USAWC STRATEGY RESEARCH PAPER

REASSESSING US POLICY TOWARD IRAN

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The views expressed in this academic research paper are those of the author and do not necessarily reflect the official policy or position of the U.S. Government, the Department of Defense, or any of its agencies.

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ABSTRACT

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The purpose of this paper is to review the importance of Iran to US national security interests, review past and current US policy toward Iran, outline options for future US Iran policy, and recommend a course of action. Given Iran's strategic geopolitical location, its high education and literacy rates, and the growing desire of Iran's people for representative democracy, it is critical that the US craft a realistic, comprehensive policy toward Iran.

Iran has concerned the US due to its support for terrorist organizations, its efforts to develop weapons of mass destruction, its attempts to export the Islamic Revolution (and subvert US friends in the region), and its efforts to undermine the Mid-East peace process. Consequently, since the fall of the Shah, US policy has focused on trying to modify Iranian behavior that the US finds intolerable. Despite 20 years of US sanctions and attempts to isolate Iran diplomatically, Iran perseveres.

The current climate in the Middle East may now be propitious for making progress on Iran. Due to the hawkish American post-9/11 mindset, President George W. Bush's inclusion of Iran in the Axis-of-Evil, the US invasion of Afghanistan, America's expressed willingness to take unilateral action, and the nearly complete US military encirclement of Iran, Iran has expressed its fear of the US and implicitly shown willingness to yield to what it views as a credible threat to its survival. The new US National Security Strategy and the US invasion of Iraq now provide a unique opportunity for the US to do so in pursuit of critical national interests. Some in the U.S. advocate adopting a hard line; isolating Iran economically and politically. Others advocate constructive engagement. The current situation, however, may call for a mixed approach, combining hard-line measures with constructive engagement.
# TABLE OF CONTENTS

**ABSTRACT** .......................................................................................................................... iii

**PREFACE** .............................................................................................................................. vii

**REASSESSING US POLICY TOWARD IRAN** .......................................................................... 1

  **WHAT POTENTIAL DOES IRAN OFFER THE US?** .............................................................. 1

  **A HISTORY OF RELATIONS BETWEEN THE US AND POST-MONARCHICAL IRAN** .... 3

  **HOW DO IRAN’S INTERNAL POLITICS INFLUENCE ITS ACTIONS ABROAD?** .............. 5

  **DYNAMIC TENSION IN THE ISLAMIC REPUBLIC – ELEMENTS OF POWER** ................. 6

  **IJTIHAD: THE CLASH OF INTERPRETATIONS, OR THE UNDECLARED ISLAMIC CIVIL WAR** ......................................................................................................................... 9

  **HAS US POLICY TO DATE BEEN SUCCESSFUL?** ............................................................. 14

**ISSUES** ................................................................................................................................... 15

  **WEAPONS OF MASS DESTRUCTION AND THE NUCLEAR OPTION** .......................... 15

  **SUPPORT FOR TERRORISM** ............................................................................................... 17

  **THE NEW GREAT GAME OVER OIL** ................................................................................. 17

  **ENCIRCLEMENT** .............................................................................................................. 18

  **THE NEW NATIONAL SECURITY STRATEGY AND CURRENT IRAN POLICY** ............. 19

**POLICY OPTIONS – GOALS** ............................................................................................... 20

  **HOW MIGHT THE US ACHIEVE NATIONAL SECURITY GOALS? WAYS AND MEANS** .... 20

**RECOMMENDATIONS** ......................................................................................................... 21

**ENDNOTES** ......................................................................................................................... 27

**BIBLIOGRAPHY** .................................................................................................................. 35
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REASSESSING US POLICY TOWARD IRAN

Iran is located between Afghanistan, Pakistan, Iraq, the Persian Gulf, Turkey, the Caucasus, and the Central Asian countries. Its central -- and thus strategic geopolitical -- location, its extensive oil reserves, efforts to develop and deploy weapons of mass destruction (WMD), attempts to export the Islamic Revolution, support for terrorist organizations like Hezbollah, its high education and literacy rates, and its historic tendency to exert dominance in the region make it a country of immense strategic importance to the US. Additionally, the US must expect that Iran will try to influence events in post-Taliban Afghanistan and post-Saddam Iraq. Complicating factors that provide interesting opportunities are the growing desire of Iran’s people to establish true representative democracy and the historical fact that Iranians are (and likely always will be) highly nationalistic. Given these conditions, it is critical that the US craft a realistic, comprehensive policy toward Iran that exploits the new strategic environment in which we live. The new US National Security Strategy, US prosecution of the Global War on Terrorism, and the US invasion of Iraq provide an opportunity for the US to develop a new Iran policy in pursuit of critical national interests.

In his book, Longitudes and Attitudes, Thomas L. Friedman identifies three American schools of thought regarding policy toward Iran; those who advocate rolling back the Islamic regime by pursuing a policy that would effect a regime change, those who hope to modify Iran’s behavior by maintaining a comprehensive embargo against Iran, and those who advocate engaging Iran with the hope that increased contact will positively affect Iran’s behavior. The current situation may call for a multifaceted policy that combines elements of all three approaches. The implicit threat of regime change (conveyed through the removal of Saddam’s regime next door and US encirclement of Iran), combined with maintenance of economic and WMD sanctions provide the sticks by which the US might influence Iranian hardliners, while constructive engagement may also influence hardliners as well as provide moral support to the reformists.

WHAT POTENTIAL DOES IRAN OFFER THE US?

Iran is a dynamic country, experiencing a struggle to determine whether government should derive its authority and legitimacy from God or from the polity. In other words, whose political authority is greater; God’s or man’s -- a struggle the West waged during the Reformation and the Enlightenment. This struggle also addresses the issue of free will. Does man have free will? Should he be allowed to act on this free will if he has it? Or, is it the God-
given duty of the clerics to mandate and enforce -- to the most intrusive degree -- how people in an Islamic-governed society will act. These are the sort of issues with which St. Augustine, St. Thomas of Aquinas, Hobbes, Locke, and others struggled -- only the Iranians are doing this in the span of decades rather than centuries. As will be shown below, the impetus behind this debate appears to favor the demise of the hardliners’ totalitarian control of Iran. This power shift could take ten to twenty years, but US policy will need to maintain pressure on the hardliners, assist the reformists, and position the US to take advantage of an eventual reformist accession to power.

It is important to understand that many reformist clerics, including the current president, Hojjatolelsam Mohammad Khatami, are trying to achieve a balance between Islam and democracy. They are attempting to form a truly Islamic republic; one that is both Islamic and democratic. While some argue that this is not feasible, this paper argues that Islam and democracy are not mutually exclusive sets. Furthermore, it is very much in the US national interest that reformists in Iran succeed in establishing a truly Islamic democracy because such a government could become a model for other regimes in the Middle East and contribute to long term stability in the region.

Iran is also developing weapons of mass destruction (WMD) capabilities with the assistance of Russia, China, and North Korea. The possession and deployment of these weapons will facilitate Iran’s accession to hegemonic power in the region. Short of an incredible improvement in bilateral US-Iranian relations (where the US could constructively engage Iran on the issue of WMD) or the use of militarily force, it is unlikely that the US will be able to forestall Iran’s acquisition of these weapons. Therefore, the US will need to develop a policy to accommodate this eventuality.

It is also in the interest of the US to ensure that an abundant supply of oil from diverse suppliers is available on the world market. Iran has extensive oil reserves in both the Caspian and Persian Gulf, and has the potential to close the Straits of Hormuz, through which Persian Gulf oil flows. Consequently, Iran holds – at least in part – the key to establishing and maintaining an unrestricted, uninterrupted oil supply at low world market prices.

Iran’s potential to strangle the Gulf and Caspian oil supply raises the strategic importance of Caspian oil for the US. It is in the US interest to ensure that the supply of Caspian oil cannot be constricted by Iran, as can Gulf oil. Consequently, American political interplay with Iran, Russia, the Caucasus, and Central Asia has the potential to secure an abundant uninterrupted oil supply, as well as provide incentives for Iran to modify its behavior.
If Iran were to accommodate the reform movement, allow technocrats run the country and modify its behavior, Iran could hold the potential to become a country with democratic institutions (albeit Islamic in flavor), a robust economy that serves as an example to other Islamic countries, exerts a stabilizing influence in the region and is friendly to the US. Furthermore, an Iran that respects international norms would be expected to drop support for terrorist organizations like Hezbollah and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), both of which have committed terrorist acts against Americans. US policy toward Iran, then, should be crafted to influence Iran to move toward this condition. Nevertheless, that policy will need to be crafted in such a way that it does not hurt US relations with allies in the region, and does not lead to the destruction of Israel.

