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Iran: Assessing Geopolitical Dynamics and U.S. Policy Options

The Islamic Republic of Iran remains one of the most poorly understood regimes in the Middle East. Its array of factions, persistent internal power struggles, and opaque decision making process has often eluded both its defenders and detractors. After twenty-seven years in power, the complexion of the regime is beginning to change. An ascetic “war generation” whose most formidable experience was the prolonged conflict with Iraq in the 1980s is assuming power with a determination to rekindle the revolutionary fires long extinguished.

Since the election to the presidency of the hard-line Mayor of Tehran Mahmoud Ahmadinejad, Iran has dominated headlines. As the elders of the revolution gradually recede from the scene, a new international orientation is beginning to resurface. In his first major speech on foreign policy issues in August 2005, Ahmadinejad established the priorities of his regime, noting the importance of constructive relations with the Islamic world, the Persian Gulf region and Eurasia. In a sense, the new president is looking to Iran’s immediate neighborhood and Asia, placing less emphasis on cultivating ties with Western countries.

In a departure from previous patterns of statecraft, the young conservatives do not share their elders’ preoccupation with the United States. Throughout the 2005 presidential campaign, the striking aspect of the younger hardliners message was the notion of an “Eastern orientation.” As Ali Larijani, the Secretary to the Supreme National Security Council, noted, “There are big states in the Eastern Hemisphere such as Russia, China and India. These states can play a balancing role in today’s world.” In the perspective of the new Right, globalization does not imply capitulating to the United States but rather cultivating relations with emerging power centers on the global landscape. They hope that such relations might obviate the need to come to terms with the United States at all.

As such, Iran’s new hard-line leaders display a degree of indifference and passivity toward America. As Ahmadinejad has previously noted, “Our nation is continuing the path of progress and on this path has no significant need for the United States.” The notion that Iran should offer substantial concessions on critical issues, such as its nuclear program, for the sake of European investments or American benevolence has limited utility to them. After a quarter-century of hostility, war and sanctions, Iran’s emerging leadership class is looking east, where its human rights record and proliferation tendencies are not particularly disturbing to its prospective commercial partners.

Having stipulated the critical changes that Iran’s new leadership is contemplating, it is also important to stress the continuities. In the past decade, a fundamental shift in Iran’s

international orientation has enshrined national interest calculations as the defining factor in its approach to the world. Irrespective of the balance of power between conservatives and moderates, Iran's foreign policy is driven by certain fixed principles that are shared by all of its political elites. The intense factional struggles that have plagued the clerical state obscure the emergence of a consensus on important foreign policy issues. Under Supreme Leader Ayatollah Ali Khamenei, a loose coalition emerged around the notion that Iran cannot remain isolated in the global order. Although the Islamic Republic continues its inflammatory support for terrorist organizations battling Israel and is pressing ahead with its nuclear program, its foreign policy is no longer that of a revolutionary state.

The best manner of understanding Iran's foreign policy is to assess its approach to its most important areas of consideration: the Persian Gulf, Eurasia and nuclear proliferation:

The Persian Gulf

Despite Iran's often-declared pan-Islamic ambitions, the Persian Gulf has always been its foremost strategic priority. The critical waterway constitutes Iran's most direct link to the international petroleum market, the life blood of its economy. The Islamic Republic, as with all its monarchical predecessors, perceives that Iran by the virtue of its size and historical achievements has the right to emerge as the local hegemon. The changing dimensions of Iran's foreign policy are most evident in this area, as revolutionary radicalism has gradually yielded pragmatic power politics.

In the 1980s, Iran thrashed about the Middle East, seeking to undermine established authorities in the name of Islamic Revolution. Tehran's maladroit policy did not merely fail, it led the Gulf states to solidify against Iran. Leading regional actors such as Saudi Arabia severed diplomatic relations with the Islamic Republic, while the sheikdoms put aside their historic enmities and came together in the Gulf Cooperation Council, an organization devoted to containing Iranian influence. Along these lines, the Arab princes and monarchies further solidified their security ties with America.

