

Chaillot Paper

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Iranian challenges

Katajun Amirpur, William O. Beeman, Anoushiravan Ehteshami, Fred Halliday, Bernard Hourcade, Andrzej Kapiszewski, Walter Posch and Johannes Reissner

Edited by Walter Posch



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Tantôt meilleur allié, tantôt possible ennemi, Etat pivot ou Etat paria, le statut international de l'Iran a connu d'énormes fluctuations au cours des trois dernières décennies. Ne serait-ce qu'il y a à peine cinq ans, la communauté internationale, et notamment les Etats-Unis, appréciaient la coopération discrète du régime de Téhéran pour la suppression des talibans en Afghanistan. Mais depuis deux ans, la détérioration de l'image et du rôle de l'Iran a connu une accélération aussi spectaculaire que globale : sur le plan stratégique, avec les révélations sur le programme nucléaire iranien ; sur le plan régional, suite à la polarisation Sunnites/Chiïtes, corollaire de la crise irakienne ; sur le plan politique enfin, suite à la victoire du nouveau président Ahmadinejad et à la radicalisation tous azimuts de sa politique.

Si la non-prolifération nucléaire représente sans conteste un enjeu majeur pour la sécurité internationale, la question iranienne n'est pourtant pas réductible au comportement extrémiste ou irresponsable de tel ou tel dirigeant. Vingt-cinq années de révolution islamiste ont façonné une société extrêmement complexe, une dynamique politique aussi brutale qu'opaque, sur fond de situation économique catastrophique allié à un nationalisme aussi virulent que consensuel. A bien des égards, l'Iran reste encore aujourd'hui une énigme majeure. Déjà, en 2005, l'élection de Mohamed Ahmadinejad avait déjoué tous les pronostics occidentaux. Aujourd'hui, sa politique internationale semble un défi à la raison stratégique. C'est donc pour tenter de déchiffrer les ressorts de la politique iranienne d'Ahmadinejad que ce Cahier de Chaillot a été conçu : sous la direction de Walter Posch, responsable à l'Institut des études iraniennes et du monde arabo-musulman, les meilleurs spécialistes européens et américains ont été sollicités pour éclairer dans leur globalité les défis iraniens.

L'Iran occupe en effet le premier rang sur la liste des préoccupations internationales. Alors que les Européens mettent en priorité l'accent sur le risque nucléaire, les Américains insistent davantage sur la « menace globale » qu'il représente pour le système de sécurité international (via la prolifération nucléaire), pour la stabilité du Moyen-Orient (via notamment le terrorisme et les ingérences régionales) pour la démocratie et les droits de

l'homme (répression intérieure). Toutefois, à cette nuance près de la démonisation idéologique d'un Etat, les Occidentaux présentent à l'égard des ambitions nucléaires de l'Iran un front uni qu'ils n'ont jamais été capables de créer à l'égard de l'Irak en 2003. Russie et Chine partagent également ce refus d'un Iran nucléaire, même si cette communauté d'objectifs n'exclut pas des divergences de méthode à l'égard notamment de ce que pourrait être une politique de coercition diplomatique ou a fortiori militaire. L'Union européenne quant à elle a pris le leadership d'une gestion de crise dont les effets seront déterminants pour l'ensemble du système de sécurité régional et international.

Ily a 60 ans et dans un tout autre contexte, le général de Gaulle abordait l'Orient compliqué avec une idée simple : parce que le sort du monde se jouait alors dans la région, il fallait en être. Cette phrase célèbre a fait l'objet de plus d'un contresens historique : loin d'impliquer un traitement simpliste des questions de sécurité au Moyen-Orient, elle était avant tout un plaidoyer pour l'implication et la responsabilité stratégique dans la gestion des crises mondiales. A l'égard de l'Iran aujourd'hui, et de la part de l'Union, cette exigence reste fondamentale.

Paris, mai 2006

Walter Posch

What a difference a year makes! In 2005 the international arena was still dominated by the ongoing crisis in Iraq, whereas 2006 is likely to be the year of Iran. Cynics and pundits might argue that an Iranian crisis was long overdue, certainly after the disclosure of its secret nuclear programme in 2002. But in a sense there has been an 'Iranian Crisis' from the very day of the proclamation of the Islamic Republic in 1979. Ever since, Iran has defied the West on many fronts throughout the Middle East region. First, by actively trying to 'export' its Islamic Revolution to places as far away as, for example, Sudan, and later, from the 1990s onwards, by behaving as an adversarial regional power.

Europe has never denied the importance of Iran in the regional context. In February 2004 former EU Commissioner Chris Patten made this point explicitly clear in a speech during a European Parliament Debate on Iran, when he summed up the implications of Iran's role for the EU's Middle East policy as follows:

'Iran is an enormously important regional player. One only has to look at its neighbourhood to see how important it is and to recognise that we cannot have a credible policy for the wider Middle East that does not embrace and include Iran.'¹

And there were, and still are, incentives to embrace or at least to engage with Iran – positive but also negative ones: encouraging nascent democratic tendencies that might have heralded the advent of a genuine Islamic democracy provided the most positive incentive, but these are by now more than outweighed by the unpredictability of a new government and mounting concern over Iran's nuclear programme. In either case the Europeans have to respond. Clearly, after more than one decade, Europeans and Iranians have found no way of really trusting one another although the mutual benefits that would derive from intensive cooperation are evident.

1. 'Reply to EP Debate on Iran,' Speech by The Rt Hon Chris Patten, European Parliament, Strasbourg, 12 February 2004; Available at <http://europa.eu.int/comm/external_relations/news/patten/speech04_75.htm>

An exceptional country

But why is it so difficult to engage with Iran? Any answer to this question would reveal much of a person's private views on issues like Islam and Islamism, about revolutions *per se*, about the nature of international relations in general and the relations of Third World countries with the developed world in particular. However, on one thing most observers seem to concur: namely, the fact that the Islamic Republic of Iran is a kind of 'special case' that does not fit into any preordained category. And even here Iran is an exception due to the fact that it is an Islamic Republic *à la persane*, or *à la manière chiite* to be precise. No other Muslim country, whether it is an Islamic Republic or not, has a similar blend of democratic and theocratic structures. This is just one further argument that supports the theory of Iranian 'exceptionalism', or at least of Iran's uniqueness.²

And Iran is unique indeed: its unbroken national history goes back roughly 3,000 years, in this respect rivalled only by China. Geographic boundaries like seas, high mountain ranges and deserts sharply demarcate the Iranian plateau from its environment, creating a natural sense of isolation. The prevailing Shiite denomination contributes to this isolation because it distinguishes Iran from all of its Sunni neighbours. And even from its coreligionists in Iraq who, unlike their neighbours in Iran, where Shia Islam has been the state religion for 500 years now, still behave like an oppressed minority, despite their numerical strength. Broader cultural factors too have to be taken into account: for millennia Iran's language, Persian,³ played a similar role to French in the eighteenth and nineteenth centuries as the language of the educated elites and literate classes of a whole cultural sphere, reaching from the vast Ottoman Empire in the West to Central Asia and India in the East.⁴ This all contributes to Iran's strong, albeit rather schizophrenic, national identity, which is marked by overt self confidence on the one hand and by a deep sense of victimisation on the other. Needless to say, this sense of victimisation is inherited from the experience of colonialism and imperialism and means that Iranians are still suspicious about the motives of the Russians, British and Americans – and, of course, of the Israelis.

The attitude of cultural superiority, allied to the perception of having being unfairly treated throughout the nation's history, are

2. The idea of Iran as an exception was first formulated in 'L'exception iranienne,' in: Jean-Pierre Digard, Bernard Hourcade, Yann Richard, *L'Iran au xx^e siècle* (Paris: Fayard, 1996/2003) pp. 9-20.

3. Persian or *fārsi* in Iran, '*dari*', a slightly antiquated version of Persian in Afghanistan and *tājiki* in Tajikistan, the latter strongly influenced by Turkish.

4. Bert G. Fragner, *Die 'Persophonie': Regionalität, Identität und Sprachkontakt in der Geschichte Asiens* (ANOR 5) (Berlin: Halle, 1999).

the main elements underlying the general Iranian assumption of having a right to be exceptional. This – it must be said – predated the Islamic Republic: the ‘Shah-in-Shah’ was not only an oriental king but also ‘Sun of the Aryans’ as one of his official titles runs. The Islamic Republic, however, even outdid the Shah in its insistence on Iranian exceptionalism, which resulted in the country’s newfound status as an international pariah. It took no less than four presidencies for Iran to overcome its self-inflicted pariah status. Under Khatami (1997-2001 and 2001-2004) the question was to what extent Iran would have to forego its claims to exceptionalism or to what extent the international community could accept this claim in order to reintegrate Iran. However, for now, such a reintegration of Iran seems, at least after the victory of President Ahmadinejad, very unlikely. Hence Iran may face further isolation. This could happen as a result of two factors: either pressure from outside, like sanctions or coercion emanating from the international community, or an Iranian decision to reduce contacts with the West at its own instigation. At the end of the day, Iran will find itself on its own – and some of its elites might even prefer this state of affairs. Yet even if this scenario occurred, Iran would still continue to challenge the international community.

Outline of this *Chaillot Paper*

‘Iranian Challenges’ deals with both Iran’s domestic challenges and the challenges Iran poses for the international community. In order to address these issues, we have divided this *Chaillot Paper* into three main thematic parts: (i) Iran’s domestic affairs, (ii) Iran and security and (iii) Iran’s relations with the West. A number of respected academics who are specialists in international relations and Iranian studies were asked to contribute chapters to the volume analysing Iran through the lens of their expertise. Some of these authors touch upon the same topics from different analytical starting points.

Recurrent topics include:

- ▶ The Iranian elections and the new president, Dr. Mahmoud Ahmadinejad.
- ▶ The future of the reform movement.

- ▶ Iranian-American and EU-Iran relations.
- ▶ The nuclear issue.

Domestic affairs

Andrzej Kapiszewski analyses Iran's presidential elections in the first chapter. He emphasises that these cannot be seen as entirely free elections. Nevertheless, they may be considered among the most liberal elections that have been conducted in the region, since there were characterised by genuine democratic elements like free campaigning and the unpredictability of the outcome. According to his analysis, the defeat of the reformists was due to several factors, one of them being the lack of a credible candidate, but rigging certainly played its part in the outcome. Immediately after the elections some reformist candidates decried the emergence of 'fascism' in Iran and voiced fears that civil liberties would be taken away by the new president.

No wonder, in such circumstances, that the future of Iran's reform movement seems to be rather bleak. However, the reformists had failed even before the 2005 presidential elections: the anti-reformist backlash had already started a year earlier, as Katajun Amirpur details in the second chapter. Quite paradoxically, there is a clear correlation between the decrease of religious fervour in Iranian society and the increase in the power of the radicals, since the majority of Iranians are frustrated and disengaged from politics, and therefore don't see the point in voting.

Iran and security

The last elections brought a new brand of young politicians from the war generation to power, of whom Ahmadinejad is a typical example. This is Bernard Hourcade's point of departure in his chapter on Iran's internal security challenges. He identifies three main challenges: (1) frictions among the new power holders, most of them *ex-Pasdaran* or at least former participants in the war, who have already challenged some decisions of the new president; (2) ethnic diversity versus the central, Persian state. Here he focuses on the undefined status of Iran's estimated 9 million Sunni Muslims, alongside ethnic factors, as the main source of insecurity; (3) the obvious necessity to ease the restrictions that have been imposed by the Islamists upon Iranian society and to open its economy up to

Western investment: these are challenges which the regime must confront in order to engage its educated young population. These three factors will not necessarily combine to bring about another revolution; change is more likely to come about through a long and difficult internal process.

Iranian preoccupation with domestic affairs has played a serious role in the country's relations with the world. Fred Halliday, in the fourth chapter, highlights the importance of realizing that Iran's regional and strategic interests have to be seen against the background of the country's confrontation with the US. This, in turn, is part of a triangular confrontation: the US, Iran and the radical Sunni *jihadi* movements oppose one another throughout Western Asia, with the US-*jihadi* confrontation in Iraq being the most acute conflict. Domestic factors, too, play an important role. Here we should be wary of drawing simplistic conclusions: moderation in domestic affairs is not 'naturally' related to moderation in foreign policy. Khatami's movement, for instance, included many radical revolutionaries who never renounced their views.

Needless to say, the regime's standoff with Washington makes any acquisition of modern military hardware from the West impossible for Iran. However, as Anoush Ehteshami explains in the fifth chapter, the Iranians have successfully replaced much of their ageing US-manufactured material with Chinese or Russian products and have tried, with partial success, to close many gaps via domestic production. However, despite Iran's relative military strength in terms of quantity, the quality of the material is somewhat substandard as compared to the sophisticated hardware procured by some of Iran's neighbouring countries from the West. Thus, some conclude that Iran, aware of its conventional military inferiority, was eager to counterbalance its weakness in this domain with the development of an ambitious programme of Surface-to-Surface Missiles. Needless to say, Iran's SSM programme must be seen as complementary to the nuclear programme, much of which was only revealed during Libya's secret negotiations with London and Washington in 2002. The mounting crisis between Iran and the international community notwithstanding, the author concludes that the US probably does not have much appetite for letting this crisis escalate.

Iran and the West

However, one man may have an interest in confrontation: Iran's new president, Mahmoud Ahmadinejad – and this despite mutual common interests between the US and Iran in Iraq and Afghanistan. William Beeman in the sixth chapter details the new president's internal rationale and power equations. Ironically, Ahmadinejad might turn out to be a mixed blessing for the clerical regime itself. His fierce anti-American and anti-Israeli statements are essentially intended for domestic consumption but he obviously is not afraid of confrontation and indeed many of his actions and remarks would appear to be designed to provoke it. With no tangible prospect of regime change in sight, the author concludes, only the Europeans would be able to reconcile Iran with the US.

The last two chapters deal entirely with Iran-EU relations. In the seventh chapter, Walter Posch reviews the various dialogue formats by which the EU has engaged Iran. He concludes that limited as EU influence in Iran may have been, for some time it successfully supported Iran's reformists. The nuclear crisis has forced the EU to find a new special format, which has become known as the E3/EU-Iran negotiations. This format initially ensured EU cohesion and ability to act quickly in a crisis. After having successfully dissuaded the Iranians from enrichment activities by means of the Paris Agreement, the framework broke down on two occasions, in August 2005 and again in January 2006 with the resumption of enrichment activities by the Iranians. This leaves the question of future EU Iranian relations open since, for now, political will to reengage seems feeble.

Johannes Reissner, in the eighth chapter, also takes the dialogues as a starting point for his analysis. He details Tehran's doubts as to the sincerity of the EU's goals concerning the regime and stresses the fact that 'recognition of the revolution' and 'dialogue of civilisations' amounts to the same thing as seen from an Iranian perspective. He goes on to recommend that the Europeans formulate European interests in Iran as clearly as possible in order to deny the Iranians any possibility of exploiting internal European frictions. But European interests must also be explained to the US; given Europe's geographical proximity to the Middle East the Europeans have concerns about the stability of the region that are inevitably different from those of the Americans. Certainly, EU energy security and the promotion of good governance and human rights in Iran will be European core interests.

'Iranian challenges' is an introduction to the complexities of the critical issues concerning Iran. However, it does not claim to be an exhaustive study of all aspects of Iran, and therefore some important topics – for example, Iran's role as a player in the global energy market – are not covered in this publication.

Iran's 2005 presidential elections and their impact on the Republic's politics

Andrzej Kapiszewski

The results of the 2005 presidential elections

On 24 June 2005, in the second round of voting, Mahmoud Ahmadinejad, a hardline Islamist, was elected President of Iran. His victory was unexpected. A relatively unknown person had defeated Akbar Hashemi Rafsanjani, 'an icon of the Islamic Republic', a two-term president of the country (1989-1997), and former Speaker of the Parliament (1980-1989). Ahmadinejad won by an impressive 62 percent of the vote, with Rafsanjani taking only 36 percent. Voter turnout was very high at 59 percent.

However unknown, Ahmadinejad represented the Islamic Republic's model of an ideal layperson. He had gained all the necessary credentials to be trusted with a leadership job: participation in Islamic associations, serving in the military, fighting in the Iran-Iraq war, being appointed governor of the Ardebil province, advisor to the Minister of Culture and Islamic Guidance, and mayor of the capital, achieving the title of university professor of science and representing himself as a man living an exemplary simple Muslim life. He was a member of the ideological Revolutionary Guards, the paramilitary *Basiji* as well as a leader of the *Abadgaran* (Developers of Islamic Iran) movement, comprised of younger hardliners who feel that their elders and clerical establishment have lost their original revolutionary fervour. Voters perceived him as a relatively young man (he was 49 years of age) running against an elderly one (Rafsanjani was 71), an outsider worth trying their chances with after more than twenty-four years of clerical rule.¹

Such an election result should have been anticipated. For a start, unexpected changes had been generated by the pro-democracy reform movement that emerged following the election of President Mohammad Khatami in 1997 and which was reinforced successively in the 1999 municipal elections, the 2000 parliamentary election, and the 2001 presidential election (when Khatami was reelected). In effect, large groups of Iranians became disillusioned

1. Ali Akbar Mahdi, 'Iran's reformers: a future that works', www.OpenDemocracy.org, 14 July 2005

with Khatami's politics and thought it was worthwhile trying to return to the old revolutionary ideals. This is why in the 2003 municipal elections and the 2004 parliamentary elections conservatives scored an impressive victory. A similar result was therefore to be expected in the 2005 presidential race.

Secondly, Ahmadinejad's opponent, Rafsanjani, was a controversial figure. On the one hand, he was perceived as a moderate reformer who once initiated some economic changes and tended to support centrist factions. On the other hand, he was often associated with much of the corruption and human rights abuses which occurred during his terms in office. In fact, his 1989 and 1993 election victories were not impressive; moreover, when he decided to re-enter politics, taking part in the 2000 parliamentary election, he suffered a humiliating defeat. Nor could he appeal to poor Iranians, being himself a very rich businessman whose son, Mehdi Hashemi, has been linked to bribery scandals. Thus, Rafsanjani was not a candidate whose merits could have easily challenged any conservative candidate.

Ahmadinejad and Rafsanjani were the only two contenders in the second round of voting, and it is worth noting that it was the first time in Iran's history that the president was not elected in the first round.

Free elections?

Certain aspects of the conduct of the elections echoed practices existing in free countries. For example, it included lively public campaigning by candidates. The winner could not be predicted in advance, a rather unusual phenomenon in elections taking place in Middle Eastern states. But the elections were, of course, not truly free. The outcome was to a large extent predetermined by the Council of Guardians who allowed only eight candidates (of whom seven eventually ran) to be nominated out of over 1,000 who were eager to enter the race. Those approved were the ones deemed sufficiently loyal by the regime. Among those disqualified were Mostafa Moin, a former member of the cabinet, supported by leading reformist parties (the Islamic Iran Participation Front and the Mojahedin of the Islamic Revolution); Ibrahim Yazdi, the respected leader of the banned Liberation Movement of Iran, and all female candidates. Moin's disqualification caused a great public outcry leading Supreme Leader Ali Khamenei to instruct the Council to reinstate

Moin (and a lesser-known reformist candidate, Mohsen Mehralizadeh). The reformist camp was also represented by Hojjat ol-Eslam Mehdi Karrubi, a former Speaker of Parliament, supported by the Militant Clerics Association. In turn, the conservative camp was represented by Ali Larijani, a former head of Iran's state-controlled radio and television monopoly; Mohsen Qalibaf, a former general and police chief; and Ahmadinejad. There was also the centrist Rafsanjani. Several other well-known public figures planned to run for election but for various reasons dropped out from the race at an earlier stage. Among them was Ali Akbar Velayati, a former Foreign Minister, who resigned when Rafsanjani himself decided to run.

The first round took place on 17 June. Turnout was high at 63 percent. There was no clear outright winner. Rafsanjani won this round but only with 21 percent of the vote. The biggest surprise was that Ahmadinejad came in second with 19 percent of the vote, followed by Karrubi with 17 percent, and Qalibaf and Moin each taking 14 percent. Larijani and Mehralizadeh took only 6 and 4 percent respectively. Four percent of the ballots were declared invalid. These figures indicated that the Iranian electorate was highly polarised, as 35 percent favoured reformist candidates and 39 percent voted for conservative candidates. This was a significant change from the height of the Khatami era, when over 50 percent of the electorate supported reformists and only some 20 percent supported conservatives. Nevertheless, the election might have had a very different outcome if the reformists had nominated a more appealing candidate (e.g. Mir Hossein Musavi, a former prime minister), had their vote not been split among several candidates, or if Rafsanjani had not run.² Moreover, the election results may have been influenced by President George W. Bush, who a few days before the first round of voting criticised the election process as not fulfilling the requirements of democracy. In doing so, Bush probably wanted to strengthen the reformist candidates but his comments backfired. They simply angered many Iranians, who had earlier been ready to boycott the elections, but who as a result of Bush's comments may have changed their minds and gone to the polls in defiance of Bush's statement. Many of them voted for more radical candidates, especially Ahmadinejad. The West would have preferred Rafsanjani's victory, believing that he will be more inclined to improve relations with Western governments, a very important issue at a time marked by the growing power of the conservatives in

2. Mark Gasiorowski, 'The Causes and Consequences of Iran's June 2005 Presidential Election', *Strategic Insights*, vol.4, no. 8, (August 2005): www.ccc.nps.navy.mil

Iran, tensions related to Teheran's nuclear programme and Shiite victory in the Iraqi elections. Among Iranians, however, there was widespread opposition to Rafsanjani – he was accused during the campaign of having amassed a large fortune and committing various irregularities.

Ahmadinejad scored a decisive victory in the second round. His populist campaign, stressing the necessity to fight social inequalities and mass corruption, commonly believed to have emerged during the years of Rafsanjani or of the reformist Khatami, was a success. Ahmadinejad presented himself as a simple, deeply religious man who would guarantee the return to the principles of the Islamic Revolution, improve the situation of the poor, and not look for compromises with the West. That gave him a large number of votes from people of different social strata, not only from the poor.

The reformists focused mainly on promoting modernity, democracy and human rights but their poor showing in the election indicated that these issues were not a high priority for most Iranians. Furthermore, Ahmadinejad's victory indicated that many Iranians opposed the socio-cultural liberalisation which had occurred in the country during Khatami's years, particularly with regard to issues like gender mixing and relaxation in women's dress codes.

After the voting, allegations were made that the election was a fraud. Karrubi, who was just two percent behind Ahmadinejad, declared that security forces had illegally called for a vote for Ahmedinejad, intimidated voters at polling stations, used false identity cards to increase ballots, and even bribed voters. The Interior Minister, Abdolvahed Musavi-Lari, confirmed those accusations, suggested that some votes had been bought and a 'smear campaign' had been waged, clearly implying that hardline conservatives had tried to manipulate the vote in favour of Ahmadinejad. On the day before the second round, the Ministry of the Interior arrested twenty-six people for election violations. Moin and other reformists warned against the emergence of 'fascism'. Nevertheless, the conservative Council of Guardians, as expected, found no evidence of irregularities. In protest, Karrubi resigned from his position on the powerful Expediency Council, as an advisor to Khamenei, and as leader of the Militant Clerics Association. While it is possible that the organised vote by the *Basiji*, the *Pasdaran*, and other organs controlled by the conservatives, helped Ahmadinejad

gain enough votes on 17 June to reach the run-off, in the second round he won by such a large margin that electoral manipulation could not have a decisive impact on the results.

Ahmadinejad's election was a great success for Iran's *Abadgaran* neo-conservative movement. In the past two decades its members had slowly gained positions of power at different levels of government and now it had managed to elect one of its leaders President of the Republic. On the other hand, Supreme Leader Khamenei was also the winner in this election. (In Iran's political system, presidency is a very high-profile but not a very powerful position. Due to the *Velayat-e Faqih* constitutional provision, for example, Khatami during his two terms in office was unable to implement most of the reforms because of lack of acceptance from the Supreme Leader and other sources of power.) Now, for the first time in the history of the Islamic Republic, the post of the president, parliament, the security forces and the judiciary are in the hands of conservatives, which makes close cooperation of these bodies with the clerical establishment easy, at least potentially. The reformist movement has been decisively defeated.

The consequences of the elections

Ahmadinejad's first step after becoming president was to forbid the display of his portrait in public. The second step was to set about constructing his Cabinet.

The proposed Cabinet was generally young, like himself, and several of its members served, as he did, in the Revolutionary Guards.³ The basis of selection seems to have been not practical competence but ideological commitment and political loyalty. The most controversial appointments were for the posts of Interior Minister and Intelligence Minister. Mostafa Pourmohammadi, who became the Interior Minister, served as deputy Intelligence Minister during a series of killings of political dissidents that were linked to that ministry in the late 1990s, while the new Intelligence Minister, Gholam Hossein Mohseni Ejehei, acted as the judiciary's representative to the ministry at that time. Both are clerics with questionable records in the field of human rights. Ahmadinejad's foreign affairs team, led by Minister of Foreign Affairs, Manouchehr Mottaki, and the re-appointed Secretary of the Supreme National Security Council, Ali Larijani (both considered

3. See: 'A gloomy new government', *The Economist*, 1 September 2005.

hardliners), is marked by a 'techno-nationalism', especially when it comes to Iran's nuclear programme. The new Minister of Islamic Culture and Guidance, Mohammad Hossein Saffar-Harandi, served as the ultraconservative editor of the *Kayhan* newspaper. His rule may likely result in more newspaper closures as well as a rigorous monitoring of cultural activities at large. In turn, in what many find a contrast to his own views, Ahmadinejad entrusted the economy to a free-marketeer, Davoud Danesh-Jafari.

Economic and social factors

During his term in office Ahmadinejad will most probably focus on domestic issues. Thanks to high oil prices he should be able to fulfill promises from his presidential campaign, which included low-interest loans for people in need and increased subsidisation of basic consumer goods. Indeed, one of the first acts of Ahmadinejad's government was to set up a \$1.3 billion fund to help young people trying to get married. Another large package to lower unemployment is on the table, and the president wants to double teachers' salaries. In general, levelling inequalities in wealth and creating more opportunities for the poor top the government's agenda.

What will be helping the new president is the economic situation of the country. Currently this is not bad, to say the least. In the past five years Iran has experienced growth at 5.5 percent per year and the GDP per capita has doubled. US sanctions have created problems, but the regime has used second-tier technologies from the east (from such countries as China, India, and Malaysia) to meet consumer expectations. On the other hand, the president faces difficult tasks: he will have to fight high inflation, budget deficit, large-scale corruption, inefficient bureaucracy, and wastefulness of state subsidies. There is also a question mark hanging over the country's further economic development as Iran's oil production may drop under Ahmadinejad's unfriendly approach towards foreign investors.

On the socio-cultural front, it is likely that Ahmadinejad will carry out at least token crackdowns on dress-code violations and gender-mixing, expand religious education in schools and strengthen control of the media and the arts. There will be more policing of decency, seeking to curtail what the regime's agents perceive as 'moral laxity'. However, a full return to the strict standards of the post-revolutionary years seems unlikely.

Foreign policy and the nuclear issue

Iran's relations with the West are likely to deteriorate further. Ahmadinejad's attitude toward the US and Israel is clear: he said publicly on 26 October 2005 that he would be happy if Israel were wiped from the map and the US destroyed⁴ (moreover, he apparently stepped on a picture of an American flag on his way to vote.)⁵ So, he will probably espouse more aggressive policies and tougher negotiating tactics.

One of the first foreign policy decisions by Ahmadinejad was rejection of a European Union proposal on the nuclear issue (August 2005) and recommencement of uranium enrichment. The EU proposal ruled out enriching uranium and reprocessing plutonium, and recommended allowing Iran to purchase nuclear fuel and send it elsewhere for disposal, and called for a continuation of Iran's voluntary suspension of uranium-conversion activities.

The international community thought that Ahmadinejad would present a counterproposal while addressing the UN General Assembly on 17 September. However, Ahmadinejad instead aired grievances relating to events that took place more than half a century ago, discussed 'a conspiracy theory' about the terrorist attacks of 11 September 11 2001, and accused the United States of having helped to create Al Qaeda through its policies. He spoke of the need for increased Third World representation in international bodies, denounced the double standards of Western countries, and insisted that Iran has the right to pursue peaceful nuclear energy activities, calling attempts to deprive it of that right a sort of 'apartheid'. Moreover, Ahmadinejad called for a nuclear-weapons-free Middle East and offered a 'serious partnership' with other countries' private and public sectors implementing uranium-enrichment programmes. The speech was interpreted by most Western leaders and the press as very confrontational and even at home it was perceived as detrimental to Iran's nuclear negotiating position.

As a consequence of Iran's behavior, the IAEA governing board issued a resolution calling on Tehran to be more cooperative and transparent, and hinting that referral to the UN Security Council, which could easily mean introducing sanctions, could be the next step. This in fact did happen in March 2006.

Iran's policymakers, across the political spectrum, want Iran to be perceived as a regional power.⁶ Ahmadinejad himself has

4. See Bernard Gwertzman's interview with Ray Takeyh, an Iranian expert: 'Iran's New President Largely Indifferent to What Outside World Thinks', 10 November 2005. <http://www.cfr.org/publication/9199/takeyh.html>

5. Barry Rubin, 'Relations with Iran have just heated up', *Daily Star*, 5 July 2005.

6. Clifford Kupchan, 'Iranian Beliefs and Realities', *National Interest*, Fall 2005.

stressed that the world must deal with Iran as an equal. Iranian people also feel a sense of victimisation. The Iran-Iraq war was a formative experience for Ahmadinejad. International treaties banning the use of chemical weapons did not protect Iran from Saddam Hussein's gas attacks. Moreover, Washington openly supported Iraq, a fact bitterly remembered by Ahmadinejad and his generation. US sanctions have reinforced the sense of victimisation. In addition, Iranian elites believe that throughout the modern era Iran has been manipulated by the West; they still remember the overthrow of nationalist Prime Minister Mossadeq in 1953 by the CIA and the restoration of the Shah.

These beliefs fuel a sense of constant insecurity. Both the United States and Israel are perceived as existential threats to the Islamic Republic. Possession of nuclear bombs by its eastern neighbours, Pakistan and India, also worries Iran. In this context, one should try to understand Iran's approach to the nuclear issue. For the majority of Iranians, especially the elites and the parliament, the acquisition of a nuclear fuel cycle that provides a deterrent against potential attackers is a way to ensure the country's security and respect from the international community. They believe that Iran has a right under the Nuclear Non-Proliferation Treaty (NPT) to develop civilian nuclear power and question why the West is not allowing Iran to do what other countries (e.g. Brazil) are permitted. No one in Iran wants to give up its legitimate rights without any sort of guarantees or benefits in return.