A HISTORY OF RELATIONS BETWEEN THE US AND POST-MONARCHICAL IRAN

US-Iran relations in the post-Shah era generally have been mutually hostile. The US severed diplomatic relations and imposed economic sanctions after Iran seized 52 US hostages in 1979. The 1981 Algiers accords instituted the Iran-US Hague Claims Tribunal to address legal claims between Iran and the US. As a result, the sanctions were lifted, but some Iranian financial assets were placed under the stewardship of the Claims Tribunal, and Iranian government property in the US remained frozen. During the Iran-Iraq War, the US supported Iraq. In 1984, the US included Iran on its list of state sponsors of international terrorism and imposed an arms embargo on it due to its support for Hezbollah, which kidnapped and killed Americans. In 1987, Iran’s support for Hezbollah and the threat Iran posed to US shipping in the Persian Gulf led the US to re-impose sanctions against Iran. In 1992, the first Bush Administration adopted the Iran-Iraq Non-Proliferation Act to hamper Iran’s (and Iraq’s) efforts to acquire WMD. In May 1993, the Clinton Administration unveiled “dual containment,” its policy toward Iran and Iraq. The policy strove to maintain the Iran-Iraq balance of power by weakening Iran through economic sanctions and keeping post-Gulf War Iraq weak. The policy was designed to prevent Iran from acquiring WMD, foil its subversion of moderate Arab states, and penalize it for sponsoring terrorism (particularly its support for Hezbollah) and sabotaging the Middle East peace process. The US hoped to discourage others from assisting Iran’s WMD programs and impede the normalization of commercial and diplomatic relations until Iran’s behavior changed.

Although dual containment was further strengthened through Executive Orders (EO) 12957, 12959, 13095, and the Iran-Libya Sanctions Act (ILSA), the US did grant an ILSA waiver to reward Russia for its perceived cooperation in hindering Iran’s WMD efforts, and promised
ILSA waivers to the European Union (EU) to forestall potential EU complaints against the US at the World Trade Organization (WTO). Later, responding to Iranian reformist electoral victories and Iranian president Khatami’s opening to the US, the US eased the economic sanctions in 1999.\(^9\)

Currently, the US objects to Iran’s pursuit of WMD, its support for terrorism, its opposition to the Mid-East peace process, its disregard for human rights, and the threat it poses to regional stability.\(^10\) Partly due to these objections, as well as to conditions lingering from the initial spat with Iran, the US has no diplomatic relations with Iran, Iranian assets remain frozen by the Hague Tribunal, and the US maintains various economic sanctions against Iran.\(^11\) Nevertheless the US continues to encourage bilateral talks, hoping to isolate Iranian hardliners, and support the populace and reformists.\(^12\) Also, Iran increasingly finds itself surrounded by US forces in Afghanistan, Pakistan, Central Asia, Turkey, the Gulf, and Iraq.\(^13\)

In August 2002, the current Bush Administration articulated its Iran policy, explaining Iran's inclusion in the Axis of Evil.\(^14\) America’s goal now is to:

See a democratic and prosperous Iran, integrated into the global economy. However, the policies of the current Iranian regime...are responsible for the poor state of the country’s economy and hostile relations with the United States. This administration looks forward to the day when Iranian policies change... (and we) will be able to support Iran’s entry into the World Trade Organization.\(^15\)

The policy was bifurcated, highlighting distinctions between un-elected Iranian policy makers’ undesirable behavior on one hand and the legitimate aspirations of the Iranian people and popularly elected officials on the other. In a speech on August 2, 2002, to the Washington Institute for Near East Policy, National Security Council (NSC) Senior Office Director for Near East and South Asia Zalmay Khalilzad said, “we will continue to speak out in support of the Iranian people... U.S. policy is...to support the Iranian people in their quest to decide their own destiny... (I)t is about supporting those who want freedom, human rights, democracy, and economic and educational opportunity...”\(^16\) Consistent with these parallel tracks, the US extended ILSA for five more years, but sought to engage Iran in talks about Iraq and continued discussions on Afghanistan.\(^17\) Iran has cautiously expressed interest in talking.\(^18\)

The above notwithstanding, the Congressional Research Service recently noted that “although the Bush Administration says it is still willing to hold a dialogue with Iran, the focus of current U.S. policy appears to be a return to the containment policy that prevailed during the
In order to understand why the Islamic Republic has reacted to the US as it has, and why it currently behaves as it does internationally, one must understand the domestic political, religious, and philosophical dynamics in Iran.

HOW DO IRAN’S INTERNAL POLITICS INFLUENCE ITS ACTIONS ABROAD?

Iranian domestic politics have a direct impact on its international politics. With respect to the power struggle, the reformists generally are those who are appointed to political positions by President Khatami, the Council of Ministers, and (currently) a majority of majlis members. The hardliners dominate the Assembly of Experts, the Council of Guardians, the Supreme Court, the Judiciary, the Expediency Council, the Islamic Revolutionary Guard Corps (IRGC), the armed forces, the Ministry of Intelligence and Security (MOIS), all law enforcement, and the Prosecutors’ Office.

The reformists in government are tasked with running the country. Consequently, if they are at all sensible, they realize that reforms are necessary in order to improve Iran’s standing in the world and to improve Iran’s dismal economy. From a foreign policy perspective, Iran’s elected officials have attempted to moderate Iran’s more radical activities, such as exportation of the Revolution, vehement denial of Israel’s right to exist, and support for Hezbollah. Iran’s president and foreign ministry have expressed a need for “dialogue among civilizations,” expressed guarded willingness to talk to the US, and have moderated Iran’s anti-Israel tone. However, conservatives in the person of Supreme Leader Ali Khamene’i continue to deny Israel’s right to exist, rule out any normalization of relations with the US, and continue to support Hezbollah through the MOIS and the IRGC. Although, as will be shown below, the reformists can indicate where they would like to guide Iran in international and economic affairs, the conservatives hold ultimate power in Iran and can thwart these efforts. Due to this dichotomy, Iran is generally perceived in the international arena as speaking out of both sides of its mouth and being dishonest. While there may be dishonesty involved, much of what is perceived internationally is likely an outward manifestation of internal Iranian politics.

Similar to the way Iranian domestic politics affect its international politics, international politics affect Iranian domestic politics. Consequently, an overt statement by President Bush in
support for reformists is quickly disavowed by reformists who tell the US to mind its own business, while hardliners use the statement as proof of reformist complicity with the “Great Satan’s” anti-revolutionary agenda. This means that US officials must carefully craft their statements when referring to Iran in order to avoid unintended consequences on the Iranian domestic scene.

DYNAMIC TENSION IN THE ISLAMIC REPUBLIC – ELEMENTS OF POWER

Iran’s government is based on the concept, developed by the late Ayatollah Ruhollah Khomeini, of velayat-e faqih (guardianship of the jurisconsult), where the supreme leader (faqih) has absolute veto power, serves for life, and ostensibly derives his authority from Allah (God). Criticism of the faqih constitutes blasphemy and is punishable by death. Obviously, this arrangement poses a daunting obstacle for Iranian reformists and gives Iranian hardliners (and the faqih) an immense advantage. Nevertheless, Iranians have long dealt with authoritarianism, and are masterful at evading restrictions and obstacles. Consequently Iranian hardliners and reformists are engaged in an elaborate Kabuki dance whose outcome is yet to be discerned – and may not be for several years or decades.

When a faqih dies, a new faqih is chosen by the Assembly of Experts which is composed of 86 members. The members of the Assembly of Experts are popularly elected, but only after having been approved to run as candidates by the Council of Guardians, which is composed of twelve members. Six members of the Council of Guardians are selected by the faqih and six are elected by the majlis, or Congress. The six who are elected by the majlis, however, are elected from a list of candidates that has been approved by the head of the judiciary. The head of the judiciary is appointed by the faqih. Therefore, the six Guardians selected from the majlis tend to be conservatives. In addition to this, there is an Expediency Council, composed of six members of the Council of Guardians who are clerics, six members of the government (presidency, legislature, and judiciary), and about twenty other officials appointed specifically by the faqih. The Expediency Council is dominated by conservatives due to the power of the faqih to appoint the majority of members. Its role is to resolve legislative impasses between the president and majlis on one hand and the Council of Guardians on the other. It has the power to override the constitution and Islamic law in order to preserve the interests of the Islamic Republic, as defined by the faqih.23 This arrangement stacks the deck such that the faqih has nearly total power to control the Iranian government and Iranian society.

Nevertheless, the faqih is capable of making tactical political errors, as was the case in 1997, when Ali Khamene’i allowed then presidential candidate Mohammad Khatami – himself a
cleric – to run for office. Pre-election polls indicated that Khatami would lose to his major conservative opponent, Hojjatoleslam Ali Akbar Nateq Nuri, who had been endorsed by the faqih.\textsuperscript{24} Khatami’s election as president energized the reformist movement and facilitated limited gains toward the true democratization of Iran.