The most momentous change in Iran's regional policy came with the election of the reformist president Muhammad Khatami in 1997. Khatami appreciated that previous attempts at undermining the Gulf states had only isolated Iran. Tehran continued to object to the U.S. military presence in the Gulf and persisted in calling for an indigenous network to displace the American armada. The refusal of the Gulf states to embrace Iran's proposals did not, however, trigger a counter-reaction of unleashing terror. Khatami was willing to normalize relations with the Gulf states despite their attachment to the United States. For all practical purposes, Iran was prepared to live in a Gulf whose balance of power was determined by the United States.

Today, as a hard-line government consolidates its power and proclaims a desire to return to the roots of the revolution, dire warnings are on the horizon. Both Washington policymakers and their European counterparts seem to suggest that the new regime will once more resort to violence and terror to subvert its neighbors and export its Islamic revolution. Such alarmism overlooks Iran's realities. Under Khatami's auspices, Iran's Gulf policy underwent a fundamental and durable transformation that changing face of Iran's polity will not alter.

To be sure, much in the Middle East has changed since September 11th tragedies. The invasion of Iraq has offered Iran new opportunities to expand its influence. Contrary to prevailing presumptions, Iran's approach toward Iraq is not motivated by Islamist values but practical politics. For the guardians of the theocracy, the most significant objective remains prevention of

the Sunni domination of Iraqi politics. An uneasy consensus has evolved among the Iranian leadership that the impetus for the Iran-Iraq war was the Sunni dominance. The Sunni minority sought to justify its rule by embracing a pan-Arabist ideology whose quest for glory abroad led to an assertion of hegemony in the Persian Gulf region and a devastating war with Iran. The empowerment of the more congenial Shiites emerged as a key postwar objective of the Islamic Republic.

Ironically, the Iranian clerical hardliners, so adamant about suppressing the reform movement at home, appreciate that the best means of advancing their interests next door is through the electoral process. Such elections will yield a state with strong provinces and weak federal structure. An Iraq preoccupied with its internal squabbles and divided along sectarian lines is unlikely to challenge Iran's hegemonic designs.

For the foreseeable future, Iran will likely emerge as the most powerful state in the critical Persian Gulf region. Such a development is the natural consequences of its strength and the American policy that has removed all barriers to the assertion of its influence. Although no longer a revolutionary state, the Islamic Republic remains an opportunistic power that will take advantage of the more favorable circumstances to project its influence.

Although pragmatism and national interest calculations may guide Iran's policy toward the Persian Gulf, its approach to Israel is still derived from a self-defeating Islamist ideology. For Iran's rulers—moderate and conservative—Israel is an illegitimate construct and a usurper of sacred Islamic lands. As an agent of American imperialism, Israel is seen as suppressing regional states at the behest of its superpower benefactor. Given such antagonism and suspicion, Iran has been a generous supporter of various terrorist organizations plotting against the Jewish state. It is unlikely that such an entrenched ideological position will change in the immediate future.

Eurasia

In contrast to its policy toward the United States and Israel, Iran's approach toward its northern neighbor has been one of sustained realism. The proximity of a strong Russian state and the prospect of commercial contracts and important arms deals has always injected a measure of pragmatism in Iran's policy. In a curious manner, despite its declared mission of exporting the revolution, the Islamic Republic has seemed perennially indifferent to the plight of the struggling Muslims in Central Asia. A beleaguered Iranian regime requiring arms and trade and an aggrieved former superpower have forged an important relationship that eschews ideology for sake of tangible interests.

The Islamic Republic had to make one of its most important strategic adjustments once the Soviet empire collapsed. During the Soviet era, Iran had propagated its Islamist message over the airways in a variety of local languages without evident anticipation that it would have a major impact. Such limited propaganda effort satisfied its ideological imperatives without unduly straining its relations with its powerful northern neighbor. But the collapse of the Soviet Union and the independence of Central Asian republics presented Iran with the need for circumspection. Tehran had to balance its strategic ties with Russian with its mission of exporting Islam. In a unique display of judiciousness, Iran largely tempered its ideology, essentially denoting the importance of trade and stability over propagation of its Islamic message.

