

US-Iran “Game of Chicken”: Iran Stays Firm despite UN Sanctions

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The Game of Chicken, is a model of conflict between two players in [game theory](#). It has both geopolitical and military applications. In the Game of Chicken, “the outcome where neither player yields is the worst possible one for both players.” (For a definition see [http://en.wikipedia.org/wiki/Chicken_\(game\)](http://en.wikipedia.org/wiki/Chicken_(game)))

After so many years of unilateral sanctions, the United States finally got agreement from major powers to impose multilateral sanctions on Iran by taking the case to the UN Security Council. Although this strategy is a change from the usual US unilateralism, it hasn't forced Iran to stop uranium enrichment.

On March 24, the UN Security Council issued resolution 1747 to extend sanctions on Iran, while demanding Tehran to halt its nuclear enrichment program within 60 days. This resolution is not much different from the previous one imposed in December, although it has been broadened to embargo Iran's weapons exports and to freeze assets of a significant number of individuals and organizations involved in Iran's nuclear and missile programs. In response, Iran announced that it will partially suspend its cooperation with IAEA and will proceed with its uranium enrichment and the processing of nuclear fuel.

Iran argues that it produces low level enriched uranium for nuclear fuel use, but the West claims Iran plans further enrichment suitable for making atomic bombs. Iran contends that it has an “inalienable right” under Article IV of the Nonproliferation of Nuclear Weapons Treaty to develop, research, and produce nuclear energy for peaceful purposes, and therefore the Security Council's resolutions mainly pushed by the United States are not justified.

Iran has indicated repeatedly that it will not suspend its uranium enrichment operation as a precondition for negotiations.

The 5 permanent members of the Security Council plus Germany are trying to impose their will on Iran via a body that is supposed to represent all member nations of the United Nations. To protect their own interests, they are demanding that a member nation of the UN give up its rights.

The US' allies are not much concerned about Iran's nuclear plan as is the United States. The US arguments do not seem to be taken seriously by other major powers. Some see it as the same pretext which led to invasion of Iraq. French President Jacques Chirac stated to 3 newspaper reporters in late January that “it would not be very dangerous for Iran to have a nuclear bomb.” Few weeks later in an indirect response to Chirac's critical comment, Vice President Dick Cheney said the US and its allies must not allow Iran to become a nuclear

power. He made these comments when in Sydney, at a joint news conference with Australian Prime Minister John Howard, on February 24. The hawkish Neo-con said: "all options are on the table and the military option is not ruled out." What will happen to the balance of power if someday Iran is able to make nuclear bombs? What will happen to the prices and financial markets if the US uses force against Iran?

BALANCE OF POWER IN THE MIDDLE EAST

There are some other countries in the region that already have nuclear bombs. Iran is now surrounded by nuclear states, from the West, Israel, from the East India and Pakistan, and from the North by Russia and from the South, the Fifth American fleet centered in Bahrain. As reported by Le Figaro, on Feb 28, the former French foreign Minister Roland Dumas commented "Balance of power is a factor in maintaining peace". Dumas said having a nuclear bomb is "a factor of balance in the region and having nuclear weapons is not an aggravating factor." And that can deter the "over-armed" Israel that has nuclear bombs not to attack other countries in the region.

Dumas went to Iran to discuss Iran's nuclear dossier with Ali Akbar Velayati who is one of the advisors in foreign affairs to Iran's Supreme Leader Ali Khamenei. Therefore, even if one assumes that Iran may be preparing to make nuclear weapons, which has been firmly denied by Iranian officials, such an outcome in fact may contribute to a balance of power and maintaining peace in the Middle East according to some political observers.

Another important question is: how do the United States and Britain want to convince Iran that it should not even pursue the development of nuclear technology for peaceful purposes while both countries are expanding their own nuclear weapon programs?

On March 2, 2007, it was reported that the United States plans to build a new generation of atomic weapons to renew its aging nuclear arsenals, although the full cost of it has not been announced yet. Also, on March 14, 2007, the British House of Commons approved building a new nuclear arsenal system worth \$39 billion. At the same time, they are pressing Iran to stop uranium enrichment.

Tony Blair said Britain must keep nuclear weapons because of a potential threat from Iran, North Korea, and the terrorists.

Are the Angola-Saxon allies entering into a cold war with a couple of weak Third World countries?