Lest one assume that the democratic genie is fully out of the bottle, and Iranian democratization imminent, one should understand that the hardliners still control all coercive levers of power in Iran, while the reformists have little more than the ability to strike or demonstrate. Iranian levers of coercive power rest in the IRGC (\textit{pasdaran-e engelab-e islami}), the MOIS (\textit{vezarat-e etele'at va amniat-e keshvar}), all branches of the military, the police, a political faction known as the Champions of the Party of God (\textit{Ansar-e Hezbollah}), and the \textit{Vahid-e Basij-e Mostazafan} (the Mobilized Units of the Oppressed) which is a militia group, known simply as the \textit{Basij} that was formed to be martyrs in the Iran-Iraq War. The IRGC, MOIS, police, and military are formal, instituted arms of the government. The \textit{Ansar-e Hezbollah} and the \textit{Basij} are hard-line armed gangs, ostensibly independent from the government, that counter reformist demonstrations by violently breaking them up while the police generally stand and watch. The IRGC itself possesses a parallel organization to the military and intelligence ministry, consisting of an IRGC army, navy, air force, and intelligence/covert action wing. Additionally, the hardliners control the judiciary and the jails.\textsuperscript{25}

With all this coercive power arrayed against them, the reformists have one major arrow in their collective quiver; the power to foment general, popular revolution. (Due to changing demographics since the birth of the Islamic Revolution, the reformist movement draws immense support from Iranians under 30 years of age, who now constitute the majority of Iran’s population.) While a revolution is not necessarily imminent, hardliners cannot help but see it as a real potentiality that must be addressed and averted. A revolution would mean a collapse of Iran’s society, government, and economy. Even hardliners do not want to see the disintegration of order because in such an event they would likely see violence visited upon themselves in a reformist backlash. Consequently, the hardliners must walk a tightrope between relinquishing some power to the people, without losing too much control.

Ultimately the hardliners may find it impossible to maintain the balance, at which time one could argue that they would clamp down or be swept from power. A clamp-down might provoke a popular revolution, however. And the depth of hard-line control over the IRGC appears shallow; while higher level (and older) officers support the conservatives, 80 percent of the IRGC force (those who are younger), supports the reformists and may not be willing to quell a popular uprising.\textsuperscript{26} One can only assume, given Iran’s demographics (where rank-and-file
personnel are young and mirror the majority of the population), that the military also has a high percentage of personnel who sympathize with the reformists. The question then arises as to whether the IRGC and military rank-and-file would follow orders to put down any potential reformist revolt, or whether they would ally with reformists in that event, turning against their hard-line masters. It is reasonable to expect that Khamene’i recognizes the lack of theocratic, ideological depth in the IRGC and military. So the balancing act continues. The trick for the reformists is to wheedle concessions from the hardliners, without provoking them to clamp down. This is the primary reason why, until now, President Khatami has been reluctant to be more forceful with the hardliners. The reform movement has had its ups and downs, but the trend has been toward liberalization and democracy. Consequently, America needs to be patient, while doing what it can to encourage reform in Iran. That said, Iran’s pursuit of WMD – particularly nuclear weapons – may necessitate US measures to delay or forestall their development. Such measured may involve military action and may be required sooner than later. Alternatively, however, the US may choose to adopt a policy that accommodates the likelihood that Iran will eventually deploy nuclear weapons.

Further complicating the Iranian political scene is the fact that some reformists are secularists, while others believe in the concept of Islamic democracy. Yet other reformists are Islamic purists, who believe that politics has corrupted those clerics who are in positions of power. Sometimes conservatives side with reformists on certain issues, at other times they clash. About various political factions in the early 1990s, David Menashri notes:

(W)hile the revolutionary leadership seemed firmly in command, a fierce struggle for power became evident within its ranks. The differences between the various groups emerged for a variety of reasons. These ranged from different interpretations of Islamic law to divergent doctrinal convictions arising from the inherent tension between the doctrine of the revolution and Iran’s national interests. Different political considerations and tendencies and factional and personal rivalries also played a part... The various trends never actually organized into clear-cut factions – let alone into competing parties with coherent, collective ideologies. In addition there were significant sub-groups within each trend, all of them proclaiming loyalty to Imam Khomeini’s ‘line’ (khat-e Imam).27

Similar tendencies currently exist within today’s “hard-line/conservative” and “reformist/moderate” factions. In addition, some of those the West considers to be reformist were not so long ago considered to be hardliners. Conversely, some of today’s hardliners were considered previously to be moderates or pragmatists. This is true of Ali-Akbar Hashemi Rafsanjani, head of the Expediency Council, and even Ali Khamene’i. On the other hand,
several Khatami supporters have unsavory pasts. Ali-Akbar Mohtashami was a former interior minister and a strong Lebanese Hezbollah supporter, but yet criticized both Rafsanjani and Khamene’i for being “American lackeys.” These stark contradictions serve to confuse the signals Iran emits to the outside world and complicate attempts at analyzing Iranian trends and intentions.

**Ijtihad: The Clash of Interpretations, or The Undeclared Islamic Civil War**

To understand the dynamics behind Iranian domestic politics and the clash between Iranian reformist and conservative clerics, one must first understand the role that the Islamic practice of *ijtihad* has played in shaping today’s Iranian clergy, in providing a theological justification for the current form of Islamic government in Iran, and in lending theological legitimacy to those socio-religious thinkers in Iran who question the validity of Islamic government and the accession of Ali Khamene’i to the position of Supreme Leader.

*Ijtihad* is the process of interpreting and applying Allah’s laws by reviewing accepted holy texts such as the Quran, Hadith, and written traditions. One is accepted by the *ulema* (religious elders) as a *mujtahid*, (one who interprets the Quran and Islamic law) only after some 10 to 15 years of study in a seminary. Traditionally, Shi’a clerics have had more latitude to interpret the Quran than have Sunni clerics, and Shi’a clerics have had a role in legitimizing Iranian regimes since the 16th century. Consequently, *ijtihad* has played a critical part in the development of Iranian Shi’ism and politics.

In 1501 the Safavid ruler Shah Esmail proclaimed the official religion of Persia to be Twelver Shi’ism. Iran has remained a Twelver Shi’a country since that time. According to historian Elton L. Daniel, “There were aspects of Shi’ism, notably its emphasis on legitimacy, that appealed strongly to Iranian sensibilities: The Safavids, for example, skillfully exploited the belief that the Imam Hosayn had married the daughter of the last shah of Iran, and that the later Imams -- and the Safavid family -- descended from this line.” Consequently, the Safavids derived religious legitimacy from promulgating Shi’ism in Iran.

Although there is no religious institution in Islam like the Vatican for Catholics, “the Safavid rulers... gave special recognition and hierarchical organization to the Shi’a ulama.” The symbiotic relationship between regime and *ulema* eventually led to the *ulema* obtaining a large amount of power, which it increased by expanding the use of *ijtihad*. The *ulema* derived its authority from its knowledge of Islamic law and ultimately “developed an ideological basis for their authority... In the absence of the ‘hidden’ Twelfth Imam, questions about religious conduct must be decided on a continuing basis by scholars (*mojtahids*) trained in jurisprudence and
juridical methods (feqh and osul-al-feqh) and sufficiently advanced to exercise independent judgment (ejtehad). Ordinary believers were obliged to consult a mojtahed and ‘imitate’ his example...\(^3^2\)

In the 1700s Shi’a clerics and the tradition of ijtihad were criticized by various Shi’a religious groups, particularly an influential Shi’ite school known as the Akhbaris who claimed that clerics were abusing the tradition of ijtihad, and that true believers needed only to follow the written Quran and the Hadith to know the Islamic way. In their view ijtihad was not valid and was subject to abuse. They followed the teachings of Mullah Mohammad-Amin Starabadi, which asserted that in the time after the 12th Imam’s occultation, all “traditional reports… about the Imams constituted the fundamental and self-sufficient source of guidance for the Shi’ite community… Since these were necessarily complete…they were to be understood and interpreted literally…(and) there was need for neither Sunni legal methods…nor for the practice of ejtehad on which the authority of the mojtaheds rested.”\(^3^3\) Mullah Mohammad Baqir Vahid Behbehani, a mujtahid, ruthlessly exterminated the Akhbaris and other opponents, and argued that the believers would be without proper guidance absent clerics who practiced ijtihad.\(^2^4\) Eventually, the ulema replaced the Safavid regime with an Islamic one and decreed only mujtahids had authority to rule.\(^3^5\)