Ahmadinejad's plans, however, especially in foreign policy, may not fully materialise. Like any Iranian president, he is constrained by a complex consensual foreign policy decision-making process. He and his supporters face strong opposition in the country not only, as expected, from the reformists, but also, to the surprise of many, from the Supreme Leader and many hardliners.

Internal opposition to Ahmadinejad

The first sign of problems for the new president came from the parliament, which did not approve all of the candidates proposed by Ahmadinejad for appointment as Cabinet ministers. Four of them, including the one put forward for the important Oil Ministry, were rejected. Although parliament is now dominated by hardliners, Ahmadinejad's *Pasdaran* do not form a majority in it.

Then in October came the decision by Khamenei altering the country's power structure by granting the Expediency Council new authority to supervise the executive, legislative, and judiciary powers, and also to originate top-down decision-making. The Council, an appointive body, was previously only empowered to settle disputes between the parliament and the Council of Guardians – another, more influential appointive body – and to advise the Supreme Leader. In an even more surprising move, Khamenei made Ali Akbar Hashemi Rafsanjani the president of the Council. Thus, the person who lost the election to Ahmadinejad received at least nominal supervision of the Administration put in place by the victor, President Ahmadinejad. The expansion of the Expediency Council's power was widely viewed as an effort to balance the rise of hardliners in the Iranian political system.⁷ Others also saw in this action a gesture by Khamenei intended to restore some prestige to Rafsanjani who played a key role in elevating Khamenei to the position of Supreme Religious Leader after the death in 1989 of Ayatollah Ruhollah Khomeini.

Rafsanjani, as well as Expediency Council Secretary Mohsen Rezaei, began to criticise Ahmadinejad's foreign policy actions immediately after their appointments, in particular the new president's speech at the United Nations General Assembly on 17 September 2005. They also criticised the president's advisors' lack of expertise, especially those dealing with nuclear energy issues.⁸ Moreover, it was Rafsanjani, and not any other member of the government, who went to Saudi Arabia, to assure King Abdallah of Iran's continuous moderation.

These developments indicate that there is some concern among the political establishment in Iran that some of Ahmadinejad's actions have been too radical, in the sense that he has put Iran under unnecessary scrutiny and exposed it to criticism from foreign institutions and that perhaps his rhetoric ill serves some of the regime's more practical, rational needs.⁹ The problem is, however, that the president seems not to care much for the opinion of the international community and its perceptions of his ideology.

Ahadinejad's main enemy at the moment can be found inside the country. As Alexander Adler rightly pointed out, calls to wipe out Israel and to immediately break off relations with all the Muslim states that have hitherto recognised Israel, suggest that the President wants to become involved in disputes not only with Iran's reformers but also with the theocratic structure initially estab-

7. Karl Vick, 'Iran moves to curb hard-liners, power given to relatively moderate body led by Rafsanjani', *Washington Post* Foreign Service, 8 October 2005. There were also some reports from Tehran that Khamenei was forced to limit the powers of Ahmedinejad by Ayatollah Mishkini, head of the Assembly of Experts. According to this version of events, Mishkini apparently demanded that Khamenei fire Ahmedinejad. The Supreme Leader refused, saying that the people elected the President. Mishkini then told Khamenei that if he did not act, he would call a special meeting of the Assembly of Experts to replace him. Finally, after tough negotiations, a compromise was achieved: Khamenei agreed to expand the powers of the Expediency Council and made Rafsanjani the head of it. If this story is true, the Supreme Leader's position is much weaker than previously thought, and constitutional crisis in Iran might be on the cards.

8. Bill Samii, 'Iran: New President's Diplomacy Sparks Controversy', 11 October 2005; <http://www.rferl.org/>

9. Interview with Ray Takeyh, op. cit.

lished to counter Khatami's liberalism (there has been an agreement between figures like Rafsanjani and Khameni to have Iran cooperate with such countries as Egypt, Jordan or Turkey, which all have good relations with Israel).¹⁰ Now this structure has begun to clash with Ahmadinejad's fundamentalist and militant Islamism.

Conclusion

Despite the existing tensions between political groups at the top, Iran at the moment is relatively stable. Prospects of a popular uprising in Iran like those that took place recently in some post-Soviet states (Georgia and Ukraine, for example), or even the possibility of less violent government change along the lines of what happened in Lebanon, seem very remote. Students are quiet, there are no demonstrations in the streets and no mass protest movement. While many Iranians may be disillusioned with the mullahs, they are not going to rise up. The democratic movement is dormant and will probably remain so for the foreseeable future.

Ahmadinejad's victory signalled the fact that the reformists' discourse was no longer that appealing to the Iranian people. Their talk of political reform, human rights and civil society had done little to solve such problems as high unemployment or inflation. Reformers realised too late that they were working 'behind closed doors' and had not got their messages across. Only after the elections Mostafa Moin, the candidate of the reformist Islamic Participation Party in the elections, along with members of the Iran Freedom Movement (of religious nationalists) announced the formation of the new Front for Democracy and Human Rights and a plan to engage in more 'grassroots' work. Another failed reformist candidate, Mehdi Karroubi, has also unveiled plans for establishing a new National Trust Party as well as a satellite TV channel to promote its ideas. They say now: 'The conservatives will give you bread. But they'll take away your freedom.'¹¹ But how many Iranians will choose freedom over bread?

At the same time, Iranians are extremely nationalistic and would not accept any foreign-inspired change. Some despise the current regime for its corruption and repression, but Western pressure or military attack will only rally them around the government.

The short-term future of Iran under its new President is difficult to predict. Some believe that the Iranian revolution is begin-

10. Alexander Adler, 'What does Ahmadinejad want?', *Le Figaro*, November 3, 2005.

11. Kupchan, op. cit..

ning anew.¹² Other are more cautious. Certain change is naturally inevitable in Iran but will Ahmadinejad and his *Pasdaran* be able to change the constitution and make the country less theocratic, or will he leave the religious establishment intact and pursue more hardline foreign and cultural policies, at the same time striving for the improvement of the economic position of the poor? Only time will tell.

12. William O. Beeman: 'The Revolution Begins Anew in Iran', 8 November 2005. <http://www.agenceglobal.com/Article.asp?id=705>

The future of Iran's reform movement

Katajun Amirpur

Elections and the political system of the Islamic Republic

Following the victory of the conservatives at the parliamentary elections of February 2004, the election to the presidency of Mahmoud Ahmadinejad in August 2005 and in the face of the increasingly complicated and deteriorating situation in Iraq, the question of the future of Iran's reform movement assumes a certain urgency.

The Iranian parliamentary elections of 19 February 2004 were supposed to mark a triumph for the Islamic system. On the occasion of the twenty-fifth anniversary of the Islamic Revolution, the elections were to prove to the world that Iran is an Islamic democracy. This in any case is how President Mohammad Khatami expressed it a couple of months before the elections were held. However, even at this early stage he must have already doubted that this is how things would turn out. And, indeed, there was good reason to have misgivings: the conservative-dominated Council of Guardians refused to accept the nomination of thousands of candidates, among them eighty sitting members of the previous parliament and even the granddaughter of the state's founder, Ayatollah Khomeini.

The excluded reformers therefore also had every reason to hope that the February election would send out a signal. They called for the election to be boycotted, seeking to turn the election into a referendum on the Islamic Republic. The election, however, did not produce this result either. On the other hand, the turnout of 50 per cent was the lowest recorded since the founding of the Islamic Republic, a more than embarrassing result on the occasion of the Republic's twenty-fifth anniversary. Further questionable aspects of the election were highlighted when the reformers claimed that the elections had been manipulated and that many people were forced into voting – for without proof of their electoral participation Iranians citizens are denied study places or employment in state agencies.

The low turnout also shows that the population is utterly frustrated and disillusioned as to their ability to influence politics through elections. But the fact that the system is losing its credibility and legitimacy through the low voter turnout and the exclusion of so many candidates seems to hardly bother the conservatives. Some of them point out that George W. Bush was only elected by some 30 per cent of the population in the US, while the influential Tehran Friday prayer leader Ayatollah Mesbah Yazdi, the spiritual mentor of the present president, takes the attitude that the people are too stupid to vote anyway.

In any case, the action taken by the Council of Guardians has become almost customary over the years. In fact, the conservatives have used the Council of Guardians in the past to dispose of unwanted political rivals on a large scale – for instance, in 1992, when it used the means of candidate exclusion to hinder leftist Islamic politicians from dominating the parliament, the political camp from which many of the latterday reformers have emerged. This explains the widespread surprise amongst the reformers when they were permitted to take part in the elections in 2000.

For many however, the action taken by the Council of Guardians was definitive proof that the Islamic Republic cannot be reformed from within, and that a gradual, evolutionary development towards democracy is condemned to failure. Such a development had been hoped for when Mohammad Khatami assumed office in 1997. Sceptics however had even then pointed to certain peculiarities in the Iranian system which would lead to the failure of the experiment. And in fact these peculiarities are the root cause of why the political reform process has failed. The Islamic Republic certainly has elements of a republican democracy. A president is elected by the people in elections which, in the context of the Middle East, are amazingly free. Certainly one can object that elections can hardly be characterised as democratic when, out of over two hundred candidates, a mere four are permitted to run (as happened in 1997). At the same time, however, the president in Iran is only allowed to serve for two legislative periods, whereas in Syria and Egypt very different situations prevail. In addition, Iran has a parliament. Here an astoundingly mature culture of debate has always held sway. Controversial and lively debates, unthinkable in such a form elsewhere in the Islamic world, existed long before 2000, when reformers came to dominate the parliament. For all this, the Islamic Republic is nevertheless plagued by a structural

problem: every single republican institution is subordinate to a clerical counterpart. The worst scenario is that this can mean that the people elect reformers, but the non-elected authorities hinder the reforms the elected representatives want to carry out. And this is what has happened since 1997. Since they were first given the chance, the Iranian population has used every opportunity to express their desire for reforms. On four occasions – in 1997, 1998, 2000 and 2001 – they elected the presidential candidate and those politicians who promised democracy and the rule of law. The hoped-for results failed to materialise on each occasion however. Although the reformers have formed the majority in parliament since August 2000, little has been gained. The parliament is subordinate to the Council of Guardians, which has to approve the laws passed in parliament. For this reason, the reform-oriented members of parliament have been unable to push through hardly any of the more than 50 reform bills they have introduced in the past four years. Overall, the Council of Guardians rejects 90 per cent of laws as being ‘in violation of the Islamic principles of the State.’ The president is no better off. He is not even granted the authority to set the guidelines of political policy, and Iran is the only country in the world where the president is not Commander of the Armed Forces. As Mohammad Khatami announced his candidature for the office of president for the second time in May 2001, he had tears in his eyes. The conservatives had triggered a government crisis every two weeks, and he possessed no more power than any normal citizen, he said. This was the sad outcome of his first term of office. Laws intended to change this situation were quashed by the Council of Guardians. Khatami’s words describe the balance of power precisely. The president can undertake nothing without the support of the revolutionary leader, but the revolutionary leader has an unambiguous position when it comes to the desire of the people for active participation and reform. In January 2004, Ali Khamenei declared: ‘In the Islamic democracy no rule is accepted except for that transferred from God to the leader. The power of the revolutionary leader is a gift from God.’

The clerical establishment and the balance of power

Whenever the possibilities of political reform are to be discussed, then consideration must also be given to the economic balance of power, as well as to other important Iranian institutions resisting

change. Although not enshrined in the constitution, these are organs which are nonetheless extremely influential politically: the 'General Secretary of the Friday Preachers in Ghom', the radical Islamic 'Organisation for Islamic Propaganda', the *Ansar-e Hezbollah* ('the supporters of the Party of God') – basically thugs in the service of the conservatives – and, above all, the numerous revolutionary and religious foundations. According to unofficial estimates, 80 per cent of the Iranian economy is the hands of the clerical conservative establishment, with the religious foundations, known as the *bonyâds*, playing a key role. Originally founded by the revolutionary leader Khomeini for the purpose of administering the deposed Shah's fortune, the *bonyâd* officials are now mainly former revolutionary guards and elderly conservative clerics. Officially the *bonyâds* are bodies independent of the state; in practice however they form a state within the state. As they are only obliged to provide information to the religious leader Khamenei, there is no official data on their activities. Estimates on the share of the state budget they control vary between 25 and 58 per cent. Their business interests include their own airline, extensive foreign trade, tourism, and the production of the popular *zamzam* cola. Their activities range from supporting militant Islamic groups both domestically and abroad to the issuing of an exorbitant bounty for the murder of the British author Salman Rushdie. The Imam Reza Foundation alone possesses property in the province of Khorasan that accounts for 90 per cent of the fertile land.

This economic balance of power and the imbalance between the republican and theocratic institutions in the country are the key factors which have caused the failure of the political reform process for a number of years now. The central question though is how the social reform process and the reform discourse will now develop in the wake of the parliamentary elections of 2004 and Ahmadinejad's victory in the presidential elections. Will they come to a standstill? Or could it be that a reform discourse is no longer needed? This idea is elaborated on in further detail in what follows.

Conservatives versus reformers in Iran: the ongoing battle

Mohammad Khatami's election victory in 1997 was preceded by an extensive social discussion on the reform of the Islamic Republic of Iran. Led by religious intellectuals who opposed the dominating

restrictive interpretation of Islam, this discussion began with the end of the Iran-Iraq war in 1988 and the death of the revolutionary leader. At that time slight criticism was possible and it found certain niches, for example in the pages of the journal *Kiyan*. At the start of the 1990s, debates were conducted there on the compatibility of Islam and democracy, on women's rights and human rights, and the key protagonists called themselves 'religious enlighteners'. As Mohammad Khatami took office, this discussion entered a broader public realm, for Khatami's government issued publishing licences to persons who had been blacklisted by the conservatives. The views of these publishers were either decisively formed by the discourse of the 'religious enlighteners' or, indeed, they personally belonged to this circle. In these easily accessible and widespread press organs, in daily and weekly newspapers and journals, debates now took place that touched on the foundations of the Islamic Republic. For instance, the journal *Rah-e nou* (*The New Path*) initiated a debate on the doctrine of ruling power, the *Velayat-e Faqih*, as realised in the Islamic Republic of Iran. Oppositional clerics like Ayatollah Hossein Ali Montazeri expressed here their view that the revolutionary leader must be elected directly by the people for a specific term and that his rule is in no way a God-given mandate but is based on a 'social contract'. Others, like the cleric Mohsen Kadiwar, contradicted the prevailing official view that the *Velayat-e Faqih* is one of the irrefutable principles of Shiite faith. He pointed out how contentious it was, and still is, amongst Shiite scholars. Other trouble spots were also publicly touched on for the first time: the requirement that women wear headscarves and the relationship with the United States.

From the very beginning the conservatives tried to put an end to this continuous questioning. They banned publications, arrested journalists and dissidents, and even carried out assassinations. With the judiciary under their control, it was all too easy for them to have suspicious intellectuals put away and to silence the press. Nevertheless, the critics resisted this intimidation. Whenever a paper was banned, the publisher acquired a new licence under a different name – the authorities in the Ministry of Culture, under the control of Khatami, readily issued licences. Although this resulted in continuous comings and goings, -and 'Reporters without Borders' today still characterises Iran as the largest journalists' prison in the world – the current press landscape is far livelier than prior to 1997. On the other hand, things

have not really changed that much now that the conservatives hold the majority in parliament and Ahmadinejad is Iran's new president: the conservatives – as described – have always possessed the power to get rid of critical press organs. What may be correct in this rather dispiriting assessment of the future is that the conservatives will steadfastly maintain their intolerance of critical voices. The situation of the intellectuals and critics, who articulate the reform discourse, is therefore indeed likely to become more difficult. But another factor could be more decisive: the reform discourse of the last few years and the failure of the political reform process have generated two important results. Firstly, a broad consensus now exists in Iranian society that it is absolutely necessary to introduce a democratic system. Following the debates of recent times, people know what democracy is. Concepts and ideas like the rule of law, pluralism, the separation of powers, etc. are known to them – something that cannot be taken for granted, or dismissed lightly. The main contributing factor to this development is, however, not the reform discourse itself but rather the more extensive contemporary technological possibilities for establishing contact with the rest of the world, mainly through the internet and satellite television. Secondly, the level of education in Iran is very high. Indicators such as schooling and access to scientific resources and the participation of women in society, recently cited by the Arab Human Development Report as decisive for the sustainable democratisation of the Arab world, are more evident in Iran than in the rest of the Islamic world.

Alienation among the people

But in all of this what is even more decisive is an experience that the Iranian people have had to go through, one which other populations in the rest of the Islamic world have yet to undergo: the experience of Islamism. The Iranian philosopher Abdolkarim Soroush once said: 'The Islamic religion was so deeply rooted in the Iranian people that only an Islamic revolution could tear out these roots.' The political line pursued by the conservatives, blocking any reform of the Islamic Republic, has led to a situation where the people are turning away from this system in droves. Twenty-seven years after the Shah left the country, twenty-seven years after the Islamic maxim 'Islam is the solution' began to be taken seriously, the alienation between the people and their conservative rulers could not be

greater. The people have been voting on the Islamic Republic with their feet for years now. Some 200,000 people leave the country every year; and far more would leave if they could. The reaction after the Bam earthquake in December 2003, where 40,000 people lost their lives, also demonstrated this sense of alienation. Why did the earthquake cause such a loss of life? This question was openly posed and answered in the Iranian press: because corruption prevails and building guidelines are not adhered to, because the rulers let the people bleed, and because mismanagement reigns in a potentially rich country. The handling of the crisis after the Bam catastrophe was also marked by mismanagement. Whatever financial aid was not channelled into the hands of corrupt authorities was wasted through incompetence. Of course there are also committed officials and functionaries in Bam. Nevertheless, there is such a degree of mismanagement that many observers believe that it must reflect a deliberate strategy.

Only private initiatives give cause for hope. The population also showed considerable willingness to help during earlier catastrophes. But in contrast to the earthquake of 1990 in the north-east of Iran, in the aftermath of the Bam earthquake the people no longer just contributed financial support or donated medicines and clothing. This time they organised the aid themselves. Nobody wants to entrust the state with their money. Trade and political organisations founded in recent years, intellectuals and students, all of them use their own networks to assist people in need. Numerous NGOs are active in Bam, taking over tasks which are actually the responsibility of the state, such as psychological counselling for children and the building of public toilets and showers. The Bam catastrophe has once again shown just how ailing the Iranian state is. But it has also proven that a civil society is forming in Iran. This is very important – and the point to focus on. Indeed it is the main point of this author's argument: the reformers may have lost the political power struggle against the conservatives. The genuine reform process, however, is being completed not within the realms of the state, but in society. And this reform process is in full swing.

The growth of secularism

It not only includes a trend towards secularism but also towards atheism. Many Iranians are turning away not only from the politi-

cal system but also from religion. 'If this is the pure Mohammedan Islam, then we're better off without it': this sentiment can be heard time and again. Surveys show that broad sections of the Iranian population are not only more secular in their attitudes than other populations in the Islamic world, but also more areligious. Today, more people in secularised Turkey perform their obligatory prayers than in the alleged theocracy of Iran. Twenty-seven years after the Islamic Revolution, Iran has possibly the most secularised population in the Middle East. Reform politicians blame the conservatives for the negative attitude young people have towards religion. Mohammad Reza Khatami, whose reform programme goes far beyond that of the last president (who is his brother), recently stated openly and frankly that Iranian youth are fleeing from religion because of 'this violent and dictatorial interpretation'.¹ This has, in turn, decisive consequences for the concrete shaping of the discourse on the compatibility of democracy and Islam, of democracy and human rights, etc. One of Iran's most respected reformist theologians, Mohammad Mojtahed Shabestari, recently reflected soberly that for years he has written until his fingers have become raw, laboured over concepts, presented hermeneutic theories, and in this way shown paths towards a reformed Islam.² But the events of the last few years have meant that nobody is interested anymore. More and more people appear to be saying to themselves: 'if Islam is not compatible with democracy and human rights, then so be it. But we want democracy and human rights nevertheless.'

Political apathy

But the fact remains that nobody is getting up out of their armchair to take up the struggle. In connection with the February 2004 elections, a further remarkable fact became clear once again: the people reacted with complete disinterest and disillusionment. As the parliamentarians began their sit-in strike in protest against their exclusion two weeks before the elections were held, one might have expected that the population would lend them its support, for example by staging demonstrations. But this did not happen. The reason for this is not that they were unaware of what was going on. The principal information sources on events in Iran for most people are in fact the BBC, the Voice of America and stations set up by the Iranian opposition in exile. They certainly knew what was going on, but it simply no longer interested them. In 2000 they had

1. Speech at Congress of Islamic Iran Participation Front, October 2003. Available at: <http://www.iranianvoice.org/modules.php?name=News&file=article&sid=1215>

2. Interview with the author, Bonn, June 2004.

enthusiastically elected these parliamentarians and placed a great deal of hope in them. And then, what happened in February 2004? Nothing. Nobody seems to have been interested in this action taken by the parliamentarians, even it was spectacular in itself. ‘They are on strike? Well, okay, then they are on strike, who cares?’, appears to be what most people thought. Perhaps the parliamentarians decided to strike as it was already too late, as the member of parliament Elahe Kulai reflected self-critically. Namely only at the moment when they themselves were affected. Beforehand they had let fifty reform bills fail to be passed without expressing such vehement opposition.

The attitude of not wanting to get involved was already observable during the student protests of summer 2003. For a number of days in succession some students took to the streets. Their numbers were certainly not as large as reports in the western media would have us believe. What instead needs to be taken into consideration is that, in a city like Tehran with a population of 14 million, a few thousand or even ten thousand demonstrators barely stand out. But what is even more important is that these demonstrations were approved by whoever one spoke with as being a good thing, right and important. Yet while people watched them on television and discussed them for hours on end, very few people got up and joined in. This apathy is certainly due to the fact that the people have already been involved in a revolution once before and were disappointed. The Iranian Nobel Prize winner, Shirin Ebadi, has expressed this as follows: ‘The Iranian people are deeply disappointed with the Islamic Revolution. During the Islamic Revolution and the war in Iraq that followed it, an immeasurable number of families lost their sons and providers. The nation lost the best of its young men, and millions of Iranians were forced into exile. Covering the expenses of this revolution will continue for entire generations.’³

Where does Iran go from here?

Within two and a half decades the Iranian population has been exposed to a unique series of historical events and changes: besides the Revolution, which led to a complete upheaval of political and social conditions and moral values, it has experienced a conflict that lasted longer than the Second World War, laid entire provinces

3. Special Dispatch, no. 596, The Middle East Media Research Institute, October 2003. <http://memri.org/bin/articles.cgi?Page=archives&Area=sd&ID=SP59603>

to waste and claimed almost a million Iranian victims alone; it has been shaken by natural disasters of apocalyptic dimensions, such as the earthquakes of 1990 and 2003, been plagued by a brain-drain that has almost ruined the country intellectually, and has had to cope with a stream of refugees from Afghanistan and Iraq, which has turned Iran into a state with one of the largest contingents of refugees in the world. On top of all this, the country is in the throes of an economic crisis that threatens the very existence of broad sections of the population. Even the Iranian Chamber of Commerce admits that 40 per cent of all Iranians are forced to live below the poverty line, while foreign diplomats estimate the number to be 60 per cent.

There is another experience that has exerted a particularly crucial influence on the population: the collective experience of death, and despair over its senselessness. Many Iranians have looked death in the eye at demonstrations or on the battlefield. And almost every family mourns dead members, so-called martyrs: martyrs of the revolution, martyrs of the war, martyrs of the resistance against the Shah's regime, martyrs of the struggle against the counter-revolutionaries. And for what? Most Iranians aren't better off than they were twenty-five years ago, nor do they enjoy greater freedoms. Blood shed to no avail, sacrifices made to no avail, abortive struggles pursued to no avail – this feeling that they have lived their lives in vain is characteristic for many Iranians today. And this finds expression in truly horrific figures: 28 per cent of the population suffers from depression; Iran has the highest rate of suicide amongst women worldwide; and drug consumption in Iran is the highest in the world, with 2.8 million Iranians addicted to drugs.

But what are the consequences of this alienation? One thing is certain – there will not be a second revolution. Iran has retained a remarkable degree of stability, despite all the prophecies of doom. For years now this system has been pronounced as good as dead. And yet it still endures, whereas the preceding regime, which was always considered to be indestructible, collapsed almost overnight. Reference has been continually made to factionalism, to how the ruling clerics would eventually tear each other apart – today this is once more being postulated. According to this scenario, after getting rid of the disruptive 'reformers', against whom a united front was required, internal power struggles could now erupt among the conservatives. And, in part, this is true: bitter conflicts have sometimes, in the past, broken out amongst the

clerics. But in the end, the cohesion and solidarity of the clerics has always prevailed. Internal factional conflicts always came to an end whenever the power interests of the whole brotherhood were endangered. The sense of brotherhood within the Iranian clergy is very pronounced, with familial ties having been fostered for centuries. And there are specific patterns of behaviour and structures which are unique to this class. Everyone knows everyone else; everyone is cast in the same mould. The impact of this should not be underestimated. The Iranian clergy is a well-coordinated network that functions efficiently. This ensures stability.

The configuration of a new regime and a new era has been set, now that the conservatives have reclaimed the parliament and a conservative has become president. One of the ironies of the situation in Iran is that it is quite possible that not much will change with this shift in the balance of power. What the reform-oriented parliamentarians had promised – laws guaranteeing freedom of expression, equality between the sexes and greater protection against the arbitrary execution of justice – was in any case unrealisable, hindered by the veto of the Council of Guardians. Now, such laws will not even be drafted and submitted to parliament for approval, and speeches about democracy will not be heard; in the end though, the result is the same.

And how about the role of the US in this process of reform? That the population wants a *rapprochement* cannot be doubted. Iran is probably the only country in the Middle East where Americans have not lost any public sympathy since 9/11. This despite a policy that has identified Iran as part of the ‘axis of evil’. In October 2002, several Iranian opinion-poll research institutes, commissioned by the government, conducted a survey. To the question as to what they think about reestablishing ties with the United States, 70 per cent of the respondents responded affirmatively. And 40 per cent of those polled even expressed some understanding of US policy towards Iran, or regarded US policy towards Iran as correct and defensible. The conservatives reacted angrily to these ‘revelations’ and had the directors of the respective institutes arrested – among them, one of the most prominent members of the reform movement and former leader of the group which occupied the US embassy in Iran in 1979-81, the meanwhile-reformed Abbas Abdi. Some years ago Abdi met a former hostage in Paris and offered her his hand in a gesture of reconciliation in front of the cameras.

Conclusion

But despite the spreading sense of hopelessness at not having been able to manage to push through reforms, and all the setbacks hampering the reform process, there is one irrefutable reason why the reform movement will win after all and why time is running out for the theocratic model of the state in Iran: the state authorities have lost society. Even if the political reform movement has failed – as the last elections prove –, this does not automatically mean that the social reform movement will suffer the same fate. In Iranian society there is meanwhile a growing consensus that there is simply no alternative to a democratic state. A keenly aware, politically sophisticated public sphere has emerged. There are emerging, if still small-scale, signs of civic organisations developing in Iran, and first and foremost a society that demands a liberalisation of the public sphere – and knows that there is no other alternative. This is the reason why there is still hope for a democratic Islamic Republic in Iran.

Iran's internal security challenges

Bernard Hourcade

Introduction

Because of its strategic geopolitical position, its oil resources, Islamic political ideology and more recently its nuclear programme, Iran is currently at the forefront of international concerns. The US as well as the European Union, Russia, China, India, the non-aligned states, the Muslim world, Israel and the United Nations, are all concerned by developments in Iran and all have a vested interest in the Islamic Republic becoming a state that is well-integrated into the international community.

However, being the focus of such attention has had the opposite effect of what the international community would like, making Iranian policy more independent and the Islamic state more confident as the result of a balance of powers which, from the Iranian perspective, precludes any effective hostile action that might be taken by external actors against the Islamic Republic.

Iran has built strong, efficient and sustainable relations with various countries, organisations, and economic and oil lobbies, which effectively protect Tehran from heavy sanctions. Not only Russia, but also China and India, have become Iran's first-rank partners and protectors. In these conditions, a *coup* along the lines of what happened in 1953 against Mossadeq is no longer possible, and a military strike might equally fail and simply have the effect of uniting the country against the West, as happened with the Iraqi invasion of Iran in 1980.

Iran is not North Korea and must not be underestimated, whatever regime is in power there. This is because it is very difficult to achieve an international consensus against this country and because an overwhelming internal dynamic of change is currently transforming the country. These internal forces at work in Iranian society are extremely powerful and have recently shown how much impact they can have in effecting political change, especially under the presidency of Mohammad Khatami (1977-2005). It is now clear

that a regime change, or any change in the policy of the Iranian Islamic state, cannot be imposed either from outside or from within by an activist minority, but can only be initiated within the framework of a domestic debate. In such a process, the international community can only play a limited role, creating a positive context by fostering containment or facilitating openings.

Under these conditions, the internal challenges facing Iran, from culture to nuclear power, ideology, economic development, oil, military capacities, education, gender issues or drugs, have to be taken into account and may become matters of security concern. The elections of Khatami in 1997 and Ahmadinejad in 2005 have demonstrated both the reality of the political forces at work in the Iranian system and this new republic's lack of political maturity. Today we are facing a new political landscape with the emergence of a new generation of leaders and political actors who were in their twenties during the Revolution and the era of the Iraq-Iran war. Some of them are former *Pasdaran* (Revolutionary Guards) and they have played a crucial role in the changes that are sweeping through Iranian politics.

Divided into various factions and split by their ideologies, the royalist, liberal and leftist political oppositions-in-exile were formerly able to challenge the Islamic Republic but have now been largely consigned to history. On the other hand, within Iran itself things are rapidly changing in all fields: the clerics who have been ruling the country for twenty-five years are no longer supported by the popular Islamic forces, in certain ethnic groups a thirst for education is outweighing traditional expectations, especially among the female population, new Islamic Shiite thinkers are reconsidering their relationship with the Sunnis and other religious minorities, former state-controlled terrorist networks are challenged by Al Qaeda and by Sunni political networks, and drugs and smugglers on both the Afghan and Iraqi borders are affecting the country's international relations. These dynamics of change have become the real new challenge for the survival of the Islamic system and its multiple and powerful factions. For the security and intelligence organisations that are becoming increasingly powerful, these internal domestic issues are regarded as security issues. For the international community, the way in which the new Iranian generation has evolved cannot be considered as entirely positive, since demands for a more liberal society may lead to a backlash in the form of a dictatorship. Furthermore, the growth of social unrest in

this country, precariously sandwiched between Iraq and Afghanistan, can never be ruled out.

