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Iran, from Khomeni to Martin Indyk

“I first of all, pay my respect to the great people and nation of America” Iranian President Khatami, December 1997

“We have some real differences with some Iranian policies, but I believe these are not insurmountable” Former US President, Bill Clinton, January 1998

“We can develop with the Islamic Republic, when it is ready a road map leading to normal relations” Former US Secretary of State, Madeleine Albright, June 1998

Iran, in geostrategic terms, is a significant power in the Persian Gulf system. It is well endowed with a strategic location, human and material resources, cohesive society, distinct culture and glorious history. Iran’s elements of power enable it to play a central role in the geopolitical dynamics of its region. However, to assume such a role, Iran has, first, to come to peace with itself. Iran is definitely in a crisis, or at least in a sharp transition. Since the 1979 hostage crisis, Iran has become a hostage to its own fault lines of thinking.

This paper will address the geostrategic factors that have shaped Iran’s current policies. Special attention will be paid to the Iranian-US relations with a view toward exploring a possible shift in the strategies of both countries. My ultimate purpose is to examine the prospects for a new security model in the Persian Gulf and the Middle East region with Iran performing a cooperative and constructive role. This paper is structured to address three basic themes. First, Iran’s internal dynamics are significant factors in
determining its future geopolitical functions in the Persian Gulf region, Central Asia, and the Southern Caucasus. To perform such functions the Iranian leadership has to clearly define Iran’s strategic direction and national interests, Iran’s internal forces must come to a consensus on future policies, and the Iranian sociopolitical system has to establish itself as a modern state rather than a revolutionary system. Second, despite the strategic location of Iran and its recent military buildup, it lacks a meaningful power projection capability and is not, therefore, in a position to pose a threat of a strategic nature either to the region or to the US interests in the Persian Gulf. Third, “Dual Containment Policy”, designed by the former US Assistant Secretary of State for Near Eastern Affairs, Martin Indyk, represents a substantial departure from the authentic “Philosophy of Containment”, pioneered by the dean of American diplomacy, George F. Kennan. The Iranian “half” of the Dual Containment is a politically-driven policy. It has no strategic grounds and is not consistent with US interests. Therefore, to advance US interests in the region, the Dual Containment Policy has to be reviewed.

HISTORICAL PERSPECTIVE

The downfall of Iran’s Shah dynasty and the emergence of the Islamic revolutionary regime marked a new era in the region. The leaders of the new republic came to power highly charged with aggressive sentiments against the former regime and its friendly neighboring countries, and against the West for extending support to the Shah. The current Iranian attitude could be tracked back to early 1925 when Reza Khan became Shah and founded the Pahlevi dynasty. Reza exposed the Iranian society to an extreme modernization agenda, a program entirely dictated from above. Aiming at modernizing the drastically underdeveloped society, the Shah generated the opposition of
the Shi’ite clerics and laid the grounds for an extended socio-political struggle. The arrival of the Shah’s son and successor, Mohammed Reza, did not ease the tension. On the contrary, a new confrontational element was introduced: security. Performing a structural security function in support of US strategy in the Persian Gulf, the new Shah provided the Islamic opposition with additional fuel to fan the flames of opposition, ultimately the groundwork for the dramatic takeover in 1979. Generating its own dynamics and enjoying an unprecedented popular support, Iran’s revolution reached its peak in the mid-1980’s. Since then, due to the socio-political counter dynamics, the revolution came to a stalemate. Iran’s structure of power, economic performance and US sanctions have all contributed to such a situation.

REVOLUTION VERSUS STATE

Since 1979, two forms of power have developed in Iran, formal and informal. The first is grounded in the constitution and consists of state institutions, including the Supreme Spiritual Leader, the President, Assembly of Experts, the Majlis (Parliament), and the Council of Guardians. Disputes over distribution of strategic functions within the bounds of the formal power reflect the nature of the internal struggle in Iran. The second form is found in the most powerful clerics with extensive influence over the public opinion, and consequently, over policies. This form is found in the revolutionary elements, i.e., the Para-Statal Foundations, through which the regime offers non-governmental social services and maintains control of the populace; the Islamic Revolutionary Guard Corp (IRGC), which is viewed as the Iranian elite force; and the Para-Militia Basij who carry out vital internal security functions, by which clerics control subversive elements.
Since the 1997 presidential elections, Iran has entered its “second revolution”. Nicknamed as “Iran’s Gorbachev”, Khatami emerged as the leader of Iran’s moderate force, representing a credible symbol of change mandated by 70% of the Iranian voters. His reform strategy is based on the “rule of law”, his primary electoral theme. After assuming office, Khatami met initial success in implementing his reform agenda. His skillful introduction of the concept of “civil society” into Iranian political lexicon is widely viewed as one of his prime achievements. For him, changes are essential and irreversible. However, his strategy has not escaped challenges. As he presses for reforms, the influential cleric figures and revolutionary institutions grow more resistant to his policies. Critics blame him for diverting from the path of true revolution. However, in recent years, even some hardliners have started to recognize Khatami’s theme and the desperate need for fundamental reforms, at least in social matters. Ever since his election, Khatami has been caught in a paradox. On one hand, his strategy calls for a wide-range reform policy, but on the other hand, he has opted not to set himself on a confrontational course with the hardliners and ultimately, with the spiritual supreme leader Ayatollah Khameni. His highly soft and conciliatory approach has slowed down his agenda and generated a considerable degree of discontent among his impatient supporters. The students, once the “children of revolution” and the forefront of the Iranian politics, are now, more than ever, eager to achieve quick results. They have started to question the effectiveness of Khatami’s approach.