In the late 20th Century Ayatollah Ruhollah Khomeini steadily rose to prominence, until he ultimately assumed total control of Iran and its Islamic Republic. In the tradition of Shi’ism, Khomeini formed his ideas while engaging in ijtihad. The institution of velayat-e faqih, which he subsequently developed, bears some conceptual resemblance to, and may be based upon, Plato’s philosopher king.\(^3^6\) In 1970, while in exile in Najaf, Iraq, Khomeini first publicly articulated the concept of Islamic government and velayat-e faqih in a series of lectures entitled “Islamic Government.” Reporter Elaine Sciolino quoted Khomeini as writing, “Since Islamic government is government of law, it is the religious expert and no one else who should occupy himself with the affairs of government... There is no room for opinion or feelings in the Islamic Government system.”\(^3^7\)

The Islamic Republic’s original constitution incorporated Khomeini’s interpretation of Islamic Law, and the Supreme Leader is the jurisconsult guardian of the state. He is known as the rahbar, faqih or vali (the leader, jurisconsult, or guardian). Under the amended constitution, the rahbar has ultimate authority to veto or approve any law, policy, or action that the Iranian government might adopt and serves in that position for life. The rahbar ostensibly derives his authority directly from Allah and indirectly from the people -- umma. Therefore, opposition to, or criticism of, the rahbar constitutes blasphemy, which is punishable by death.
As noted above, the practice of *ijtihad* is critical in Shi’a Islam in Iran. It emphasizes examination and questioning of interpretations of the Quran. This practice allows, and effectively promotes, the emergence of sharply differing interpretations of Islam. Consequently, many Iranian clerics -- some of whom outrank the current *faqih*, Ayatollah Ali Khamenei -- openly question the validity and legitimacy of the institution of *velayat-e faqih* and have done so since the inception of the Islamic revolution.38

Due to these sharply differing interpretations, there has been a constant tension between the *ulema* and the *faqih* since 1979. Even as Ayatollah Khomeini began to consolidate power in the hands of the clerics and make the *velayat-e faqih* a reality, many acknowledged *mujtahids* questioned and criticized Khomeini’s interpretation of Islam and how the concept of *velayat-e faqih* was being executed in actuality. Among them were Ayatollah Mohammad Kazem Shari’atmadari, Ayatollah Abdollah Shirazi, Ayatollah Abol-Qasem Kho’i, as well as Ayatollah Hosein Ali Montazeri. Montazeri was officially recognized in 1980 as an Ayatollah by Khomeini and his followers (as well as the *umma*), who acknowledged his revolutionary credentials, as well as his clearly strong religious scholarship and background. Montazeri was Khomeini’s heir apparent as *faqih* until he became too critical of the Islamic Republic. At that point Khomeini selected Ali Khamenei to be his successor, despite the fact that Khamenei was only a Hojjatoleslam at the time. He was rapidly recognized by Khomeini and his followers as an Ayatollah to give him the aura of having the required scholarly credentials to become a *faqih*.)39

*Ayatollah* Shari’atmadari believed that ideal Islamic government was government of the people, or *umma*. He further believed that the role of *faqih* was advisory in nature, not dictatorial. Shari’atmadari opined that a true Islamic Republic is “a democratic regime based on the public will…government of the people, for the people, against dictatorship and despotism.”40 He was vocal in his opinions as early as 1979, and his pronouncements clashed with Khomeini’s views, intimate involvement in politics, and ultimate usurpation of total political authority in the name of Islam. Shari’atmadari’s view is important because he was one of the first high-ranking clerics to espouse a fusion of Islam and democracy, while denouncing the concept of *velayat-e faqih* which was eventually written into the Islamic Republic’s first and second constitution.

As Khomeini approached his death (he had terminal cancer), the issue of his successor arose. The manner in which the issue was handled by Khomeini and his followers, as well as the resulting accession of Ali Khamenei to the position of *faqih*, tore open fissures in Islamic thought that had existed since the inception of the Islamic Revolution. At the time of his accession to power, and during the entire time he was *faqih*, Khomeini was religiously qualified.
and was accepted by the umma and ulema to be a marja'-e taqlid (source of imitation, also known simply as marja). This coincided with the general popular acceptance (those who did not agree were mercilessly purged) of Khomeini as the Islamic Republic’s faqih. The problem in finding a successor was that nobody in Iran had the combination of charisma, Islamic scholarship, and political savvy as did Khomeini. Either Khomeini’s interpretation of Islamic government had to be followed – in which case only one of a handful of clerics who could legimately be considered marja’ (qualified Islamic scholars, but inexperienced in governmental politics) would qualify – or political realities (survival of the Islamic regime) needed to be followed – in which case religious credentials were less important than loyalty to Khomeini and political skill.

When Khomeini passed over his previously anointed successor, Ayatollah Montazeri for the less qualified Hojjatoleslam Khamene’i, it became apparent that political qualification was more important than religious qualification. In addition, Khomeini decreed that the Iranian constitution be amended. One amendment addressed the position of faqih and lowered the requisite qualifications of candidates for the office. This process irked those marja’ who had been passed over in favor of Khamene’i. Also, as it became clear to the umma that Khamene’i lacked the religious credentials needed to succeed Khomeini as both the marja’ and the vali, Khomeini and hard-line clerics, most of whom had a stake in staying in positions of governmental power, began issuing fatwas (Islamic juridical opinions) to justify Khamene’i’s accession and the constitutional changes that allowed it. These fatwas (and the constitutional changes), however, contradicted opinions Khomeini had written throughout his life and had offered in his lecture, “Islamic Government.” Consequently, clerics in the regime and Khomeini, himself, were in the position of contradicting Khomeini’s own original doctrine, and thus began to lose popular legitimacy.41

Khomeini’s death and the accession of Khamene’i in 1989 created a situation where the circle of the regime’s critics expanded to include clerics who disputed the validity of the concept of velayat-e faqih, clerics who disputed the constitutional role of the faqih, and clerics who questioned the absolute authority of the faqih. The “reformist” clerics ranged in rank from Grand Ayatollah (Ayatollah-e ozma) to Hojjatoleslam to seminarian. This rift, combined with political miscalculation by Ayatollah Khamene’i, led to the eventual election of Hojjatoleslam Seyed Mohammad Khatami as president.

Khatami’s election opened the door for reformists to begin the struggle to wrest power from the faqih and the hardliners, and democratize Iran. Under Khatami, the debate has become more widespread and radical. Reformist newspapers flourished and the laity became
involved.\textsuperscript{42} The most prominent lay person, who nevertheless has extensive Islamic theological scholarship credentials, is Abdol-Karim Soroush. He is buttressed by \textit{Hojjatoleslam} Mohsen Kadivar and \textit{Hojjatoleslam} Mohammad Mojthed Shabestari, \textit{Ayatollah} Montazeri, \textit{Ayatollah} Jalal Al-Din Taheri, and others.\textsuperscript{43}

Soroush argues that humans are fallible, and therefore cannot interpret perfectly the meaning of the Holy Scriptures. As academic Mahmood Sadri notes, Soroukh believes that “the essence of religion is... beyond human reach... Religious knowledge, is a sincere and authentic but finite, limited and fallible form of human knowledge.”\textsuperscript{44} Soroush then argues that man is weak, and that all men (including the clergy) can be tempted by political power, which can lead to abuses. Therefore true Islamic government is government that is democratic and open. Only in this way can the \textit{umma} and \textit{ulema} be certain that government is acting in accordance with Islam.\textsuperscript{45}

Shabestari, like Soroush, argues that religious knowledge is limited and finite. He says that “what is essential and eternal is (sic) the general values of Islam not particular forms of their realization in any particular historic time.”\textsuperscript{46} Sadri notes, “Shabestari even suggests that there has been a divine providence for a separation of religious values and secular realities.”\textsuperscript{47} He also defends democracy, individualism, and human rights as being in keeping with Islam.\textsuperscript{48}

Kadivar is a traditionalist. While his conclusions mirror those of Soroush and Shabestari, he arrives at those conclusions by engaging in conventional \textit{ijtihad}, consulting the Quran, Hadith, and other traditionally accepted sources of Islamic knowledge. Kadivar, as a traditional \textit{mujtahid}, is the Islamic Republic’s worst nightmare-come-alive. He uses \textit{ijtihad} to prove the legitimacy of nine varieties of Islamic government, from liberal (yet Islamic) democracy to autocratic (Islamic) theocracy. He then invalidates Ayatollah Khomeini’s concept of \textit{velayat-e faqih} by demonstrating how it is based upon 18\textsuperscript{th} and 19\textsuperscript{th} century jurisprudence, which is less authoritative than older scriptures and judgments. Sadri quotes Kadivar as writing, “The principle of \textit{velayat-e faqih} is neither intuitively obvious, nor rationally necessary... It is neither a part of Shi’ite general principles, nor a component of detailed observances. It is, by near consensus of Shi’ite \textit{ulema}, nothing more than a jurisprudential minor hypothesis.”\textsuperscript{49}

\textit{Ayatollahs} Montazeri and Taheri are currently among the highest ranking dissident clerics. Montazeri had been stripped of his title and pushed aside by Khomeini in favor of Ali Khamene’i due to Montazeri’s audacity in questioning the validity of \textit{velayat-e faqih}. Khamene’i put him under house arrest after he questioned Khamene’i’s qualifications to be the \textit{faqih}. Nevertheless, Montazeri continued to issue opinions that were smuggled out of his house by his
followers. Also, the *umma* and much of the *ulema* clearly still consider Montazeri to be an *Ayatollah-e ozma*.