Challenging the clerical state: the *Pasdaran* and the new Islamic elite

The main paradox of the election of Mahmoud Ahmadinejad in June 2005 is perhaps the defeat of the clerics. Hashemi Rafsanjani, the best representative of the clerical power that has been ruling the Islamic state for twenty-five years, was rejected by a large majority of the population who felt that they had no other alternative but to vote for the unknown mayor of Tehran. The opposition of the majority of Iranians to the clerical system was already well known, but this had obviously reached a critical stage when the majority of the Islamist forces controlled by the *Pasdaran* (Revolutionary Guards), the *Basij* (volunteers) and all the networks of the religious foundations and organisations concluded that they were now in a position to manage the country by themselves and no longer through the medium of the clerics. These Islamists, who showed their devotion to the Shiite hierarchy throughout the Revolution, the war, and the eradication of the regime's opponents, now appear to have decided that the clerics have shown their inability to rule the Islamic Republic of Iran and that some of them, obviously corrupt, have betrayed the Revolution.

In 1979 they had no choice, they were twenty or twenty-five years old and had no academic qualifications or political experience. Today, they are mostly in their late forties or early fifties, have doctorates, and have acquired experience in politics or in management. These men toppled the Shah, struggled for the integrity of the land of Iran, have sometimes resorted to violence and fought against their opponents, and cannot be accused of being against the Islamic regime and society. Last but not least, this new Islamic elite experienced the same dramatic history as that other part of their generation which rejects the Islamic political and cultural system, but who decided – or were forced – to stay in Iran. All of them are strongly nationalistic in their way of thinking, due to their experiences and their convictions; this is compounded by the fact that most of them have little experience of international culture or of international relations. They did not so much choose Ahmadinejad, who had almost never even travelled abroad at the time of his

election, as reject Rafsanjani who would have been able to provide for the welfare of his citizens but who is regarded first and foremost as a mullah supported by the international community and business lobbies. The main players in Iranian politics are no longer united by the history of their opposition to the Shah: they are very diverse in terms of their political and ideological ideas, but are no longer waiting for a solution coming from abroad. The Iraqi experience plays an important role in this context.

The Supreme Guide, Ali Khamenei, acted very cleverly by launching four candidates in the presidential campaign who belonged to his political sphere but who were also the first members of this new generation to be nominated as candidates for political office: Mohsen Reza'i, Mohammad-Baqer Qalibaf, Ali Larijani and Mahmoud Ahmadinejad. Most of the other candidates were 'has beens'. The Reformists felt that they could count on the support of Iran's younger generation, to whose demands they had been attentive, but the Guide outmanoeuvred them by promoting one of the newcomers to the top level of the State. At this point, the debate here is not about the abilities, the ideology or the policy of the new President, but to point out that we are now facing a new challenge, a new balance of powers. Both Rafsanjani and Karubi had extensive governmental experience and support in the Islamic regime, but they were unable to mobilise the necessary popular Islamic networks. Ahmadinejad, however, was in a position to do just that.

The global policy of the Islamic Republic, made by consensus, will probably not change, but a 'spoil system' is obviously at work, showing clearly that the people in charge of the management of Iran at all levels need to be replaced. One of the first decisions of the new President was to replace most of the people in charge of governmental or state-owned institutions, even at local or middle-ranking levels. This new 'elite' of course come mainly from the ranks of his own entourage and are linked to intelligence, security, military or Islamist organisations. The advent of these new young and unknown appointees is a matter of concern and is often described as a 'pasdarisation' of the state.

In fact, this is not a 'pasdarisation' of the state because the *Pas-daran* is far from being the only institutional or political body to have acquired power. Many of the young Islamist students opposed to the Shah joined the *Sepah-e-Pasdaran* (the Revolutionary Guards) when the Iran-Iraq war started in 1980 and were later

involved in Islamic organisations; after a few years, most of them left the Revolutionary Guards for family, educational or personal reasons, and were replaced by newcomers. These were more radical or opportunist, with strong backgrounds in Islamist organisations; some remained in the Revolutionary Guards throughout the war and became officers before resuming their civilian lives, but all of them, even those who disagree with the regime, remain united by this experience: ‘once a Pasdar, always a Pasdar...’, as the saying goes. The *Pasdaran* army comprised about 300,000 soldiers at the end of the war, so that at least one million people can be described as ‘former Pasdaran’. This section of the population is of course devoted to the Islamic Republic, but their social and political background is very diverse, making this categorisation too wide or too simplistic to be useful in understanding the new political situation in Iran.

After the war, various religious foundations such as the *Mostazâfân* (the Foundation for the Deprived) and the *Shahid* (the Martyrs’ Foundation), as well as the Ministry of the *Pasdaran* gave financial, technical and social support to the veterans, mainly to those who were former students or had shown promise during the war. The privatisation of the economy in the 1990s provided the opportunity to give these good soldiers shares and positions in local or international industrial, housing, or commercial companies. This economic network of the *Pasdaran* is today perhaps more influential than the political one. The former officers have entered universities without having to pass entrance exams, or have resumed their studies in Iran. Some of them were allowed to go abroad, especially for post-doctoral sojourns mainly in Canada, Australia, and the United Kingdom. They are now engineers, university lecturers, managers etc and can speak English even if they only have a limited experience of international culture. They are a key component of the new Iranian elite.

However, the spectrum of political ideas among the new Islamic elite is now very wide, ranging from fundamentalists devoted to the Supreme Guide to liberals promoting a separation between religion and politics. It is worth remembering that most of the supporters of the Reformist movement and the government of Mohammad Khatami were also former *Pasdaran* and actively participated in taking the American diplomats as hostages in 1979. Most of the Reformist leaders, liberals, and opponents currently in jail or sentenced in Iran, such as the journalist Akbar Ganji, the

teacher Hashem Aghajarian, the Ulema Mohsen Kadivar or the philosopher Abdolkarim Soroush, were former *Pasdaran* and/or hostage takers and/or revolutionary Islamist thinkers.

The non-Islamic elite of Iran remains of course more numerous than the Islamic one, but they have no political experience or constituency, since they either did not want to participate in the political life of the country or were prevented from doing so. They are essentially technocrats, who try to survive and avail of the opportunities provided by the Islamic system which is far from having the whole of society and activities under its control. Therefore, it is clear that the short- and medium-term political future of Iran will emerge from the Islamic and ex-revolutionary new elite.

Today, the debate is no longer about deciphering the revolutionary past of Iran's new rulers and managers, but rather about the way in which they have evolved since the days of the Revolution, their activities, and their political ideas or ideological values. The main question now is to get an insight into and understand the professional, ideological and political evolution of these former *Pasdaran* who are both ruling the country and creating a new generation of opponents. A major part of the Islamic elite is totally opposed to the personality, the ideology and the policies of Mahmoud Ahmadinejad. The problems the new President had in getting his cabinet appointees approved by the *Majlis* or in finding suitable persons for high-ranking positions were the first sign of the divisions among the new elite. Previously, they were united by the brotherhood of the war under the umbrella of certain clerics. Now they are divided by the struggle for power, especially because of the unexpected victory of one of them. Just as the election of Khatami has divided the clerics since 1997, the election of Ahmadinejad in 2005 has sown divisions in the new non-clerical Islamist elite. Ahmadinejad's incendiary anti-Israel rhetoric and various aspects of his domestic or international policy, influenced by various figures in the security and intelligence apparatus, is clearly an attempt to unite the former revolutionary forces around the small minority of the fundamentalist activist members of the *Abadgaran* (the Developers of Islamic Iran), of the *Isargaran* (Islamic Revolution Devotees Society) and of the *Motalefin* (United Muslims) political associations. This is a new landmark in the evolution of the Iranian republic.

The possibility of populist or fascist rule being established cannot be entirely excluded, with the risk of unrest, riots and the

upheaval of civil society that this would entail, but this outcome seems unlikely since the conservative forces around the Supreme Guide, Ali Khamene'i, cannot hide their divisions. The real debate is about the capacity for *rapprochement* of some of the newcomers – for instance those supporting Mohammad-Baqer Qalibaf, the current mayor of Tehran – with some Reformists or even some non-Islamic technocrats around a pragmatist policy. Such attempts to unify political forces are numerous, headed by clerics like Karrubi or Rafsanjani, but also by the Supreme Guide who is considering merging the regular Army (*Artesh*) and the Revolutionary Guards (*Sepah-e-Pasdaran*). For these founding fathers of the Islamic state, the challenge is to be pragmatic and give the Islamic republic the capacity to face international threats, to participate in major world developments in oil, gas, economy, technology and political issues, and to avoid a possible (although probably unlikely) radical rejection of the Islamic state by Iranian society. The victory of Ahmadinejad could be a Pyrrhic victory for political Islam, but more probably signals a tough transitional period making possible the emergence of new leaders belonging to this new, but hitherto unknown, Islamic elite.

The change of generation among political office-holders and the election of Ahmadinejad has sealed the definitive failure of the Iranian political opposition in exile. The opponents and elite who left the country or supported Saddam Hussein during the War, such as the royalists or the *Mujahedin-e Khalq*, belong to the generation of the Revolution and are now 'has beens' compared to the war generation which is now taking power in Iran and has political experience, technical skills, a strong constituency and popular support.

Nearly three decades of the Islamic Republic have deeply transformed Iranian politics and society. The analysis made by the former Shah's supporters or by liberal opposition groups in exile no longer has much relevance not because they are not legitimate but because they underestimate the capacities of their opponents just as they do not take account of the emerging new sense of identity in Iran. Behind the façade of continuity of the 'Eternal Iran' – or thanks to it – the internal dynamics at work in this country remain very strong, as shown by the Constitutional Revolution of 1906 and the Islamic revolution of 1979.¹

1. For a view of contemporary Iran seen from a long-term historical perspective, see Patrick Clawson and Michael Rubin, *Eternal Iran: Continuity and Chaos* (New York: Palgrave MacMillan, 2005).

Challenging ethnicity: education and gender issues

The Iranian empire has always been a multiethnic state, but the ethnic challenge still remains a matter of concern.² During the imperial regime, memories of the Soviet influence in Gilan, Azerbaijan and Kurdistan in the first decades of the nineteenth century meant that the ethnic and cultural diversity of Iran was considered to be a major danger to the integrity of the Iranian state. This French-style state-centric nationalism has remained very much alive in Islamic Iran, in spite of the failure of ethnic-based revolts and political movements during the Revolution or the Iran-Iraq war. Deep changes in the cultural geography of the country occurred during the three last decades and have transformed the political meaning of ethnicity in Iran. The creation of a well-organised and centralised republic have changed the relationship between the surrounding non-Persian populations and the central authorities, but the peculiar status of the Persian language and the high position of Turkish speaking individuals in the central state prevent any direct large-scale conflict in the ethnic sphere.³

The question of ethnicity remains however a major issue which has not only a domestic but also an international dimension because of the impact of new American policy in the region, especially in Iraq where analysis and policies are based on ethno-religious divisions and not on social (class-based) or economic criteria. The ethno-cultural diversity of Iran is openly seen in Washington or Tel-Aviv as a lever to be used against the Islamic regime/Iranian state. Some analysts think that the ethnic factor still has a role to play in changing the Iranian Islamic state while others consider the emergence of new cultural dynamics such as literacy, migration, urban development and of course the education of women as the main and indeed as the only efficient vectors of political change in contemporary Iran.

The Iranian nomadic tribes (mainly the Qashqa'i and Bakht-yari) no longer have any military or political influence at national level although they are the most numerous nomadic population in the world. However, although no longer as politically significant as they once were, ethno-cultural issues remain a short-term challenge for the internal security of Iran in so far as they can still generate crises at regional level: about 50% of the total population of the country is non-Persian speaking and still has a strong distinctive identity. As a direct consequence of the spread of literacy and

2. On the political imperial system with reference to Iran, see Bertrand Badie, *La fin des territoires* (Paris: Fayard, 1995).

3. On the new dynamics of ethnicity, see Bernard Hourcade, *Iran: identités nouvelles d'une république* (Paris: Belin, 2003); Touraj Atabaki, 'Ethnic diversity and territorial integrity of Iran: domestic harmony and regional challenge', *Iranian Studies*, vol. 18, no. 1, 2005, pp. 23-44.

education, bilingualism has become the predominant situation in non-Persian areas since Persian is now understood or spoken by 95% of the total population (85% in 1986);⁴ however, in many areas of Baluchestan and Kurdistan the national Persian culture remains marginal and underdevelopment an unresolved reality, highlighting the political and ideological pressures imposed by the Islamic state.

The trans-border location of these populations is exploited both by the Iranian authorities and foreign states or forces seeking to establish influence on both sides of the border line, creating instability and sometimes resulting in terrorist attacks. Smuggling has become the major economic activity in the Iraqi and Afghan border areas, creating an environment in which illegal activities that may have dangerous political consequences can flourish. In this respect, the Iranian authorities have understood their geopolitical weakness, as there is a danger of hostile forces using the trans-border populations as Trojan horses to strengthen the internal opposition and transform local protests into riots or more. Islamic forces are also capitalising on the same ethnic divisions, especially in Iraq, to establish intelligence networks and a capacity for subversive action. This 'Cold War' on these ethnic fronts (Kurds, Baluchs, Turkmens, Shiite Arabs) remains however a local or regional challenge for the Iranian state, unlike the Azeri issue. The Azeris are the largest and most influential ethnic minority, accounting for 25% of the Iranian population. This Turkish-speaking population is Shiite and as such, a major component of the Islamic Republic. They have more sophisticated ethno-cultural demands than other ethnic groups. This is also true of some Kurds. Being numerous in large cities like Tehran, Ispahan or Mashhad, the demands of the Azeris embrace not only geographic issues (local governance) but also cultural issues (radio, newspapers, education in the Azeri language), and indeed political issues concerning the Iranian Republic and the Islamic regime; in this respect their demands mirror those of the Persians.

In the current domestic and international context, the main cultural challenge with direct security implications is not ethnicity *stricto sensu*, but the absence of any status for the Sunni minority (nine million people, mainly Kurds, Baluchis, Turkmen, Arabs) when the few thousand Zoroastrians, Jews and Christians have four specific representatives in the *Majlis*.⁵ As Muslims, the Sunni population can be elected and have access to political or adminis-

4. According to the *General Census of Population* of 1996 and the *Survey on Economic and Social Conditions of Iranian Households* by the Statistical Centre of Iran and the CNRS (Paris) in Persian. Conducted in 2002 with a sample of 45,000 persons in all provinces, this survey gives accurate data at national level. Main results are available in English and French on <http://www.ivry.cnrs.fr/iran>.

5. Other traditional but non-recognised Iranian religious minorities such as the Ahl-e Haqq or the Bahá'í are also facing permanent hostility and repression from the clerical Shi'í state.

trative responsibilities, but even under Khatami's administration, no Sunni was appointed Minister or General Governor of a Province. The Iranian clerical Shiite state has 'created' a Sunni minority in Iran, in spite of discourses praising the sense of brotherhood prevailing among the Muslim community, the *Umma*.

Because of migration, the Sunni challenge is no longer limited to Kurdish or Baluchi areas and this has created a new major socio-political debate challenging the religious state on its own field. Today, the main Sunni population lives in Tehran (Azeris) or in Mashhad (Afghan refugees) but have no mosque. The thousands of mainly Shiite workers, coming from the Iranian Plateau to work in the new huge gas plants of Bushehr province (the South Pars gas field), are welcome in these formerly remote Sunni Arab districts, but the building with state funds of new modern mosques for this Shiite population when local Sunni people only have old prayer rooms is a matter of concern and a potential source of unrest, especially among a population that travels regularly to Kuwait, Dubai, Qatar, Oman and now Southern Iraq and who have contact with Sunni networks.

Obviously, adding ethnic demands to local underdevelopment, religious constraints, and the global popular opposition to Islamic state policy creates a major field of potential instability. But ethnicity and its related factors are an inherited component of the Iranian political system, capable of being disruptive certainly, but not a dynamic powerful enough to be able to radically alter the major trends of the Iranian national system. The geography underlying the vote in favour of Khatami in 1999 and 2001, and of Ahmadinejad in 2005, has clearly shown that the strongest supporters of the Reformist candidates were the non-Persian and Sunni provinces. In contrast, the Persians of Ispahan and Qom supported the fundamentalists and conservative candidates. This shows that the ethnic debate exists, but essentially as a means of campaigning for more participation and rights within the central state, rather than fuelling demands for greater regional autonomy.

The economic, social or educational geography of Iran used to show a strong contrast between the Persian population of the central Iranian plateau, with higher standards of living, and the surrounding remote non-Persian provinces.⁶ This reality still prevails, but one of the major changes that have occurred in the last few decades is the improved equality between regions, the economic development of remote areas and increasing uniformity in terms of

6. Bernard Hourcade et al, *Atlas of Iran* (Paris: Reclus, Documentation Française 1998).

the educational and gender changes that have recently overwhelmed Iranian society. Differences stemming from rural and urban specificities or from ethnic identities is no longer a dominant factor. The level of education is what matters most. Demographic surveys have shown that the female Baluchi-speaking population in Iran as a whole have fewer children than Persian women, the main difference in fertility being dependent on the mother's level of education.⁷ In the province of Baluchestan itself, in contrast, there is a high level of fertility among Baluchi women, and this is more linked to underdevelopment and the high proportion of illiterate women in this province than to cultural and ethnic factors.

Mother language and number of children per woman by literacy

Language	Total population (%)	Number of children of literate women	Number of children of illiterate women
Baluchi	2.4	2.3	5.8
Arab	3.5	2.7	5.8
Caspian	8.1	2.5	6.1
Kurdish	6.7	2.5	6.3
Turkish	24.0	2.2	6.5
Lori	9.8	3.0	6.6
Persian	45.5	2.7	6.7
Iran	100.0	2.5	6.5

Source: Statistical Centre of Iran and CNRS *Monde Iranien*, 'Socio-economic Survey of Iranian Households' (Tehran, 2003)

The decline in fertility since 1986⁸ was more marked in rural areas than in cities, as well as the growth in literacy in the female population whose literacy rate reached 63% in 1996 in rural areas (17% in 1976). Since 1980, urban growth as well has been much higher in remote provinces than in larger metropolises like Tehran, and with the setting up of university departments in smaller cities a greater opportunity has been given to local young people, especially girls, to benefit from higher education (more than 50% of women have attended universities since 2001). Nobody can predict what the consequences of such profound and sustainable changes in a short period of time will be in a country having undergone a

7. Azadeh Kian-Thiebaut, 'From Motherhood to Equal Rights Advocates: the Weakening of Patriarchal Order', *Iranian Studies*, vol. 38, no. 1, 2005, pp. 45-66.

8. Marie Ladier-Fouladi, *Population et politique en Iran: de la monarchie à la République islamique* (Paris: INED, 2003).

dramatic revolution and which has subsequently experienced several wars both inside the country and with neighbouring border states. The arrival to maturity and positions of power of the war generation, of the 'sons of Khomeini', has brought some surprises with the election of Ahmadinejad, but new – good or bad – surprises are perhaps to yet come. The real challenges of the new Iranian society have not yet been explored or seriously taken into consideration. What will happen when the new generation of the grandsons and granddaughters of Khomeini begin demanding jobs, positions, rights, power, and liberty? In 1997 they had the right to vote and brought Khatami to power. Now they are old enough to take power themselves. Here is the major internal security challenge for the Islamic regime. Here are the only ideological and political forces able to topple or to change the Islamic Republic of Iran.

The changes in education and in the social role of the female population (in spite of Islamic codes⁹) have created a new intellectual context where major emphasis is given to universal ways of thinking, individual expectations and the paramount need for communication with international science, culture and economy. Under these conditions, having a more open policy on human rights and access to international science and culture seems to be a more efficient and sustainable political approach than policies based on ethnic heritage.

International culture, science and economy: the current political challenge

All the protagonists of the Iranian Islamic Republic agree on the imperative necessity of making Iran a modern scientific and industrial nation. The main change in Khomeini's revolution was to definitively transform Islam into an actor of modernity, while separating Islam and society from science and technology. Today, the Iranian clerics are the most modern in the Islamic world, having built up twenty-five years' experience in politics, international relations, business, non-Islamic intellectual life, and even scientific knowledge.

The 'opening up' of Iranian society is often described by both Islamists and most Western analysts as a 'pro American' or 'pro-Western' trend; but it is equally a phenomenon that emanates from

9. Azadeh Kian-Thiebaut, *Les femmes iraniennes entre islam, État et famille* (Paris: Maisonneuve et Larose, 2002).

Iranian independent national pride and reflects elements of Islamic thought and culture. Aiming at participation in international scientific and cultural developments is not necessarily a 'pro Western' attitude but a legitimate target for Iranian nationalists and even islamists. 'Western-minded' liberals, Islamists and nationalists are struggling from inside and outside Iran to try and ensure that their faction alone wins, but, obviously, Iranian society is highly complex and paradoxical, and presents powerful challenges to those who want to change it. In this respect, the election of Ahmadinejad was a clear warning about the constituency of Islamic popular forces, and the nuclear issue a clear demonstration of the strength of the national consensus regarding the link between high technology and national pride.

With the advent of a new educated population, the main internal challenge facing Iran is the position and the role of this country in relation to international culture, science and economy. After years of fighting against 'Western cultural aggression' – most notoriously symbolised by the Salman Rushdie affair (1988-1997) – the policy of 'Dialogue among Civilisations' promoted by Mohammad Khatami (1997-2005) was very progressive, making it possible to establish new cultural, intellectual and scientific networks. This policy was sometimes more inspired by wishful thinking than based on fact, but has reached a 'point of no-return' in numerous fields. With Mohammad-Baqer Qalibaf, the Conservatives tried to follow on the same path, but Qalibaf was not supported either by the non-Islamic elite and the middle-classes, who did not trust him, or by the traditional Islamist population. The latter acknowledge Ahmadinejad as a true member of their community when he tries to use technology while at the same time separating it from traditional Islamic culture, as is usual in the ideological system of the Muslim Brotherhood. Most of the top ranking people appointed by Ahmadinejad have high-level university degrees¹⁰ which they use as a 'passport' to assert their legitimacy while at the same time imposing 'traditional' Islamic rules on the female population, in culture, or in intellectual and political life.

In this respect, resuming relations with the United States is an obvious necessity for all Islamists across the political spectrum in Iran and even for the Supreme Guide, but they hope that it may be possible to achieve this by concentrating on technology, science, industry, and the financial markets while rejecting any kind of relationship with the political, social and cultural aspects of Western

10. The actual scientific value of these degrees is sometimes questionable since they did not really study at university as ordinary students and have no international experience even when they have got their degree in a foreign country, since they have lived there only for short periods of time.

life and identity. The nuclear question is a perfect example of this dilemma, where nationalism, Islamism, and international science are competing to find their legitimate share. The problem is that European and Iranian negotiators disagree on the respective importance of each component, none of which are regarded as being of minor significance.

The political, economic, and scientific integration of Iran into the international community has always been a matter of debate among politicians and intellectuals, but the question is now becoming a pressing political issue since a major part of the population, which is educated, needs – and indeed is demanding – exactly such a new direction in state policy. Iranian policy-makers have understood now that Iran is a republic and that elections are the only way to promote sustainable change. Security forces and an Islamic containment policy may be used to control social changes and give time to bring the situation under control, but the Islamic ruling elite knows that Iran cannot be ruled like Saudi Arabia or China and that they need popular support. The challenge for Iran's rulers is to espouse economic, scientific and technological developments without integrating international or universal human values (especially human rights) into this process. Inevitably, the conservative elements want to hold back as long as possible from accepting any form of cultural and political change that would tend towards liberalising Iranian society.¹¹ The debate over women's headscarves and the possibility of allowing the non-Muslim female population to go unveiled in public are on the agenda as well as the country's relations with the USA. The growing consensus on the necessity of opening up Iranian society explains the provocative statements and proposals regarding Israel or western culture articulated by fundamentalist factions or individuals.

The current very high level of oil prices provides the government with a short-term opportunity to keep the massive unemployed population quiet, as it enables them to maintain consumer prices low through subsidies, but at least one million new jobs have to be created each year.¹¹ Until now, the underground economy has made possible the survival of the country, but because of young people's access to higher education and their legitimate ambitions, qualified jobs are needed and these can only be supplied by foreign companies associated with Iranian companies, whether state-owned or private, and no longer by the survivors of the old bazaar economy. Until now, Iranian business decision-makers, who oper-

11. On economic issues in Iran under the Islamic Republic, see 'Iran facing the New Century', special issue of *Iranian Studies*, vol. 38, no. 1, March 2005. Articles on oil by Massoud Karshenas, on economic growth by Ahmad Jalili-Naini, and on human resources by Hadi Salehi-Esfahani.

ate under state control, have only allowed very few international investments in limited sectors because they are afraid of promoting the new deal that the people are expecting. This 'wait and see policy' is becoming increasingly difficult to justify because of the growing demands of the population.

In spite of recent foreign investments and the improvement of diplomatic relations, there are less than 3,000 Westerners (including children and diplomats) living in Iran. Several Western companies are working in isolated working camps and their employees have no relations with the Iranian population. This situation is approved and imposed by the Islamic policy-makers who dream about a country where a modern economy and technology would exist in a form of quarantine and would have no relation with the people's way of life. The Islamic state authorities do not want foreigners to come and work and live in Iran because this may create cultural diversity and lead the younger generation to embrace the attractions of international life. Most young Iranians under the age of twenty five, even students, have never met a foreigner. International relations are conducted almost exclusively through virtual channels (through the Internet or the media): access to these has led many young Iranians to dream of escaping and going abroad if possible. Promoting tourism in Iran is always constrained by the government's fear of being unable to control too many people. Would it be possible to control 100,000 European residents living in Tehran, Esfahan, Tabriz, Mashhad, Shiraz, Zanjan, Hamedan, Garmsar or Ardakan? This might correspond to the wishes of Iranian society, but is considered as a risk for the security of the Islamic regime.

The economic embargo imposed on Iran by the US is ultimately not really a problem for Iran's rulers, as the nuclear programme implemented successfully under these conditions clearly testifies, but in a country where the population is such an independent vector of change, such a policy of containment can only be a burden when it comes to social and political progress. The 'Chinese model', combining foreign investments with a high degree of control over society, cannot be transposed to the Iranian situation, because there is no 'communist party' in Iran and the state is unable to control society efficiently. Here is the dilemma for the new Islamic authorities: inviting foreign companies to work in Iran, but no foreigners.

The international community has a long experience of both dialogue and containment with Iran, the current negotiations

between the European Union and Iran on the nuclear issue being in some way the continuation of the 'critical dialogue' conducted since 1992, which had interesting and useful diplomatic results, but limited sustainable achievements. The US policy of political containment, economic embargo and support to the political opposition with broadcasting of television programmes from abroad has no effect on a country of 70 million inhabitants.

For the international community – who ultimately would like to integrate Iran as an independent partner – ending all forms of economic and cultural embargo would be the most efficient and rapid way of facilitating the positive evolution of this country while respecting the independence of the State and the distinctiveness of Iranian and Islamic culture. Wide-ranging economic and scientific relations are demanded by some sectors of the state and indeed by the whole population. This could be a realistic way of fostering positive change and transforming Iranian society and the state, but such an approach is a far cry from current international policies which do not take into account the reality of the balance of power that currently prevails in Iran.

The 'wait and see' policy, which has been conducted by successive Iranian governments opposed to international relations for nationalist or Islamic reasons, keeps Iran in the dangerous revolutionary context which it has inherited, and this state of affairs will continue until the internal and external constraints on the Iranian political system reach such a point that it is no longer possible to sustain such a policy. Islamic Iran does not really fear any military assault or strike, or the political and economic sanctions which are already in operation: what it really fears is having to open the doors of the country's economy to international activities.

Elections: inherent risks and opportunities

The Iranian political system cannot be simply considered as a dictatorship directed by some factions or powerful individuals. Interpreting the balance of power only in terms of a Constitution that gives absolute power to the Supreme Guide would be a very limited framework in which to decipher what could be the main key domestic political challenges in Iran. After more than twenty-five years of a republican system, the interplay of the political and social forces is much more complex and can no longer be limited to a

dualistic opposition between the 'regime of the mullahs' and the opposition in exile. Relations (whether openly known or secret) between all the Islamic factions, institutions, associations and economic groups have been built up over the years and make the prospect of a successful *coup* by one of these, even the *Pasdaran*, less likely. All the basic important decisions in the Islamic Republic of Iran are taken by 'consensus', the Bureau of the Guide and the Expediency Council headed by Hashemi Rafsanjani being the key centres of decision. No important changes can occur while this Kremlin-style system remains in place. Domestic 'security' challenges remain numerous on a local scale, but none of these crises could alone lead to a major political change. The elections are the only factor capable of instigating some change at this level.

In spite of numerous problems and instances of vote rigging, elections are now well-established in Iran and have already shown that they can bring about major changes and developments (positive or negative). In this perspective, the next polls due to take place in October 2006 for the new Assembly of Experts (*Shurâ-ye khomeinî*), in charge of electing the Supreme Leader, could be a new battlefield between the various conservative factions. The extreme fundamentalist faction led by Ayatollah Mesbah-Yazdi and Mahmoud Ahmadinejad are doing their best, for instance with inflammatory statements against Israel, to maintain their capacity of mobilising the population to vote, with the aim of getting a majority and setting aside the too consensual Ali Khamene'i. Such a change, giving all the powers to the most extremist wings of the Iranian political spectrum, would be once again a new major step in preventing Iran from entering the twenty-first century and the international community, but it might also force Iranian society to become more effectively organised and to be prepared for the *Majlis* elections in 2007.

In any case, the main challenge in Iran remains the capacity of the new generation to build up a political system where nationalism, Islam and international integration will find their suitable place. Until now, Iranians were waiting for a solution coming from abroad, but the present population has a new political history, originating from the Islamic Revolution and not from the Imperial regime. No 'revolution' or major upheaval is in perspective, but a long and difficult internal process in which the international community have a major role to play in fostering the positive domestic evolution of Iranian politics. However, the international commu-

nity needs to move carefully, for if it miscalculates, it could lead to the Iranian government abandoning its wait-and-see policy, or even to a situation where chaos reigns, thereby paving the way towards the long-term rule of 'modern' Islamic nationalist fundamentalists.

