macro-economic and resource-supply issues, the nuclear issue providing a convenient *casus belli*; 7) the impact of such a military solution would, however, fatally undermine global security by creating region-wide destruction that could potentially fracture the global political economy with irreversible consequences while dramatically escalating the probability of a regional nuclear conflict.

On the basis of these findings, the following actions are recommended:

1. There is simply no serious evidence that Iran has a nuclear weapons programme, had one in the past, or intends to develop one in the future. Under the NPT Iran has the right to enrich uranium on its own soil. The international community should pursue a diplomatic solution based along the lines of the Fordham-Thomas MIT proposal, whose origins lie in the comprehensive policy solutions on multilateral controls for countries housing the whole uranium fuel-cycle proposed by the IAEA expert committee. These proposals meet international demands for transparency and permit round-the-clock intrusive monitoring and inspections, while meeting Iran's wish to enrich its own uranium on its own soil. Iran has already expressed its seriousness about this proposal several times over the last few years, only to be met with absolute silence from the international community.

2. The international community should see such diplomatic endeavours as a precursor to implementing the IAEA Expert Group's proposals on multilateral approaches to securing the peaceful nature of nuclear fuel-cycles among nations around the world. This would add credibility to the international community's opposition toward nuclear proliferation by establishing transparent mechanisms and facilitating the legitimate interests of countries to develop peaceful nuclear energy. In the context of

climate change and a coming oil crunch, the drive toward nuclear energy will continue to grow worldwide. Therefore, multilateral efforts are in any case urgently required to develop this process safely and consensually. The case of Iran provides an ideal case to implement this system for the first time.

3. Israel should recognise that the impact of an Iran war would be fundamentally detrimental to its security, and increase the probability of its annihilation in a major regional conflict. It should recognise that US support for a military solution to the nuclear stalemate vis-à-vis Iran is not concerned with Israeli survival, but with sustaining US pre-eminence in the context of looming global energy and financial crises which are undermining US global and regional influence. Israel should in this context cease its military planning for a military strike on Iran.

4. The international community should consider the potential consequences of the US administration's financing of covert operations conducted by anti-Shi'a groups across the Middle East, especially since much of this assistance has proceeded without US Congressional oversight to proliferate the activities of al-Qaeda affiliated terrorist networks, which is likely to indirectly contribute to the intensification of the threat of international terrorism. The US covert anti-Iran programme fundamentally undermines European diplomatic efforts, demonstrates that US interests are to promote 'regime-change' rather than finding a genuine diplomatic resolution of the nuclear stalemate, and thus makes a military solution more, rather than less, probable. This programme, which thus emboldens al-Qaeda and provokes Iran, should be halted.

5. The systematic failures of the current and past intelligence assessments of the US and international intelligence community on Iranian nuclear energy programmes should be the subject of independent public investigation by relevant oversight bodies. The politicisation of intelligence is clearly a systemic problem that entails the need for significant intelligence reforms. Under political pressure, the intelligence community is in danger of being compelled to generate inaccurate intelligence in the service of dubious political interests with little objective understanding of the complex dynamics of regional political, economic and cultural realities. A long-delayed Senate Intelligence Committee report released in June 2008 concludes not only that the Bush administration's repeated claims about the Iraq threat were false, but that administration officials systematically "painted a more dire picture about Iraq than was justified by available intelligence."[215] According to committee chair, Senator Jay

Rockefeller: "In making the case for war, the administration repeatedly presented intelligence as fact when in reality it was unsubstantiated, contradicted, or even non-existent. As a result, the American people were led to believe that the threat from Iraq was much greater than actually existed."[216] The politicisation of the American intelligence system that generated false information culminating in the 2003 Iraq War remains as entrenched as ever. This is a deep-seated problem which if allowed to continue will prevent intelligence agencies from assessing genuine threats with sufficient accuracy, free from undue political and ideological influence. An Iran war would be immeasurably devastating for US, Western, regional and international security. That the politicisation of intelligence prevents the intelligence community from coming to this conclusion unambiguously illustrates the gravity of the problem and the urgency of reforms.

6. Given the overwhelming significance of global energy and financial crises in galvanising the US administration preference for a military solution in Iran, and the imminence of their impact on the viable functioning of the global political economy, the international community must critically review the structural origins of these crises with a view to implement wide-ranging policy reforms as well as large-scale structural transformations of the world's energy and economic infrastructure. Rather than investing hundreds of billions of dollars in costly and ideologically-misconceived military adventures, this entails a) establishing an alternative avenue of investment in drastically reducing dependence on hydrocarbon energies by establishing a new infrastructure relying on cleaner, more efficient, renewable energy technologies; and b) recognising the fundamental role of the doctrines of unrestrained deregulation and liberalisation in generating the structural conditions that have incubated the corrupt, illicit and unaccountable financial practices behind the current economic crisis. The latter recognition should thus pave the way for deep-seated adjustments of the global financial system.

7. The US should, in this context, recognise that the emergence of a multipolar world is not merely inevitable, but already a geopolitical reality, denial of which will contribute only to the permanent breakdown of the international system. The international community should pursue cooperative efforts to develop new institutions and mechanisms by which to facilitate the consensual regulation of this new multipolar world in the interests of all nations, with a view to prepare for the current convergence of energy, financial, and other crises, whose origins lie in the present structure of the global political economy.

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