Taheri, a conservative, is concerned not about the concept of the Islamic Revolution or *velayat-e faqih*, but about ruling clerics who have been corrupted by political power. In a letter dated July 8, 2002, announcing his resignation as the leader of Friday prayer in Esfahan, he blasted the regime for betraying the people and the Islamic Revolution.

As time progresses, the institution of *ijtihad* will broaden the debate and legitimize the reformists’ questioning of the legitimacy of the *velayat-e faqih*, as well as the absolute power held by the hard-line clerics. The hardliners are in the unenviable position of having to declare legitimate the time-honored tradition of *ijtihad*, while suffering mightily from the reformist backlash *ijtihad* has spawned.

**HAS US POLICY TO DATE BEEN SUCCESSFUL?**

Despite 20 years of US sanctions and attempts to isolate Iran diplomatically, Iran still supports terrorists, still denies Israel’s right to exist and tries to sabotage the Mid-East peace process, still pursues the development and acquisition of WMD; and still abuses the human rights of its own citizens. Clearly, the US has not achieved its goals with respect to Iran, except with respect to delaying the acquisition of nuclear weapons, which sanctions appear to have done.50

While Iran has experienced gradual political liberalization, it is more likely a result of internal demographics and philosophical differences, than of US policy.51 Also, while Iran’s economy is stagnant, most analysts agree it is not due to US policy, but to Iranian ineptness, mismanagement, corruption, restrictive regulations and low oil prices.52 US policy may have marginally induced Iran to be a bit more responsible in the international arena, but only insofar as it has forced Iran to establish economic and diplomatic relations with the EU, Russia, and East Asian countries – effectively rendering impotent the US containment policy against Iran. Nevertheless, although Iran exports crude oil, it does not possess the capability to refine all the gasoline and other refined oil products that it consumes domestically. Consequently, Iran – OPEC’s second largest oil producer – announced in March 2003 that it expects to *import* 1.5 billion gallons of gasoline in the next year.53 Based upon this fact, one could argue that the US sanctions regime has had a limited impact on the Iranian economy, given that Iran may now be forced to raise domestic gasoline prices, causing inflation and further alienating the people. One condition, however, does seem to be having a significant impact on Iran. Iran seems to be moderating its behavior due to its encirclement by US military forces and the threat they could
pose to the hardliners. The above notwithstanding, EU critical engagement with Iran also has
done little to change Iran’s behavior, particularly with respect to Iran’s support for terrorists, its
position vis-à-vis Israel, and its efforts to obtain WMD.

ISSUES

In discussing potential policy options, several issues must be understood. Among these
issues are Iran’s quest to acquire WMD (particularly nuclear weapons), its support for terrorist
organizations, the issue of the world oil supply, and Iran’s current encirclement by US military
forces and allies.

WEAPONS OF MASS DESTRUCTION AND THE NUCLEAR OPTION

Possibly the largest problem facing the US vis-à-vis Iran at this time is the recent
discovery in October 2002 of two sites – one at Natanz and another at Arak, Iran – that the US
claims are clandestine nuclear weapons facilities. The International Atomic Energy Agency
(IAEA) has said that its inspections of Iranian nuclear facilities and plants have found no
evidence to support the conclusion that Iran has a nuclear weapons development program, but
admits that it has not inspected these particular sites. Iran denies that the facilities are related
to a nuclear weapons program.

The Atlantic Council of the United States concluded in January 2002 that Iran was still in
the R&D phase of its nuclear weapons program and had not necessarily decided to “proceed
toward the development and production of nuclear weapons.” It assessed that if Iran were to
choose this path, the US would have “some warning time in which to explore diplomatic and
other alternatives.” Nevertheless, the Central Intelligence Agency (CIA) had reported earlier,
in January, 2000, that it could not rule out the possibility that Iran had the capability to
manufacture nuclear weapons at that time. In February 2002, the Director of Central
Intelligence (DCI) testified that Iran may produce enough fissile material for a weapon by the
end of the decade. The CIA believes Iran is interested in acquiring foreign fissile material from
abroad. If successful, Iran might have enough to produce a weapon sooner. Furthermore, the
State Department noted in October 2002 “that Iran is building a nuclear fuel cycle to support a
nuclear weapons program.” According to the Congressional Research Service, “that
statement came before public revelations in December 2002 that Iran is building two additional
facilities, at Arak and Natanz, that could be used for a nuclear weapons program. Iran, denying
it has a nuclear weapons program but responding partly to international demands, has said it
will allow IAEA inspections of the Arak and Natanz sites in February 2003.\textsuperscript{61} Subsequently, however, Iran tied IAEA enhanced inspections to an easing of US sanctions.\textsuperscript{62}

In addition to attempts to develop nuclear weapons, Iran is also in the process of developing medium range ballistic missiles (MRBMs) and intercontinental ballistic missiles (ICBMs) that ultimately could be used to deliver nuclear weapons. In January 2003, the Congressional Research Service (CRS) noted that, “In March 2002, an intelligence community official upgraded the missile threat from Iran, testifying that the United States would ‘most likely’ face an intercontinental ballistic missile threat from Iran by 2015.\textsuperscript{63}

In an effort to determine what the US should do about Iran’s nearly certain eventual acquisition of nuclear weapons and intercontinental ballistic missiles (ICBMs), one must first discern the benefit Iran hopes derive from having them. Kori N. Schake and Judith S. Yaphe posit the following Iranian goals:

- Bolstering regime standing in the eyes of Iranians and throughout the Arab and Muslim world;
- Intimidating the Gulf Arab States to follow Iranian guidance on issues such as oil pricing and production levels and undermining their confidence in U.S. security guarantees, thereby limiting if not ending U.S. military presence in the Gulf;
- Deterring Iraqi use of nuclear weapons in attacking Iran;
- Gaining leverage over Israel, the United States, Turkey, and Saudi Arabia in a potential military confrontation or diplomatic crisis;
- Protecting oil shipments from threatened disruptions; and
- Undermining potential anti-Iranian actions in Central Asia or Afghanistan.\textsuperscript{64}

Schake and Yaphe believe that the US could manage an environment in which Iran possesses nuclear weapons by “reassuring allies; improving defenses of U.S. territory; normalizing relations with Iran before it becomes a nuclear power; adapting U.S. military operations in the Gulf; (and) sending unequivocal signals.”\textsuperscript{65} While some of these steps may be effective, others may be unworkable. Specifically, normalization of relations with Iran depends in great measure on the willingness of the conservative-controlled government to accept normalization. Therefore normalization of relations may not be feasible.
SUPPORT FOR TERRORISM

Iran is listed by the State Department as a state sponsor of terrorism. Iran supports Hezbollah, Hamas, Palestine Islamic Jihad, and the PFLP-GC. Additionally, Iran has recently been accused by the US of harboring Al Qaeda terrorists in the aftermath of the Taliban’s demise in Afghanistan, and the US continues to claim Iranian complicity in the 1996 Khobar Towers bombing. According to the State Department, “Iran provided limited support to terrorist groups in the Gulf, Africa, Turkey, and Central Asia." The PFLP-GC carried out numerous terrorist attacks in Europe and the Middle East in the 1970s and 1980s. Furthermore, with regard to Hezbollah, the State Department notes:

(Hezbollah is) known or suspected to have been involved in numerous anti-US terrorist attacks, including the suicide truck bombings of the US Embassy in Beirut April 1983 and US Marine barracks in Beirut in October 1983 and the US Embassy annex in Beirut in September 1984. Three members of Hizballah, ‘Imad Mughniyah, Hassan Izz-al-Din, and Ali Atwa, are on the FBI’s list of 22 Most Wanted Terrorists for the hijacking in 1985 of TWA Flight 847 during which a US Navy diver was murdered. Elements of the group were responsible for the kidnapping and detention of US and other Western hostages in Lebanon.