Iran's regional and strategic interests

Fred Halliday

Confrontation in West Asia

The United States is currently seeking to impose a new regional order between and, in some measure, within states in the Middle East. It is also seeking to establish itself as a strategic military and economic power in Central Asia, as a counterweight not only to Iran but also to Russia and China. Yet in all of this Washington finds itself faced with the power of Iran, a country that has been, on and off, a hegemonic power in the region for three thousand years and which, while it has abandoned some of the revolutionary zeal of the post-1979 period, still has regional goals incompatible with those of the US. From the Mediterranean to the western borders of China a new strategic confrontation is therefore taking place, involving at least three major players – the US, the Islamic Republic of Iran, and radical Sunni and *jihadi* movements. The conflict between the US and the third of these may, in the context of Iraq and Afghanistan, be the most evident for the time being, but a longer-standing, and more substantial conflict, that between Washington and Tehran, is also being played out across this regional arena. The confrontation that has been developing since 2003 between Iran and the US over nuclear weapons is one that has many causes, lending it a complexity that may make it all the more difficult for the two parties to find a solution. At one level, however, this is an argument about power in the Middle East and, by extension, in Central Asia and West Asia, including Afghanistan and Pakistan, and about the influence of Iran in the changed strategic climate prevailing since the three great upheavals of recent years – the collapse of the USSR in 1991, the ousting of the Taliban in 2001 and the occupation of Iraq in 2003.

The election of Ahmad Ahmadinejad in June 2005 to the Presidency of Iran, the continuing failure of the international community to reach agreement with Tehran over the latter's nuclear programmes and the ongoing conflicts in the Middle East, especially

in Iran and Palestine, have therefore produced a new, and dramatic, situation. In essence, we are witnessing a collision between two aspirations for regional hegemony, and for the shaping of the future of the region – that of the US and its allies, especially Israel, and that of Iran. Both states have been in conflict since the Iranian revolution and have already collided in armed confrontations – in the naval war of the Persian Gulf of 1987-1988, in which the US prevailed, and in the civil war in Lebanon in 1982-1984, in particular. In the former, Iran was the loser, in the latter the US. In perhaps the most dramatic, if indirect, confrontation of all, that of the Iran-Iraq war of 1980-1988, neither side prevailed, but a dangerous, and in the end explosive, stalemate led to the peace of 1988. All of these episodes pale, however, before the confrontation that is now unfolding across not just the Middle East but (including Afghanistan and Central Asia) West Asia as a whole, in which an interlocking set of conflicts, from Tel Aviv to Kabul, has drawn in both Iran and the US, with varying degrees of support to each from their respective allies. In addition to the unpredictable and rapidly moving pace of events, especially in Iraq, the sense of interlocked regional crisis is compounded by the high degree of suspicion and animosity on both sides, the belligerency demonstrated by each in statements about the other and about their allies and, not least, the ideological convictions held by the leaderships in both Tehran and Washington.

In this respect, the processes unleashed by 9/11 have, if anything, exacerbated, rather than diverted, an underlying confrontation that goes back to the Iranian revolution and which is being played out in the West Asian region. In the immediate aftermath of the 1979 revolution, the two sides were indeed locked in confrontation – as highlighted by the detention of US diplomats for 444 days in Tehran, Iran's increased involvement in Lebanon via Hizbullah and the killing of hundreds of American military personnel in Beirut, the indirect, and later (via the reflagging of Kuwaiti shipping) direct US involvement in the Iran-Iraq war on the side of Iraq, and ongoing rivalry over Palestine. The death of Khomeini in 1989 led, it appeared, to a respite in this confrontation: Iran gradually improved its relations with its Arab neighbours, a process taken further under President Khatami after his election in 1997; Lebanon was, from 1990, at peace, if under Syrian surveillance; the Oslo Peace Process appeared to have calmed the situation in Palestine; Iranian involvement in 'international ter-

rorism' declined, as did US attempts to back rebellion in Iran. In Central Asia, where initially there had been fears of an Iranian policy of 'exporting' Islamic revolution to the newly independent republics, Tehran came quickly to play a moderate role, helping to broker a peace agreement in Tajikistan, and siding with Armenia against Azerbaijan over Nagorno-Karabakh.

Above all two events in particular, of great regional importance, appeared to place Washington and Tehran on the same side: the Iraqi invasion of Kuwait in August 1990, and the Al Qaeda attack on New York and the Pentagon in September 2001. In the Iran-Iraq war Kuwait had sided with Iraq, to the point of allowing its ports to be used on a large scale for Iraqi military and civilian imports, and granting billions of dollars of free, and in the end unrecoverable, loans to Baghdad. Such was Kuwait's alignment with Iraq that Iran permitted a number of terrorist actions in Kuwait, including an attempt on the life of the Amir, and in the closing phases of the war launched attacks on Kuwaiti and Kuwaiti-bound shipping, both in Kuwaiti waters and on the open seas of the Gulf. The Iraqi invasion, however, changed all that: Iran strongly opposed the Iraqi action, and refused various dramatic last-minute Iraqi proposals for military and political cooperation. Iran did not return planes which the Iraqis unilaterally sent for protection to Iran; it demanded, and got, a UN agreement, under the terms of the 1988 peace accord, to identify and condemn Iraq for the original attack in September 1980, and, while it did not endorse the UN resolutions under which Operation Desert Storm (the attack on Kuwait by the US and its allies), was launched, neither did it condemn them.

For a time, it seemed that, under President Rafsanjani, who had also secured the release of some western (including US) hostages in Lebanon, some minimal dialogue between Washington and Tehran could be initiated. However, this was not to be, and for much of the 1990s relations remained cold, and the various half-hearted statements of officials on either side (Madeleine Albright, President Khatami), expressing vague regret at the past and equally imprecise hopes for improvement in the future, came to nothing. Similarly, hopes raised immediately after 9/11 of a convergence of interests between Washington and Tehran, in the face of Al Qaeda and the Taliban, and in opposition to Iraq, were soon confounded.

Political factors always play a role in determining action and public debate, as they did during the Cold War where the nuclear

arms race between the USSR and the US was, beyond its technical dimensions, an expression of the strategic and ideological competition of the two blocs. Such political factors are important here too. On the US side, there is the desire to limit and reduce the power of an independent third-world state, and also, through preventing Iran from having even a civilian nuclear potential, to revise the NPT regime more generally in such a way as to preclude other states from having one either. On the Iranian side, the nuclear programme is a symbol of Iran's strategic strength, of its national ambitions and of resistance to what is seen as untoward interference and pressure from the West. In Iran, as in China, the erosion of belief in a revolutionary ideology has been followed by a strengthening of nationalist sentiment.

The historical legacy

To these dimensions of the dispute must be added the historical context in which this confrontation has developed. The Iranian-American relationship has been one of the most bitter in the modern world, for it was Iran which, more than any other third-world power, humiliated the US in the hostage crisis of 1979-1981. The US has found it possible to negotiate with East Asian states that it fought and which killed tens of thousands of Americans (North Korea, Vietnam) but it has found it harder to find a minimal negotiating ground with the two countries which, while not killing Americans, inflicted humiliation on it (Cuba and Iran). For the Iranians, it is the US which long dominated their country, removing its elected prime minister Mossadeq in a *coup* in 1953, sustaining the Shah in the decades that followed and then imposing sanctions and various forms of containment on the Iranian economy ever since the 1979 revolution. The US is seen as protecting and subsidising the state of Israel, in its suppression of Palestinian national rights. Furthermore, many Iranians believe that the US was also involved in urging Iraq to attack Iran in September 1980.

Since the death of Ayatollah Khomeini in June 1989 some attempts have been made to initiate a serious dialogue between the two states, but they have always come to nothing. Iran wants, in particular, an apology from the US for wrongs committed in the past (not least the 1953 coup, support for the Shah prior to 1979, and backing of Iraq in the 1980-88 war) and repayment of monies impounded by the US after the revolution, but more generally it

seeks recognition by the US of its legitimate national security interests and of its place in the broader regional framework. After September 11 2001 it appeared as if a breakthrough might be possible: Iran condemned the attacks and reminded the world that it had long seen Al Qaeda, a sectarian Sunni group that had slaughtered Shiites in Afghanistan, as an enemy. Iran also helped the US in its campaign in Afghanistan in the latter part of 2001 and encouraged its allies in that country to work with the Americans. But then came Bush's 'Axis of Evil' speech of January 2002, in which Iran was singled out, along with Iraq and North Korea, as part of an alliance that was backing terrorism. The Axis of Evil speech, which may have been prompted in part by the discovery of covert Iranian arms shipments to Palestine in early 2002, was followed by the renewed US pressure on Iran over the nuclear issue and, in 2004, by leaks and ambiguous threats about possible US military action against Iran. In all of this Iran saw not just the unrelenting hostility of 'the Great Satan', but also the influence of Israel. That Iran was, in Iraq as in Afghanistan, urging its followers to find a political solution, and indeed played a major part in securing the success of the January 2005 Iraqi elections, seemed to count for little in the calculations of the Bush administration.

No one can be sure if, or how, an agreement satisfactory to all parties can be reached. At its worst, a continued impasse will lead to Iran being reported to the UN Security Council for breach of the NPT, with the likelihood of this being followed by mandatory sanctions, of the kind that were imposed on Iraq and Libya (Iran is already under US sanctions, prohibiting US investment and most trade, since the Iran-Libya Sanctions Act of 1996). While almost no one believes that a US land invasion of Iran, on the Iraqi or Afghan models, would be undertaken by the US, there is always the possibility of selective covert action and air strikes by either the US or Israel against targets in Iran that are said to be sites for nuclear programmes. Indeed, there have been various reports in the US media recently to this effect. In all of this, the formulation of policy on Iran in Washington remains chaotic and inconsistent. On the one hand, continued and distorting pressure is being exerted by Israel, alarmed by the Iranian presence in Lebanon and its support for Hizbullah, and on the other hand, there are the strident and exaggerated claims by well-organised Iranian exile groups in Washington, according to whom the Islamic Republican regime is about to collapse.

Iran: the domestic dimensions

Here it is important to relate Iran's foreign to its domestic politics. There is no simple correlation between reformist views on the domestic front and more moderate views on foreign policy. The kind of correlation between domestic and foreign policy that might have been anticipated on intuitive grounds or by analogy with the most recent comparable case, Gorbachev's *perestroika*, between internal reform and international accommodation, does not apply in the Iranian case. This is partly for a structural reason – whatever its problems, post-revolution Iran is not in a terminal condition, as the USSR was in the 1980s – but it is also because of the particular character of the reformist coalition, the 2nd of Khor-dad Movement, that Khatami has led. This movement includes some people who are influenced by western liberalism, a current much disparaged in Iran in the past but now more respected, but it also includes people who were associated with the most radical moments of the revolution, including the establishment of state control of the economy, the 1980 'cultural revolution' in the university and the seizure of the US embassy. This is why, on some economic issues, it is the reformists who are more resistant to change than the conservatives. The former want to maintain state control and popular subsidies, the latter want to open up and trade with the world market.

President Khatami made some clear innovations in foreign policy, improving relations with the Arab world and with Western Europe. He built on his own long-standing ties with Saudi Arabia and the Shi'ite community in Lebanon to improve Iran's relations with a number of Arab states. He also made state visits to a number of developed countries – France, Italy, Germany and Japan, but not Britain. He has talked of the US in a more conciliatory manner. He also, in more general terms and in line with his own philosophical writings which engage creatively with western political thought, espoused a view of greater openness towards the non-Islamic world, epitomised in his call for a 'Dialogue of Civilisations', a call taken up at the official level by the UN in 2001-2002.

This particular take on external relations is compounded by two other characteristics of foreign policy: these cut across the internal factional divide, and are shared by most participants within the Iranian political spectrum. The first is a curious lack of urgency in the Iranian debate about the international situation,

and particularly relations with the US. Despite much rhetoric, there is a sense that, whatever the problems it faces, the world should come to Iran rather than the other way around. Iran has, it is argued, time on its side, especially with oil priced at over \$70 a barrel: if the oil and gas deals are not concluded with western companies, the world energy market, not least China, will come back; even if relations with the US have not been restored for the time being, Washington will in the end come to its senses; and if the former Soviet republics are falling under the influence of the West, and its proxy, Turkey, they will sooner or later learn the errors of their ways and come back to the state that was hegemonic in the region long before Americans, Russians or even Turks were ever thought of.

Without theorising about recurrent cultural patterns, it is noticeable how often in modern times Iranian leaders have made the mistake of thinking they had more time than they actually had: Reza Khan thought this before he was deposed by the British and the Russians in the invasion of 1941, Mossadeq thought it before he was deposed by the British and the Americans in 1953, the Shah thought it with regard to liberalisation in the 1970s, Khomeini thought he could win out by refusing peace with Iraq once the latter was on the defensive in 1982. It is not a question of seeing the Islamic regime as being in imminent danger. But it means, by postponing major decisions on foreign policy, losing opportunities and paying a long-term price for such postponements. The postponement is, of course, made the easier by both factional disagreements and by higher oil prices.

The influence of nationalism

The second, widely shared, outlook is an increased emphasis on Iranian nationalism: nationalism has been a very powerful force in modern Iranian history, directed against both the West (Britain and the US) and the East (Russia). This was true of the Constitutional Revolution of 1906 and of the movement against foreign control of oil led by Prime Minister Mossadeq in 1951-3. The Islamist movement that gathered force in the 1970s appeared to denounce secular nationalism, repudiate Mossadeq and attribute the divisive impact of nationalism to imperialist attempts to divide the Muslim *umma*: Khomeini famously said that 'nationalism has slapped Islam in the face'. But nationalist themes, against

foreign intervention and the domestic clients of imperialism, were always present in the revolution. The war with Iraq reinvigorated Iranian nationalism – once it started, the media began playing nationalist music from the time of the Shah. With the waning of the belief in an international Islamic revolution, the Iranian state, like its earlier post-revolutionary counterparts, has turned more and more to an emphasis on Iran as a nation. This is evident in the use made of the term *in mellat-i bozorg*, ‘this great nation’, used in quotes from Khomeini that are painted on the walls of Tehran, and repeated by the politicians of today. In practical, foreign policy terms, it has at least three consequences: first, a widespread and continued sense of the need to resist American pressure, be this by direct means or through claims that Iran can play a special cultural role in globalisation; secondly, a recognition of the need to build up Iran’s national security potential; thirdly, a sense of disdain, sometimes bordering on arrogance, for other peoples of the region – Arab, Turkish and, above all, Afghan and Pakistani. When it comes to both the nuclear and the regional issues, reformists, conservatives and hardliners share some similar national and political perspectives.

Regional policies: alignments and confrontations

The domestic Iranian context is essential to understanding Iran’s regional policy, a dimension of the IRI’s external relations obscured by focusing only on the bilateral Washington-Tehran confrontation. The predominant consideration in Iran’s regional relations is that it is faced with not one, or two, but with *several* interlocking regional security concerns. Palestine-Israel is *not* the place to start assessing Iran’s foreign policy. The great mistake in regional, and western, analyses of Iranian foreign policy is to see it as determined by one particular issue – Iraq, the Gulf or Palestine – and not see how far it has to take account of the insecurity that pervades it on every side. To the south-east is Pakistan, since 1998 a nuclear power, and one with regional aspirations in Afghanistan and in Central Asia that conflict with those of Iran. Disparagement of Pakistan has become much more common in Iran in recent years, as a corrupt, unstable, historically pro-American and basically artificial and concocted nation state: comparisons between the historic, and hence legitimate, character of Iran as a nation state

and Pakistan are easy to make. Iran has tried to work with various Pakistani regimes, but does not trust them and pays scant heed to Pakistani invocations of the 'Islamic' dimension to explain its actions. Khomeini used to refer to the Pakistan-backed guerrillas in Afghanistan as *islam-i amrikai*, 'American Islam'. Iran has, as a result of its concerns about Pakistan, developed a substantial alliance with India: there is considerable trade between the two, and India is to import Iranian gas in large quantities. Iran has, despite its apparent commitment to solidarity with 'struggling' Muslims across the world, refused to become involved in the Kashmir issue.

Afghanistan

The issue fuelling the greatest Iranian-Pakistani conflict was for a long time (until the removal of the Taliban in 2001) Afghanistan: here there was rivalry between the two states during the war against the USSR and the communist regime, but with the rise of the Taliban, in 1994, this became much more acute. Iran recognised, and continued to support, the government of Rabbani, whom the Taliban ousted from Kabul in 1996: although the northern coalition for a long time controlled only around 5% of Afghan territory, Iran, together with Russia, continued to supply arms to it. The Taliban were militant Sunnis and terrorised the Shi'ite parts of the country. The Iranians most certainly do not believe that Pakistan has given up its long-term ambition of using the remnants of the Taliban to re-impose control over Afghanistan.

The former USSR

To the north lies another zone of strategic and political uncertainty, the former Soviet Union – scene, along with the removal of Saddam Hussein in 2003, of the greatest change in Iran's external environment since the revolution of 1979. Iran played no role in the break-up of the USSR and found itself at the end of 1991 with three new neighbours in the Transcaucasus and five in Central Asia. Initial hopes that they would turn to Iran as an ally and mentor, on grounds of Islamic solidarity and history (the term 'Greater Khorasan', a larger variant of Iran's north-eastern province and site of a historic cultural focus, was sometimes used) proved unfounded: ironically, the only former Soviet republic to form a close alliance with Iran is Armenia, a Christian country which shares a frontier

with Iran and has developed its alliance with Iran as a counterpoint to Azerbaijan's alliance with Turkey. Here again, as with Kashmir, strategic interest takes precedence over Islamic solidarity. Within a few years of the collapse of the USSR, Iran had given up hopes of forming alliances with the Central Asian states, preferring instead what one Iranian expert termed *siasat-i dast-i gol*, 'the policy of the bunch of flowers': whoever turned up at Tehran airport on an official visit would be welcomed.

After the initial uncertainties that accompanied the collapse of the USSR, Iran has tried to engage with these states at three levels. First, it has sought to build economic ties with them, a policy limited by US trade and investment restrictions: nonetheless it has had some successes and has, for example, built rail and gas pipeline links with Turkmenistan. Secondly, Iran has tried to keep out of, and help to mediate in, the ethnic and other conflicts that have blown up in the aftermath of the Soviet collapse: in Nagorno-Karabakh, in Chechnya, and in Tajikistan. In none of these has Iran supported the obvious 'Islamic' candidate. Indeed, Iran has shown concern to limit the spread of conflict, not only because of the implications of such disputes for its own multi-ethnic society, but also because it has a deep concern about the long-term stability of Russia itself. While neither Moscow nor Tehran entertain great illusions about each other, co-operation on defence, strategic and economic issues is a shared interest, although Iran claims it has resisted Moscow's attempts to make Russia the sole provider of equipment in the nuclear energy field.

The Caspian Sea region

Iran's big hope rests, however, on a resolution of the complex problems surrounding the Caspian Sea: not only do US sanctions prevent the oil and gas pipelines of Kazakhstan and Azerbaijan running along the geographically natural route, through Iran to the Indian Ocean, but Iran has found itself in dispute with the other four Caspian littoral states (Azerbaijan, Russia, Kazakhstan, Turkmenistan) over jurisdiction in the sea itself. Iran insists the Caspian is a lake, not a sea, and hence its resources should be shared equally between all the states. Russia used to support this position but has more recently shifted to the 'sea' position, under which each country would have its own zone of exploration. Iran, whose offshore waters are believed not to be rich in oil and gas, would lose access to

the resources that lie nearer other states. For Iran, the issue of the Caspian is of immense economic, strategic and symbolic importance: inclusion would give Iran a stake in this region and symbolise its acceptance by the West and the regional states, exclusion is seen as an ongoing result of US enmity and denial of Iran's just and historical place in the region. In terms of US-Iranian relations this issue is among those of greatest importance.

The Gulf region

To the west and south Iran faces the situation in the Gulf: Iran is in terms of population the largest state in the Gulf. The revolutionary regime initially, in the early 1980s, promoted revolution in neighbouring states and very soon after it came to power insisted that the Gulf be termed 'Persian Gulf' as the Shah had done. However, the biggest challenge was, and remains, Iraq, with whom it fought an eight-year war in the course of which it lost over one hundred thousand men. Iran condemned the Anglo-American occupation of Iraq in 2003 but has also seen in this a new opportunity for it to gain influence inside that country. It supported the January 2005 elections and welcomes the increased power of the Shi'ite community within Iraqi politics. Whatever the precise outcome in Iraq, there can be no lasting solution in that country which does not have the endorsement of Tehran.

One other result of the Khatami approach to Iranian foreign policy was a desire to improve relations with the Arab world: Khomeini refused to use the term 'Saudi Arabia', referring to it as 'the so-called Kingdom of Najd and Hijaz' but there has been a significant improvement in relations with Riyadh and diplomatic ties with Egypt and Algeria, hitherto denounced as secularist oppressors, have been renewed. Yet there are limits, on both sides, to this realignment: the Saudis remain concerned about Iran's long-term intentions and the rise within the Peninsula, and particularly Saudi Arabia, of a Sunni fundamentalist *Salafi* movement has brought anti-Shi'ite sentiments to the fore. The anti-Shi'ite rhetoric which is voiced in Iraq by the *jihadi* leader Al Zarqawi, according to whom Shi'ites are not Muslims, has its roots in anti-Shi'ite propaganda and teachings in Saudi Arabia. There is considerable sympathy in the Peninsula not only for the Taliban but also for Osama bin Laden, all of which feeds into not only anti-American but also anti-Iranian feeling.

Palestine and Lebanon

On top of all these concerns lies the Palestine question, a major – but, it must be emphasised, not the only or predominant – concern of Iranian foreign policy. The Islamic Republic has a record of strong rhetorical, and some material, support for the Palestinian cause, and for those opposed to the Oslo accords of 1993, seen as another case of a sell-out by secular nationalists: an initial alliance with the PLO fell foul of the Iran-Iraq war when Arafat sided with Saddam. Iran's main influence on the Arab-Israeli conflict is, however, through Syria and in Lebanon, where Iran has since 1982 acted as a supporter of Hizbullah. Iran saw the ejection of Israel from southern Lebanon in July 2000 as a great victory for its strategy. Iran has now deployed hundreds if not thousands of missiles in Lebanon from where they can hit any city in Israel, a significant factor in calculating what the consequences of an American or Israeli airstrike on Iran's nuclear facilities would be. Iran must also be pre-occupied about the situation in Syria, not just the apparent instability of the regime, but also Syria's considerable support for the insurrection by Sunni forces in Iraq.

Iran's other main concern is, however, to use its support for the Palestinians, and the aid it gave the second *intifada* of 2000-2004, for political mobilisation, within Iran and within the Middle East and the Islamic world as a whole. Yet here clear differences emerge which, for once, do run along more or less the same lines as in domestic politics. It is, not surprisingly, the conservatives, in the *Majlis* and around spiritual leader Khamene'i, and now President Ahmadinejad, who have pushed for the most militant line on Palestine, refusing to accept the possibility of any compromise with Israel. In April 2001, against the wishes of the Foreign Ministry and the reformists, they organised a major conference in Tehran on the *intifada*. Here can be seen also the influence of those sections of the security forces who oppose reform at home and compromise abroad. These are the same people who have carried out violent actions abroad, explosions in the Middle East and assassinations of Iranian opposition politicians in Europe, and who calculate, rightly, that support for a militant policy on Palestine will weaken any possible dialogue with the West as a whole.

Iran rejects the claim that it is fomenting dissidence in Palestine: in Tehran's view, it is the Israelis who are creating trouble by denying a just solution of the issue. Iranian diplomats, when asked about Iran's policy on Palestine, argue that Iran's words should

not be confused with its actions, and that Iran would, in the end, accept a peace agreement that was acceptable to the Palestinians. But unless and until this is the case, the issue of Palestine will, like the seizure of the US embassy in 1979, or the denunciation of Salman Rushdie in 1989, serve as one of those symbolic issues around which to mobilise international Islamic radicalism and, at the same time, to isolate domestic reformers and moderates.

Prospects

All of these regional concerns interlock with the broader strategic context, that of relations with the European Union and with the US. As befell earlier revolutionary regimes, officials of the Iranian state became aware in recent years that in the early years of power it paid a high price for its repression at home but also for its export of revolution to other states. In private, officials recognised three big mistakes: the seizure and occupation of the US embassy in November 1979; the failure to make peace, on favourable terms, with Iraq in July 1982; and also the backing for the opposition to the Kabul regime in Afghanistan (which, in the end, brought the Taliban to their frontiers). The US embassy compound in the city centre is still used by the Revolutionary Guards, its wall covered with anti-imperialist posters. Such realisation of the limits of Iran's power, and of mistakes made in the revolution, clearly influenced foreign policy under Khatami, but the election of Mahmud Ahmadinejad in June 2005, bringing to power a leader and associates who grew out of the war with Iraq, and who are based in the security institutions created in that war, threatens to turn the clock back to an earlier, more ideological and confrontational era.

In one sense, the change of President in Iran does little to alter the underlying strategic importance of that country and the need to include it in the whole range of regional negotiating processes. Iran is a permanent, important and indispensable part of the Middle Eastern and, more broadly, West Asian international arena. For all the confusions and errors of its foreign policy, it remains a highly influential state, with a possibly decisive say in the future of Iraq and an influential role in Afghanistan, the Gulf and Lebanon/Palestine. To enter into an armed conflict with it, as some in the US seem to want to, is to invite a major and very costly confrontation that will affect many states in the region.

Yet working, in Brussels or Washington, towards a new bargain and understanding with Iran will be difficult. First, despite some voices calling for dialogue with Tehran, there is a strong lobby in the US, and particularly in Congress, against improved relations with Iran. Secondly, Israel is pressing for a hard line on Iran, in the light both of Iran's Palestine policy and its development of intermediate range missiles. Thirdly, President Bush needs an enemy to justify his war on terrorism and, despite the evident distance between the Islamic Republic and Al Qaeda, Tehran seems best suited to filling that role. If George Bush needs a threat, therefore, he is likely to find it, and possibly promote it, in Tehran. Fourthly, the escalating war in Iraq, with the big stakes which it involves for both the US and Iran, runs the risk of drawing the Iranians and the West into direct conflict. Finally, those in charge in Tehran, especially after June 2005, are themselves seeking to raise the tone of strategic and ideological confrontation and retain a set of revolutionary illusions about domestic and foreign policy that may cost the Iranian people dear. The omens are not that good.

The future of Iran's defence and nuclear policy

Anoushiravan Ehteshami

Introduction

It is hard to believe that only thirty years ago Iran was regarded as one of Asia's emerging military giants. With seemingly unlimited capital and relatively easy access to the most sophisticated weaponry on offer from the main supplier countries, particularly from the United States, most commentators were expecting Imperial Iran to dominate West Asia and also emerge as one of the Indian Ocean's major naval forces as well. With an average military expenditure of \$8 billion per year between 1975 and 1979, under the Shah Iran was busy building up a massive military force fit for the 1990s and beyond. But while the Pahlavi monarch had his eyes on the bigger geopolitical picture in Asia, he failed to manage the all-important domestic agenda, to his regime's peril. In January 1979 Iran's monarch left the country for the last time, thereafter constrained to view from the sidelines the emergence of an Islamic Republic dominated by the clerical establishment.

The new regime set about revising most of the previous regime's policies, including its defence and security policies. The review, started by the Shah's last premier (Shahpour Bakhtiar), also sought to distance Iran from its core military partners. Many of the defence contracts signed with the United States were cancelled for example, as were security agreements reached with the US and some of its allies, including Israel.

But the new regime's rather bellicose posture towards its neighbours during the heady days of the revolution did not help matters either. The wholesale policy and position changes collectively proved to be costly decisions for Iran and it can be argued that in net terms the Iranian military has never recovered from the cost of the revolution to its prowess and resources. Nor indeed has the Iranian military fully recovered from the eight-year long Iran-Iraq war (1980-88) and the twenty plus years of military sanctions

imposed on the country by the West. The war and sanctions depleted Iran's stores, and the former also encouraged the 'Islamisation' of the military in terms of its cultural doctrines, and the structure of the officer corps. At the same time, the rise of the Revolutionary Guards (IRGC) as a new military structure created by the Islamic revolutionaries began eating into the domain of the regular armed forces. The new IRGC force, over 100,000 strong, also began eating into the country's military budget, depriving the regulars of material resources. Today, the IRGC has a fully functional command structure, with an active ground, naval and air force. It also has control of Iran's substantial SSM force. Furthermore, in 2005 it added a political dimension to its already strong military role by the victory of the pro-IRGC Ahmadinejad as Iran's new president.

The impact of the war

When the war broke out in September 1980 Iran had already lost contact with most of its traditional military suppliers, but to fight the war it badly needed an uninterrupted supply of hardware and munitions, particularly as its enemy, Iraq, seemed to have easy access to military equipment from all corners of the planet – from Brazil and Chile, to France and Germany, to the Soviet Union and other Warsaw Pact countries, even China. Iran's lack of reliable suppliers forced it to adopt a multi-faceted policy based on four goals: to use up the vast arsenal built-up by the Pahlavi regime strategically; to create a clandestine network of suppliers for its US/Western-supplied weapons systems; to develop an indigenous military-industrial complex in order to reduce the country's dependence on foreign military supplies; and, attempt to diversify its purchasing strategy by looking to non-Western sources of military hardware and technology. Countries such as Syria, Libya, Vietnam, Brazil, Pakistan, amongst others, are known to have assisted Iran with its military needs during the war years, giving Iran a real taste for Soviet military hardware.

In the course of the war, thus, Iran lost much of the military edge it had acquired in the 1970s. Its supplies of such high-tech platforms as the Phantom F-4 and the Tomcat F-14 dwindled, as did its large stock of the Chieftain M-60A main battle tank, and HAWK and Rapier SAMs. In 1987, moreover, in the course of just

three naval encounters with the US Navy, the country's naval prestige was dealt a severe blow. It lost two of its destroyers and one of its four frigates in a matter of months in 1987.

But, on the other hand, Iran also used the war to build up an impressive indigenous military capability which today engineers at least six kinds of surface-to-surface missile systems, with Shehab-3 having a range beyond 1,000 km, light aircraft and armoured vehicles, howitzers, electronic drones, light naval vessels, munitions, and much more. It is this indigenous capability which has enabled Iran to fill some of the gaping holes which emerged in its military power in the aftermath of the war through systematic domestic production. As is often the case, war nurtured a large military-industrial complex, and through dedication and the Chinese system of reverse engineering, Iran managed to master the basic and fundamental processes, if not technologies, needed for weapons manufacture. But for many high-value and high-tech weapons systems, the Islamic Republic had to look overseas, and indeed continues to do so today.

Iran's post-revolution military partnerships

Although the Soviet Union had traditionally been Iraq's major military partner and had provided Iraq with unlimited access to its wide range of military equipment, it was to the USSR that Iran first turned in 1989 for the purchasing of new modern defence equipment. A multi-billion dollar military agreement was signed in early 1989, during the visit of a high-level Iranian delegation, including the soon-to-become President Rafsanjani. Through this deal the Iranian leaders assured the country's armed forces access to some of the Soviet Union's best known hardware. By the 1990s Iran had purchased from Russia 3 Kilo-class submarines, 25-30 MiG-29A fighters, several Su-24 ground attack aircraft, over 400 T-72 main battle tanks, and scores of other types of military hardware. It complemented its new Soviet hardware with large purchases from China and North Korea as well. China emerged as Iran's supplier of naval vessels and missile systems of choice, F-7M fighters, and PRC T-59 main battle tanks. With North Korea, Iran continued to build on their close cooperation in the field of surface-to-surface missile systems, missiles fuel and composite outer shell technologies.