Most of what is at issue in Iran today revolves around two current internal debates that are expected to shape the nation’s political future. The debate over the concept of

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2 Scott Peterson, Article, Christian Science Monitor, October 16, 1998
Velayatei Faqih, the rule of jurisprudent, is the most obvious example of political uncertainty in Iran. Essentially a political phenomenon, it suggests the complex structure of the socio-political system and reflects the Iranian non-consensus over the role of religion in the State. The basic idea is that the clergy, by virtue of their deep understanding of religious teachings, are the best qualified to rule the society. The concept establishes the religious power above the executive and legislative branches, therefore providing the doctrinal basis for a theocratic government. The first draft of the constitution in mid-1979 provided for a stronger presidency and made no mention of the rule of jurisprudent. Though the debate over the Faqih’s status was decisive, it was never concluded. It was overshadowed by the reform agenda and other pressing needs. Meanwhile the Iranians have to continue to accommodate an institutionally weakened president.

A parallel courageous debate has developed over the past few years on Khatami’s alternative model of “Civil Society”. ³ The model has been debated with most Iranians arguing the need for more civil rights and to openly discuss present revolutionary policies. This represents a meaningful change in the society. Inspired by the debate, supported by the media and backed by the academics, the “children of revolution” counter-revolted in July 1999. The student body, now the most active part of the Iranian society, demonstrated against the revolutionary system, calling for democracy and openness and demanding rapid institutional reforms.

Today, the Iranian socio-political structure is more vulnerable than ever. On the one-hand, Khatami and his supporters run the government and enjoy a parliamentary majority, but the actual practice of power remains with the conservatives who dominate

³ Jahangir Amuzegar, “Khatami’s Iran, One year later” Middle East Policy, Vol. 6, No.2, pp 77 October 98.
all effective instruments of the state. On the other-hand, the Iranian society today is much more alert to the recent developments. If the system cannot be reformed through debates, then the minds are set for other rounds of violence to force a change. It is almost certain that a decisive conclusion of these two debates would, to a great extent, define the strategic direction of the state.

ECONOMY: THE BOTTOM LINE

The Iranian economy is deteriorating. It endures a wide range of handicaps. As of spring 1998 the real GDP declined to about two percent as opposed to the five percent preplanned growth. Inflation officially exceeded 20 percent against a 12 percent planned goal, though the Economist claims it to be at 30 percent. Unemployment is at a questionable 9 percent. The current account balance was down to $1.8 billion from $5.2 billion in 1997. Non-oil exports reached the lowest level in four years. Iran’s per capita income has fallen to the levels existing in mid 1970s. On the plus side, Iran’s first five-year plan for 1989-1994 established most of the infrastructure for growth. The second five-year plan ending in 1999 focused on expanding non-oil production and exports. Iran’s external obligations are regularly fulfilled. European companies are being invited to invest in the oil sector and foreign banks are allowed in. Iran’s economic problems can, in part, be attributed to sanctions and embargos, however, the bulk of its ills are a result of its own structural weaknesses, excessive intervention of the state and limited ability to compete in a transparent, disciplined global market.

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4 Ibid
5 The Economist based its information on (Fact Book, CIA, USG, 1997).
6 Jahangir Amuzegar, "Khatami’s Iran, One year later" Middle East Policy, Vol.6, No2, pp86 October 1998.
7 Barbara Smith, "Children of the Islamic revolution, a survey on Iran", The Economist, 18 January 1997.
It seems that the Iranian economic dilemma is conceptual and of a strategic nature. While acquiring the basic framework for a promising economy, confusion over the “right economic strategy” obstructs rapid recovery. The Iranian economists are divided between reformists and conservatives. The reformist technocrats are pushing for rapid growth through political reform strategy. For them, successful liberalization of the political regime would, by itself, ensure economic recovery. The right conservatives claim that the revolution places political values ahead of economic reforms. “The revolution is not about the prices of watermelon,” as Khomenei put it. The Iranian power structure has rendered the country unable to meet the economic challenges of globalization.

FUNCTIONING GEOSTRATEGICALLY

Iran’s crucial strategic space, that connects all vital lines of communications, allows it to play profound geopolitical functions in its region. By virtue of its geostrategic position, Iran is poised to play a vital role in developing the new Silk Road, the East-West cross-continental trade route between the Far East, the Middle East, Central Asia and Europe. However, Iran’s revolution has determined its geopolitical functions along different lines. Two basic assumptions have shaped the nature and scope of its regional roles. First, Iran’s political and spiritual values of independence, self-reliance and social justice are exclusively peculiar to its revolutionary model. Second, Iran’s model has wider applications in the Middle East. Both assumptions are faulty. The recent Iranian Realpolitik adjustments propose that the first assumption is unsound. The Iraq-Iran War has proved that regional applications of the Iranian model have no geopolitical grounds.

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Nevertheless, it is safe to assume that, since the 1997 elections, Iran’s ideological goals have submerged under its strategic and economic interests.

Iran’s core national security faces no strategic threat. Unlike its close neighbors, Turkey and Iraq, its unity and territorial integrity are not in question. Its significant latent economic power, allows it to divert resources into consequential socio-economic development programs. However, Iran’s national security doesn’t escape a wide range of serious challenges.

Iraq, since the late 1970’s, has been the most agonizing source of distress to the Iranian policy makers. In the Iranian strategic calculus, the fundamentals of security conditions that prevailed prior to their war with Iraq still exist. The border dispute remains unresolved. Iraq’s demand of a free access to the Gulf’s waters has been overshadowed by Desert Storm and subsequent occurrences. It has never been addressed for the Iraqi satisfaction and therefore, has never waned as an issue. Iran’s future security relations with Iraq are likely to evolve around these factors. Total reconciliation is unlikely to come about in the foreseeable future.