How is it possible to use nuclear bombs against terrorists?

Iran's total annual military spending has been estimated to be about \$7 billion as opposed to the United States defense budget of 499.4 \$ billion in 2006. That is almost half of all military spending in the world. In addition, the United States gives \$2.2 billion per year in the form of military aid to Israel.

A GAME THEORY MODEL OF IRAN-US CONFLICT

The US - IRAN conflict can be modeled as a form of non-cooperative game named *Game of Chicken*. In this game, one side can win by threatening the other. The US has used this strategy before with the former Soviet Union at the time of Cuban missile crisis in 1962.

Now, in this case, the US' stated goal is to prevent Iran from having the capability of producing nuclear weapons. The strategies are sanctions and the use of force for the US, and suspension and continuation of enrichment for Iran. There are four possible outcomes in this game as are shown in the following table:

IRAN

Suspension
Continuation

Sanctions
Compromise
US is defeated

UNITED STATES

Military Force
Iran is defeated
War

Game of Chicken Model of US - Iran Uranium Enrichment Conflict

1. The US has imposed sanctions and at the same time is threatening to use force against Iran so that Iran is obliged to compromise and suspends enrichment.
2. Iran is under sanctions, it can continue enrichment and the US does not use force. Iran has overcome US' threats, and has preserved its nuclear capability.
3. The US has frightened Iran by using military force, if Iran suspends uranium enrichment and the US attacks Iran any way, in this case, Iran will not keep its nuclear program and will suffer a disastrous defeat.
4. If the U.S. does use force and Iran responds, in that case it would be disaster for both sides. Iran assumes that the probability of war is very slim because the US is facing defeat in Iraq and engaging in another war with a bigger and much stronger state will be disastrous. Furthermore, the threat of force will increase oil prices and that is in Iran's favor while damaging to the US and its allies. Therefore, as of now Iran's position to continue with enrichment is a rational strategy.

US THREATENS IRAN WITH THE USE FORCE

One of the US objectives in the Middle East is domination of the region's entire oil resources. The only country that is not under US influence in the Persian Gulf region is Iran. The US wants to make Iran a client state again as it was under the Shah.

In February, the US accused Sepah-e Ghods, a unit associated with Sepah-e Pasdaran, of supplying weapons to anti-American militants in Iraq. Until now, the US has not directly targeted the clerical leaders of Islamic Republic namely Supreme Leader Ali Khamenei and former president Hashemi Rafsanjani. Instead, the US has pointed at President Mahmood Ahmadinejad who has stayed defiant against US threats. The US is building a case to justify probable use of military force against Iran. The US is trying to link Ahmadinejad and his affiliated Sepah-e Pasdaran with supplying weapons to anti-US militants in Iraq.

Ahmadinejad is especially popular among Iran's underprivileged class who were disappointed with former clerical presidents due to their inability to enhance economic welfare for the poor. As a result of US pressures, there have been some criticisms of Ahmadinejad's foreign policy. These criticisms are mainly from pro-Rafsanjani camp who are the wealthy merchants (bazaaries) and are mostly engaged in deal making in the retail sector in Tehran. They are using the nuclear issue to oppose Ahmadinejad. However, Ahmadinejad's constituencies are mostly the rural masses and urban poor Iranians who oppose Rafsanjani's dominance of the regime power structure. Rafsanjani has been recently under pressure because of his roles in previous political assassinations of dissidents at home and abroad. Also, it has been reported that Rafsanjani has been involved in ordering the 1994 terrorist bombing of a Jewish cultural center in Buenos Aires, Argentine. Furthermore, on March 23, Reuters reported that Rafsanjani's son Mehdi has accepted bribes from the French Oil Company Total when the company signed the South Pars gas field contract with Iran in 1997. These problems have caused Rafsanjani's political fortune to be in demise.

The Islamic Republic has gone under slight transition since Ahmadinejad was elected in 2005 as president. The West is now encountered with a president who is fully using his power. He has not yielded to the West as compared to the preceding clerical president Mohammad Khatami who had smiles on his face but was impotent to use his power. Khatami bowed out to the West by suspending the enrichment until he was replaced by Ahmadinejad. President Ahmadinejad has been able to mobilize Iranians behind him to challenge the West. The US pressures on Iran to stop its pursuit of nuclear technology has in fact strengthened the regime.