Given such ties, Russian has seen no reason to unduly pressure Iran over its nuclear provocations, not to mention imposition of punitive sanctions. For too long, we have pretended that disagreements between Moscow and Washington over what to do about Iran were

“misunderstandings,” that over time there would be a convergence between the Russian and American positions. It is very true that neither Russia nor the United States wants Iran to possess nuclear warheads. But, beyond that joint position, there is no basis for a common Russian-American approach to dealing with Iran.

Ever since the end of the Cold War, and despite a recent rapprochement with Israel, the Islamic Republic has been Russia’s most important partner in the Middle East. Much of this is due to economic factors, Iran has emerged as a valuable market for its cash-starved defense industries. Although the nuclear cooperation between the two states has garnered the most headlines, Russia has also been willing to sell Iran a large quantity of conventional arms, including sophisticated submarines. In addition, unlike the West, which buys mainly raw materials from Russia, Iran is willing to purchase a variety of industrial goods.

The creation of new north-south transport corridors have given Russia virtual access to Persian Gulf ports and opened the possibility of vastly expanded trading connections not only with Iran but with other lucrative markets such as India. In short, there are powerful economic lobbies that support the expansion of Russian-Iranian ties and have no desire to see the imposition of economic sanctions that could deprive them of potentially hundreds of millions of dollars in income. Given that reality, the notion that Russia would assist in applying significant economic pressure on Iran for its nuclear infractions is far-fetched and fanciful.

However, even assuming that the United States was willing and able to “buy out” Iranian contracts with Russia, there is a more fundamental divide. Washington assumes that the rest of the world shares its assessment of Tehran as an irresponsible, dangerous regime, based on its pursuit of nuclear weapons capability, its refusal to recognize Israel and its support for groups like Hizballah and the Islamic Jihad. Russia has a far different view, Iran kept a low profile in Central Asia after the breakup of the Soviet Union and worked with Russia to end Tajikistan’s devastating civil war in 1997; and Iran has not sought to inflame the Muslim regions within Russia itself. As for Iran’s transgressions, for some Russians, there is little difference between Iran and U.S. ally Pakistan, another power that had a clandestine nuclear program, that proliferated weapons technologies via the A.Q. Khan network, and that has, over the past decade, also been a state sponsor of terrorist and militants in other parts of South Asia.

Russia drew a major distinction between the Taliban government in Afghanistan, which it viewed as a dangerous cancer allowing al-Qaeda to export death and mayhem all over the globe, and the Islamic Republic, which it views as a predictable, rational actor in global affairs. The mistake U.S. policymakers have made is assuming that cooperation with Russia over Afghanistan would translate into shared understandings of what do, first in Iraq and now in Iran.

The emerging ties between Iran and China are far less developed, but destined to grow as Beijing becomes more dependent on Middle Eastern oil. At a time when China’s industrial power is becoming contingent on access to a reliable source of energy, Iran appears a valuable and safe market. The recent signing of a \$100 billion dollar oil and gas exploration accord between the two powers is an indication of further such deals.

However, in crafting its relations with Iran, China has to be mindful of American concerns and sensitivities. The United States shadow looms large in Asia, as it’s an indispensable actor in stabilizing the East Asia security environment. It is the United States that has the capacity to stem the tide of proliferation in the Korean Peninsula, and restrain Japan’s defense appetite. Moreover, America is also one of China’s largest trading partners and the numerous commercial ties between the powers still provide Washington an important lever. Unlike, Russia, China

would have to carefully balance its relations with America and Iran, implying that it is unlikely to take the lead in the United Nations against U.S. initiatives.