The Iranian reach out to the Gulf Cooperation Council states (GCC) through Saudi Arabia, the leading country and the closest US ally in the region, is a meaningful development after years of open hostility in the Persian Gulf. It points to Iran’s new pragmatic policy of reconstruction and rapprochement and the evolution of its realistic interests. It also signifies Khatami’s desire to develop an improved security environment in the region. The thorny issues for the GCC countries will remain unchanged unless the Iranian regime proves otherwise: the Iranian quest for hegemony, and the occupied
islands of the United Arab Emirates (UAE). However, the Saudis, though not expected to go far with their security ties with Iran, are in favor of reducing the Iranian hostility in the Gulf through a moderate bilateral relationship focusing on economic and cultural dimensions.

To the west, Syria is the closest ally of Iran. Their security ties are especially strong and are destined to counterbalance the Israeli-Turkish security combination. Both countries assess their ties as an integral part of the existing balance of power in the Middle East. Relations with Syria have not reached, and probably will not reach, the level of strategic alliance, however, observers submit that the Iranian-Syrian combination has contributed to alleviating the strong Iranian opposition to the Middle-East peace process.

Iranian-Turkish relations are structured around a mixture of ideological, strategic, political and economic issues. The Iranian revolutionary model has shaken the very basics of Turkey’s secular regime. Each rejects the model and values the other represents. Strategically, the Iranians are particularly concerned with the growing Turkish-Israeli security ties and view it as a US-blessed, strategic alliance that falls within the broader Israeli strategy of “Regional Periphery” and corresponds, simultaneously with the US “Dual Containment” policy. In Central Asia and Southern Caucasus, Iran has, for centuries, maintained a strong cultural influence. The collapse of the Soviet Union has given Iran a meaningful advantage in the region and strengthened the Turkish-Iranian competition over economic interests and political influence. Economic competition reached its peak when Central Asia emerged as a powerful geo-economic factor with Iran presenting itself as a bridge between the Caspian Sea and the Persian Gulf, while Turkey is bidding to host the transit route of the Caspian energy. Iran, in the case of Azerbaijan,

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9 Abu Mussa, Greater and Lesser Tunbs islands.
has demonstrated a stunning degree of Realpolitik. Historically, Azerbaijan was part of ancient Iran until it was lost to the Russians in the wars of 1804 and 1826. Both countries share the same history, culture, ideology and concerns. Between 25 and 30 million of Iran’s population are of Azari origin. Yet, Iran opted to pursue its strategic interests in the Nagorno Karabakh conflict rather than to act along ideological and cultural lines. While Turkey supported the Azaris, Iran continued to lean heavily toward Armenia. The Azeris on their part, driven by their own economic interests, welcomed the Iranian proposal of swapping oil, and thus, promoting a tremendous degree of ambiguity on the future of East-West Caspian Sea pipeline and further forcing the Turkish-Iranian competition to a higher level.

In Afghanistan, Iran’s vigorous attempts to prevent Taliban from taking over, combined with their traditional ideological conflict, continue to shape their relations. Iran regards Taleban as a source of regional turmoil and Taleban’s unstable and hostile policies as consistent threats to Tehran’s national security. Again, Iranian policy makers demonstrated strategic logic in 1998 not to engage in a prolonged war with Taleban after tension had led Iran to build massive forces near the Afghan border. The Iranian rationale was to maintain focus on the Gulf and not to reiterate the Soviet impasse in Afghanistan.

Russia, for the Iranians, is a potential arms provider. The Russians perceive Iran as an important economic partner, but at the same time, a serious contender for political influence in Central Asia. It is not clear that both countries have harmonized their interests in respect to the Caspian Sea regime. However, both have agreed, on an equal voice-equal rights basis, to develop resources in the sea.
As for Europe, the Europeans have always emphasized the geostrategic importance of Iran. They argue that Iran is critical for peace and stability in the Middle East and the Gulf region. Iran’s growing influence in Central Asia has captured European’s attention. Europe’s primary focus is on Iran’s potential geo-economic function in the region and their ties are driven by mutual economic interests. Europe is the main market for Iran’s oil, while Germany and France are Iran’s largest trading partner. Europe has maintained that it is essential to move Iran toward responsible cooperative attitude through engagement and “critical dialogue” rather than isolation.

DEFENSE POLICY AND MILITARY STRATEGY

For the Iranian strategists, the Gulf has long been their sphere of influence. Iran’s defense policy has been sharply influenced by the assessment of the US attempting to create a post-Desert Storm hegemonic security structure in the Gulf, with no regard to Iran’s national security interests. Such a structure would generate a wide range of Iranian security concerns. If the US is to accomplish a total domination in the Gulf, then Iran’s defense policy would be designed to reassert its traditional security function in the region and its historic rights to the blue waters. The Iranian military strategy has evolved around this assessment. It is essentially based on “Deterrence” and “Sea denial”.

Faced with overwhelming domestic difficulties and international sanctions, Iran has not been able to reconstruct its armed forces. By international standards, it is hardly a modern military power. Many of Iran’s arms imports during the past decade have focused on upgrading its obsolete western-supplied equipment with limited attention to modern

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11 Ibid
war-fighting technology. Mindful of Iran’s critical weaknesses and the effects of US containment, the Iranian policy makers have shifted east to reconstruct their military power, e.g., China, Russia, Ukraine and North Korea. The main focus is the development of a non-conventional power that enables them to achieve a rapid, unpredictable and limited model of deterrence.