Thus, in less than ten years after the revolution the personnel, uniform, ideology and outlook, structure and even equipment of the Iranian armed forces had changed forever. Even though Iran still operates a small number of Phantom F-4s (around sixty), F-5s (around fifty), and F-14 Tomcats (no more than twenty five), the bulk of its ground and air forces today are dominated by Russian and Chinese weapons systems. Even its naval forces are awash with Chinese hardware.

Despite the success of its strategy to find non-Western substitutes for its high-value, high-tech hardware, Iran remains highly interested in access to Western military equipment. The reason for this is twofold. Firstly, in the absence of Iranian access to Japan's military output as the most advanced in Asia, EU and US military hardware remain the best for Iran in terms of technological sophistication. Though their cost is prohibitive in terms of Iran's defence budget today (of no more than \$5 billion per year), their attraction has not waned in Iran. Secondly, Iran is very conscious that while it has been rekitting its armed forces with Soviet and Chinese military equipment, all but one of its neighbours (namely Iraq) have been importing and deploying the best on offer from Europe and the United States. Although in terms of quantity Iran's armed forces may look strong, underneath the surface is the problem of a vast technological gap opening up between the hardware deployed by Iranian military personnel and that of the neighboring Gulf Cooperation Countries. It is for this reason, as much as any other, that Iran continues to pursue close and cordial relations with the European Union, in the hope that political and economic ties will eventually lead to security and defence-related ones too. With an estimated total military budget of around eight percent of GDP in 2005, or around \$7.0 billion, Iran is indeed a serious defence market in regional terms, where the average defence outlay now stands at around 6 percent of GDP.

Some indeed say its search for a non-conventional deterrence may also be rooted in its awareness of its relative conventional military inferiority. If it cannot close the gap in the conventional realm, the argument goes, then Iran should try and address the deficit through other means. It is in this context that Iran's arsenal of SSMs becomes a strategic factor. But in the same vein, so too is the concern about Iran's active nuclear programme.

Paradoxically, the same EU-3 countries (Britain, France and Germany) which in November 2004 forged the 'Paris Agreement'

with Iran, preventing the country from pursuing the nuclear fuel cycle, may be the same ones which could, in the fullness of time, be called upon to help Iran close its military technological gap by virtue of new arms transfer deals with the European Union. If this scenario was to come to pass, which appears somewhat unlikely at present, Iran's defence strategy will have come full circle since the revolution, but with one big difference: in this line-up the United States could be as far away as ever from a security partnership with the Islamic Republic.

Security in the balance

While it is true to say that Tehran has been re-defining its priorities in the post-war, post-Cold War era, it would be unrealistic to have expected it to forego its strategic (in defence and security terms) and Islamic profile only for the sake of economic gains. It is also true, however, that in practice since the early 1990s Iran has chosen to prioritise the resolution of domestic problems (economic reconstruction and the strengthening of civil society and the rule of law) over long-term ideological foreign policy posturing.¹ With regard to security also, Iran's strategic missile development programme and its nuclear-related activities point to the same drive. The nuclear programme itself has become much more public since 2002, when a string of revelations forced the Iranian authorities to acknowledge that they had in fact sought enrichment facilities, separating units, and the full nuclear fuel cycle. It was announced by the Iranian authorities in early 2003 that Iran's nuclear programme aimed 'to complete the circle [*cycle*] of fuel for plants for peaceful purposes'. Gholam-Reza Aqazadeh, the head of the country's atomic energy programme, declared on 10 February 2003 that his agency had begun work on an uranium enrichment plant near the city of Kashan (the Natanz site), stating that 'very extensive research [had] already started'. The fuel would come from the brand new Uranium Conversion Facility built in the industrial city of Isfahan. The Isfahan plant was to be complemented with another facility for producing uranium fuel casings, Mr. Aqazadeh announced at the same time. International concerns about Iran's nuclear ambitions were further heightened by these announcements, particularly as only a day earlier Tehran had announced that it had successfully extracted

1. Shaul Bakhash, 'Iran Since the Gulf War', in Robert O. Freedman (ed.) *The Middle East and the Peace Process: The Impact of the Oslo Accords* (Gainesville, FL: University Press of Florida, 1998), pp. 241-64.

uranium and was planning to process the spent fuel from its nuclear facilities within the country. The Iranian president (Khatami) himself appeared on national television on the anniversary of Iran's Islamic revolution in February to congratulate his countrymen on their nuclear achievements, enumerating their research successes, and then underlining the statements already made by the head of the Iranian atomic energy programme.

The IAEA, of course, immediately entered the debate. Of further concern to the IAEA at this time were the sites being developed in the cities of Natanz and Arak, of whose existence the agency had first learnt through intelligence sources and not the Iranian authorities themselves. Iran's late notification of the two sites to the IAEA, though legal under the NPT terms, reached the Vienna-based organisation only in September 2002, a month after an opposition group had published details of the Natanz and Arak facilities. The revelations showed that the underground site near Natanz would house Iran's main gas centrifuge plant for enriched uranium for use in reactors, while the Arak facility would produce heavy water, an essential ingredient for plutonium production. The IAEA's February 2003 inspection of Natanz revealed that not only had Iran been able to develop and advance the Pakistani-supplied technology to assemble and 'cascade' 160 centrifuge machines, but had assembled sufficient quantity of parts for installing a further 1,000-5,000 centrifuge machines between 2003 and 2005. Natanz, Iran has told the IAEA, has been designed to produce low-enriched uranium for Iran's planned expansion of nuclear power plants, and is therefore unable to generate weapons-grade highly-enriched uranium. The scientific community, however, is concerned that the depth and extent of the Natanz plant implies a far more ambitious project.² From the US perspective, of course, Iran's intention to process and complete the nuclear fuel cycle would only have one purpose: to develop nuclear weapons.³

We now know that Libya's secret negotiations with London and Washington over the abandoning of all of its WMD activities also yielded much valuable information about Iran's secret nuclear programme, shedding more light on the nature of its clandestine links with Pakistan and North Korea and the murky nuclear trade across Asia. It had thus emerged by late 2003 that Iran had established a multiple programme of research and devel-

2. Sammy Salama and Karen Ruster, 'A Preemptive Attack on Iran's Nuclear Facilities: Possible Consequences', (Monterey, CA: Center for Nonproliferation Studies, Monterey Institute of International Studies, August 2004).

3. Seymour M. Hersh, 'The Coming Wars: What the Pentagon Can do in Secret', *The New Yorker*, 24 January 2005.

opment, based around a strategy of flexible acquisition. Prior to Iran's 2003 revelations, it had been surmised that Iran was secretly pursuing the development of a nuclear-weapons option in parallel with its IAEA-registered nuclear research and power-generation programme. The argument at the turn of the century was about 'when' Iran might be able to acquire and deploy home-grown nuclear weapons and not 'if'.

In Tehran itself, however, the inter-elite discussions about Iran's nuclear options entered the public arena much later than in the West, namely in the course of the IAEA's high-profile engagement of Tehran from early 2003. In Iran, the nuclear debate tended to follow the pattern of debates established over Iran's place in the post-Cold War order.⁴ These debates cut across factional lines. One hears conservative elements making the argument against the possession of WMD, while some reformers passionately argue in favour of developing a nuclear weapons option as Iran's right and a national security imperative. In broad terms, there are five principal arguments circulating in Iran. The first argument is rooted in the rights and responsibilities of sovereign rights of states signatories to the NPT. As a loyal member, some circles argue, Iran has never violated the terms of the NPT, but it nonetheless wishes to take maximum (and legitimate) advantage of the opportunities that the NPT offers the member states to acquire nuclear technology and know-how for peaceful purposes. Iran, the argument goes, should take full advantage of its NPT regime membership. Others argue that the cost associated with nuclear research is so great that Iran should not even enter this field. In addition, there are environmental issues to consider, and the fact that by building nuclear facilities Iran will create more strategic targets for its adversaries to strike.

The second argument pertains to the prestige of being a nuclear state. The proponents of the nuclear option argue that for Iran to be taken seriously as a dominant regional actor it must be seen to be having an extensive nuclear R&D programme, even though in practice it may not be translating its research into practical use. Pointing to the examples of North Korea, Pakistan and India, it is said that these countries have become immune from American aggression thanks to their nuclear-weapons capabilities. The opponents of this view argue that the Soviet and North Korean examples show that not only the technological spin-offs

4. Ray Takeyah, 'Iran Builds the Nuclear Bomb', *Survival*, vol. 46, no. 4, Winter 2004-05, pp. 51-64.

from nuclear research are minimal, but that any advances in this field will inevitably occur at the expense of another, probably vital, civilian sector. For middle-income countries such as Iran, the means of recouping the costs of nuclear research through technological spin-offs simply do not exist, but particularly as the majority of Iran's experienced scientific community resides overseas, how are the benefits of such highly-sensitive research to have the proposed positive national impact?

The third argument for developing a nuclear option is rooted in Iran's geopolitical security environment. The argument is made by members of various factions that Iran's neighborhood is insecure and inter-state relations uncertain. With Israel and Pakistan in possession of nuclear weapons, it would make strategic sense for Iran to at least develop the option, if not actually declare itself a nuclear-weapon state. This said, the same forces also acknowledge the dangers of a nuclear arms race developing as a consequence of Iran's decision to go nuclear. But others argue that as Iran does not face any existential threats to itself, and indeed as its borders have only been breached once over the last two hundred years (in the 1980-88 Iran-Iraq war), there can be no conceivable justification on security grounds for Iran's possession of such evil weapons. With the Iraqi threat now removed, Iran no longer has any natural enemies to warrant the deployment of nuclear weapons.

The fourth argument is closely linked to the above and is encountered in territorial nationalist debates in Iran. Iran's independence and its sovereignty can only be guaranteed in the post-Cold War, post-9/11, era through the possession of such powerful weapons as nuclear-armed missile systems. Without such a capability, Tehran will always be vulnerable to threats from the United States and other states with aggressive intent towards it. The opposite camp argues that there is no evidence to suggest that Iran will be more secure as a consequence of nuclearisation, that the United States will moderate its policies towards the Islamic Republic, or that the regional countries themselves will submit to Iran's will. If anything, even some advisors to President Khatami suggested, the deployment of nuclear weapons by Iran will adversely affect its relations with all of its neighbors, including its main military and nuclear infrastructure provider – Russia. Also, it is further maintained, nuclear weapons deployment could encourage militarisation of the Iranian polity (including its civil

decision-making structures) and perhaps more unwarranted adventurism in Iran's foreign relations.

The final argument relates to the national resources issue. It is argued by the proponents of total freedom of action for Iran in all fields of nuclear research and technological development that to complete the fuel cycle will allow the construction of several nuclear power stations without complete dependence on outside suppliers. Such action will secure for future generations an endless supply of energy, it is claimed. The opponents of this view point to the start-up costs of such a huge programme, as well as its maintenance and periodical modernisation expenses. Given that it is a country endowed with some of the largest untapped gas deposits in the world, it is hard to convince the international community that Iran's interest in nuclear technology is to secure badly needed energy supplies.

These debates do not seem to have reached a conclusive point in Iran, and the outcome will depend as much on the balance of power between the various factions and the nuclear schools of thought, as on how the West reacts to Iran's nuclear ambitions.⁵ A glimpse of the balance of arguments on the pace of Iran's nuclear programme can be gleaned from the IAEA board of governors' resolution of 13 March 2004 in which Iran was criticised for the fact that its October 2003 declarations 'did not amount to the complete and final picture of Iran's past and present nuclear programme considered essential by the board's November 2003 resolution'. The IAEA expressed particular concern regarding Iran's advanced centrifuge design, its laser enrichment capabilities, and its hot cells facility at its heavy-water research reactor. The Iranian expression of outrage at the resolution at all levels of its leadership and the calls from the leadership of the Islamic Revolution Guards Corp for Iran to withdraw from the NPT altogether were soon tempered with a more conciliatory line that Iran remained committed to the agreements reached with the EU trio foreign ministers. The EU3 in effect had become the guardians of Iran's relationship with the IAEA: a position that no one seem to want, let alone enjoy. But as the resolution also praised Iran for its cooperation and openness, for a long time it proved very difficult for the US administration to haul Iran before the Security Council for its nuclear indiscretions.

Furthermore, as the US needed Iranian active acquiescence for its presence in Iraq and Afghanistan, and as Washington increas-

5. Mohammad Nima Baheli, 'The Iranian Case: Possible Developments on Nuclear Issue', *Journal of Middle Eastern Geopolitics*, vol. 1, July-September 2005, pp. 77-90.

ingly needs the EU for its post-occupation plans in Iraq (and also post-election Afghanistan), it was unlikely to wish to escalate the concerns over Iran's nuclear activities into a crisis at this stage. This much Secretary of State Rice made clear on her February 2005 tour of European capitals and again the US reinforced in the context of the IAEA debates in July and August 2005. However, all of this has changed considerably over the last ten months. The US has adopted an increasingly bellicose tone.

For a long time, however, apart from its own unilateral condemnation of Tehran, Washington's only realistic option seemed to be to ensure that the EU and the IAEA continued to prise open Iran's nuclear secrets while pressing it to comply with its NPT obligations without delay. This may have been the United States' only realistic option then, but this was never a position with which it could be content for very long. As we have seen, over the period since September 2005 Washington's demand for vigilance on the part of the IAEA and collective action on the part of the EU has given way to a much harder line from the US. Pressure mounted, in tandem with Iran's decision to resume some aspects of its nuclear programme enrichment activities, to take action while talking, leading to the emergence of a much closer position between the EU and the US on Iran's nuclear activities. This culminated in Iran being reported to the UNSC by the IAEA in February 2006.

For a while, the November 2004 Paris Agreement between the EU3 and Iran, leading to the suspension of Iran's enrichment activities, and Russia's offer of an alternative route to Iran's nuclear fuel needs, remained the only games in town, but the success of the Paris Agreement and indeed the Russian deal always depended as much on Iran's domestic politics as on the regime's assessment of American medium-term strategic intentions in the region. The issue, therefore, is as much linked to political and security factors as it is to technical ones.

A new political regime takes charge

With the overwhelming victory of Mahmoud Ahmadinejad in June 2005's presidential election, the IRI may well be entering new and uncharted waters in both its domestic politics and foreign relations. Elected on an anti-corruption platform, Ahmadinejad's sec-

ond round success enabled him to take office on 3 August 2005 as the clear champion of the conservative movement in Iran – indeed, articulating a neo-conservative position. It is never wise to generalise about Iranian politics, but it is safe to assume that in aligning himself with the tenants of the conservative bloc – which is itself divided into several camps – President Ahmadinejad will follow policies that can meet their priorities, but will nonetheless try and balance these against the interests of the state as established by the two previous administrations of Rafsanjani and Khatami.

It is in this regard that a brief assessment of the imperatives of the *'nezam'* under the new executive becomes interesting. What might the priorities of a Rightist president be, for example, and how will his administration manage the reforms of the Khatami era? How will his administration deal with Iran's neighbours, the West, and the US in particular? Will it pursue *détente*, or will it seek to revise Khatami's 'peaceful co-existence' strategy of the 1997-2005? How will he deal with the reformist camp, or indeed the reform programme now lodged in the administration of the country? And most importantly of all, how will he define Iran's strategic goals and interests, which more directly will feed into the country's defence thinking and planning?

These are not easy questions to answer, and indeed the answers to so many of them can only come with fullness of time. But nonetheless, it is important that the wide range of issues to be affected by President Ahmadinejad's administration is at least tabled. In the defence and security realms, some observations can be made however.

It is clear that the new administration does not want to rock the international boat too much. President Ahmadinejad has said that good relations with his neighbours and the Muslim world in general are paramount, and that he will pursue warm relations with the GCC states. He has made minimum changes in the foreign ministry, for example, in order to maintain continuity in the policies towards Iran's neighbours established by Khatami.

Although his position on Iran's nuclear programme is tougher than Khatami's, it is nonetheless consistent with Iran's broad view that the country's right to peaceful use of nuclear technology, know-how and power are enshrined in the NPT, and therefore any agreements that Iran reaches with the IAEA or the EU3 will be based on the demonstration of goodwill by the negotiating par-

ties and a clear recognition of Iran's rights under the NPT. Ahmadinejad is also comfortable that Iran is meeting all its NPT obligations and is therefore not in breach of IAEA rules. Furthermore, he has gone on the offensive in this regard and has challenged the EU3, the US or the IAEA to identify breaches in Iran's NPT responsibilities. His administration has also been actively seeking allies in Russia, China and India in its IAEA negotiations since mid-summer 2005, but had its fingers burnt in September when it emerged that non-aligned India – of all countries! – had voted in favour of the UK's motion to refer Iran to the UN Security Council for non-compliance. India's position has hurt Tehran and has forced it to reconsider its slowly-emerging 'Asia First' strategy. Since then, Tehran has had to rely more heavily on Moscow and Beijing to defend its position at the IAEA and also in the Security Council. The apparent failure of Ahmadinejad's Asia First strategy did, for a brief period, have a positive impact on the EU3's chances of negotiating successfully and help EU consolidate its considerable advantages in Iran. That window, however, was firmly shut in March 2006 when the EU3 announced at the IAEA Board of Governors meeting in Vienna that 'since Iran has consistently disregarded the calls made of it by the [IAEA] Board, we believe that the time has come for the UN Security Council to reinforce the authority of the Agency and Board Resolutions calling upon Iran to implement the confidence building measures requested on 4 February... We expect that the Security Council will now take up consideration of reports and Resolutions it has received from the Board, and that the Council will decide, on the basis of the Board's findings, an appropriate action to reinforce the authority of the Agency'.⁶

The wider security fallout from Iran's nuclear ambitions, however, has not, in this author's view, been systematically considered in Tehran, which in the medium-term could have a direct bearing on Iran's defence policy. It is widely known, for instance, that Iran's Arab neighbours, particularly the GCC countries, are getting increasingly nervous about Iran's nuclear programme on the one hand, and about the failure of negotiations leading to a new war in the region, on the other. They are nervous that they could be dragged into a direct military confrontation between Iran and an US-led coalition, and actually suffer militarily from Iranian retaliation for their lending of their facilities to the US armed forces. They fear the direct military as well as the indirect social,

6. 'Statement on Iran on behalf of France, Germany and the UK', Foreign & Commonwealth Office News, 8 March 2006.

economic and political costs of such a conflict on their own societies. How Tehran may be plotting a response to US military attack also concerns them, for they assume that Iran will try and prevent the flow of oil from the Persian Gulf, will disrupt their trade, and will use Iraq as a base from which to undermine their domestic stability.

If Iran is unable to target the US itself, then the comments of Iran's military commanders and political figures about Iran's military contingencies lead one to conclude that it will have little choice but to unleash a regional war on the US. What remains unclear, however, is whether Iran will go for an all-out escalation of the conflict once it starts, or whether it will respond in a gradually escalatory fashion to the military challenges posed by the US. Of course if Israel was to get involved in the military operation against Iran, not only would this make the position of the GCC states as US allies wholly untenable regionally, but it would give Tehran hardliners the perfect pretext for widening the conflict. The most imponderable aspect of this equation is whether the stand-off between Iran and the United States would ultimately lead to a direct and deadly confrontation between Tehran and Tel Aviv. As things stand, for all the bellicose comments coming out of Iran and Israel, neither would want a war with the other on its hands, particularly when both countries are doing rather well in geopolitical terms thanks to the polarisation and continuing fragmentation of the Arab world. There again, an Israeli-Iranian confrontation could be in the making precisely because the two countries now see the historic opportunity to stamp their hegemony on the considerably weakened Arab domain around them, and attempt to extend their reach into the other's zones of influence.

Ultimately then, it could be argued that unlike any other time in the life of the Islamic Republic, while the main threats to its national security may have been eliminated (notably the removal of Saddam Hussein and the Taliban), its own activities – in the nuclear realm amongst others – and political priorities are such that it could now be generating such potentially huge security challenges for the future that it may have little alternative but to embark on the building up of its defences in anticipation of external attack. At no other time in the recent history of the region has the danger of a self-fulfilling prophecy of militarisation coming to pass been greater than at the present time.

After Ahmadinejad: the prospects for US-Iranian relations

William O. Beeman

Introduction

The election of Mahmoud Ahmadinejad in June 2005 was an event that was unexpected and unplanned by the clerical establishment in Iran. Those who hate the mullahs in Iran and would like to see them disappear should be delighted with the new President. Too late, the clerics have discovered that they have got a tiger by the tail. Ahmadinejad may be bent on their eradication. At the very least, he is likely to precipitate a governmental crisis in Iran's twenty-seven year old Islamic Republic.

The bad news for the West is that Mr. Ahmadinejad's assault on the Iranian government is an assault from the right. He has rejected both the reformist politics of President Khatami, and the establishment Islamic leadership of leader Ayatollah Ali Khamene'i.

Unfortunately, the administration of President George W. Bush and its supporters in the neoconservative movement have been suffering from the delusion that Ahmadinejad is the chosen representative of Iran's clerical leaders. This miscalculation will most likely lead to worsened relations between the United States and Iran. The tragedy is that relations will deteriorate because the two nations will be operating with false models of each other's political systems and organisation, leading to a state of confusion exacerbated by mutual incomprehension of each other's culture.

In fact, Ahmadinejad's election was the crowning success of Iran's own neoconservative movement, the *Abadgaran-e Islami* (Islamic Developers) or the *Abadgaran* for short, and the older, but related *Isargaran* (short for *Jamiyat-e Isargaran-e Enqelab-e Islami*, or Islamic Revolution Devotees' Society). The *Isargaran* and the *Abadgaran* have been described as second-generation revolutionaries.¹ They are people who either participated in, or identify strongly with, the Revolution of 1978-79. Many are veterans of the Iran-Iraq conflict. They have become disillusioned with the ruling

1. William Samii, in a report for Radio Free Europe/Radio Liberty, promulgates a theoretical relationship between Ahmadinejad, the *Isargaran* and the *Abadgaran*, explaining why Ahmadinejad seems to have identified first with one group, then the other: 'Ahmadinejad is a member of the central council of the hard-line Islamic Revolution Devotees' Society (*Jamiyat-i Isargaran-i Inqilab-i Islami*), according to his website. The Devotees, however, publicly endorsed another candidate in the 17 June first round of the presidential election. After his failure to be appointed, that candidate complained of betrayal by his supposed supporters. In some of Ahmadinejad's public statements, furthermore, he has appeared to identify himself as a Developer. Both the Developers and the Devotees represent a younger generation of revolutionary Iranians, particularly those with a background in the Revolutionary Guards and the 1980-88 Iran-Iraq War. Ahmadinejad's candidacy, therefore, represents the rise of a new generation, as well as a rightward drift in Iranian politics.' <http://www.rferl.org/featuresarticle/2005/06/6840a374-8025-444e-8760-29904337784f.html> See also Ardeshir Mehrdad and Kia Mehdi, 'New conservatives, regime crisis and political perspectives in Iran', *Iran Bulletin*, Middle East Forum Series II, no. 3, July 2005. http://www.iran-bulletin.org/IB-MEF-3/presidential-elections_edited.htm

clerical establishment in Tehran, and have been dedicated to re-establishing the ideals of the original revolution. In the past twenty six years they have grown up and established themselves in positions of power everywhere. They were the dominant political group in almost every major municipality in Iran before the election. Operating from the mosques, just as in the original revolution, they flew under the media radar, thus creating an illusion of surprise when Ahmadinejad stormed to victory on a populist platform promising economic reform and financial aid and equality for Iran's poor.

Ahmadinejad: a loose cannon?

Controversy surrounding Ahmadinejad's administration started immediately and has been growing ever since his election last summer. Ahmadinejad appeared benign enough in June 2005. A pious, ruthlessly honest and modest civil engineer, he had done a decent job as Tehran's mayor. Despite these credentials he was not the first choice of the clerical establishment in Tehran in the Iranian presidential contest.

He raised uncomfortable questions about the clerics' commitment to the ideals of the Revolution of 1978-79. However, Ahmadinejad was propelled into office first because of strong support from the Iranian 'neoconservatives' cited above, but also because he genuinely appealed to the Iranian public with revolutionary ideals concerning redistribution of income and attention to the needs of the lower economic sectors of the population. These economic issues had increasingly been ignored by the clerics, who had grown richer and richer to the chagrin of the Iranian man-in-the-street, and they became the centrepiece of his campaign.

However, he immediately sent shockwaves through the establishment by proposing ill-suited ideologues as ministers in his new government, by his badly received appearance at the United Nations, by his fiery condemnation of the 'Zionist regime' in Israel – an action that attracted international condemnation – and by his recall of forty moderate Iranian ambassadors.

His pious religious credentials didn't help Ahmadinejad with the political leadership in Tehran. He was out of his depth as an international leader. Though sincere and pious, he came across as naïve and inexperienced in his public dealings. The Iranian parlia-

ment rejected four of the candidates he chose for his cabinet, and gave him a hard time on others. His appearance before the United Nations in September was widely viewed as a failure, not so much because of the two speeches he gave, but because of his inability to handle informal interactions and press conferences. His political rival for the presidency, Ayatollah Ali Akbar Hashemi-Rafsanjani, who retained his post as head of the Expediency Council, began to assume foreign relations responsibilities soon after Ahmadinejad's return from New York.

Moreover, Ahmadinejad has not been able to develop good relationships with his own Iranian legislature. In November, Ahmadinejad's third candidate for Oil Minister, Mohsen Tasaloti, was rejected by the Parliament (*Majlis*) by an astonishing 2/3 negative vote.² This followed the aforementioned rejections of several other nominees by the Parliament. Critics claimed that Tasaloti was a 'crony' of Ahmadinejad, lacking any experience in the oil industry or in administration, charges that had been levelled against the other unsuccessful candidates. Such dissension bodes ill for Ahmadinejad's ability to govern.

However, Ahmadinejad was not without resources in protecting his presidency. The 'Day of Jerusalem', traditionally the last Friday in Ramadan, the month of fasting in Islam, which fell on 28 October 2005, is an opportune occasion to remind Muslims of the importance of this city, which is sacred to Islam as well as to Jews. Ahmadinejad chose this occasion to play to his 'base' by invoking another hallmark of the Revolution of 1978-79 – opposition to Israel. He did this in a particularly effective way, by quoting the Ayatollah Ruhollah Khomeini regarding the 'Zionist regime', which Khomeini had said should be 'wiped off the map.'

So, Ahmadinejad did not, as was widely reported in the international press, personally call for Israel's destruction, though he obviously agreed with that sentiment. However, and more importantly for his political future, he reminded his core constituents that he was a true son of the Revolution of 1978-79. The ploy worked. He got a political boost for his efforts, and put his detractors in the Iranian government on the spot. They spent several days backpedalling, trying to moderate the effect of Ahmadinejad's remarks.

The international reaction to his remarks was explosive, with denunciations of the incendiary speech coming from every part of the world. However, the counter-reaction in Iran was equally explosive, with loud and vocal street demonstrations. Although

2. For details see BBC news report of 22 November 2005 at: http://news.bbc.co.uk/1/hi/world/middle_east/4462414.stm

'rent a demonstration' is a common political tactic in Iran, the public reaction could not entirely be explained by mere bribery: many Iranians were genuinely furious at the international response to Ahmadinejad's remarks.

Ahmadinejad did not stop with the remarks against Israel. Flexing his political muscles, he engineered the recall by the end of the Iranian calendar year (20 March 2006) of forty Iranian ambassadors from nations throughout the West. Many of these ambassadors, including veteran ambassador to Great Britain, Mohammad Hossein Adeli, are pragmatists appointed by the Reform government of former President Khatami.

The recall accomplished three aims. First, it was a slap in the face to Rafsanjani and others in the clerical elite who have been trying to contain his actions. Second, it was a populist move, further advertising the more revolutionary cast of Ahmadinejad's government to his support base. Finally, it was a warning to Europeans with whom Iran is displeased.

His actions have sent shockwaves through the Iranian public as well. On 3 November, his government introduced a scheme to provide shares in national industries to Iran's poor, allowing them twenty years to repay the cost of the equities. Rumours spread that the next target is Iran's private industrial holdings. There is no opposition between Islam and capitalism, and Iran is ruthlessly capitalist. Iranian industrialists were not going to wait to find out whether the rumours were true. Reportedly more than 200 billion dollars in investment income (some estimates place the capital flight as high as \$700 billion) have been transferred from Iran to Dubai, where some 2,000 new businesses have been established since the summer of 2005. The capital flight was accelerated by Ahmadinejad's remarks against Israel, after which the Tehran Stock Exchange plummeted to its lowest point in two years.

The clerical establishment and the future of the Islamic Republic

The irony for the establishment clerics was that no matter who had won the election, they were going to be in trouble. Ahmadinejad was only the least objectionable of the candidates. All the other candidates apart from the one they had handpicked, former Radio and Television head Ali Larijani, opposed one or another aspect of their governance.

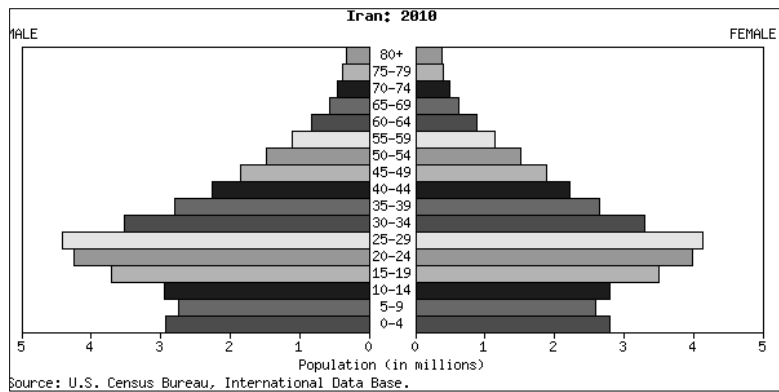
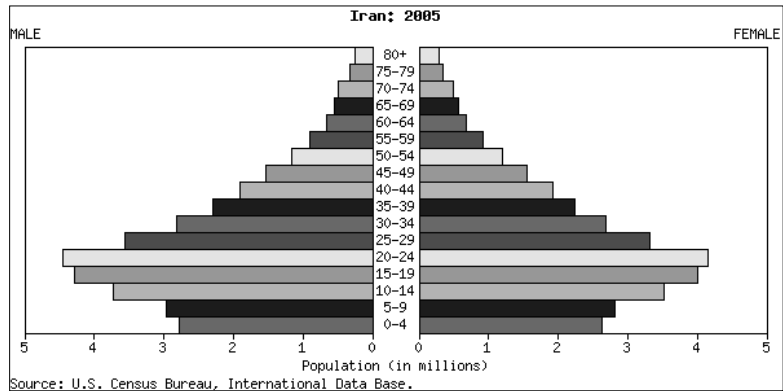
The clerics 'recycled' Larijani quickly and with characteristic efficiency. He has now been reappointed as head of Iran's Supreme National Security Council and chief negotiator for Iran's nuclear energy initiative with European powers and the United Nations. However, Larijani's reassignment is not an indication of Revolutionary solidarity. It is indicative of a shifting state of affairs as cracks begin to show in Iran's Islamic leadership.