One can surely tell that Ahmadinejad has grassroots' support across the country by seeing the massive crowds gathered around him when he speaks at various provinces in Iran. He has promised to reduce the gap between the Iranian rich and poor. According to the Economic and Finance Minister Davoud Danesh Jafari, currently the ratio of the wealthy top 10th percentile income to the poor lowest 10th percentile income is about 16 times. By ceding parts of the state-owned enterprises shares in the form of "justice shares" to about 6 million poor Iranians, Ahmadinejad plans to improve distribution of income in the country.

The United States does not have good options to change the Islamic Regime. The use of military force is not a successful strategy in short term and in the long term the outcome will be much worst than Iraq. US already has troops in Iraq and some in Afghanistan. Redeployment of troops for ground attack won't be feasible because it will broaden the war throughout the entire region with no foreseeable outcome. It will also aggravate further the

bloodsheds in the previously occupied territories.

Another strategy is selective surgical air strikes at Iran's nuclear sights and major military installations, and even as has been speculated to involve using nuclear bombs. Such strategy may cripple some parts of Iran's nuclear and military installations but it may have far more dangerous consequences for the whole world, and will generate serious Iranian retaliations. Iran will exercise its own military muscles by disrupting the oil shipments in the Persian Gulf, and consequently cut the oil flow. That will cause severe shortage of oil supply for the US and its allies. Iran has said, in case of US military attack, it will target American interests anywhere possible.

On March 22, 2007, Iran's Supreme leader Ali Khamenei, in a speech in city of Mashad, said "If Security Council insists on us to halt our enrichment, that is illegal and in that case we will also pursue illegal action." That meant Iran will no longer be obligated to comply with NPT regulations. He further warned the United States that Iran will fight back with "its full capacities" if it were attacked. Iran has capability to target the US fleet in Persian Gulf and the US military bases in the region in Saudi Arabia, Kuwait, and Iraq.

In the past few months, Iran has accused the US and Britain for supporting ethnic minority rebels such as Blotches and Kurds against the Islamic Republic. It has been reported that the US is conducting a large-scale covert operation to destabilize the Islamic regime by using several guerrilla organizations. It has been said, CIA is funding the armed anti-government organization, including the Mujahedin-e Khalgh (MEK), a Kurdish group called Party for Free Life in Kurdistan (PJAK), and a blotchy/Sunni group called Jundallah. These groups have tried to destabilize the Islamic Regime by conducting terrorist operations inside Iran. In late February, Iran said the explosives and arsenal used in a car bomb in Zahedan that is close to Pakistan's border by Jundallah terrorists came from the US.

As it seems, U.S. is preparing public opinions by its propaganda to use force against Iran. However, U.S. is concerned about of international repercussions. The sharp decline of the financial market in late February gave a red signal to such a plan.

FINANCIAL MARKET DETERS USE OF FORCE

Experts believe, any use of military force against Iran could disrupt the flow of oil in the Persian Gulf and will cause a significant increase in oil prices. That will have a severe impact on the economies of oil importing countries and may shake the world financial markets. In fact, the sharp decline of global stock market, which began on February 27, 2007, was partly related to the concerns about possible US military action against Iran. The disruption of oil shipment in the Persian Gulf would impose a sudden shock to the China's economy. China is the second oil importer after the United State and last year imported 7.56 million barrels of oil per day, a large portion of that from Iran. Some speculate that the sharp decline of the global financial market that was triggered by China's 8.8% plunge in the Shanghai composite index and then spread to other countries was related to concerns over possible US attack on Iran. The other factors that have been mentioned by analyst have been a possible recession in the US, weakness of the dollar, and finally the problem of sub-prime mortgage market.

After market close on the same day, Secretary Condoleezza Rice suddenly changed her position on Iran and said US supports Iran's participation in a conference that is planned in mid-march for stabilizing Iraq sectarian violence. Washington's desire to attend the

conference alongside Iran is a turnaround from previous position of no dialogue with Iran about the situation in Iraq. Also General Peter Pace, the Chairman of the Chiefs of Staff repeated in a Senate Hearing that the US is not going to attack Iran. After those comments, the next day the financial market partially recovered and oil prices were stabilized around \$60 dollar per barrel. If there was a plan for an attack on Iran after the UN February 21 deadline, the financial market deterred such attack. How the two countries' confrontation will eventually end is not clear at this time.

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