“Sea Denial” is the second pillar of the Iranian military strategy. The Iranian strategists have, carefully and selectively, focused on sea-denial military capabilities, aimed at preventing a complete US domination in the Gulf. This, in their assessment, would provide them a reasonable degree of freedom and flexibility in the Gulf and, to a lesser extent, control over the Strait of Hormuz. Iran’s emphasis on sea-denial weapons, its purchase of two Soviet Kilo-class submarines, its anti-ship cruise missiles deployment along the southern coasts of the Gulf, and the occupation of the three UAE islands, all fall within the broad scope of the denial strategy. This suggests not only the importance of these components to a successful denial, but also illustrates the central function of the Iranian military strategy in the overall security system in the Gulf.

The Iranian defense policy has raised serious international and regional concerns. Yet, the Iranian threat to regional security has been greatly overestimated. Its naval and air forces are, in fact, inferior to those of Turkey, Saudi Arabia and the GCC states. Evidence shows that Iran undertook a large reduction in defense expenditure and manpower. Defense expenditure in 1996 accounted for 2 percent of the GDP as opposed

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to 17 percent in 1980. In 1997 Iran’s armed forces were estimated at 342,000 men as opposed to 513,000 men in 1994.

The 1980-1988 war had left the Iranian military institution literally broken, physically and morally. The heavy losses inflicted on the military machinery were never compensated or rebuilt. Iran’s obscure intentions on Weapons of Mass Destruction (WMD) have cast a heavy shadow of insecurity and instability and reflected a state of ambiguity in the regional balance of power. Iranians maintain that the power stations they bought from Russia and China are for peaceful purposes and embody only harmless technology. While rejecting the US pressure to end their respective nuclear programs, both Russia and China have, however, agreed to tighten control on exports of nuclear and missile technology to Iran. Former Russian President, Boris Yeltsin, assured the former US President, Bill Clinton, that Russia had, indeed, cancelled the military component of its deal with Iran. Ukraine confirmed that it would not supply turbines required for the Russian reactors. China, the largest arms supplier to Iran after Russia, insisted that its nuclear reactor to Iran fell under the International Atomic Energy Agency (IAEA) safeguard.

Iranian acquisition of North Korean SCUD-C long-range missiles and successful testing of Shahab-3, of 800-mile range, and the dubious testing of Shahab-4, of 1300-mile range, constitute the main source of regional tension. Yet, it should not overshadow the

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15 Ibid
17 Jahangir Amuzegar, “Khatami’s Iran, One year later,” Middle East Policy, Vol. 6, pp 86 October 1998.
structural weaknesses of the Iranian missile industry. Iranian industrial base is incapable of developing and deploying sophisticated missile technology and unable, therefore, to fulfill the wider scope of Iran’s defense requirements. Apparently, the effective use of surface and submarine naval forces has been drastically overestimated. The efficiency of the two submarines, in particular, is in question due to the serious technological shortfalls that render them extremely vulnerable in any standoff with the US Naval forces in the Gulf. The Economist simplified the Iranian power by stating: “Russian Mig-29s and Su-24s and the coastal fleet of submarines and fast boats is nothing to worry about.”18 Zbigniew Brzezinski, Brent Scowcroft and Richard Murphy, in a co-written article in the Christian Science Monitor simplified the issue even further: “Iran’s conventional military buildup will pose no threat to US regional supremacy.”19 Opinions over Iranian intentions vs. capabilities are widely divided. On their part, the Iranians maintain that technology acquisition and force buildup do not necessarily point to aggressive intentions. They frequently point to several measures taken by their government to alleviate neighbors’ security concerns. They also claim that Iran, a signatory to international arms control instruments, e.g., NPT, CWC and BWC, is legally bound to observe its international responsibilities.

This brief discussion suggests three results: first, Iran’s intentions in regard to WMD are clouded in considerable degree of ambiguity. Second, it is evident that an

intentions-capabilities mismatch does exist. Third, Iran lacks the strategic, technological and operational capacity for power projection across its borders.

Here is where President Khatami’s sociopolitical reforms and foreign policy agenda fit in. If Khatami succeeds to enforce his agenda, Iran will reconsider whether pursuing WMD would serve its national interests. Khatami is a strong advocate of diverting Iran’s economic potential into socio-economic development programs. If the hardliners continue to dominate, Iran will be prepared for a new round of armament to leverage such a mismatch.

**US POLICY: A SECOND LOOK**

US policy toward Iran has always been connected to the security structure in the Gulf region. During the sixties and the seventies the United States adopted the strategy of “surrogates” where Iran performed, on behalf of the United States, a primary security function in the Persian Gulf. The policy dealt with Iran as the single security “institution” capable of protecting US interests. Consequently, Iran sought to turn the Persian Gulf into an Iranian lake. Not only did the strategy disrupt the Gulf’s security and stability, but it also generated a tremendous internal discontent within the Iranian society and substantially contributed to the eruption of the Islamic revolution of 1979. With the emergence of the Islamic Revolutionary Republic, the regional security regime fell in a vacuum and new security threats rapidly developed. The US policy shifted to balance the power between the two key players in the system, Iran and Iraq. It was evident that the region was steadily and rapidly heading towards a war. On the conclusion of Desert Storm, the US terminated its strategy of “balance of power” and enunciated the “Policy
of Dual Containment*. The new policy implied that the United States had decided to take the security issues in the Persian Gulf in its own hands acting, therefore, as a direct player of the security structure in the region. From now on the US would maintain a substantial military presence in the Gulf. What had been for half a century a two-sided strategy has turned to be a three-sided system with the US performing a direct geopolitical function in the region. The number of players changed but not the nature of the game. The security in the Gulf remained confrontational rather than cooperative.