In fact, what is now taking place is incipient confusion as the establishment clerics try to contain Ahmadinejad while presenting a smooth face to the world. The Iranian Foreign Ministry as well as Ayatollah Khamene'i tried to moderate Ahmadinejad's anti-Israel remarks and assure the world that Iran intended no violence against any other nation. Presidential runner-up Ayatollah Ali-Akbar Hashemi-Rafsanjani, who went back to his old job as head of Iran's intra-governmental Expediency Council, has quietly moved to relieve Ahmadinejad of his foreign policy and diplomatic duties. However, Ayatollah Hashemi-Rafsanjani, and other clerics rumoured to be rich and corrupt, are anathema to the *Abadgaran* who support Ahmadinejad.

What is at stake is nothing less than the Islamic Republic itself if an internal feud breaks out. The *Velayat-e Faqih* – or rule of the chief jurisprudent, on which the Iranian government is based, and through which Ayatollah Khamene'i holds his authority – was established after the revolution. No senior Shi'a cleric in the world agrees with it any longer. If Ahmadinejad is placed under too much pressure by the likes of Ayatollahs Khamene'i or Rafsanjani, he may well have the political clout through his followers to force a reconsideration of the entire base of the Iranian government. There are many, many Iranians who would welcome such a move. The Iranian Parliament is eager to overhaul the Iranian constitution, which gives control of government to the clerics, but they have been prevented from doing so by the powerful and indirectly chosen Council of Guardians. The result of constitutional revision might still be an Islamic Republic not to the taste of the Bush administration, but it would end clerical rule in Iran.

One thing is certain: change is inevitable in Iran. Moreover, President Ahmadinejad and the *Abadgaran*, if they achieve their aims, should not rest on their laurels. The whirlwind he is setting in motion today is nothing compared to the tornado that will sweep the youth of Iran into power in the next decade – for in five years Iran's young people will account for the majority of voters.

None of them participated in the original Revolution, brought the Ayatollah Khomeini to power, or ratified the Islamic Republic (See chart).



Shifting population patterns in Iran between 2005 and 2010

It is too early to predict what will take place when this watershed is reached. It may be that President Ahmadinejad is aware of the sensibilities of his young constituency. Thus far, although he has made dramatic reforms in other areas of government, he has placed no significant restrictions on public personal conduct – something that his fiercest critics were most wary of when he was elected.

However, this may change. The President heads up the Supreme Council for Cultural Revolution (SCCR), an unofficial

body. In October the Council voted to 'ban all foreign films dealing with secularism, feminism, liberalism or violence and drugs.' Since the Council has no lawmaking power, it is not clear what this pronouncement means, nor what it portends for the robust Iranian film industry, but some Iranian observers believe that this move was designed to placate Ahmadinejad's most conservative supporters who have noted his lack of attention to what they consider to be slipping personal standards of behaviour and morality.³

The clerical leadership in Iran have another problem – their survival. There is no obvious successor to Ayatollah Ali Khamene'i, and the *Abadgaran* and *Isargaran* who backed Ahmadinejad are still a threat to the *Velayat-e Faqih* doctrine on which the government is based. Currently too the twelfth Shi'a Imam, Mohammad al-Mahdi, who disappeared in infancy into occultation, is the focus of an unprecedented amount of attention. He is believed to still be alive, and is the only legitimate ruler in Shi'ism. It seems likely that this development is designed to undercut the *Velayat-e Faqih* doctrine, and prepare the way for its dismantlement as a legitimate governmental structure. To add to this, the rise in prominence of Ayatollah Ali Al-Sistani (Ali Sistani in Persian), who is Iranian but lives in Najaf, further undermines the clerical establishment. Ayatollah Al-Sistani is a staunch opponent of clerical rule.

The future of US-Iranian relations

The United States and Iran share a large number of mutual concerns that should make them, if not natural allies, at least interested in pursuing mutual dialogue. Such dialogue would be beneficial for both nations, the Middle East region, and indeed the world at large. Unfortunately, there has been no thaw in the twenty-seven year estrangement between the two nations, and no prospect for improvement in relations in the near future. The reasons for the continuing bad relations go back to the Iranian Revolution of 1978-79 and the subsequent hostage crisis, and have been fuelled by many events, both substantive and symbolic, since then which are characterised on both sides as inexcusable crimes.⁴

The most hopeful period of relations in recent years occurred during the second Clinton administration when Iranian reformers were in power, and a sympathetic American administration

3. Safa Haeri: 'Iran Bans Films Promoting Liberalism, Feminism or Secularism', Iran Press Service, October 24, 2005. http://www.iran-press-service.com/ips/articles-2005/october-2005/films_banned_241005.shtml

4. For an in-depth treatment of the history and process of this mutual demonisation process, see William O. Beeman, *The 'Great Satan' vs. the 'Mad Mullahs': How the United States and Iran Demonize Each Other* (Westport, CT: Praeger, 2005).

made tentative overtures to the political leaders of Tehran. Unfortunately the simplest and most subtle moves to improve relations proved abortive⁵ in the past.

The George W. Bush administration not only made no attempt to improve US-Iranian relations, it increased hostility between the two nations. Iran made several overtures to the United States, the most important being the aid offered during the US invasion of Afghanistan in 2001 following the tragedy of September 11. The Bush administration then quickly accused Iran of harbouring Al Qaeda operatives, of supporting Palestinian terrorists and of being part of the 'Axis of Evil.' None of these accusations were either substantive or substantiated. They undercut the Iranian reformers who were inching toward improved US-Iranian relations and strengthened the most conservative elements in the Iranian government who benefited from demonising the United States.

Many throughout the world came to believe that the neoconservatives in the Bush administration, led by Vice-President Dick Cheney and Secretary of Defense Donald Rumsfeld, had a plan to effect 'regime change' throughout the region that had been conceived nearly a decade before. This plan might have been effective in the new, weakly structured post-World War I states created by Great Britain and France, but not in Iran – an ancient civilisation with a fiercely patriotic population. When the Bush administration decided to target Iran's nuclear energy development as the justification for a possible attack, the Iranian people rose *en masse* to denounce America. This was particularly noteworthy, since even people in Iran who hated their own government defended Iran's right to generate nuclear energy. From an Iranian viewpoint, nuclear energy was an economic benefit, allowing Iran to sell the natural gas it had been using to generate electricity for much higher profits as an export commodity. It was also a sign of Iran's development as a modern nation. Of course, the Bush administration's view was radically different.

President Mahmoud Ahmadinejad, as a populist and a neo-revolutionary, reasserted Iran's right to the development of nuclear energy, and poured scorn on the idea that Iran was dependent on the United States. The old revolutionary slogan, 'Neither East nor West' suddenly had new life breathed into it. Ahmadinejad's patriotic claims had echoes of the rhetoric of Mohammad Mossadeq, the prime minister deposed by the United States CIA in a *coup* in 1953 in order to restore Shah Mohammad Reza Pahlavi to the

5. For an account of Madeline Albright's abortive speech before the Iranian-American Council on 17 March 1999, see Kenneth Pollack, *The Persian Puzzle: The Conflict between Iran and America* (New York: Random House, 2004), pp. 337-41. Albright's speech contained all the ingredients that might have led to an opening to Iran, but it failed to produce this result because of a reference to Iran's 'unelected hands,' an allusion to the clerical establishment that forms the core of the government. Most of Pollack's book is derivative from secondary sources – he speaks no Persian and has never been to Iran – but this telling incident is one in which he had a personal role.

throne. Mossadeq nationalised Iranian oil, to the consternation of the British.

True to the 'Neither East nor West' slogan, Ahmadinejad began to emphasise Iran's ties with India and China. Since Iran has a favorable balance of trade with both nations, and is still under an ineffective trade embargo from the United States, it is hardly surprising that this direction would be taken. Further, Iran's leaders, including Ahmadinejad, admire the 'Chinese' model of government, which provides for economic prosperity for the citizenry without major reforms in political culture.

The United States is also worried about the future of Iranian-Iraqi relations. Early pronouncements by Secretary of Defense Donald Rumsfeld that the United States would never allow an 'Iranian-style 'theocracy' to come about in Iraq are still being echoed in Washington. This belief is a red herring since neither Iraq's religious leaders nor its population favours clerical rule. Moreover, if Iraq stabilises, the city of Najaf with its religious seminaries and shrines will re-assume its centrality in Shi'a religious thought. It will be Iraq that dominates Iran religiously, not the other way around.

Iran and Europe

Iran enjoys diplomatic relations with European Union member states, and has excellent trade and cultural relations with leading European nations. It is for this reason that Iran had high hopes that European member states would help mediate its differences with the United States.

In Iran, personal estrangement (known colloquially as *qahr*) is only resolved when a group of mutual friends or relatives step in and force a reconciliation (*ashti*). In the absence of these mediators, the two parties remain estranged. However, their relationship is not severed. They continue to attract each other's attention by annoying and undercutting each other, as if to remind the other party that they still exist and are still waiting for either an apology or forced reconciliation.⁶

Iranians see the estrangement with the United States in these terms, and had been optimistic that mutual European friends would play the mediator role. This might have been possible under the Clinton administration, but not under the presidency of

6. This is detailed extensively in William O. Beeman, *Language, Status and Power in Iran* (Bloomington, IN: Indiana University Press, 1986) and in *The 'Great Satan' vs. The 'Mad Mullahs'*, op. cit.

George W. Bush. The Bush administration quickly moved to cajole, co-opt and finally bully European powers into taking the United States' position *vis-à-vis* Iran. The United States wanted Europeans to join its ineffective economic sanctions against Iran, and to adopt Washington's hard line regarding Iran's nuclear energy development.⁷ Through the process of 'persuasion', this was somewhat successful for Washington, but by conceding to the Bush administration's demands, European negotiators lost all credibility and influence with Iran. This is regrettable, because the possibility of bringing some stability to the Iranian-US relationship lay firmly in the hands of the Europeans. By abdicating this autonomous role, European powers have guaranteed that the US-Iranian reconciliation must await a change in American and Iranian leadership – or at the very least a change in the philosophy of these two governments.

Predictions for the future

Ahmadinejad's concerns are primarily domestic. His first and most important priority – the basis for his election – should be internal economic reform. His forays into foreign policy have not been successful, and are causing him trouble at home. The existing governmental establishment has been trying to rein him in. If he remains insistent in his attempts to extend his presidential powers, he may precipitate a political crisis. It is for this reason that Ahmadinejad's presidency puts continued clerical rule in Iran in the future into question.

Iran poses no existential threat to Israel or the United States. The rhetorical volleys launched from Tehran against the United States and Israel are primarily intended for Iranian domestic consumption. In Ahmadinejad's case, they have a special, additional meaning for his supporters, because they signal a return to the ideals of the original revolution. They are thus doubly symbolic, and of almost no practical consequence for Israel or the United States.

The United States, bogged down as it is in both Iraq and Afghanistan, would be ill-advised to try to carry out any plans for 'regime change' in Iran, as has recently been suggested in some newspapers. Iran has a potential pool of military forces of more than ten million young men, who, whatever their views of the Iran-

7. Indeed the United States hoped that this would happen in a 'back door' fashion through United Nations Security Council sanctions against Iran for its supposed nuclear violations. Whereas at the time of writing (March 2006) such sanctions may still be enacted, the United States has had a difficult time persuading other permanent Security Council members to go along with its desired plan.

ian regime, would fiercely resist any incursion by a foreign power. The ludicrous attempts on the part of some figures in the United States to restore the monarchy, or to create surrogate invasion forces through the Mujaheddin-e Khalq (MEK or MKO) and ethnic splinter groups (Azerbaijani, Kurdish, Arab) will never be effective. Proponents for restoration of the Iranian monarchy live almost entirely outside of Iran, and are by and large long-term refugees from the original Revolution who only have limited and sporadic contact with their homeland. The MEK are despised in Iran as traitors because of the support given to them for a long time by Saddam Hussein in Iraq, where they fled after having been purged shortly after the Revolution in 1978-79. Minority ethnic and religious groups in Iran may have issues with the government, but they identify strongly with the Iranian nation and with Iranian culture. They are unlikely to support any outside force trying to interfere in Iranian internal affairs.

Both the United States and Europe would be wise to understand that the future of Middle Eastern stability lies in developing a stable relationship with Iran. The most important linchpin in this process is a renewal of diplomatic relations between the United States and Iran. There are still many disagreements between the two nations, but until they are able to talk directly to each other, the abortive and unproductive standoff between the two nations will continue to be a canker in the political climate of the world.⁸

8. At the time of writing the United States and Iran had agreed to enter mutual talks concerning the restoration of order in Iraq. These talks, though strictly limited in scope, might have been an important breakthrough in relations between the two states. See William Beeman, 'US-Iran talks promise to bring a thaw', *Providence Journal*, 23 March, 2006. <http://www.projo.com/opinion/contributors/content/projo_20060323_23bee.d47d905.html>

The EU and Iran: a tangled web of negotiations

Walter Posch

Relations between the EU and Iran are far from straightforward. They even present a contradictory aspect in so far as there has been ongoing contact between EU member states (as well as various EU bodies) and Iran since the 1990s despite the fact that no formal contractual relations whatsoever exist between the EU and the Islamic Republic. No doubt, if pragmatism were the sole factor underlining the EU-Iran relationship, a Trade and Cooperation Agreement (TCA) and other agreements would have been signed a long time ago, due to the obvious economic attractions of forging closer links between energy-rich Iran and energy-hungry Europe. However, EU-Iran relations remain complicated mainly for two reasons, both of which are related to the very nature of the 'revolutionary' Islamist regime: on the one hand, the fact that 'home-made' democratic structures have emerged in Iran has led to hope that an engagement with Iran could lead to a democratic Islamic Republic, but on the other hand the situation on the ground in Iran is far from satisfactory. In its dealings with Iran, the EU has tried to reconcile these contradictory factors: by choosing the path of 'dialogue' it has adopted a resolutely self-confident approach, which differs radically from the way in which the United States have tried to deal with Iran. This is true despite the fact that the EU and the US share common goals, the most important being their aim to persuade the Islamic Republic to give up its nuclear programme.

The critical and the comprehensive dialogues

Prior to the Islamic Revolution there were only minor business and trading contracts between the EEC and Imperial Iran, and these were terminated even before the Shah's regime was overthrown. Throughout the 1980s Iran was regarded throughout the world as a pariah, torn apart by revolutionary unrest and the bloody eight-year war with its neighbour Iraq. It was only in December 1992, at the Edin-

burgh European Summit, that the Community decided to commence a critical dialogue with the Islamic Republic. The dialogue was 'critical' since not a single point of grave concern – be it Iran's support for international terrorism or the death edict issued against the British writer Salman Rushdie – was ignored, but it was first and foremost a dialogue in which the Iranians both listened and were listened to. And it was, as with all European contacts with Iran, conducted quite openly in a way that contrasted sharply with the US's clandestine dealings with Iran during the infamous Iran-Contra affair.

A major crisis occurred in EU-Iran relations in 1996 when a German Superior Court ruled that the Iranian minister for Information and Security, Ali Fallahian, was, along with other high-ranking Iranian officials, responsible for the murder of Kurdish opposition politicians in 1992. However, two developments meant that this crisis was overcome: the first was the fact that the government effectively silenced Fallahian in Tehran and removed him from office. The second was the unexpected landslide victory of Hojjat ol-Eslam Mohammad Reza Khatami in the 1997 presidential elections, which ultimately enabled EU states to send diplomats back to Iran who had been recalled due to unacceptable Iranian reactions to the German verdict.

Khatami's election and positive initiatives undertaken by his government enabled the EU to improve relations with the country and create what has been called the Comprehensive Dialogue with Iran.¹ The EU's explicit aim was to support the president's reform agenda and the general policy of cultural, economic and political liberalisation in Iran. The Comprehensive Dialogue, which was established in 1998, includes twice-yearly 'troika' meetings with the Iranians at the level of Under-Secretary of State or Deputy Minister. The dialogue was comprehensive indeed: among other issues it covered the Middle Eastern conflict, non-proliferation of weapons of mass destruction, human rights and terrorism, and also drug control, refugees and possible cooperation in the energy sector.

This development was facilitated by the fact that Khatami's public diplomacy in EU member states was a total success.² But it was the parliamentary elections in 2000 and Khatami's re-election in 2001 which encouraged the EU to forge closer links with the Islamic Republic. In 2001 the EU evaluated perspectives and conditions for closer relations with Iran, envisaging for the first time the possibility that the Trade and Cooperation Agreement (TCA)

1. For an overview on the Comprehensive Dialogue see the Commission's homepage: http://www.eu.int/comm/external_relations/iran/intro/index.htm.

2. In fact, EU-Iranian relations are widely perceived as the biggest success in Iranian Foreign Policy. See Shahram Chubin, 'Whither Iran? Reform, domestic politics and national security', *Adelphi Paper* 342 (London: Oxford University Press/International Institute for Strategic Studies, 2002), pp. 31-4.

might be concluded.³ A mandate for such an agreement was given to the Commission at the Luxembourg Council on 17 June 2002.⁴ The said mandate was also linked to success in the field of political dialogue, which covered, among other issues, discussion of human rights, Iran's nuclear issue and, separate from that, counter-terrorism. As seen from the perspective of the EU's institutional structure, negotiations over a TCA were Commission-driven whereas the EU Presidency (troika format) led the negotiations for a Political Dialogue Agreement (PDA), both agreements reinforcing one another.⁵ In short, if the Iranians were willing to change their negative policies in areas that were of concern to the EU, the EU would agree on a generous TCA. But Iran would not be able to isolate the TCA from other issues, as the EU made clear on many occasions, for example in the Council Conclusions of 16 June 2003:

'The Council recalled that in deciding to open these [i.e. TCA] negotiations it expected that deepening of economic and commercial relations between the EU and Iran should be matched by similar progress in all other aspects of the EU's relations with Iran. It identified in particular the need for significant positive developments on human rights, non-proliferation, terrorism and the Middle East Peace Process.'⁶

The critical dialogue and later the comprehensive dialogue were in general severely criticised by the Iranian opposition, and also by US officials, who on occasion voiced their disagreement with it as a 'forum where the Europeans and the Iranians meet to criticise the Americans';⁷ others commented cynically upon it, saying that the dialogues were only a cover for intensifying economic activities with Iran and expressing the view that 'whether anyone actually believed [in] this [*the dialogue*] is just unclear.'⁸ But whether 'critical' or 'comprehensive', the importance of the EU's dialogue with Iran should not be underestimated: it was an exercise in how to reconcile idealistic aspirations of promoting human rights and democracy with realistic needs of cooperation in the fields of energy and the economy as well as security.

As seen from an EU perspective, the phase of the 'critical dialogue' – i.e. roughly the period from the 1992 Edinburgh summit to Khatami's election – was less a success in terms of ushering in dramatic improvements than in terms of the way in which it led to a gradual shift in the behaviour of the Iranians. Nevertheless, this did not happen overnight, nor can the Europeans claim all the credit for it. Internal policies, like President Rafsanjani's 'Thermidor'-

3. See the Council Conclusions 8441/01 (Presse 169), Brussels, 14 May 2001, available at http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/08441.en1.html#_Toc514748925.

4. See the Council Conclusions 9717/02 (Presse 178), Luxembourg, 17 June 2002 and all other GAERC decision on Iran from 2002 to 2004 at http://europa.eu.int/comm/external_relations/iran/intro/gac.htm.

5. Jan Figel, 'Iran – Commission declaration at European Parliament', (IP/05/601), Brussels, 12 October 2005, available at http://europa.eu.int/comm/external_relations/iran/news/sp05_601.htm.

6. On this conclusion see the General Affairs and External Relations homepage at http://europa.eu.int/comm/external_relations/iran/intro/gac.htm

7. Kenneth R. Timmerman, 'Time to End "Critical Dialogue" with Iran', *Wall Street Journal-Europe* (editorial page), June 10, 1996. Available at http://www.iran.org/news/WSJe_960610.html.

8. Kenneth Pollack, *The Persian Puzzle. The Conflict between Iran and America* (New York: Random House, 2004), p. 264.

style policies, which finally quashed the influence of the hardline radicals in the power apparatus,⁹ were certainly a major driving force.¹⁰ The second, but perhaps less influential reason, was the slowly emerging debate on Islam, human rights and democracy among Islamist Iranian intellectuals. It was now impossible for the regime to deny the fact that amidst its population serious concerns about the human rights situation existed and that people were demanding improvements in this area. Efforts in this direction were given a boost when in 2003 the Nobel Peace Prize was bestowed upon Iranian Human Rights activist Shirin Ebadi.

EU policy, wittingly or unwittingly, supported this trend. A year earlier, the EU had already linked prospects of closer political and economic cooperation with Iran with progress on human rights issues. A dialogue on human rights was initiated in 2002 with no pre-conditions, addressing all human rights issues but also stipulating 'that each party could choose to terminate the dialogue at any time'. Starting with the Council of 21 October 2002, the human rights situation in Iran remained on the agenda of subsequent Councils (for example those of 18 March 2003, 21 July 2003, 13 October 2003 and 11 October 2004). The EU presidency and High Representative also commented on the Islamic Republic's human rights situation at various intervals. Such interventions occurred for example in the case of the slain Iranian-born Canadian journalist Zahra Kazemi or when the European Union called for the permanent release of Akbar Ganji, an Iranian prisoner of conscience, and his lawyer Abdolfattah Soltani.¹¹ Needless to say, the Iranians were never pleased with the outspoken critical statements of the EU; however, this did not lead them to officially withdraw from the dialogue process. Indeed the last session in the human rights dialogue took place as recently as 2004.

What makes the European approach different from that of the US is the fact that even though the EU's criticism of Iran's abysmal human rights record was rejected by Tehran, it was at least heeded at some level and made some form of impact. Indeed, with criticism from the US falling on deaf ears in Tehran, it was only the EU's voice on human rights that had some credibility – for Iran's various other partners, like China, Russia, Muslim countries and Third World states, rarely if ever drew attention to the question of human rights. In the end, one cannot escape the conclusion that in comparison to the United States' failed policy of 'dual containment of Iraq and Iran'¹² the EU's dialogue with the Iranians yielded better results –

9. Who returned as moderates with Khatami. On this process, see Daniel Brumberg, *Reinventing Khomeini, The Struggle for Reform in Iran* (Chicago: University of Chicago Press, 2001).

10. Ervand Abrahamian, *Khomeinism. Essays on the Islamic Republic* (Berkeley: University of California Press, 1993), p. 132-43.

11. Declaration released by the British Presidency, available at the presidency's homepage at <http://www.eu2005.gov.uk/>

12. On the total failure of 'dual containment' see David H. Saltiel and Jason S. Purcell, 'Iran, Iraq and the Future of US Policy to the Gulf', *Bulletin of the Atlantic Council of the United States*, XIII/1 (The Stanley Foundation, January 2002), available at www.stanley-foundation.org/reports/EFCIran01.pdf.

be it ‘only’ to the extent that it raised awareness among Iranian politicians that the EU is serious about human rights.

However, after a decade of engaging in dialogue both sides seem to have grown weary, although the dialogue continued and has survived major and minor crises in the meantime. This changed however in the summer of 2002 when news of hitherto unknown nuclear facilities in Iran reached the West.

The E3/EU initiative

In 2003 various Council Conclusions (for instance those of 16 June 2003, 21 July 2003 and 3 September 2003)¹³ addressed the nuclear issue. Basically, the EU expressed its concerns about the full nuclear fuel cycle and its implications for proliferation and called on Iran to cooperate closely with the IAEA, insisting on the ‘urgent and unconditional acceptance, signature and implementation of an IAEA Additional Protocol on safeguards’ as a ‘sign of the Iranian commitment in the field of non-proliferation.’ However, by autumn 2003 there was a tense standoff between Iran and the West over the Islamic Republic’s nuclear programme.

The crisis was only overcome – or deferred – when the Foreign Ministers of Europe’s ‘Big Three’ (France, Germany and the UK) seized the initiative in October 2003 and visited Tehran. They made it clear to their hosts that Iran should suspend uranium enrichment and allow intrusive inspections of the IAEA by signing the ‘Additional Protocol’ to the NPT. In return, they assured Tehran that Europe would resist American pressure and continue the dialogue. Furthermore, they also offered a huge package of economic incentives.¹⁴

It is unclear in what exact circumstances the ‘Big Three’ obtained their mandate and to what extent the Italian presidency had a role to play in the process. However, when the initiative was launched it was supported by Javier Solana, the High Representative of the EU’s Common Foreign and Security Policy, and, through the Council, it was coordinated with the rest of the (now 25) member states. The final formula was defined as the ‘E3/EU’ initiative and has become the EU’s main policy tool in its efforts to engage with Iran. At the same time the Presidency-led PDA and the Commission-led TCA negotiations were paused. They were only resumed after the Paris Agreement in 2004,¹⁵ but this time under

13. See http://www.eu.int/comm/external_relations/iran/index.htm.

14. Steven Everts, *Engaging Iran. A test case for EU foreign policy* (London: Centre for European Reform, March 2004), p. 7.

15. Jan Figel, *op. cit.*

the overall lead of the E3/EU, with the Presidency troika playing a rather insignificant role. There can be no doubt that this format – which on occasions has been erroneously taken for the EU ‘troika’¹⁶ – ensured cohesion and guaranteed the EU’s ability to act and speak unanimously. Yet, it took almost two years until the GAERC meeting of 3 October 2005 for the Council to officially confirm that the EU was firmly behind the E3/EU approach.¹⁷ On the Iranian side, the head of the Higher National Security Council (HNSC), Iran’s main decision-making body on Foreign and Security Policy issues, headed the negotiating team. Rouhani and later Larijani would report back to the HNSC, which consists of the president, foreign and intelligence ministers, commanders of the armed forces, heads of special agencies like the Atomic Energy Agency of Iran and heads of other high-ranking bodies. The Supreme Leader, who takes the final decision after consulting with his own advisory staff, oversees the HNSC. In other words, the EU was dealing with Iran’s real power holders.

Throughout 2004 the EU was apparently able to convince Iran of the necessity for cooperation: the Islamic Republic signed the Additional Protocol to the NPT and abstained from uranium enrichment. In the meantime, however, the regime in Tehran had turned the nuclear question into an issue of national pride and prestige. In the end, leaders of public opinion in Iran insisted unanimously on retaining the nuclear fuel cycle, although voices that openly favoured the development of a nuclear weapon were hardly to be heard. The opposite in fact was true: high-ranking Iranian officials were eager to allay fears about Iran’s intentions by calling nuclear weapons religiously forbidden, immoral, and even ‘having no place in our defence doctrine’.¹⁸ Some months later, Joint Forces Commander General Firuzabadi stressed the peaceful nature of the programme and the religious prohibition on developing nuclear weapons as issued by Supreme Leader Khamenei.¹⁹ As seen from outside, the Iranian negotiators had a very strong political mandate which was supported by the population.

By the end of the year, the EU had grounds for cautious optimism: on 15 November 2004 Iran and the E3/EU signed the ‘Paris Agreement’,²⁰ which basically echoed the Tehran Agreed Statement of 21 October 2003. In the 15 November Agreement both sides reaffirmed their commitment to the NPT: under the terms of this agreement, Iran will not seek to acquire nuclear weapons (Article II of the NPT) and the E3/EU recognises Iran’s rights under the

16. There are countless examples of misnaming E3 the ‘troika’, especially in the Iranian and American press, but also in some European papers, mostly by way of careless quoting.

17. Jan Figel, *op. cit.*

18. Sharon Squassoni, ‘Iran’s Nuclear Program: Recent Developments’ (RS21592), CRS Report for Congress, 23 November 2005, p. 2. An ironic account on how far away Iran is from producing a nuclear weapon is: ‘Faseleh-ye Irân bâ bomb-e atom: hifdah sâl yâ do hafteh?’ (‘How far away is Iran from an atomic bomb: eighteen years or two weeks?’) Bâztâb, 18 January 2006.

19. ‘Dar solh-âmez budan-e fa’aliyât-e haste-yi Irân, shakk nist’ (‘There can be no doubt on the peaceful nature of Iran’s nuclear activities’), *Iranian Students News Agency*, 6 February 2006.

20. The agreement was circulated by the IAEA INFCIRC/637, from 26 November 2004. Available at <http://www.iaea.org/NewsCenter/Focus/laealiran/index.shtml>.

NPT. This agreement provided objective guarantees for Iran's peaceful intentions as well as firm guarantees on cooperation and commitments on security issues. Besides, and 'irrespective of progress on the nuclear issue', the E3/EU and Iran 'confirm their determination to combat terrorism,' citing Al Qaeda and the cult-like Mujahedin-e Khalq as examples of terrorist threats. They also agreed to cooperate over Iraq.

Both acts, Iran's signing the Additional Protocol and the voluntary suspension, are widely accepted as serious concessions made by the Islamic Republic.²¹ But the Paris Agreement aimed at more than only the suspension of enrichment because 'the E3/EU have agreed to begin negotiations, with a view to reaching a mutually acceptable agreement on long-term arrangements.' The timid phrase of 'agreement on long-term arrangements' opened up an avenue towards a new definition of the status of the Islamic Republic in the international community;²² which also means that the US, which has been kept informed by its European allies, would have to be involved in the future. As seen from an Iranian point of view, their main success was that the 'E3/EU recognise that this suspension [of all enrichment activities] is a *voluntary confidence-building measure and not a legal obligation*.'²³ But the EU was clearly linking future prospects for EU-Iranian relations to Iran's willingness to maintain the suspension. From the EU's viewpoint, Iran was being offered extensive cooperation and support, especially in the fields of technology and the economy. In summary, the Iranians' insistence on the nuclear fuel cycle appeared unreasonable to the Europeans, while the suspension of the nuclear fuel cycle for good was unacceptable to the Iranians.

Throughout 2005 these differences became more and more marked. Ominously, Iran stressed the voluntary nature of the suspension on many occasions. In March 2005 the Iranians proposed running a pilot-scale project, which the E3/EU rejected; in April 2005 the Iranians said they would start up their uranium enrichment facilities unless negotiations progressed. They then demanded a new negotiating proposal with a deadline of 31 July.²⁴ On 25 May 2005 in Geneva, the E3/EU delegation promised to the Iranians that by early August they would present a new outline for an agreement to resolve the crisis. However, driven by their own logic, the Iranians sent a letter²⁵ on 1 August 2005 to the IAEA, in which they informed the Agency that enrichment activities in the Esfahan facilities would be resumed the following week. In

21. Sharon Squassoni, op.cit., p. 3.

22. The Commission is more open about this point: 'A framework agreement with the EU could facilitate the reintegration of Iran in the international community and contribute to the creation of an environment conducive to economic growth and job creation.' See Jan Figel, op. cit.