Nuclear Weapons

In the post-Cold War period, one of the principal concerns of the United States has been to halt the proliferation of weapons of mass destruction. Among the greatest fear of successive American administrations has been Iran's nuclear tendency. Iran's pursuit of the nuclear option stems from a number of interlocking motives. As a state that is determined to project regional influence, it requires a credible military establishment capable of defending its interests and advancing its objectives. Since the end of the Iran-Iraq war, Tehran has embarked on an extensive program of expanding and modernizing its military forces. The imperative of reviving a moribund economy, however, has diminished enthusiasm within the clerical establishment for bearing the heavy cost of maintaining a large conventional army. To bridge the gap between its aspirations and capabilities, Iran has therefore shifted its resources to the acquisition of missile technology and weapons of mass destruction. As with the New Look strategy in America during the 1950s, nuclear weapons satisfy Iran's defense posture at an acceptable cost to its fiscal health.

Beyond its regional pretensions, Iran's motive for acquiring nuclear weapons also derives from the need for a credible deterrent capability. Today, Iran is surrounded by American power causing the clerical elite to be obsessed with the imperative of deterring a potential U.S. attack. The lessons of the Operation Iraqi Freedom are that the United States was ultimately neither deterred by Iraq's large conventional army nor by the perception that Saddam possessed chemical weapons. In the meantime, the Korean peninsula offers its own tantalizing lessons, namely the possession of nuclear capability not only negates the American danger but also generate potential economic and security benefits. The fact that the very hawkish Bush administration has reversed its policy of not negotiating with Iran and is contemplating its own package of incentives reveals the bargaining value of the nuclear program.

As Iran plots its nuclear strategy, the American and European demands that it relinquish its fuel-cycle aspirations, granted to it by the Nuclear Non-Proliferation Treaty (NPT), have aroused an intense nationalistic uproar. As a country that has historically been the subject of foreign intervention and the imposition of various capitulation treaties, Iran is inordinately sensitive of its national prerogatives and sovereign rights. The new rulers of Iran believe they are being challenged not because of their provocations and previous treaty violations, but because of superpower bullying. In a peculiar manner, the nuclear program and Iran's national identity have become fused in the imagination of the hardliners. To stand against an impudent America is to validate one's revolutionary ardor and sense of nationalism.

It is time to confront the reality that the Middle East is likely to feature an Iran with a robust nuclear infrastructure. Through imaginative multilateral diplomacy, and provision of a clever mixture of penalties and incentives, it is perhaps possible to prevent Iran from crossing the nuclear threshold and assembling a weapon, but the notion of complete disarmament is increasingly untenable.

In formulating its regional vision, the Islamic Republic has tried to marry two disparate strands of Iran's identity: Persian nationalism and Shiite Islam. As a great civilization with a keen sense of history, Iran has always perceived itself as a rightful leader of the Middle East. For centuries, Persian empires dominated the political and cultural landscape of the region, inspiring a national narrative that views Iran's hegemony as both beneficial and benign. At the same time, as

a persecuted religious minority, Shiites in Iran have always been suspicious and wary of their neighbors. The reality of rising Arab states, domineering Western empires, and Iran's religious exceptionalism has not ended Tehran's perception of itself as the "center of the universe," a society that should be emulated by the benighted Arab masses. Successive Persian monarchs and reigning mullahs would subscribe to this national self-perception, giving Tehran an inflated view of its historic importance.

A final important factor that has intruded itself uneasily in Iran's international orientation is pragmatism. Iran may perceive itself as uniquely aggrieved by the great powers' machinations and it may nurse aspirations to emerge as the regional leader. However, the limitations of its resources and the reality of its actual power have sporadically led to reappraisal and retrenchment. The intriguing aspect of Iran's policy is that it can be both dogmatic and flexible at the same time. The Islamic Republic may take an ideologically uncompromising position toward Israel, yet pragmatically deal with its historic Russian nemesis. The tensions between Iran's ideals and interests, between its aspirations and limits, will continue to produce a foreign policy that is often inconsistent and contradictory.