Ironically, the Iranian-US standoff is not a conflict of interests. Both parties acknowledge areas of overlapping concerns. A smooth flow of oil falls at the heart of the US strategy and comes in full tune with the Iranian highest national interest. With the erratic performance of the Iranian economy, Iran cannot afford any disruption or irregularity of its oil exports. It is also in the interest of both countries to keep the Strait of Hormuz free of threat. Evidently, the Iranian interest of maintaining the new Islamic states of Central Asia and the Caspian Sea basin free from any potential Russian influence coincides with Washington’s interest to contribute to the strategic development and oil investment in the region. In Afghanistan both Washington and Tehran deplore Taliban overstepping rational limits. If Iran-US standoff is not a conflict of interests, what is it then?

The Iranian policy towards the United States is based on the assumption that both the US Government and Congress maintain an extremely hostile attitude toward the Islamic Republic. According to the former Congressman Newt Gingrich, “Iran is a

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20 The former US Assistant Secretary of State for Near Eastern Affairs and the architect of the Dual Containment Policy, Martin Indyk, in a testimony before the House International Relations Committee on U.S policy toward the Middle East, June 8,1999. US Department dispatch, Washington, July 1999.
permanent, long-term threat to civilized life on the earth.\textsuperscript{21} Iranians maintain that the US policy, aimed at undermining the revolutionary regime, resulted in their war with Iraq and the relative international isolation. Over the last 20 years, the Iranians have persistently presented several concrete demands including the full release of their frozen assets, a change in the US Congressional hostility, an end to US Government attempts to overthrow the Iranian regime, the termination of the US opposition to energy routes through Iran, and above all, the immediate lifting of all US sanctions. A far more complex issue is the Iranian demand of ending the American presence in the Gulf. This, for the Iranian policy makers, is the most strategic security concern. It constitutes the cornerstone of any future bilateral relations between the two countries.

For US policy makers, this represents a serious challenge to the fundamental basis of Dual Containment. US policy towards Iran has been structured around the assumption that the Iranian revolutionary attitude combined with Iran’s tendency to export its revolutionary values presents a grave challenge to the socio-political and security structures in the Gulf region and poses a significant threat to the security of Israel. US concerns could be boiled down into three traditional areas: Iran’s sponsorship of terrorism, Iran’s program of Weapons of Mass Destruction (WMD), and opposition to the Middle East Peace Process. Unfortunately, the American grievances cannot escape rational challenges. They are widely perceived by Middle-Eastern states and even by most Europeans as a combination of selected half facts, subject to multiple interpretations, intended to serve political purposes. This is what came to be known as “The Israeli Factor”.

THE ISRAELI FACTOR

The US charge of Iran sponsoring terrorism has been elevated beyond rational analysis in the passionate exchange between the two countries. Labeling Iran with the “terrorism mark” has no meaningful purpose and is widely perceived as a part of Israel’s inflammatory and determined rhetoric to associate Islam with terror. It is only the transfixed one-sided US media that do not see this simple fact. Neither Europe nor the Middle Eastern countries share the Israeli-US perception of Iran sponsoring terrorism or, at least, they differ in the basic definitions.

In fact, Western intellectuals have, increasingly, departed from the narrow, politically driven Israeli definition of terrorism in respect to Iran. Gerd Nonneman demonstrates this departure. “Blaming Iran only serves the interests of those governments (Israeli and Arab) whose use of violence against what are now labeled ‘foreign-sponsored terrorists’ is legitimized, and absolves them from the need to look for genuine political and economic solutions.” 22 Under the title “Flawed Evidence”, Time Magazine addresses the issue. “Stories about terrorist networks of Iran’s Mullah have reinforced an image among the public at large and therefore seem increasingly plausible. In such an atmosphere, flawed evidence is often allowed to become ‘fact’.” 23 Barbara Smith of the Economist eloquently boils down the issue to just one sentence. “Iran supports Hizbullah in Lebanon, but they are terrorists only in the Israeli eyes.” 24

For Iran, support to Lebanese Shi’ite Hizbullah, while falling within the Israeli lexicon, does not fall under the international definition of terrorism. Hizbullah, for them,

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22 Gerd Nonneman, Article, MEI, pp19, 27 June 1997
23 Time Magazine, 11 November 1996.
is a guerrilla force performing a legitimate military resistance against an external occupying power. This is a legitimate right secured by international law and should be, therefore, perceived within the broader context of the Middle East conflict. The Iranians offer two arguments. First, that applying the Israeli definition of terrorism would render Charles de Gaulle of France the most vicious terrorist since the Second World War. Second, that the Iranian financial connections to some Islamic movements, i.e., Hamas and Islamic Jihad, should not make them responsible for the acts of violence committed by these groups. If monetary links make Tehran responsible for terrorism then, the Iranians argue, the US Government bears responsibility for the rise of extremist Taliban in Afghanistan. Apart from this, Iran’s record in supporting terrorism has actually been minimal. The latest Saudi declaration that Iran is free of responsibility for the Al-Khober bombing is the most recent proof of this analysis. The black cloud that was cast over the Iranian role in this dastardly act was deliberately intended to further poison the bilateral relations with the United States, at a time when a realistic window of opportunity for rapprochement was wide open. It is widely believed that the spontaneous US embrace of the Israeli definition of terrorism has largely contributed to the absence of US voices willing to take an independent line, which in turn has led to bitterness among the Iranian public and also stiffened Iran’s official position. Any rational analysis may conclude that while there is a need to address such an issue, it should not constitute a prominent obstacle for the future US-Iranian relations.