Given that US designation of Hezbollah rests primarily on acts it committed against US citizens in Lebanon, rather than its anti-Israeli activities, one needs to consider whether the US global war on terrorism will shift its focus to Hezbollah once Al Qaeda is under relative control. If so, Tehran, Damascus, and Beirut should begin to worry. With respect to this particular phase of the War, the US may find it beneficial to differentiate its pursuit of Hezbollah for crimes against US citizens from its Israel policy. The US will need to make clear that apprehension of those responsible for planning, executing, and authorizing terrorist acts against Americans is the goal. Also, vis-à-vis Iran, the US should de-link its Israel policy from its anti-terrorism policy. Specifically, Iran’s support for Hezbollah activities in Lebanon and Israel should be treated in the context of the Mid-East peace process, rather than in the context of terrorism. That said, this in no way should imply that Israel does not have the right to self defense, and the US should make clear that it approves of Israel’s efforts to protect itself from Hezbollah attacks.

THE NEW GREAT GAME OVER OIL

It has been the policy of both the Clinton administration and the current Bush administration to support the building of oil and gas pipelines from the Caspian oil and gas fields to locations that circumvent Iranian (and, prior to 9/11, Russian) territory. Recognizing the
potential economic and strategic implications of pipeline diplomacy, Iran is working to attract
investment to build pipelines that pass through Iran. Petroleum analysts agree that building oil
and gas pipelines that connect to Iran’s current pipeline infrastructure would be the most
economical method of moving petroleum. Nevertheless, there are significant political and
economic problems with this option. Iran would be in the position to control the flow of oil
coming from the Caucasus and Central Asia, thus making producers in the region more
dependent upon Iran. Also, oil transiting Iran would likely flow to the Persian Gulf, making it as
vulnerable as current Gulf oil to the closure of the Straits of Hormuz. Both of these limitations
argue in favor of building several alternate pipeline routes in order to ensure an uninterrupted
supply of petroleum to world markets.

ENCIRCLEMENT
As the US pursues its global war on terrorism, it has troops stationed in Afghanistan,
Uzbekistan, Turkmenistan, Turkey, Azerbaijan and now Iraq. US troops who fight and support
the Iraqi campaign are deployed throughout the Persian Gulf. Iran has not failed to notice the
massive US military presence that flanks its borders and territorial waters, but is unsure what to
make of it. Will this force be aimed at Iran after Iraq is settled? An Iranian political science
professor at Tehran University acknowledges that “undeniably there is now pressure on Iran…
The perceived threat is that the U.S. is basically leading this war not because of the threat of
Saddam Hussein, but to have a strong foothold here to recreate and socially re-engineer the
region.” Amir Mohebian, the editor of the Iranian conservative newspaper, Resalat, was
quoted in the Los Angeles Times as querying, “Will the U.S. turn its guns on us after Iraq?
Maybe not, but everything is possible.” Davoud Bavand, an Iranian diplomat at the UN during
the Shah’s regime noted, “I don’t see any positive signs between President Bush and Iran’s
clerics… After the removal of Hussein, it will improve things for Iran, but what will develop in
Baghdad?… The shadow of American military might will raise interesting questions for us… The
US won’t invoke armed action against Iran, but it will exert other pressures for change… It’s
really a psychological war.” This pressure can be exploited by Iranian reformists in their
struggle against the hardliners, but the US must be careful in that the hardliners will likely find
ways to use the US presence to handicap the reformists.

Another factor resulting from the US invasion of Iraq is that the US will control Iraq’s oil
fields and can ensure that Iraq produces enough oil to undercut world prices. Stratfor estimates
that the Iranian economy could not survive a sustained price of less than $14/barrel because “it
would bankrupt the Iranian energy sector. The economic hardship would probably induce a
widespread socio-political crisis that could undermine the current government of velayat-e faqih.73

Given Iran’s inclusion in the “Axis of Evil” and its encirclement by the US, Iranian hardliners would be well advised to be worried and thinking in terms of moderating Iran’s behavior as a hedge. (That said, the hardliners could react by becoming more radical – although, for reasons expressed below, this paper argues that further hardline radicalization is suicidal and thus unlikely.) Iranian Supreme Leader Ayatollah Ali Khamenei acceded to power due to his political and survival skills, as well as pragmatism. Just as he understands the balance he needs to strike with the reformists in order to remain in power, he is likely to understand that he will need to compromise with the US – now poised on his front, side, and rear doorsteps – if he and the hardliners are to remain in power. Consequently, the US should use this opportunity to exert maximum pressure on the hardliners to modify Iran’s behavior and reform its form of government by amending the constitution. In the immediate aftermath of the US removal of the Iraqi regime, the US should find a subtle way to make it clear to the hardliners that it is in their interest to reform, both politically at home and behaviorally abroad. The US should also clarify, however, that the US does not seek the demise of the Islamic Republic, but strongly supports the will of the Iranian people to reform Iran’s political system by amending the constitution.

THE NEW NATIONAL SECURITY STRATEGY AND CURRENT IRAN POLICY

The Bush administration’s current National Security Strategy, released in September 2002, set six goals applicable to Iran and consistent with current policy. The goals are: 1) Champion aspirations for human dignity; 2) Open societies and build democracy; 3) Defeat global terrorism; 4) Address the threat of WMD; 5) Promote free markets and free trade; 6) Work with others to defuse regional conflicts.74 These can be translated into: 1) Induce Iran to respect the human rights of its citizens; 2) Induce Iran to liberalize and introduce more democratic institutions; 3) Induce Iran to abandon its support for Hezbollah and other terrorist organizations; 4) Address Iran’s quest to obtain WMD, particularly nuclear weapons; 5) Foster Iranian economic responsibility and, if appropriate, resume US-Iranian commercial relations; 6) Induce Iran to abandon its opposition to the Middle East peace process and foster responsible international behavior; 7) Establish diplomatic relations.

The goals of championing human dignity, an open society, and democracy in Iran are being pursued by publicly “speak(ing) out in support of the Iranian people...”25 The goals of defeating terrorism and the WMD threat, and defusing regional conflicts (to include the Arab-
Israeli dispute) are being pursued by keeping limited sanctions and ILSA in place and through coordination with regional allies. With respect to free markets and trade, although the US has maintained sanctions previously imposed by executive order and has extended ILSA, the sanctions provide a backdrop against which the US can hold out a potential carrot for the Iranian people and penalize the hardliners.

While these goals are worth pursuing, recent events have put them in conflict with one another. The discovery of the new nuclear plants capable of producing enriched uranium highlight the probability that Iran soon will have nuclear weapons, regardless of what the US does in an effort to stop this eventuality. As Schake and Yaphe note, Iran’s WMD program should not define overall US policy toward Iran. On the other hand, Iran’s support for Hezbollah may well end up defining the US relationship with Iran. Balancing a response to Iran’s WMD threat and its support for Hezbollah with US desires to see a more democratic, free and economically viable Iran will prove challenging.

POLICY OPTIONS – GOALS

The overarching US strategic goal should be to turn Iran into a stable U.S. ally in the region. It should be a US goal to see an Iran that is an Islamic democracy where the clerics in the person of the rahbar do not have absolute political power. It is in the US interest that Iran become a responsible actor in the international arena. The US should seek to hinder Iran’s WMD development and acquisition efforts, despite the likelihood that this is a battle Iran will eventually win. But the US should also formulate a policy that induces Iran to act responsibly once it does acquire nuclear weapons. The US must seek and ensure that Iran is not in a position to control Caspian oil. And finally, the US should seek to end Iran’s support to terrorist organizations that target or have targeted US citizens.

HOW MIGHT THE US ACHIEVE NATIONAL SECURITY GOALS? WAYS AND MEANS

There are several elements of national power the US might use to influence Iran. These are diplomatic, economic, informational and military. The US can 1) tighten vs. relax sanctions; 2) diplomatically isolate vs. engage Iran; 3) induce Middle Eastern allies and the EU to diplomatically and economically isolate vs. engage Iran to pressure Iran to moderate the radical aspects of its foreign and domestic behavior; 4) promote Turkey and Russia over Iranian influence in Central Asia to counter Iranian hegemony; 5) offer Iran economic inducements to alter its unacceptable behavior; 6) use propaganda to encourage democratic liberalization and fan the Iranian public’s desire for change; 7) address the eventuality where Iran acquires nuclear weapons and ICBMs; 8) adopt measures to discourage WMD proliferation; 9) adopt a
more balanced approach to the Middle East peace process; 10) resort to military or covert action to effect regime change or to destroy nuclear facilities, or use surrogates for the same effect; 11) use military presence in the Gulf as an implicit threat to Iranian hardliners and as moral support for the reformists.  