23. As Dr. Rouhani said in an interview in *Keyhan*, Tehran, 23 July 2005, commenting on INF-CIRC/637, i.e. the Paris Agreement.

24. Sharon Squassoni, op.cit., p. 3.

25. Communication dated 1 August 2005 received from the Permanent Mission of the Islamic Republic of Iran to the Agency; Information Circular, INF-CIRC/648.

response, the Agency warned Iran not to resume any activity unless the necessary equipment for surveillance had been put in place.

This came as a shock to the Europeans. The last two years of hard bargaining and intensive discussions with the Iranians had appeared to indicate that both sides were willing to find a solution and that the Iranians were prepared to compromise at some level. The E3/EU immediately answered with a clear message to the outgoing chief negotiator of the Islamic Republic, Dr Hassan Rouhani, saying that this move ‘will also heighten international concern about the real objective of Iran’s nuclear programme.’²⁶ But why did the Iranians make this move at this time?

First, they wanted to show that Iran’s nuclear policy is not bound to the government but is a long-term project, which is a result of a political consensus among the elites. Therefore they were eager to push forward before the new president was sworn in. Secondly, according to the letter they sent to the IAEA, they expressed frustration with the fact that – in their view – they have received little, if anything, in return for the suspension. Thirdly, they feared that if the Europeans kept them involved in endless negotiations, the suspension would stay in place for as long as it took to make the cessation a *fait accompli*.

But the main reason lies deeper: it is a lack of trust and confidence. The EU-Iran dialogue was based on a slow and painful process of confidence building and creating trust. In many fields (e.g. fighting drugs trafficking) a measure of trust and confidence was successfully achieved, but this has obviously failed to be the case in the negotiations over the Iranian nuclear programme. According to the former head of Iran’s National Security Council, Dr Hassan Rouhani,²⁷ neither the Iranians trusted the Europeans nor the Europeans the Iranians. Of course, as seen from a European perspective, the intensive efforts by the EU to win over the Iranians and gain their confidence have suffered a serious setback with the decision to resume work at the Esfahan facilities.

Endgame?

This episode marked a turning point in the E3/EU negotiations since now the Iranians had crossed a ‘red line’, as seen from the European perspective. The Iranian side, however, was convinced of having remained in the framework of the Paris Agreement. As a conse-

26. Communication dated 2 August 2005 received from the Permanent Missions of France, Germany and the United Kingdom to the Agency, Information Circular, INFCIRC/649, 2 August 2005.

27. Interview in *Keyhan*, Tehran, 23 July 2005.

quence, both sides sensed a change in attitudes. For the Europeans, the nuclear issue now not only dominated but totally determined EU-Iranian relations whereas any other format of discussion lay dormant, let alone negotiations on TCA or PDA, which were paused again after the last round had taken place in July 2005.²⁸ This change, which coincided with the election of a new president, was partially caused by the fact that more and more decision-makers and decision-shapers in Tehran had become weary of the Europeans who in their view were not delivering what the Iranians wanted. Some, like retired General Mohsen Rezai, who is still an important public figure in the Islamic Republic, articulated the view of Iran's Revolutionary Guards when he complained that the West has exploited Iranian confidence-building measures.²⁹ At the same time the European side too was slowly running out of patience. Besides, the main positions had been repeatedly discussed at various levels and formats ranging from official high-level meetings to unofficial and academic platforms. This change also affected the way in which the western media perceived Iranian negotiating skills. Until then, the Iranian side had the image of being both careful and successful in the negotiations, cleverly pressing the Europeans for one concession after the other. But now the Europeans refused to concede on the issue which the Iranians considered the linchpin of their plans, i.e. developing a full nuclear fuel cycle.

After the Iranians' resumption of their nuclear activities the immediate European reaction seemed to be Euro-Iranian 'business as usual': the Europeans countered the Iranians' move with an – in their view – even more generous proposal (on 5 August 2005). The contents of the proposal are not publicly available and therefore no serious analysis and evaluation can be given. In principle, there are two opposing views: according to the E3/EU, it consisted of 'the most far-reaching proposals for co-operation with Europe,' reaffirming Iran's right under the NPT, including technical support for the civilian programme, and guaranteed supplies of fuel for its nuclear power plants.³⁰ Others saw it differently: *The Asia Times* even quoted some European diplomats as saying that it was just an 'empty box of chocolates' and even the American *Christian Science Monitor* described it as 'not very good, by all accounts'.³¹ As seen from Tehran, France and Germany would have been ready to make more concessions while Britain and the US opposed this. Needless to say, the Iranians immediately rejected the proposal for having 'too many demands and no incentives'.³² It seems likely that they

28. Jan Figel, op. cit.

29. 'Mohsen-e Rezâi: 'Gharb az e'temâd-sâzi-ye mâ sû'-e este-fâdeh kard ('The West has exploited our confidence-building policy'), *Iranian Students News Agency*, 6 February 2006.

30. The EU explained its official view of the 5 August proposal in a letter to the IAEA on 12 January 2006. 'E3/EU Statement on the Iran Nuclear Issue,' Berlin 12 January 2006 (IAEA INFICIR/662 of 18 January 2006).

31. Pepe Escobar, 'Iran Knocks Europe Out', *Asia Times*, 7 September 2005; Scott Peterson, 'Why EU, Iran still far apart over nukes,' *The Christian Science Monitor*, 12 October 2005.

32. See Point 4.3 in 'An Unnecessary Crisis: Setting the Record Straight about Iran's Nuclear Program', *International Herald Tribune*, 21 November 2005.

did not even bother to study the proposal in detail as it took them less than 24 hours to reject it. An insult the Europeans still find hard to stomach.

It appears that one particular reason for the Iranians to reject the new and hitherto last offer from the Europeans was, besides the lack of incentives, a lack of firm commitment on security issues. This last point is of special interest since the Iranians obviously expected some kind of US security guarantee which they hoped the EU would convey to them in the name of the US.³³ A month before the offer was made the Iranians had their negotiating team re-shuffled. This was because former presidential candidate Ali Larijani was nominated chairman of the High National Security Council, which made him automatically head of the negotiating team. On this occasion, the former team has been criticised by the Supreme Leader's special adviser for foreign policy, former Minister of Foreign Affairs, Ali Akbar Velayati, for 'failing to make appropriate use of their negotiating power'.³⁴ In our view, such a remark only made sense when the Rouhani team had failed to send the proper signals to the USA via the E3/EU format. In fact, Iranians often point out that any nuclear deal could be irrelevant or even dangerous without US involvement.³⁵ Having said this, it is safe to assume that the Iranian side wanted the 'grand bargain' where all outstanding questions between the West and Iran would have been solved, and they wanted it immediately.

The Iranian rejection was extremely disappointing for the EU, which then acted very quickly: the British presidency issued a critical statement in the name of the European Union³⁶ and the EU unanimously supported IAEA Resolution of 11 August 2005,³⁷ which urged Iran to re-establish full suspension of all enrichment-related activities. At the same time, pundits and politicians in Tehran seemed to have rethought their position towards the E3/EU format. Iranian critics mentioned for instance that important European countries like Spain and Italy have been ignored in the negotiations³⁸ – this was, of course, a clear attempt of the Iranian side to divide the Europeans. However, at just this juncture (end of August/September) there occurred an Italian initiative which brought Russia into the game, causing the Russians for the first time to come forward with what is now commonly known as the Russian proposal: final processing of Iran's nuclear fuel should be conducted outside Iran, in Russia.³⁹

Another Iranian argument tried to pit the EU against the UN by

33. A very good account of the discussion in Tehran on the nuclear issue during the first month of Ahmadinejad's presidency is Reza Taghizadeh, 'Iran's Nuclear Initiative: What is it about?', *Iran News*, 27 August 2005.

34. 'Iran has momentum in nuclear talks: former FM', *Tehran Times*, 27 August 2005.

35. Scott Peterson, 'Why EU, Iran still far apart over nukes', *The Christian Science Monitor*, 12 October 2005.

36. 'Statement by the United Kingdom on behalf of the European Union at the IAEA Board of Governors', 9 August 2005; almost all European and all acceding countries have aligned themselves with this statement, which is available at <http://www.iaea.org/NewsCenter/Focus/laealiran/index.shtml>.

37. See IAEA 'Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran and related Board resolutions', Resolution adopted 11 August 2005, available at <http://www.iaea.org/NewsCenter/Focus/laealiran/index.shtml>.

38. Reza Taghizadeh, 'Iran's Nuclear Initiative: What is it About?', *Iran News*, 27 August 2005.

39. See Pepe Escobar, 'Iran Knocks Europe Out', *Asia Times*, 7 September 2005. Escobar reports from 'diplomatic circles in Tehran'.

complaining that ‘even the UN agency (IAEA) has been forced to play second fiddle.’⁴⁰ Tehran was also trying to find new venues and formats to negotiate with and speculated about widening talks to include members of the Non-Aligned Movement (NAM), Russia and China.⁴¹ This was in line with the new Iranian government’s political trend ‘eastwards.’ Yet, obviously the Iranians underestimated how important the E3/EU format had already become for them, since from August 2005 onwards it was perhaps not the only forum but certainly the most important one in which the Iranians could talk seriously to the international community. They could not just give up on the negotiations without running the risk that the nuclear issue would be referred to the Security Council.

In the same month, Ali Akbar Velayati predicted that ‘Europe’s stances will gradually get closer to those of the United States,’ and that Iran’s nuclear dossier would in all likelihood get referred to the UN, so that Iran ‘would have to expect sanctions’ and that China and Russia would not veto any decision, but ‘they may try to moderate it.’⁴² It appears that Velayati had grasped what consequences the new re-alignment in transatlantic relations following the visit of President Bush to Brussels earlier that year⁴³ would have for Iran. However, many in Iran seemed to weigh their hopes with the NAM countries, Russia and China, and were generally downplaying the possibility of a referral to the UNSC. Then events unfolded in a way very similar to how Velayati had predicted. In September 2005 the IAEA’s Board of Governors took an even harder stance against Iran, after having taken notice of the Director General’s Report on the Implementation of the NPT Safeguards Agreement.⁴⁴ The Resolution was adopted on 24 September 2005⁴⁵ but the Board did not vote in consensus, which would be the usual outcome. Venezuela voted against it and twelve other nations abstained. But the Iranians clearly fell short of their over-enthusiastic expectations of non-aligned solidarity (or their trust in the strength of anti-Western sentiments), since even friends like India voted for the resolution. The resolution stressed once again the importance of Iran’s voluntary obligation as a confidence-building measure, and stated that Iran should therefore re-establish full suspension of all enrichment-related activities and similar activities and complete the pending ratification of the Additional Protocol. It also was clear about the fact that Iran was in non-compliance with its Safeguards Agreement. Interestingly, the Board did not report the finding of non-compliance immediately to the Security Council although it would

40. Reza Taghizadeh, ‘Iran’s Nuclear Initiative: What is it About?’, *Iran News*, 27 August 2005.

41. *Ibid.*

42. ‘Iran has momentum in nuclear talks: former FM’, *Tehran Times*, 27 August 2005.

43. ‘Gute Kooperation in der Iran-Krise’, *Der Standard*, 3 February 2005.

44. ‘Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran’, *Report of the Director General*, Board of Governors, GOV/2005/67, 2 September 2005.

45. ‘Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran’, Resolution adopted by the Board of Governors, GOV/2005/77, adopted 24 September 2005.

have been obliged to do so according to the IAEA statute.⁴⁶ This was due to the EU, which was not eager to refer or to report Iran immediately to the Security Council and therefore delayed a referral. Their motivation to do so was to hold room for negotiations open as long as possible. In their own words, the E3/EU has walked an extra mile to reach out to the Iranians once again. But from now on the inherent logic of the nuclear issue prevailed and dictated the future course of events: both sides glided constantly towards stalemate, with the EU position becoming more and more similar to, and sometimes even more intransigent than, that of the US. In this context one has to underscore the relative irrelevance of President Ahmadinejad's outrageous remarks on the Holocaust (see below). Even with a more amenable Iranian president the nuclear issue would have gone awry and would have sooner or later led to some form of crisis.

From this point on events took on a new momentum. At first a further critical report was issued by the IAEA on 18 November 2005 which caused a very unusual – perhaps even desperate – Iranian reaction: the Islamic Republic's embassy to the UN 'advertised' the Iranian viewpoint on the nuclear issue in *The New York Times*.⁴⁷ (This advertisement has since then become a major source of reference for the Iranian view on the nuclear issue). The Europeans however, conducted explanatory talks with the Iranians on 21 December 2005 in Vienna. There they made it clear that the EU would not accept any further erosion of the suspension.⁴⁸ But the Iranians removed seals from several facilities and resumed work on 9 January 2006, under IAEA supervision however. As a consequence E3/EU ministers issued a statement on the Iranian Nuclear Issue informing the IAEA that 'discussions with Iran have reached an impasse,' underlined 'Iran's failure to build the necessary confidence' and called for an Extraordinary IAEA Board meeting (Statement in Berlin, 12 January 2006).⁴⁹ A fortnight later, the five permanent members of the UN Security Council and Germany met in London. Their statement issued on 31 January 2006 made clear that not only the US and the EU were working hand in hand to resolve Iran's nuclear issue but also Russia and China.⁵⁰ Finally on 4 February another point in Velayati's prediction came true: Iran was reported to the UN Security Council. This was of course a logical consequence of the ongoing crisis over the previous months. Again, the resolution (GOV/2006/14) was not adopted by consensus: Cuba, Syria and Venezuela voted against it.⁵¹ Hence, it was def-

46. Sharon Squassoni, op.cit.

47. 'An Unnecessary Crisis – Setting the Record Straight About Iran's Nuclear Program', (Advertisement) *International Herald Tribune*, 21 November 2005.

48. 'E3/EU Statement on the Iran Nuclear Issue', Berlin 12 January 2006.

49. 'E3/EU Statement on the Iran Nuclear Issue', Berlin 12 January 2006; IAEA INFCIR/662 of 18 January 2006.

50. 'Foreign Ministers Issue Statement on Iran' available at http://www.iaea.org/NewsCenter/News/2006/e3_eu_iranstatement.html.

51. See 'Timeline', http://www.iaea.org/NewsCenter/Focus/laealran/iran_timeline3.shtml.

initely a defeat for Iran which until now has for years successfully evaded the Security Council. And this is rightfully viewed as a victory for the US and its allies. Yet the US had to make two concessions in order to muster Russian and Chinese support: the first concession was the fact that Iran's nuclear issue was reported rather than referred to the Security Council. But the second concession might have more serious long-term consequences, since, for the first time the resolution included language concerning the 'objective of a Middle East free of weapons of mass destruction, including their means of delivery,'⁵² (and thereby implicitly chiding Israel).

E3/EU and Iran: taking stock and future prospects

For now, neither the Iranians nor the Europeans would go so far as to admit that the negotiations have failed. Rather they stress their willingness to continue talks, at least in principle. But have the efforts at negotiations really been a failure, as they are already being presented in the media and elsewhere and as one could conclude from the mutual frustration among politicians, diplomats and experts in Tehran and in Brussels and other European capitals? In order to provide a fair assessment one has to distinguish between the general EU engagement with Iran and the E3/EU format, which was, at least initially, a temporary format tailor-made for an exceptional crisis involving the EU's relations with Iran.

Regarding the critical and the comprehensive dialogues, we have already stressed the fact that the EU had found a successful 'dialogue' formula to engage with Iran without compromising key values like the promotion of human rights. Once again the simplistic view that the dialogues were just a cover for the selfish economic interests of certain European states in Iran has to be rejected. The opposite is true; whatever the EU did during the period of the dialogues, it was reinforcing and not compromising Iran's tentative moves towards democracy. On the other hand, one has to point out the fact that Europe's geographic proximity to Iran (with Turkey as a future member of the EU Iran would even become a neighbour) means that Europe is forced to conduct a policy different from the US approach. Two examples may suffice to illustrate this: the fight against drug trafficking is just one area where the necessity of EU-Iranian cooperation is evident. For the US, cooperating with the Iranians in counter-narcotics might be interesting at some future

52. GOV/2006/14, lit. (m). See also Roger Cohen, 'Can the US use Iraq to get through to Iran?', *The International Herald Tribune*, 8 February 2006.

time, but is certainly not a priority for now, whereas for the Europeans, it is.⁵³ The same can be said for the European need for natural gas: Iran could very well help to ease European dependency on Russian gas once its vast and untapped natural resources are connected to Europe's consumer markets, here again the US has no need to seek for Iran's gas (although for more than a decade they have been the third biggest buyer of Iran's other commodity, crude oil). In the end, the EU was already proposing those policies that Patrick Clawson has presented in his evaluation of the future of Iranian-US relations: occasional cooperation in matters of mutual concern.⁵⁴ By way of engagement, the EU has undeniably built up a body of institutional knowledge on Iranian affairs in member states ministries and EU bodies which is hard to match. As a consequence, the better understanding of Iran's internal power structures, i.e. gaining expertise in Tehran via diplomatic representations as well as learning about Iranian sensitivities during long years of negotiations, has totally demystified the Islamic Republic; today, there might be concern about Iranian policies, but Europeans definitely do not fear them the way they did during the crisis around Khomeini's death edict against the British writer Salman Rushdie.

The E3/EU format was different from the dialogue formula in three respects. First, it received much more public attention than the dialogues and was therefore to a certain degree much more exposed to public opinion than the more discreet dialogue formula. Second, to make EU-Iranian relations subject to the outcome of the nuclear issue could run the risk of compromising EU interests or Member States' interests once the negotiations failed. Third, be that as it may, it would be naïve to ignore the transatlantic perspective on the situation. This point is the key difference between the dialogue formula and E3/EU format. If we take this perspective into account then E3/EU policy towards Iran falls into two phases. The first phase, with the Paris Agreement as its biggest success, spanned the time frame 2003 to February 2005 and the second phase covers the period from Bush's visit to Europe in February 2005 to the IAEA resolution of 4 February 2006. During the first phase it was definitely an independent, imaginative and innovative European initiative which grasped the severity of the situation in time, ensured European ability to act and precluded internal European rift. It was also very distinct and quite independent of American policy towards Iran. During the second phase however the European position became extremely close to that of the US, as

53. In summer 2005, in Tabriz, this author was told that there are at most two trafficking networks for smuggling heroin from Afghanistan to Turkey from where it makes its way to Europe.

54. Patrick Clawson, 'Influence, Deter and Contain. The Middle Path for Responding to Iran's Nuclear Crisis', in: CEPS and IISS (editors): *Iran. The Moment of Truth*, European Security Forum, Working Paper 20, June 2005, pp 9-14; available at http://shop.ceps.be/BookDetail.php?item_id=1234.

has already been shown. It is certainly no exaggeration to state that Iranian intransigence on the nuclear issue and the improved state of transatlantic relations were the main factors behind this trend, although other aspects of transatlantic relations, like the Big Three's reconfiguration of their own relations with the US, certainly played a role too.

However, the E3/EU approach was quite successful, since the Iranians feared a *fait accompli* in the nuclear issue – i.e. that by engaging in negotiations and stalling their nuclear development programme indefinitely they would lose control of the process – as can easily be inferred from all their press releases and other public statements at the time. In other words, they feared being outmanoeuvred by the Europeans. Therefore, the resumption of enrichment activities by the Iranians might be interpreted as some kind of panic reaction. The E3/EU formula may not have yielded the intended results, but it has definitely made an impression upon the Iranians, and, perhaps unintentionally, led the Iranians to make those mistakes which triggered off the very events that brought them before the Security Council.

What will be the next step in the nuclear standoff and what will be the future of the E3/EU negotiating format? One way out would be the so-called Russian proposal, which was first mentioned back in August/September 2005. The option to enrich Iranian uranium in Russia and ship back the final product to Iran has since then regularly been mentioned and seems to find some favour with the Iranians,⁵⁵ yet so far the Iranians do not appear to have come to any definite decision about this. So in the end, the best way out would be certainly to go back to the E3/EU format, which remains open, at least as a back-channel for last-minute negotiations.

But this holds true for the EU side too. Even if the nuclear issue by now determines European relations with Iran, it is not the last and only aspect of EU-Iranian relations, as Commissioner Ferrero-Waldner has pointed out.⁵⁶ However, this format has by now become the only way to re-engage for either side. This is due to the fact that the EU will not be able to go back to the Commission-led dialogue formula whilst the nuclear issue remains unresolved. The EU is now in an awkward position, since its flourishing economic relations with Iran are in stark contrast to a deteriorating political environment. As seen from the European perspective, unless the Iranians do something dramatic, there are less and less incentives to resume talks, let alone to go for the 'grand bargain.' This is espe-

55. Kevin Sullivan and Dafna Linzer, 'Iran to Be Reported to Security Council', *Washington Post*, 31 January 2006; See the interview with Larijani: 'Tarh-e Rusiye ghâbel-e mozâkere ast/The Russian proposal is worth negotiating,' *Iranian Students News Agency*, 6 February 2006.

56. Figel, 'Iran – Commission declaration at European Parliament', (IP/05/601).

cially the case since President Ahmadinejad made his notorious remarks about the Holocaust – not just once but repeatedly. This is not the place to speculate about the rationale behind Ahmadinejad's statements, which in the author's view initially at least were designed to satisfy his radical supporters. In doing this, Iran's president did a great disservice to his country, since the political atmosphere has now been totally poisoned. His outrageous remarks have also totally destroyed whatever goodwill and respect the Islamic Republic had built up in Europe over the last two decades. Thus, they have changed the political environment in which the EU would have to continue – or rather resume – negotiations with the Iranian side. The EU on several occasions categorically condemned Ahmadinejad's inflammatory remarks, but this does not mean that Iran would have no chance of coming to a solution with the Europeans, once it rectifies its behaviour and complies with the language of the resolutions. As if EU-Iranian relations weren't strained enough, the infamous cartoon crisis in early 2006, which was totally unrelated to events to Iran, has complicated relations. The regime in Iran used staged demonstrations⁵⁷ against the Austrian and later Danish and other embassies, obviously in order to convey a warning to the EU. The combination of these three unrelated issues – Iran's nuclear issue, the regime's ideology and a clear act of cultural insensitivity – seems potentially to have deepened discord and enmity. On the other hand, it is precisely the gravity of the nuclear issue that might force both sides into a re-engagement.

It has already been said that a re-engagement could only be conducted via the E3/EU format. The way the E3 have acted also opened up an internal discussion on the role of the Big Three. As for now, the EU/E3 format will remain confined to relations with Iran and will not become formalised, along the lines of a '*directoire* of the Big Three', for example, anytime soon. Yet as far as this format is concerned, the genie is already out of the bottle since a similar format involving different member states was already used during the 'Orange revolution' in Ukraine in 2004. Therefore it might very well be that in the future some member states will embark on an initiative similar to that pioneered by the Big Three and coordinate their action with the High Representative for CFSP in order to solve an urgent crisis. Going back to the E3/EU format, just one final observation needs to be made: this format had to be altered once the Iranian issue went before the UN Security Council, and is more generally referred to as P5+1 (Germany) or E3+3.

57. There can be no doubt that these demonstrations were staged since an Iranian mob would be hardly be sophisticated enough to know which country holds the current EU presidency.

EU-Iran relations: options for future dialogue

Johannes Reissner

Introduction

The current highly strained state of European-Iranian relations may make one wonder whether it makes sense at all to think about options for future dialogue. After Tehran rejected the EU proposals for a long-term agreement in August 2005, negotiations between the EU and Iran over Iran's nuclear programme ended in impasse.¹ In January 2006, Iran resumed enrichment activities and this led finally to the referral of Iran's nuclear dossier to the UN Security Council in March 2006. Hope still prevails that new negotiations are possible, however, the UNSC in the presidential statement of 29 March 2006, made it clear that only

'suspension and full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear programme is for exclusively peaceful purposes, and underlines the willingness of the international community to work positively for such a solution, which will also benefit nuclear non-proliferation'.²

At the time of writing, it is highly questionable whether the Director General of the IAEA will be able to report Iranian compliance with the steps required within thirty days, as demanded in the presidential report. The signals from Tehran point in the opposite direction. In addition to the present stalemate in the nuclear dispute, any hope of creating a more congenial political climate between Iran and Europe was destroyed at least for the time being by President Ahmadinejad's call on 26 October 2005 to wipe Israel off the map, and by later remarks in which he referred to the Holocaust as a 'myth' (*afsâneh*). His outburst has to be seen against the background of quarrels within Iran's ruling elite. In Iran there is a long history of hardliners obstructing efforts for a political open-

1. Text of the EU3 proposals: International Atomic Energy Agency (IAEA), Communication dated 8 August 2005 received from the Resident Representatives of France, Germany and the United Kingdom to the Agency, INF-CIRC/651, 8. 8. 2005 <http://www.acronym.org.uk/docs/0508/EU050808.pdf>

2. United Nations Security Council, SC 8679, 29 March 2006; <http://www.un.org/News/Press/docs/2006/sc8679.doc.htm>

ing by resorting to inflammatory radical rhetoric. However, Ahmadinejad's diatribe against Israel makes it much more difficult for the Europeans to pledge for resuming talks, and prospects not only of possible sanctions but also of a military option are being intensively debated.

The present situation of stalemated negotiations and an adverse political climate precludes speculation about the next possible steps for European policy towards Iran. Nevertheless, it might be reasonable to reflect on the new political constellation after Iran's nuclear dossier has been referred to the UNSC and to ponder its implications for European policy approaches towards Iran in general. Not only has the US become directly and openly involved, but also Russia and China. The issue has become internationalised, it is not any longer a mainly Western (Europe plus US) affair. A complex set of parallel negotiations has developed: the Europeans negotiate with Iran and the US, the Western states with Russia and China, which in their turn negotiate with Iran. The question is whether this new constellation opens up prospects for an improved relationship between the EU and Iran.

A history of adverse political constellations

A possible consequence of Washington's new and more direct involvement in the Iranian nuclear issue may be that the US-Iranian rift of mistrust and 'mutual demonisation' will not hamper European efforts to engage Iran to the same extent as before.³ Since the beginning of the nuclear negotiations between the EU-3 (France, Germany and the United Kingdom) and Iran, the Iranian side on the one hand negotiated with the Europeans, but on the other hand were always looking over their shoulder to Washington. Tehran hoped that an issue of such global strategic importance would cause the US to make some kind of overtures towards Iran. This state of affairs recalls the history of thirteen years of EU efforts to engage the Islamic Republic of Iran in a dialogue.

In December 1992, the European Council decided to engage in a 'critical dialogue' with Iran. This was a kind of political substitute for the negotiations of a trade agreement between Brussels and Tehran originally planned for the summer of the same year.⁴ The aim of the 'critical dialogue' was to address Iran's behaviour with respect to four main areas of concern, namely weapons of

3. For the US-European-Iranian triangle and the impasse in the nuclear negotiations, see Farideh Farhi, 'Iran's Nuclear File: The Uncertain Endgame', in: *Middle East Report Online* (MERIP), 24 October 2005. <http://www.merip.org/mero/mero102405.html>

4. For the history of the 'critical dialogue', see V. Matthias Struwe, 'The Policy of Critical Dialogue: An Analysis of European Human Rights Policy towards Iran from 1992 to 1997', *Durham Middle East Paper* 60 (Durham: 1998); Johannes Reissner, 'Europe's "Critical Dialogue" with Iran', in Richard N. Haass/Meghan L. O'Sullivan (eds.), *Honey and Vinegar: Incentives, Sanctions, and Foreign Policy* (Washington: Brookings Institution Press, 2000), pp. 47-71

mass destruction (WMD), terrorism, the Arab-Israeli conflict and human rights. Very soon after its inception the critical dialogue came under heavy criticism from the new Clinton administration and from Israel and met with adverse public reaction in Europe as well. The European governments were accused of engaging a dialogue with a brutal regime and selling out on human rights for the sake of their own economic interests. The 'critical dialogue' came to an end because of the so-called 'Mykonos verdict' of a Berlin court of April 1997. The highest authorities in the Iranian leadership were accused of being behind the murder of Kurdish opposition leaders in Berlin in 1992. Ambassadors were withdrawn for nearly seven months. However, the election of President Khatami in May 1997, only a month after the Mykonos verdict, opened a new phase not only for Iranian domestic developments but for Iran's international relations, in particular with Europe.

Under the new name of 'constructive' (or 'comprehensive') dialogue, the bi-annual meetings between the EU troika and Iran were resumed in June 1998. In November 2001, the European Commission approved a proposal for negotiating directives for a Trade and Co-operation Agreement (TCA) with the Islamic Republic of Iran.⁵ The proposal was adopted by EU Foreign Ministers on 17 June 2002 and was linked to separate instruments on political dialogue and anti-terrorism.⁶ Four months later, the EU Foreign Ministers agreed to start a human rights dialogue with Iran, without preconditions and without obliging the EU to abstain from tabling future UN resolutions. The first meeting and a round table took place in Tehran on 16-17 December 2002.

However promising, these initiatives took place in the context of both international and domestic Iranian circumstances that were increasingly inimical to European intentions. The European engagement in the TCA negotiations began after the terrorist attacks of September 11, which had the effect of rendering everything 'Islamic' suspicious. In his often-quoted State of the Union speech of January 2002, President Bush accused Iran together with Iraq and North Korea of constituting the 'axis of evil'. In the summer of the same year, the transatlantic rift with respect to the planned war to topple Saddam Hussein had already become evident, in particular between Germany and the US. Simultaneously, on the Iranian domestic front, the reformist government had already dramatically lost public support because it could not

5. Commission proposes mandate for negotiating Trade and Co-operation Agreement: http://europa.eu.int/comm/external_relations/iran/news/ip01_1611.htm

6. Launch of negotiations on new agreement with Iran: http://europa.eu.int/comm/external_relations/iran/news/ip02_1862.htm

deliver in most urgent social and economic matters and was unable to continue its reform programme because of the machinations of its hardliner opponents who occupied the most crucial positions of power. In this context, and in parallel to the first negotiations of the TCA, the nuclear dispute came up. In August 2002 the Iranian opposition movement in exile, the Paris-based National Council of Resistance of Iran (NCRI) – a cover organisation for the People’s Mojahedin – revealed details of two secret nuclear sites that were under construction in Iran. In doing so the Mojahedin, being listed as a terrorist organisation by the US and the EU, might have hoped to regain US favour. However, it was the reformist President Khatami himself who on 9 February 2003 declared that Iran aspired to have the full nuclear cycle. His declaration was overshadowed by the American preparations for the war against Iraq. But after the invasion, in the summer of the same year, Iran’s nuclear programme became *the* international problem with respect to Iran.

