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3 Myths About the Iran Conflict

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Is there anything the West can do, short of a highly dangerous military option, to prevent Iran from going forward with its nuclear program? The answer is clearly yes.

Although a prolonged standoff with Iran over its nuclear program would pose significant problems for Western countries, including a probable rise in oil prices, the benefits of preventing a nuclear Iran would clearly outweigh the costs. We'd like to try to dispel some common myths on the subject.

· *Myth 1: Economic sanctions would hurt the West more than Iran.* The premise of this argument is that any sanctions imposed on Tehran would result in a dramatic rise in oil prices, hurting the economies of Western countries and undermining public support for the sanctions.

But while Iran holds the world's second-largest reserves of oil and gas and is the fourth-largest oil producer, it is in fact a net *importer* of refined oil products, including gasoline. And internal consumption of oil products in Iran is growing by 5.2 percent a year, far faster than its ability to increase refining capacity. This means that the levels of imports necessary to make the Iranian economy function will only increase over time. Thus, sanctions that prevented Iran from importing, say, refined oil products, including gasoline, could bring its economy to a grinding halt. Perhaps more important, the subsequent shortages would disproportionately affect President Mahmoud Ahmadinejad's political base, the urban underclass and lower-middle class, as well as the military.

No doubt there would be some cost to Western countries if Iran chose to retaliate by lowering or shutting down its oil production. But Iran would be unlikely to halt oil production for long, because under sanctions, it would depend more than ever on oil revenue to maintain its grip on power: As the economic situation in Iran worsened in response to sanctions, the government would have to rely on handouts and state assistance to maintain loyalty and support from the army and the general population.

Moreover, playing the oil card in a way that created a significant rise in oil prices would leave Iran isolated both in the Middle East and within OPEC. Most of the world's other oil producers, including Saudi Arabia, Venezuela and Russia, believe that a significant further increase in prices is likely to undermine oil revenue because of a likely decrease in oil consumption in the West. In the long term, such price spikes could encourage

investment in energy efficiency and renewable energy technologies, as happened after the oil shocks of the 1970s.

· *Myth 2: Russia and China would never go along with sanctions.* While persuading Russia and China to support sanctions might take some time and effort, these countries are unlikely to prove reliable allies for the Iranian regime.

Russia has little strategic interest in supporting the Iranian cause. While it may see Iran as a useful tool for balancing U.S. power in the Middle East, it has far more to fear from Iran's nuclear program in the long term than does the United States or Europe. Iran's support of Islamic fundamentalist terrorism across the Middle East and Central Asia is a direct challenge to Russian interests in territories that were part of the old Soviet empire and are still considered by Moscow to be within its sphere of influence. While playing the role of honest broker between Iran and the West certainly suits the Putin administration's goals of raising Russian prestige and influence, policymakers in Moscow are realistic about the challenges presented by Iran to Russia's long-term interests. While Russia is willing to search for a face-saving compromise, it is unlikely to support Iran to the bitter end.

The Chinese are also unlikely to stand in the way of a serious sanctions regime, particularly if forced to do so alone. While China has committed to substantial investments in Iran's oil and gas sector, it is unlikely to jeopardize its relationship with the United States and the European Union over the issue. Beijing also believes that while it should certainly let its views be known on important geopolitical issues, it is not yet ready to single-handedly resist the combined pressure of Western nations on an issue they consider of vital strategic importance to them.

· *Myth 3: Iran might respond to sanctions by irrationally lashing out at Israel and other U.S. allies.* One of the most dangerous assumptions about Iran is that it is acting irrationally or is led by people who do not calculate the potential costs and benefits of their actions. But in fact, while one can challenge the logic that leads the Iranian leadership to seek nuclear weapons in the first place, the Iranians have acted with complete rationality in seeking to achieve their objectives.

For example, Iran has been careful to escalate this crisis slowly over the past two years, engaging in protracted talks with the "E.U. Three." Recently, as the likelihood of Iran's being referred to the U.N. Security Council has increased, the Iranians have patiently probed for fissures among the Western allies by offering to restart negotiations with the Europeans. The Iranian leadership has meticulously cultivated allies in India and China by signing lucrative oil deals with both countries, and it has reached out to Syria, another isolated Middle Eastern state. Even in its choice of timing for the most recent escalation Iran chose a moment when Israel, a key regional adversary, appeared headed for political disarray. None of these has been the steps of an irrational actor.

Iran's seeming brinkmanship, relative, for example, to the actions of North Korea, another aspiring nuclear power, stems not from irrationality but from a sense that the

country has far more leverage over the West because of its oil wealth. At every step of the way, Iran has carefully calculated the likely response of its adversaries to various provocations and has tailored its approach accordingly.

The showdown with Iran over nuclear weapons is a difficult situation with few appealing options. But there are steps that can be taken to change Iran's calculations about the benefits of a nuclear weapons program. And while many of the options available could have significant effects on the global economy, the consequences for Iran would be far worse.

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