Of paramount importance is for Iran to act responsibly in the international arena, regardless of whether it eventually acquires nuclear weapons and ICBMs or not. Iran has apparently moderated its efforts to export the Islamic Revolution, as demonstrated by its rapprochement with the Gulf Coordination Council (GCC), reduced support for Shi’ite dissidents, and its emphasis on commercial ties in Central Asia over Islamic ideology. Also, after an initial display of aggression in the Caspian against Azerbaijan in July 2001, Iran moderated its tone and acted more responsibly with regard to the territorial dispute. (This moderation was induced by strong US, Russian and Turkish reactions, but Iran got the message nonetheless. This also suggests that Iran’s hardliners will compromise when faced with overwhelming pressure.) The lesson learned here is that the US should continue to seek to ensure that Iran conforms to the norms of international law and interaction, by reacting boldly to Iranian breaches of accepted international behavior.

RECOMMENDATIONS

The US should use its encirclement of Iran to exert maximum psychological pressure on the Iranian hardliners. Iranians are instinctively bazaaris (merchants known for being shrewd bargainers), and the US is currently in a strong bargaining position. It is likely that a pragmatic Ali Khamene’i, recognizing the overwhelming firepower across his western border, will try to mollify the US. The US, therefore, should use this unique opportunity to move the hardliners further down the road toward reform.

While Iranians may generally resent the memory of the US-orchestrated coup against Mohammad Mosadegh, they also tend to hold a view of US omnipotence that is close to mythical in proportion. Consequently, the US should let the hard-line clerics know that resistance to democratic reform is unacceptable. Likewise, the US presence in Iraq may embolden the reformists in their quest, and the US should signal its enthusiasm for an Islamic democracy that is truly democratic, while remaining Islamic. In all of its communications with hardliners (and reformists, for that matter), the US should be sensitive to Iranian culture and understand the role of ta’arof (respectful speech) in Iran when conveying the US position. Further, with regard to public diplomacy, the US should convey its appreciation of Iranian history.
and cultural achievements. Iranians are proud of their history and culture, and US acknowledgement of them will curry the favor of the Iranian populace.

The US should also strongly support allies in the region against Iranian hegemonic tendencies. This means supporting the Caspian oil producers in their dispute with Iran over territorial waters. With regard to Caspian oil, the US should encourage not only the Baku-Tbilisi-Ceyhan oil pipeline, but also several other pipelines through Russia, Uzbekistan, Tajikistan, and Kyrgyzstan. The US should oppose at all costs the construction of oil or gas pipelines that transit Iran until such time as Iran becomes an Islamic democracy and eschews support for terrorist organizations. The building of such pipelines through Iran would bring Iran economic and strategic benefits that should be held out as inducements for Iran to change its behavior.

Also with regard to oil, the US should not relax sanctions that target Iran’s oil industry. The US should continue to work to enfeeble Iran’s oil sector. This should include withdrawal of waivers to the French oil company Total under the Iran Libya Sanctions Act. If the US can contribute to the deterioration of the Iranian oil industry, or make it prohibitively expensive for Iran to produce oil, public funds will necessarily be transferred from other sectors of the economy to help out the oil sector. Likewise, the US should use the invasion of Iraq to pump enough oil to decrease the world market price of oil to as close to $14 per barrel as possible. (While $14 per barrel is an ideal, the US would need to work with its allies in the Gulf to ensure that at whatever level the price takes, the price of oil does not undercut their economies.) The US should follow this policy until Iran agrees to establish diplomatic, consular and commercial relations. At that point the US should begin to ease non-WMD related sanctions.

If Iran were to moderate its behavior, it would ultimately be in the US national interest to help Iran develop its oil exploitation capabilities to assist in improving its economy. In the long run, an improved Iranian economy would promote political stability, which would serve US interests in the region. Also, the increased supply of oil should help drive world oil prices down, which should lead to economic stimulus in the US by enabling Americans to use more of their earnings for expenses other than petroleum products. The US should hold out potential oil sector assistance as an inducement for Iran to moderate its behavior and to establish diplomatic and consular relations.

With regard to Iran’s WMD threat, the US must assure allies within range of Iran’s delivery systems that they will be protected from Iranian aggression and its WMD threat. The US should publicize a doctrine for an immediate, withering US punitive response to any Iranian nuclear, chemical or biological first strike against allies in the region, forge defense pacts with allies in the region codifying the obligation to execute such a response, and renounce such a first strike
against Iran. The US might also find it useful to point out to Iran that although Iran may at some point be in the position to fire nuclear weapons into the US using ICBMs, the US would destroy Iran and effect a regime change were Iran to choose that option. This policy should make it abundantly clear to Iran that its accession into the nuclear club will gain it little or no leverage. The US (using conventional weapons) would still be able to demolish a nuclear Iran with relatively little consequence to the US. That said, the US should keep in place all sanctions designed to impede Iran’s acquisition of WMD, particularly nuclear weapons.

While these measures may be stronger than those recommended by Schake’s and Yaphe’s, their recommendation that the reassurance of allies and sending of signals to Iran should all be done prior to Iran’s acquisition of nuclear weapons and ICBMs is sound advice. They also advocate that the US concurrently work to deploy a national missile defense (NMD), which is also a sound idea. With regard to biological and chemical weapons, the US should adopt similar measures.

Also, sanctions, while generally agreed by analysts and academics in the West to have been ineffective, are perceived by Iranians as having hurt the Iranian economy. This appears to be one reason why the average Iranian favors the establishment of relations with the US. In her book *Persian Mirrors*, Elaine Sciolino notes the following:

> A great many Iranians believe that politics ought not to get in the way of doing business, and that the United States can be a reliable business partner... America is the key to Iran’s prosperity and to its entry into the global economy... A small pro-reform newspaper, *Iran-e Vij*, argued that two decades of hostile relations with the United States had made Iran the loser. “For twenty years our nation has repeatedly and at every occasion shouted ‘Death to America,’” it said. In practice, our national currency has lost its value a hundred times over...and Iran has been turned into a major debtor in the world. Surely, this hasn’t been the aim of our struggle against the United States.\(^8\)

This passage would suggest that at least some Iranians believe that economic relations promise economic recovery. In a world where perception is sometimes reality, it may be more useful for the US to maintain sanctions until the Iranian regime unambiguously modifies unacceptable behavior and demonstrates that it can handle membership in the nuclear club responsibly. The US should hold out the promise of Iranian membership in the World Trade Organization (WTO), but thwart Iranian admission into the organization until such time as it modifies its behavior and agrees to the establishment of consular, if not diplomatic relations. Even the establishment of only consular relations would facilitate exchanges of views in both
Tehran and Washington and let potential American business partners know that Iran supports the concept that American businessmen have access to American consular services (as opposed to receiving those services from an interest section administered by a third country).

While Iran’s policy toward Israel currently rankles the US, the US needs to move beyond this issue. In his book, The Lexus and the Olive Tree, Thomas L. Friedman offers the following passage:

“...my old two-dimensional view of the world was transformed. I remember once flying with (Secretary of State James) Baker to Israel, and his plane got diverted briefly over the Tel Aviv airport and was sent on a big, wide arc over the West Bank before coming in for its landing. I found myself looking out the window of the Secretary of State’s airplane, down at the West Bank, and thinking, ‘You know, in raw power terms, this place really isn’t very important any more. Interesting, yes. But geopolitically important, no.”

What the US (and the US Jewish lobby) must understand is that Iran’s position vis-à-vis Israel is no longer very important to US national interests because the Arab-Israeli question vis-à-vis Israel’s survival is no longer critical to US national interests. US interests may be served in supporting an ally (in this case Israel) and blocking its demise, but this is hardly vital to US interests. The establishment of a lasting peace in the Levant is arguably more important (and perhaps even vital) to the US national interest. Consequently, if the US would take a more balanced approach toward the Palestinian issue, it would likely minimize the effect of Al Qa’ida, Iranian, and Islamist propaganda that capitalizes on this issue. It would also have the effect of reinforcing in the minds of Arabs and Muslims the image of America as a liberator and true advocate of freedom that appears to be highlighted by the Iraqi population’s jubilation at Saddam’s removal in Iraq.

A more balanced approach toward Israel would entail cutting US financial aid to Israel equal to the amount of money it costs Israel to maintain old and build new settlements on the West Bank, and the cost of constructing “the wall.” Only by affecting Israel’s pocketbook and jeopardizing the stability of its economy will the US get Israeli conservatives to negotiate in good faith a settlement with the Palestinians.