Doubts about Europe’s goals

As mentioned previously, the ‘critical dialogue’ came under heavy attack from the US and Israel right from its beginning. Moreover, for the Iranians the dialogue had an inbuilt ambiguity insofar as they were uncertain whether the Europeans accepted the Islamic Republic of Iran as such or intended to change its political system. In terms of European public opinion, Iran’s political system was discredited as a ‘mullah state’ or ‘theocracy’. This negative view was reinforced to a high degree by the discourse of Iranian intellectuals in exile who denounced the ‘clerical system’. Such a discourse was articulated in particular, although not exclusively, by the People’s Mojahedin, who at the time were quite active in Europe. Coupled with a purely negative image of the ‘mullah state’ in public opinion, academic debates about the ‘clerical system’ and the necessity of ‘secularisation’ made Tehran suspicious that the drive behind the ‘critical dialogue’ was a desire for fundamental change of the Iranian political system. With the benefit of hindsight, it can be seen that this doubt about Europe’s true goals was to overshadow and complicate later dialogue efforts. Despite the official European stance of seeking to influence Tehran’s behaviour only in the aforementioned four areas of concern, Iranians wondered whether the

Europeans had not in fact the same aim as the Americans and many Iranians in exile, namely regime change.

This perceived ambiguity in the European approach paradoxically became even more explicit after the election of President Khatami in May 1997. The coming to power of Khatami and the reform movement allowed the Europeans to moderate their negative view of the Iranian political elite. The political elite in Iran from now on was viewed not only by the Europeans but worldwide as divided into 'reformers' and 'conservatives'. The reformers were the 'good guys' and the conservatives the bad ones. This simplistic and dichotomic perception of Iran's political forces reflected political dynamics in Iran only superficially. However, it raised hopes, not only in Europe, for basic changes in the Iranian political system through reforms. Particularly after the reformers had gained the majority in the parliament in the elections of February 2000, the negative consequences of Europe's ill-founded and premature hopes regarding political change in Iran became evident. The new Iranian regime reacted very harshly to the Berlin conference of April 2000, organised by the Heinrich Boll Foundation, to which only reformers had been invited to represent the 'new' and progressive Iran, since it felt undermined by foreign intervention. Most of the Iranian participants were put in jail after their return and some have remained there ever since.

Another example of what the Iranians have perceived as ambiguity in Europe's approach can be found in the Communication of the Commission to the European Parliament and the Council, 'EU Relations with the Islamic Republic of Iran', of 7 February 2001.⁷ This paper presents the first sober overall assessment of European interests in Iran from an economic as well from a geopolitical point of view. It reflected the desire to find in Iran at least a potential partner in regional stability. This hope was also expressed by President Clinton after the Iranian parliamentary elections of 2000.⁸ At the same time, the Communication recommended that progress in the reform process be a condition for improving relations with Iran. This link between the reform process and better relations was in line with the goals of the reformist government in Iran. It was understood as a European commitment to support the reform movement which was the main and only partner for dialogue with Iran. However, this approach fell victim to the aforementioned changes that occurred in the international and domestic constellations.

7. Commission of the European Communities, 'EU relations with Iran', Brussels, 7.2.2001, COM (2001) 71 final. Cf. also European Parliament, Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, Report on the Communication from the Commission to the European Parliament and the Council on EU relations with the Islamic Republic of Iran, Rapporteur: Michael Gahler, 26 November 2001 (Final: A5-0418/2001).

8. Cf. Johannes Reissner, 'Iran und seine Nachbarn: Konkurrenz, Pragmatismus und der Ruf nach Kooperation', in: Jens van Schepenberg/Peter Schmidt (Hrsg.), *Stabilität und Kooperation: Aufgaben internationaler Ordnungspolitik* (Baden-Baden, 2000), p. 140 [140-160].

Iranian attitudes

Iranian foreign policy has always pursued two fundamental objectives: to enhance its international status and to gain as much as possible. Both are legitimate goals. However, Iranian politics often mixes the two goals in such a fashion that outsiders can barely discern what is really at stake. Since the revolution, 'recognition of the revolution' has become the principal mantra that signals the Islamic Republic of Iran's demand for respect. When President Khatami called for a 'dialogue between civilisations' during the summit meeting of the head of states of the Islamic Conference Organization in Tehran in 1998, the underlying purpose also was to demand respect. Khatami's initiative was a clever domestic move against Iranian hardliners who used the slogan 'fight against the cultural aggression of the West' (formulated by the leader Khamenei in spring 1992) against reforms and against Samuel Huntington's ill-conceived thesis of a 'clash of civilisations'. At the same time, Khatami's call expressed the aspiration that not only Iran with its rich Islamic as well as pre-Islamic culture and civilisation, but also Islam in general, be treated on the same footing by the West. However, in its dealings with Europe Tehran frequently asks for respect simply to give more weight to particular demands, and with regard to the US, the demand to show respect first is used predominantly to deny and avoid contact or negotiations.⁹ It often serves to cover up indecisiveness due to domestic political quarrels and basic political differences, and this strategy is often invoked for the sake of making a better bargain. During the negotiations about the nuclear issue, the demand for respect found its expression in the refusal of any kind of conditions.

Status also plays an extremely important role in Iranian social interaction. Iranian diplomats are under high pressure to enhance Iran's status even if they fail to gain concessions in actual negotiations. If status is not observed sufficiently, political rivalry at home (which again is expressed in terms of status and honour) will make life for Iranian diplomats and negotiators untenable. This was illustrated in the summer of 2005 after the presidential elections. Hussein Mousavian, one of the chief nuclear negotiators and a member of the Supreme National Security Council, and later also Hassan Rowhani, the former Head of the National Security Council, both claimed that through the negotiations with the

9. For more on this problem from an American perspective, see Kenneth M. Pollack, *The Persian Puzzle. The Conflict between Iran and America* (New York: Random House, 2004), p. 396.

EU-3 Iran had gained time to build up its facilities for nuclear enrichment.¹⁰ On the one hand, this statement was meant to snub Europeans who Tehran had accused before of only playing for time. On the other hand, and above all, it served to demonstrate the negotiator's cleverness, a trait highly esteemed in Iranian social interactions.¹¹

From the 'critical dialogue' onwards and up to the nuclear negotiations, Iranians switched constantly between their legitimate demand for respect and using 'respect' as a bargaining chip. Domestically this worked rather well: after all, Europe is part of the West and its intentions can always easily be viewed with the same mistrust harboured against the US. In particular Great Britain, because of its imperial history in Iran, is regarded with a high degree of suspicion. Europe's ambiguous stand *vis-à-vis* the Islamic Republic, i.e. engaging in dialogue with Iran and at the same time showing its antipathy towards the regime, always fuels Iranian suspicions as to whether the Europeans in the final analysis have the same goal in mind as the Americans, namely regime change.

The question of whether mistrust of European intentions is genuine or manipulated is of secondary importance. What counts politically is that it finds resonance within the Iranian public. As seen from an Iranian perspective, Europe's ambiguous stance towards the issue of regime change, Europe's inability to help heal the Iranian-American rift and the EU's lack of timely and sufficiently strong support for the reform movement – all these factors make Iranians wonder what exactly the Europeans are good for.

With the election of Mahmud Ahmadinejad as new president in 2005, the disdainful attitude of considering Europe as of peripheral importance for Iran was elevated to a semi-official status. However, it can be argued that this attitude has some substance: over the years Iran has diversified her economic and trade relations to Asia. In 2004 Japan, China and Korea ranked after the EU as trade partners of Iran. However, the disparity between the European share (35.1%) of all Iranian trade exchanges and Japan's share at second place (12.3%) is quite remarkable.¹² Nevertheless, China and sometimes Japan are politically regarded as a model for development which Iran can follow without having to submit to social and political 'Westernisation'.¹³ This attitude does have an impact on society and policies. Already ten years ago, when the

10. 'Hosein Musavian on the Nuclear Negotiations with Europe', The Middle East Media Research Institute (MEMRI), Special Dispatch 16, August 2005. For Rowhani cf. 'Undisclosed discussions in the Iran-EU Nuclear Talks', roozonline.com 26. 2. 2006.

11. On 'cleverness' (*zerengi*), see William O. Beeman, *Language, Status, and Power in Iran* (Bloomington: Indiana University Press, 1986), pp. 27-32.

12. European Commission, Directorate General (Hrsg.), DG Statistics, Iran 17.6.2005, http://trade-info.cec.eu.int/doclib/docs/2005/july/tradoc_113392.pdf

13. During the campaign for the 2004 parliamentary elections, Haddad-e Adel (now speaker of the parliament) talked of Iran as a future 'Islamic Japan'.

'critical dialogue' was in its infancy, Iranians occasionally expressed similar ideas in order to show Iran's independence from Europe. Since the end of the Cold War, which roughly coincided with the end of the Iraq-Iran war (1988), Iran began to diversify its relations and to develop functioning relations with its difficult neighbourhood. Iranian oil for Asia and in particular China, the prospect of delivering gas to Pakistan and India and the growing importance and even dependence on Asian goods for Iran, illustrate that Iran is operating in a quite different international economic situation than ten years ago. In addition, the new Iranian government seems to be determined to reduce imports from Europe. A commission has been set up to evaluate the necessity of European imports and investment and find alternatives. The effects of the new economic direction and efforts to further diversify Iran's trade relations remain to be seen. But all these efforts and developments give some plausibility to the growing conviction that Iran does not need Europeans.

Moreover, the Iranians like to overrate the fact that since the end of the Cold War Europe's importance for US global strategy has changed. The US-led war against Iraq, embarked upon without the support of France and Germany, is regarded as a sign of Europe's diminished importance, and during the nuclear negotiations, the Europeans were often accused of using the nuclear dispute primarily as a way of healing transatlantic wounds. The non-unanimous vote on the IAEA resolution of September 2005 made it evident that the US and the Europeans are no longer the only important players with respect to strategic decisions concerning Iran. China and Russia became more important players, but also India (which surprisingly voted for the resolution) and some of the non-aligned states.

It is difficult to assess to what degree the Iranians expected that their more widely developed nexus of international relations could prevent the referral of the nuclear dossier to the UN Security Council. There had been warning voices that for example China, in the end, would consider its relations with the US as more important than those with Iran. Nevertheless, it seems that the decision to refer the nuclear dossier to the Security Council came somehow as a shock. This is indicated by the fact that Iran's Supreme National Security Council ordered that the Iranian media should avoid mentioning the UN Security Council.¹⁴

14. Morteza Sadeghi, 'Security Council is a Taboo in Persian Press', *roozonline*, 16. 3. 2006

New constellations – new opportunities for dialogue?

Following the referral of Iran's nuclear dossier to the UN Security Council, the following three shifts in the international political constellation may be of importance for Europe's relations with Iran. The fact that the US has become more directly involved in the nuclear affair may be greeted by the Europeans with some relief, given that their dealings with Iran were always compounded by the US-Iranian rift. Furthermore, the direct talks between the US and Iran, even if restricted to Iraq, can be seen as reflecting a shift of Washington's policy from 'regime change' to 'regime transformation'.¹⁵ They were endorsed by the leader of the revolution, Khamenei, in what effectively constitutes a breach of the taboo of not talking on an official level with the US.¹⁶ However, whether the talks, which broke down anyway, could have been interpreted as a step towards mutual recognition remains to be seen. For the time being, the Europeans still see it as necessary to encourage Washington to engage in direct talks.¹⁷

The referral of Iran's nuclear dossier to the UN Security Council where Russia and China, which are important partners of Iran, have veto powers also means more internationalisation of the issue. It makes it much more difficult for Iran to claim that it is only the West that is concerned about its nuclear programme.

The third change in the international constellation concerning Iran's nuclear issue is to be seen in the fact that progress in Iran's efforts to strengthen ties with Asia has become somewhat stagnant. Despite great hopes entertained by the Iranian leadership in January 2006, the contracts for gas delivery to China and to India are not yet finalised, and despite President Bush's declaration during his visit to Pakistan that he is not against the construction of the Iran-Pakistan-Indian pipeline, there are many reasons to doubt that this huge project will become reality any time soon. That is not to say that Iran has lost interest in diversifying its economic and political relations towards Asia, but it is significant that the threat of using oil as a weapon against the West was officially dismissed and that the idea of boycotting European countries, which was articulated in summer/autumn 2005, was no longer echoed at the time of the referral of the nuclear dossier to the UN Security Council and afterwards. Tehran is aware of the importance of European-Iranian trade relations, which are still expanding.

15. At least Hooshang Amirahmadi, president of the American Iranian Council, detects a shift of this kind as 'part of a new "transformational diplomacy" that Secretary Rice is promoting within the Administration'. Cf. Hooshang Amirahmadi, 'In the Name of the Iranian People - Regime Change or Regime Reform?' in: AIC Update, March 2006, vol. 3, no. 42. For the complex background of the US-Iranian talks on Iraq see Babak Ganji, 'A Shi'i Enclave? Iranian Policy towards Iraq', Conflict Studies Research Center, Middle East Series 06/09, March 2006, pp. 17-21; http://www.damod.uk/CSRC/documents/middle_east/06%2809%29bg.pdf

16. One should, however, not overlook the fact that Iranian officials like to play down the importance of this fact. They argue that official talks were conducted earlier about Afghanistan after the war against that country in November 2001.

17. In particular the German Foreign Minister, Frank-Walter Steinmeier, in Washington, as well as his British counterpart, Jack Straw, argued in this sense: *Berliner Zeitung*, April 5, 2006, p. 8.

At the time of writing, the Europeans' primary political concern is to maintain the international front against Iran's uranium enrichment activities. At the same time, they are trying to find a diplomatic solution in order to prevent a military option as the ultimate resort. But it is questionable whether being focused on prevention is a sufficient goal for building a more sustainable long-term strategy for reasonable relations with Iran. For that purpose 'negotiated security' should be envisaged as a more appropriate objective. 'Negotiated security' as an overarching goal would include Iranian interests as well as those of the whole region and it may also serve to keep the US engaged.

Understood as a process in which the Europeans might overcome the current fixation on the nuclear issue, 'negotiated security' would also imply a reformulation of European interests in Iran. Such a reformulation would have to be as clear as possible, and for more than one reason: without a broad consensus on Europe's overall interests in Iran, the doors are open for Iran to make the most of intra-European rivalries. The different dimensions of European interests in Iran should be discussed openly to prevent, on the European as well as on the Iranian side, a lapse into one-sided negative views or unrealistic expectations which in the past have been so harmful to EU-Iran relations. Such a broad debate could become particularly necessary when and if all efforts to resolve the nuclear dispute fail.

European interests in Iran must also be explained to the US. Europe should make clear to Washington which kind of policy is considered as harmful not only to European interests but dangerous for the region. Iran is an important country in a conflict-loaded region close to Europe. When Europeans express alarm about the incalculable consequences of a military strike against Iran, or the equally incalculable consequences of a 'regime change', this is not a sign of 'typical European conservatism', as some American analysts say, or of a desire to preserve the status quo,

Last but not least, Europeans should clarify their interests in Iran in order to help the Iranians to get a better idea of what may be realistically expected from Europe. It could also help to diminish distrust and suspicion with regard to European goals, whether these Iranian suspicions are genuinely felt or politically manipulated. Economic relations and in particular European energy security will always be the priority of EU interests in Iran. To pursue

this interest implies the search for regional security and does not mean at all that good governance in Iran and more respect for human rights can be neglected. The opposite holds true: a process of negotiating security and a better formulation and understanding of the interests and capabilities of both sides could create the necessary mutual respect and trust from which a meaningful political dialogue can be started again.

The Europeans do not have to revoke their interest in the current Iranian regime's behaviour with respect to good governance and respect for human rights. However, criticism has to be to the point and should avoid having the whiff of 'regime change'. Issues of the dialogue should be of interest for both sides and objectives have to be worked out together.¹⁸ The European approach to political dialogue should take into consideration the fact that Iran is a country in the throes of transformation, with all the ups and downs that that situation implies. Otherwise, Europe's credibility will only be further diminished, particularly as long as other regimes are not treated in the same way.

Any endeavour for a meaningful political dialogue should take into consideration the fact that in Iran a new generation is making its way into the higher echelons of power. It may feel insecure not only *vis-à-vis* outside pressure but also with respect to the Iranian political establishment. It is at least interesting to note that this new generation claims to have more room for pragmatism than the governments of Rafsanjani and Khatami, precisely because it feels committed only to the fundamental (but very general) principles of the revolution, i. e. independence, freedom and Islam. Of course, it remains to be seen whether this claim holds true. At present, because of the nuclear issue, efforts to resume political dialogue are being conducted in a highly defensive atmosphere. Nevertheless, European policy towards Iran will in the future have to take this new generation into account and deal with it.

18. For better conduct of the political dialogue in general, the experiences of the EU Human Rights Dialogue with Iran may prove helpful. Cf. Anna Würth, Frauke Lisa Seidensticker: 'Indicators, Benchmarks, Indices: Designing and Evaluating Human Rights Dialogues', (Berlin: German Institute for Human Rights, 2005), p. 34f. and 39-41.

Conclusion: a triple-track policy for the EU?

Walter Posch

With the election of Dr. Mahmoud Ahmadinejad as president, a new chapter in the history of the Islamic Republic of Iran has been opened. It is widely accepted that its most remarkable characteristic is the return of revolutionary Islamism to Iranian politics and, to a lesser extent, to Iranian public life.

Although it is quite natural that the new president will conduct policy according to his Islamist views, which are by any standard far more radical than his predecessor's, surprisingly few things have changed dramatically: Iran is confronted with the same geopolitical 'loneliness' as before, and its economy remains essentially state-run and crony-based and incapable of creating those jobs it desperately needs for its well-educated young population.¹ Revolutionary fervour and Islamic sentiments within the population are waning, and the link between national prestige and the country's nuclear ambitions further complicates Iran's relationship with the West in general and the EU in particular.

But one thing already mentioned in some of the preceding chapters² has to be taken into account more seriously: the fact that now a younger generation of more radical Islamists, all of them with a background in the Revolutionary Guards and with combat experience during the eight-year war with Iraq, are in charge of the country. This battle-hardened generation is convinced that they have already seen all horrors imaginable on the frontline and are therefore resistant to pressure of any kind, especially military pressure.³ They also have no experience of international culture and cultivate an inward-looking Iranian-Shiite worldview, being extremely proud of their Persian and Shiite identity. This does not automatically mean the new government will seek confrontation at any price but it clearly will not bow down either, let alone forego national strategic interests or the country's Islamic identity. Therefore, a deterioration of the situation is possible, even likely.

1. For substantiated analysis of the Iranian economy under the revolutionary regime, see Jahangir Amuzegar, *Iran's Economy under the Islamic Republic* (London/New York: IB Tauris 1997); the same author has also scrutinised Khatami's last development plan. See Jahangir Amuzegar, 'Iran's Third Development Plan: An Appraisal,' in *Middle East Policy*, vol. 12, no.3, 2005, pp. 46-63.

2. See the chapters of Andrzej Kapiszewski, Bernard Hourcade, Fred Halliday, Anoush Ehteshami and William Beeman in this volume.

3. On this see Mahan Abedin, 'Ahmadinejad on the warpath,' *Asia Times*, 18 February 2006; and the conclusion in Walter Posch, *Islamist Neo-cons take power in Iran*, ISS-Ljubljana, *Occasional Paper* no. 3, July 2005.

A triple-track policy for the EU

Needless to say, as seen from a European point of view, US military action against Iran would be just as unwelcome an outcome as an Iranian nuclear weapons capability. This leaves sanctions as the only realistic option to be embraced by the EU. Or does it? Here one has to take two facts into account: first, sanctions are already in place, and second, their results are disputable to say the least. It must be remembered that (US-imposed) economic sanctions against the Islamic Republic have already been in place for 25 years. The current sanctions regime is enshrined in the 'Iran-Libya Sanctions Act' (ILSA P.L. 104-172) of 1996 (and prolonged for five years in 2001) which prohibits foreign investment in Iran's oil industry.⁴ However, whatever the actual impact of ILSA on Iran's economy, its consequences were widely dismissed by the regime.⁵ Sanctions too have an inherent tendency to become an end in themselves. For instance, once the EU and/or the UN started to impose sanctions it would be hard to lift them again. Besides, sanctions and – even less so – military action would hardly yield the desired result of dissuading or stopping Iran from developing a nuclear weapons capability. Neither option appears straightforward: long-term sanctions would certainly erode the material foundations of the democratic-minded Iranian middle class and definitely halt the reform process, while military action would draw the region into a prolonged asymmetric military confrontation with unpredictable and quite possibly catastrophic results. Needless to say, in either case a main objective of the EU, to create a circle of well-governed countries in its vicinity, would be squandered.

If so, would European objections towards military action and the disputable outcome of sanctions amount to European inactivity or, even worse, political capitulation towards the Iranian regime? In our view the solution lies in a triple track policy which:

- (1) puts 'sanctions' into the framework of the current nature of EU-Iranian relations, and thus creates negative incentives (Track One)
- (2) brings the EU closer to the region by more decisively embracing Turkey as a regional European player (Track Two), and
- (3) prevents the situation from deteriorating and keeps the prospect of a negotiated solution open (Track Three).

4. On ILSA, see Kenneth Katzman, *The Iran Libya Sanctions Act (ILSA)*, CRS Report for Congress, RS20871, 19 April 2005. On further sanctions see George Perkovich, 'Options Available to the United States to Counter Nuclear Iran', available at <www.carnegieendowment.org>.

5. Also, one has to doubt whether ILSA did more overall harm to Iran's economy than Iran's socialist-style 'Islamic Economics' *per se*, as the latter, according to experts, has had a much more disruptive impact on the country and its future development than sanctions could ever have. See Amuzegar, *Iran's Economy under the Islamic Republic*, op.cit., and Amuzegar, 'Iran's Third Development Plan,' op. cit.

Track One: negative incentives

The EU's relations with Iran are all about dialogue: it is imperative that both sides keep on talking and that the lines of communication are kept open even if at times the dialogue takes the form of 'talks about talks.' A communications breakdown would not be in the interest of either side. This even holds true in the case of the nuclear standoff with Iran, where the EU has repeatedly put forward positive incentives in order to persuade Iran to compromise over its nuclear programme. But just as the EU has created positive incentives, negative incentives should be in place too. Unlike sanctions, which inherently become an end in themselves, negative incentives should remain a policy tool, as they neither aim to destroy Iran's economy, nor claim to be so powerful as to force the regime to bow down. This may not sound very encouraging for those who want to 'punish' Iran or to change the regime, but given the fact that the regime is not insensitive towards international, especially European, concerns and sensibilities, negative incentives might be enough to express the extent of European frustration with the attitude of the Iranians, and to get the Iranians to respond constructively. Nevertheless, one has to stress the fact that negative incentives only make sense, as long as (a) both sides continue to communicate and (b) the EU is able to convince the Iranian side that positive incentives too remain on the table.

Travel bans on selected figures belonging to the regime could be one such negative incentive. As a first step, travel bans should apply to officials of the intelligence and security apparatus whose involvement in serious human rights violations during their current and/or previous terms is beyond doubt. Depending on whether relations deteriorate or not, travel bans could be extended to, say, nuclear scientists and other figures connected with Iran's nuclear programme. However, these bans would have to be carefully calibrated in order to avoid a situation arising whereby ordinary Iranian citizens would find it even harder to obtain legal visas for travelling abroad. In the same vein as travel bans, a similar approach could be embraced in order to ban cooperation with certain identified sectors of the economy of the Islamic Republic. Needless to say, those enterprises involved in nuclear and military technology would be the first to be targeted. In either case, negative incentives could be increasingly extended and gradually implemented, (or, of course, they could be revoked, once the Iranian side reacts constructively). Hence, as with travel bans, such a policy is

more about sending a signal to Iran than ‘punishing’ the Islamic Republic or ‘correcting’ its behaviour. Negative incentives, therefore, should be an additional element of the EU’s policy and diplomacy tools in the overall framework of the EU’s engagement with the Islamic Republic. However, as is the case with the overall EU approach towards Iran, they will only address the nuclear issue and will not be enough to tackle broader regional challenges.

Track Two: talking Turkey

Having said this, the EU should look ahead and rethink its overall policy towards the Mashreq region. Given the fact that the situation could deteriorate dramatically, one should ponder what consequences a spillover of instability to Turkey could entail for Europe. It goes without saying that any substantial weakening of Turkey, be it a general weakening of the still fragile Turkish economy (at best) or a flare-up of ethnic and religious tensions (at worst), could have, by virtue of Turkey’s vast expatriate community, serious consequences for EU Member States. However, there are many more reasons for the Europeans to embrace Turkey and to make it an obvious European actor in the region:

- ▶ *EU-Turkish relations*: For the time being, EU-Turkish relations are solely confined to issues related to Turkey’s EU accession. However, even the most optimistic scenarios do not envisage Turkey becoming a member of the Union before the year 2014. But for the next decade EU-Turkish relations cannot be confined to the minutiae of the *acquis communautaire* whilst the countries east and south of Turkey experience their most dramatic upheavals and foreign interventions of the last century.
- ▶ *Regional role of Turkey*: Turkey’s importance for the region is often under-estimated although it is, like Iran, an ascending regional power. Turkey differs significantly in terms of stability, economic prosperity, military might and established democracy from all countries of the region. It has a dual credibility as a Muslim and as a European country throughout the Mashreq. Furthermore, Turkey is respected in Tehran and in Tel Aviv alike: in both cases, diplomats are already experienced in dealing with recurrent ups-and-downs in the quality of their bilateral relations with Turkey.

- D *Turkey and Iran*.⁶ Turkey is also the country which has the most longstanding relations with Iran; both countries went through periods of war alternating with peace over the centuries and have found a stable equilibrium based on mutual respect⁷ and non-interference. And, of course, in Tehran Turkish Islamism represents an additional advantage.

In the event of a serious deterioration in the standoff between Iran and the West, Turkey could be a promising interlocutor and might find ways of recommencing dialogue or even negotiations with the Iranians.

Track Three: reopening the dialogue

But for now, almost everything will depend on the flexibility of the Iranian power holders, the new brand of Shiite nationalists headed by Mr. Ahmadinejad. The Iranians seem to be still interested in negotiations or at least in keeping ‘talks about talks’ going on. Chances of engaging the Iranians in some kind of talks therefore still exist, at least as long as no military action has been undertaken against the Islamic Republic. But do negotiations any longer make sense? This depends on both sides and on the preconditions that they would set on restarting talks again. In this context, it must be remembered that the Iranians are in an increasingly awkward position due to mounting international pressure. In the meantime, as seen from the EU’s perspective, the ball is in the Iranians’ court. Iran wants the international community to accept its supposedly peacefully intended nuclear industrial programme. If so, then the Islamic Republic’s leadership has to be more serious in its attempts to build up the necessary confidence in its peaceful intentions. A first precondition for confidence building could be immediately met by the regime if it toned down its aggressive propaganda and its often outrageous rhetoric against countries in the region and against the EU. It was the Iranian president who destroyed a major driving component in the EU-Iranian relationship: mutual respect. Needless to say, this will not be enough to restore confidence, but it could help other players to help both the US and Iran to come to terms and to find a mutually acceptable *modus vivendi*. At the very least, it would keep the momentum of negotiations going, thus keeping the prospect for a negotiated solution open.

6. Cf. Robert Olson, *Turkey-Iran Relations, 1979-2004. Revolution, Ideology, War, Coups and Geopolitics* (Costa Mesa, CA: Mazda Publishers, 2004).

7. This is not to say that there are no prejudices between Persians and Turks, but they cannot be compared to Turkish and Iranian prejudices towards Arabs. What is perhaps more important is the positive view important figures of the regime like the commander-in-chief of the Revolutionary Guards, Yahya Rahim-Safavi, have of Turkey. See Majid Najafpour (ed.): *From Southern Lebanon to the South of Iran, the Memoirs of General Dr. Seyyed Yahya Rahim-Safavi* (The Center of Islamic Revolution Documents Teheran 2004), p. 113.

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Abbreviations

CFSP	Common Foreign and Security Policy
CIA	Central Intelligence Agency
EEC	European Economic Community
EU	European Union
EU3	The European Troika (<i>Britain, France and Germany</i>)
GAERC	General Affairs & External Relations Council
GCC	Gulf Cooperation Countries
GDP	Gross Domestic Product
HNSC	Higher National Security Council
IAEA	International Atomic Energy Agency
ILSA	Iran-Libya Sanctions Act
IRGC	Islamic Revolutionary Guards Corps
IRI	Islamic Republic of Iran
LNG	Liquefied Natural Gas
NAM	Non-Aligned Movement
NCRI	National Council of Resistance of Iran
NGO	Non-governmental Organisation
NPT	Nuclear Proliferation Treaty
R&D	Research and Development
PDA	Political Dialogue Agreement
PLO	Palestinian Liberation Organisation
SAM	Surface-to-Air Missile
SCCR	Supreme Council for Cultural Revolution
SSM	Surface to Surface Missiles
TCA	Trade and Cooperation Agreement
UK	United Kingdom
UN	United Nations
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
USSR	Union of Soviet Socialist Republics
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation


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It is no exaggeration to say that the Islamic Republic of Iran has posed a challenge to the West since the very day of its inception. Tensions between Iran and the US and Israel were high throughout the 1980s and 1990s. However, since 2002 and especially in the wake of the election of Mahmoud Ahmadinejad as President, concerns about Iran's nuclear issue have further worsened relations, to such an extent that the US identified Iran as a main security challenge in its National Security Strategy of March 2006.

For this *Chaillot Paper*, a number of respected academics who are specialists in international relations and Iranian studies were asked to contribute chapters analysing Iran through the lens of their expertise. The volume covers three main areas: Iran's domestic affairs; Iran and security; and Iran's relations with the West. The authors touch on various topics, including the repercussions of the June 2005 elections and the advent of President Ahmadinejad, the future of the reform movement in Iran, Iranian-American and EU-Iran relations, and – inevitably – the critical nuclear issue.

The nuclear standoff has forced the EU to embrace a unique tool of diplomacy: the E3/EU format, which has given the EU diplomatic and political flexibility and ensured inner European cohesion. This format has been the latest chapter in a long series of dialogue formulas between the EU and Iran. It is imperative that the EU continues its engagement with the Islamic Republic. And, as this *Chaillot Paper* shows, in doing so, it will not only have to take transatlantic relations into account but will also be obliged to consider new regional realities provoked by the war in Iraq and internal Iranian dynamics. It is therefore urgent and necessary for the EU to find an approach that will enable it to craft an effective policy to address the new challenges posed by Iran.

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