WMD: THE BURDEN OF PROOF

Projections of Iran to become a nuclear power within ten years lack accuracy and have no strategic grounds. Objective strategic analysis suggests that perceptions of Iran’s strategic capabilities are far from being realistic. While American policy makers insist on Iran pursuing a clandestine nuclear “weapons” program, the Iranians stress the peaceful nature of their program. They have consistently denied all US charges and have challenged for a single concrete evidence that points to their breach of international arms control instruments. The US and Iran have reached a deadlock on this issue. The London-based Survival Magazine argues, “So far the US cannot prove that Iran is in breach of treaties.” 26

The Iranian nuclear program started in the mid-1970’s. Under the Shah, Iran had developed an ambitious nuclear “energy” program to build 23 plants throughout Iran. With the eruption of the Iranian revolution, the program collapsed due to the loss of US support. 27 Few years later the revolutionary regime introduced a modified program and sought nuclear technology, training, fuel and reactors. “Dual Containment” was designed, in part, to block the Iranian program and to prevent Iran from acquiring all nuclear technologies, for peaceful purposes or otherwise. Even though many countries have complied with the US policy, the policy has met no consensus in the UN Security Council and IAEA. It also received little sympathy from other suppliers, particularly Russia, France, China, Argentina and North Korea.

The IAEA has, through verification and challenge inspection, certified Iran’s full compliance with its safeguard agreement and the NPT responsibilities. The Russians’ position is based on their own intelligence assessment. They argue that there is no evidence that Iran has initiated a nuclear weapons program and that it has no indigenous capacity to produce weapons-grade fissile materials. They also argue that the US-N.Korea agreement carries more risk than the Iranian program because the Iranian reactors (unlike the Korean reactor) are incapable of producing weapons-grade plutonium, the spent fuel of the Iranian reactors will be returned to Russia, and the Iranians have agreed on a quarterly inspection through the IAEA mechanisms. The Russians concluded that the US opposition to their Iranian deal is based on a different US agenda and Iran, therefore, is legally eligible to receive nuclear technology for peaceful purposes. Similarly, the French Government believes that the US rationale is purely political and has no relevance to export control policy.

For Iran to develop a clandestine “weapons” program and to assemble a nuclear device, it would have to secure a whole set of conditions; a strong industrial base, sufficient scientific and nuclear infrastructure, fissile material and/or uranium conversion capability, independent satellite intelligence capacity, advanced hardware, specialized software, effective C4I system, trained manpower, cooperative suppliers, and a supportive economy. None of these requirements exist, to a meaningful degree, in the Iranian case. Iran will have to lean heavily on foreign suppliers in such a way that makes secrecy impossible.

The Iranian long-range ballistic missiles are truly a major source of instability in the whole region. However, while threatening a brutal destructive power, Iranian ballistic

28 Ibid
missiles will be incapable of producing results of strategic nature. Unfortunately, though, ballistic missile technology over the longer range will not be easily denied to any determined power, not only in the region, but also throughout the world. There will be no satisfactory answer to the issue of WMD and its delivery means in Iran unless the US addresses it first, on a bilateral basis, and at a later stage, within the context of a wider security regime in the Middle East region with the view of creating a Middle East free of Weapons of Mass Destruction. The US-Iranian dispute on this issue has grown wider and deeper over the past few years. Again, the “Israeli Factor” has manifested itself in a stimulated rhetoric and intense campaign in the US Congress, blocking, therefore, any modest efforts to render Iran with some analytical balance. The point here is to offer a rational, interest-free analysis and to place the issue in some proportion with regional context rather than selectively promote charges to design and implement policies.

IRAN AND THE MIDDLE EAST PEACE PROCESS

The US concern over Iran’s strong opposition to the ME Peace Process necessitates some attention. Even though the Iranians are generally supportive to the Palestinian cause, they disagree with the Palestinian policies, approach and logic. Their rejection is based on the conclusion that Oslo Accords would produce inequitable peace and will not restore the rights of the Palestinian nation. Until the eighth Islamic summit in 1997, Iran showed little signs of support for a possible deal on the Palestinian track. In his speech at the eighth Islamic summit held in Tehran in 1997, Iranian President Khatami changed the tone: “Peace can be established only through the realization of all the legitimate rights of the Palestinian people, including the inalienable right to self determination, return of refugees, and liberation of the occupied territories, in particular
To many observers this position represents an important shift from the far left to the left center and is being viewed as a meaningful development in regard to the Iranian perception of the peace process. Indeed, the Iranian attitude towards the ultimate outcome would, to some extent, determine the volume, scope and pace of future regional security cooperation in the Middle East. Nevertheless, the recent Iranian role in the process is almost negligible. “Dual Containment” has deliberately segregated Iran not only from the Gulf security structure, but from the peace process mechanisms as well. One may argue that with or without Dual Containment, Iran would have maintained its rejection to the process. This is, to some extent, true. However, it is important to realize that the Iranian opposition in part is intended to thwart the peace process precisely because it is the centerpiece of the US strategy in the Middle East. It is, then, the American strategy that the Iranians oppose first, then the Israeli negotiating strategy, then the Palestinian approach and logic, and finally, the potential outcome. It is a hierarchical structure, I would argue. Once the pivotal piece, in this case the American policy toward Iran, is displaced, the whole system will collapse and the Iranian opposition will be exclusively limited to rhetorical level. After all, the Iranians are quite capable of performing realpolitik when necessary. They have demonstrated “state pragmatism” in a number of cases, e.g., with Turkey, Iraq, Armenia, Azerbaijan, Chechnya, the Caspian Sea, and most recently with Saudi Arabia. In the final analysis, it seems a risky policy to cut off Iran from the future security architecture currently taking shape within the context of the Middle East Peace Process or under the Gulf security

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umbrella, for all regional members will, necessarily at a certain stage, be required to perform some regional security functions, at least, in the arms control realm.