With this as a backdrop, the US should at least contemplate a deal with Iran whereby the US scales back its economic support for Israel and Iran cuts its support to Hezbollah. Also, if the US were to give Iran a stake in solving the Arab-Israeli dispute, one might argue that progress toward a solution might be possible. Certainly, Iran’s withdrawal of training, material
and financial support to Hezbollah, Hamas, and others would serve to dampen their ability to carry out terrorist operations that serve to complicate the peace process. US inclusion of Iran in the peace process, however, requires accepting the possibility that some prestige might accrue to the current Iranian government – including the hardliners. While this might cause US hardliners some discomfort, this sort of carrot might reinforce in Iran’s hardliners a sense that cooperation yields greater benefits than does conflict. This, in turn, arguably might lead Iran to moderate behavior the US and other Western countries find objectionable.

While this approach toward Israel and Iran’s support for Hezbollah may appear naïve, it recognizes that for demographic and other reasons, time is working against Israel, and that Israel needs to look for the best deal it can get -- while it still is in a relative position of strength. In this context, the US can use its support for Israel to influence Iranian behavior and reach a Middle East settlement that is equitable for both Israelis and Palestinians.

All of this should occur against the backdrop of back channel talks, then direct talks, and then normalization of relations. The US should support a robust propaganda campaign (through Radio Free Europe/Radio Liberty and its subsidiary, Radio Farda) explaining to the Iranian people that the US would like to normalize relations and befriend Iran, but that Iran’s irresponsible behavior, instigated by the hardliners, prevents such normalization and the benefits that would flow from it. The US might even invite Iran, without the requirement for reciprocity, to open an accredited consulate in Washington, replacing the current “consular agent” arrangement Iran has in Washington today. Propaganda radio programs that offer US civics discussions – how the US government functions, explanations of the US system of checks and balances, and discussions on the Bill of Rights – should also be broadcast. This sort of information may serve to give Iranian listeners a paradigm for eventually amending their own constitution and changing the manner in which their government functions.

Ultimately, the US would find it advantageous to develop a close relationship with Iran – perhaps with the goal of becoming allies again – so that the region’s likely future hegemon becomes a friend, rather than a muscular foe.
ENDNOTES


7 The Regan and Bush administrations, prior to the Gulf War, had also worked to weaken Iran, but (in contrast to the Clinton administration’s new policy of dual containment) had built up Iraq to counterbalance Iran. The policy difference in dual containment was that the Clinton administration hoped to weaken both Iran and Iraq to maintain an equilibrium, rather than strengthen any one of them to do so.

8 Indyk, pp. 6-7.

9 The Atlantic Council of the United States, p. 98. Under the relaxed sanctions regime, the US allowed the importation of Persian carpets and food (primarily caviar and pistachios).


11 U.S. Department of State, “Background Notes: Iran.” Also see The Atlantic Council of the United States, 86-100.
Khalilzad, p. 6. Also see U.S. Department of State, “Background Notes: Iran.”


Khalilzad, p. 3.

Khalilzad, p. 2.

Khalilzad, p. 6. also see US Department of State, “Bush Signs Extension of Iran and Libya Sanctions Act; Says He Approves of Provisions Calling for Periodic Review of Sanctions,” *International Information Programs*, August 3, 2001; available from <http://usinfo.state.gov/topical/pol/terror/01080303.htm>; Internet; accessed October 2, 2002. ILSA was extended with the caveat that the administration would periodically review Iran’s behavior and the effectiveness of ILSA, thus giving the administration the option of recommending repeal at some point earlier than the mandated five year limit.

See “US, Britain Must Consult Iran on Iraq: Reformist Leader,” *Agence France Presse*, October 2, 2002 [database on-line]; available from IranMania; accessed October 2, 2002. Per this report, Iran has insisted that Britain and the US consult with Iran regarding Iraq, but has said that it is acceptable for Britain to relay the US position. Also see “Iran Ready For Dialogue With US, if US Takes First Step,” *Agence France Presse*, September 25, 2002 [database on-line]; available from IranMania; accessed September 25, 2002. Per this report, Iran expressed its readiness to enter a dialogue with the US under “the same conditions that govern our (Iran’s) relations with other countries and the European Union.” See also “Iran Opens Bureau in Dubai to Pursue Contacts With US,” *Agence France Presse*, 28 August 2002. Database on-line. Available from IranMania. Accessed 16 September 2002.


23 The Atlantic Council of the United States, pp. 31-34.

24 Menashri, pp. 78-90. Also see Daniel, pp.236-238.


27 Menashri, p. 49.

28 Daniel, p.258.


30 Elton L. Daniel, pp. 87-89.

31 Daniel, p. 88.

32 Daniel, p. 89. For a detailed discussion of the relationship between the Safavids and the Shi’a *ulema*, as well as the influence it had in solidifying and institutionalizing the practice of *Ijtihad*, see Daniel pp. 87-89.

33 Daniel, p. 106.

34 Molavi, pp. 188. For a detailed discussion of the challenges to the authority of the *mujtahid*, see Daniel, pp.106-109.


36 Molavi, p. 251. It is interesting to note the influence of Plato on Khomeini’s thought, especially in light of warnings of current Iranian hardliners who often cite the threat of corrupt non-Islamic Western influences on reformist thought.


While both Montazeri and Khamene’i were promoted by Khomeini, there was no question among both the laity and the ulama that Montazeri deserved to be promoted. This was not the case with Khamene’i. David Menashri noted that Khamene’i had never been considered a mujtahid and that no one would have gone to him for a religious judgment. See Menashri, pp. 17-18. Also see Daniel, pp. 220-222.

Menashri, p. 23.


Actually the expansion of the debate began before Khatami’s election. It began when he was Minister of Culture and Islamic Guidance in 1989, and he began encouraging freedom of the press.

Menashri, pp. 32-41.

Mahmood Sadri, “Attack from Within: Dissident Political Theology in Contemporary Iran,” The Iranian, February 13, 2002; available from <http://www.iranian.com/Opinion/2002/February/Theology/>; Internet; accessed 8 February 2003. Sadri is Associate Professor of Sociology at Texas Women’s University. Sorush had been variously characterized as Islam’s Galileo, Erasmus, or Martin Luther.

Sadri.

Sadri.

Sadri. In this assertion one wonders whether Shabestari has read Aquinas, and whether he is trying to draw similar conclusions with regard to finite nature of man and the infinite nature of God, who can only be known through faith and with regard to free will. Although Aquinas predated both the Reformation and the Enlightenment, his work inadvertently helped opened the historical road to both eras. In many ways, what is occurring in Iran today is an Islamic mixture of the Reformation and the Enlightenment.

Sadri.

Sadri.

See Khalilzad, 2-6. See also Kori N. Schake and Judith S. Yaphe, “The Strategic Implications of a Nuclear-Armed Iran” (Ft. McNair: National Defense University, May, 2001), p.12; available from <http://www.ndu.edu/inss/macnair/mcnair64/McN64ch04.html>; Internet accessed March 12, 2003. Also see U.S. Department of State; and see Fairbanks, 455-456.

Wright, 258-260. 65% of the Iranian population is under 25 years old and does not remember the Islamic Revolution.


Kori N. Schake and Judith S. Yaphe, “The Strategic Implications of a Nuclear-Armed Iran” (Ft. McNair: National Defense University, May, 2001), Chapter 1; available from <http://www.ndu.edu/nss/macnair/mcnair64/McN64ch01.html>; Internet accessed March 12, 2003. Schake and Yaphe note that the Iranians also perceive a threat from Pakistan and Afghanistan, but only mention this in passing.

Kori N. Schake and Judith S. Yaphe, Chapter 4.


Borzou Daragahi, “Iran Tense as Iraq is Pressured,” The Washington Times, November 13, 2002; available from <http://washingtontimes.com/world/20021113-44931624.htm>; Internet; accessed November 13, 2002. Professor Mohammad Hadi Semati was quoted in this article.


Jeffrey Fleishman.

Stratfor, “War in Iraq: What’s at Stake for Iran,” Stratfor, December 20, 2002; available from <http://www.stratfor.biz/Story.neo?storyId=208540>; Internet; accessed January 15, 2003. Obviously and policy to set low oil prices would need to be assessed in terms of the impact it would have on those oil producing countries that are US friends.


Khalilzad, p. 2.

Kori N. Schake and Judith S. Yaphe, Chapter 4.
For in-depth discussion of these options, see Fairbanks; Saltiel; The Atlantic Council of the United States, *Thinking Beyond the Stalemate in U.S.-Iranian Relations, Volumes I and II* and Reuel Marc Gerecht, “Regime Change in Iran?,” *The Weekly Standard*, 05 August 2002, Features, Vol 7, no. 5 (3206 words) [database on-line]; available from Lexis-Nexis; accessed 06 September 2002.


Kori N. Schake and Judith S. Yaphe, Chapter 4.

Elaine Sciolino, pp 349, .

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37