**CONTAINMENT: BETWEEN KENNAN AND INDYK**

Not only has the Dual Containment performed a substantial departure from the authentic philosophy of Kennan’s containment, but also, it was executed in a highly controversial style. Both theory and practice have created the exact destabilizing conditions that the US strategists tried to avoid. Iraq is subject to an unprecedented international isolation. Iran, under uncertain transition, has managed its way out through a worldwide business and trade network. Other Gulf States remained insecure despite their massive investments in arms sales. Dual Containment is not consistent with the American strategy in the Persian Gulf and the Middle East region and will not serve the long-term US interests, strategically, geostrategically and politically.

Strategically, while attempting to establish a lower level of conventional balance between Iraq and Iran, Dual Containment has produced, I would argue, the exact opposite results. First, it has created a multidimensional security imbalance in the entire region. A rational strategic assessment would necessarily suggest that the policy has allowed Iran to consolidate its strategic position in relation to the more heavily sanctioned Iraq. At the same time, it has upset the overall regional balance of power and allowed it to shift to the Iranian disadvantage taking into account the recent Turkey’s military buildup and the considerable arms sales in the GCC states. Second, it has motivated both Iran and Iraq, as the emerging underdogs, to depart from the current model and to challenge the existing security structure and further forced their ambitions to a higher level of non-conventional arms race. The nature of the security environment and the scope of the arms race would
now no longer depend on the international arms control regime, but rather on the physical presence of American forces in the Persian Gulf. What was designed to contain threats and hegemonic trends of both countries in the post-Desert Storm environment has emerged as the main source of instability in the region.

Geostrategically, sanctions have forced Iran to consider even more radical alternatives. It is of a paramount importance that the US policy makers realize that allowing Iran to fall under the Russian influence is detrimental to US interests throughout Central Asia. Isolating Iran has developed the risk of increased Russian influence over its former southern republics and in the Caspian Sea, thus jeopardizing US oil and gas investments in the region. The exclusion of a southern outlet through Iran has left Russia as the only exit route for the Caspian Sea energy resources. Efforts to promote Pakistan as an alternative exit have further complicated the Afghan situation. The proposed Turkish route not only complicated the Kurds issue but also proved extremely expensive and economically non-viable. Efforts to exclude the southern exit also lack a long-term strategic vision as they deal with “Dual Containment” as a sacred and irreversible policy, linking, therefore, the US long-term strategic interest to a tactical situation. Ironically, while containment was designed to address “half-threats,” it has failed to take into account the most considerable challenge to the US strategy, the potential for the Iranian revolutionary spirit to spill over into the region. An Iranian model in Turkey, Saudi Arabia, or even in Egypt would be of disastrous consequences to the US strategy in the Middle East and the Gulf region. One could argue that the Iraq-Iran War has alleviated this threat and that Iran’s Khatami has, for a while, started the long process of transformation into a modern state, approaching the end of the revolutionary chaos. This
is, to some extent, true. However, “Dual Containment”, while focusing on economic sanctions and arms sales embargo, has failed to take into account the spiritual dimension of the Iranian threat. Moreover, it has tended to strengthen the hardliners and turned the transformation into a lengthy and painful process.

The most prominent shortfall of Dual Containment is that it offers no space for political maneuver. Even in the most inflexible cases of international crisis and with the most rigid regimes, diplomacy should not cease to function. Dual Containment eliminated diplomacy as a tool of statecraft. Furthermore, the United State Government has made its sanctions campaign against Iran an integral part of its foreign policy, to which other countries, allies or not, have to yield. Not surprisingly, the most persistent opposition came from Europe, the closest US ally which perceives the policy as unilaterally improvised and executed with no regard to the European commercial interests. The Europeans have explicitly criticized the policy, arguing that sanctions amount to improper application of US laws against European bodies. Sanctions, for the Europeans, are in contradiction with the basis of the new global economic environment where openness, transparency and free markets are more dominant than political and ideological considerations. Differences on Iran have escalated as the European countries maintained that the US could best contain Iran only through a bilateral dialogue with Tehran rather than pressurizing “them” through the “D’Amato Law”. 30 Canada, the EU, Australia and Japan have questioned the law on the grounds that it violates international law. While maintaining their ban on arms sales, the Europeans resisted all demands to

30 D’Amato Law, named after former NY Senator, Alphonse D’Amato, is the Iran and Libya Sanctions Act (ILSA) of August 1996. It imposes sanctions against any US or foreign companies that invest more than $40 million a year in oil or gas projects in either Iran or Libya.
entirely terminate their economic ties with Iran. The US-European standoff regarding containment has caused the policy implementation to fall exclusively on the US shoulders and turned the entire issue into a painful process of arguments and counter-arguments on a case-by-case basis. The unintended consequences in connection to the US-European relations have proved more significant than the US policy makers had anticipated. The US waivers for the European exports into Iran, the partial ease of Iranian-US imports,31 and the latest US attempts to soften its position toward Iran represent serious indications for a potential shift in US policy.

The confrontational course that both Iran and US had chosen to pursue did not go cost-free. Iran measures its costs in terms of relative isolation, economic fumble, inflexibility in the Caspian basin, crawling oil industry and decline of its military power in the region. The US, in turn, has experienced annoying losses of political support from European and the Middle Eastern allies. The US oil companies have been hammered by losing their competitive edge in Iran and the Caspian Sea.

**THINKING AND ACTING STRATEGICALLY**

The selective, half-factual, destabilizing and counter-productive policy of containment has to be changed. A stalemated situation where no party can advance interests or withdraw claims is a devastating setback to the security environment and development agenda in the region. It is particularly critical, that while thinking a new strategy, the following arguments be considered:

- First, both US and Iran are indispensable actors of the security structure in the Gulf region. The exclusion of any is neither practical nor desired.

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31 Carpets, caviar and nuts.
Second, the Iranian-US bilateral relations, though a highly desired end-state, are not the key issue here. The key issue is that the US policy towards Iran cannot be designed in isolation from the overall strategic and geopolitical structure of the entire Middle East region.

Third, a new strategic model would require both countries to demonstrate a substantial departure from their existing policies and current lines of thinking. Iran has to prove itself as a modern state. The success of Iran’s moderate forces, and not the change of the Iranian regime, is a prerequisite for a new security model in the region.

Fourth, Iran and the US have to engage in a “strategic dialogue” that would address the immediate US concerns of terrorism, WMD, hegemonic ambitions and the security of Israel. On their part, US policy-makers have to free themselves from the “Israeli Factor” and to base their strategic assessments on purely strategic considerations. Rhetoric, vitriol, and panic exchanges charged with Israeli imaginary concerns would serve no strategic purposes other than dragging the region into further instability. Evidently, pressure on the US administration will mount significantly to initiate confidence-building gestures with the purpose of laying the grounds for future contacts, i.e., defreezing Iranian assets and demonstrating sufficient political will for rapprochement. The US Congress shoulders a high degree of responsibility in performing a less-hostile function toward Iran.

Based on this analogy, a US region-wide integrated strategy is crucial, not only to promote peace, security and stability, but also to advance the US interests in the region as
well. The US will need to acknowledge objectively the inseparability of security issues of the Arab-Israeli conflict, the Peace Process, the Persian Gulf security, the Afghan situation, and the geopolitical developments in Central Asia. The factual geostrategic overlap between these sub-regions is so evident that any US “compartmental” strategy would not stand the long-term strategic challenges. This necessarily implies that an overarching US Middle East strategy, stretching from Eastern Mediterranean to the Caspian Sea, is profoundly essential. Conflicts, spots of tensions, threats, security concerns, challenges, interests and objectives of all state members of the system, while not in concert and normally conflicting, are so deeply and widely intertwined to the extent that an unstable security condition in Afghanistan would, for instance, leave its fingerprints on the Jordanian-Israeli Peace Treaty. Likewise, a deteriorating security situation between Israel and Syria would directly influence the volume of oil production and hence the price rates. Iran, with or without containment, is a de facto geostrategic component of the system. Thus, a policy adjustment by both sides, Iran and US, will not, by itself, be the answer to the security dilemma. Policy adjustments will not meet the strategic security requirements of all members of such a system.

An integrated strategy should be focused on eliminating the confrontational dimension and developing a far-reaching cooperative security model in the region. Such a model should address all security concerns of all state members in the system including the two key elements: the quest for a successful conclusion of the peace process and the work on the creation of a wider Middle-East free of WMD and its delivery means. This would fundamentally contribute to the improvement of the regional security environment. Under regional provisions sponsored by the US and maintained, monitored and verified
by the United Nations, no one single state should have the right or the choice of intimidating its neighbors or forcing “strategic terror,” not Iran, and definitely, not Israel. Security, in such a system, will not be limited to national defense issues but rather be extended to harbor socio-political-economic development in a broader regional framework.

The creation of a regional security institution would serve as an engine to develop such a model. It may serve as a strategic forum for security dialogue, conflict prevention, crisis management, conflict resolution, and arms control. This is a model where the US can take the leading role without, or with reduced, military presence and where all members of the system, including Iran and Israel, can carry out their respective geopolitical functions in a far-less controversial style.

CONCLUSION

Iran seems to have chosen a different course. Iranians have realized that slogans, no matter how sacred and noble they may be, are no substitute to sound economic, political and social policies. Khatami seems, more than any time before, firmly committed to take Iran into a new strategic direction. His philosophy of “Civil Society”, rule of law, eradication of poverty, freedom of press and eventually a democratic polity are clear indications that Iran is bound to establish itself as a modern state. His regional vision for an Islamic states common market, inter-parliamentary union of Islamic countries, principle of respect for sovereignty, territorial integrity of states, rejection of the use and the threat of force and, most importantly, combating terrorism, set the stage for a new regional “Code of Conduct,” and facilitates Iran’s integration into the proposed security model. Martin Indyk, the architect of Dual Containment, submits “We would be
Khatami does not enjoy the ultimate decision-making power in Iran. Therefore, the US administration and other western governments should extend limited, carefully measured and timely planned support for Khatami in the shape of positive initiatives that take advantage of current international events. The Iranians should be encouraged to come up with new regional and international proposals and be assured of positive responses. A gradual approach, initially addressing non-policy issues and ending up with a region-wide strategic dialogue, should be the ultimate purpose. This definitely will not be a smooth process. It requires the US to first reconsider its policy toward Iran, demonstrate a genuine political desire of policy change, and then, suspend all economic sanctions. It is likely that an improvement in the Iranian economy will facilitate Khatami’s goal of taking on the hardliners and freeing himself from the risk of social and political unrest.

Iran is too vital for the US strategy in the Middle East. Its strategic location at the crossroad of all vital lines of communication, combined with massive energy resources, geographic and demographic prominence, world-wide commercial ties, multidimensional geopolitical functions and structural membership of the Middle East, all, make it uncontainable. In a transparent global economic system, a policy of containment virtually cannot exist. Dual Containment is, definitely, not the answer. Dual Containment is the issue.

32 Martin Indyk, a testimony before the House International Relations Committee on U.S policy toward the Middle East, June 8,1999. U.S Department dispatch, Washington, July 1999.
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