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Iran after the Fall of Baghdad: Implications for Western Foreign and Security Policy

The war in Iraq had far-reaching implications for Iran's policy and position. It took place in a neighboring country, in which Iran has vital interests, and was waged by Iran's arch-enemy (the United States) against its main regional adversary (Iraq). While the war could potentially advance certain Iranian interests, it simultaneously presents it with serious challenges. The identity, stability and policy of the future regime in Iraq, the degree of American involvement in there, Washington's determination to pursue the "war against terrorism" and specifically American policy toward Iran will all determine how beneficial or detrimental the war was to Iran. As of now the decisive military victory of the U.S., and the spectacular demonstration of strength displayed during the course of the war only exacerbated Iranian anxiety towards American policy in the region, while providing only few of the potential benefits for Iran.

Although the consequences of the war are still far from clear and the policy of the United States and Europe towards Iran not yet defined, the reality around Iran's borders has significantly changed and, thus far, not to its advantage. The speedy toppling of the Iraqi regime; the American presence – one way or another – around all its borders; the apparent marginalization of the UN and Europe in the Gulf affairs and the Middle East in general; the lack of response in the Muslim world to the war in both Afghanistan and Iraq; the American harsh tone against Iranian policy in general and its nuclear program in particular; and the growing European pressure on Iran regarding Weapons of Mass Destruction (WMD), are all developments which hinder Iranian action. Moreover, following the fall of Baghdad, America shifted its attention to Iran, and has since increased the belligerency and hostility in its stance, and its pressure on its European allies to join ranks with it vis-à-vis Iran.

These momentous regional changes occurred during a rocky time in Iran's domestic front. Popular disillusionment and disenchantment are growing with the populace seeking actual reform and immediate improvement of their situation. Unfulfilled expectations for freedom and worsening economic realities have led to growing signs of resentment, resulting in wider

waves of anti-government demonstrations. This time, they have more powerful support from outside – explicit backing by the Iranian exiled opposition and the implicit blessing of Washington. All these components do not inevitably lead to regime change or even to significant policy reformation, but they do suggest that the 25-year old revolutionary regime is being forced, more than ever before, to reassess its path and define its future course of action.

Iran's domestic politics, foreign policy and attitude to the West can hardly be separated. Factional considerations influence the attitudes to the newly emerging situation, while regional developments join to influence Iranian domestic landscape and politics. This paper seeks to analyze Iranian interests and examine the considerations influencing its policy-making in the wider domestic and regional environment. It points to the challenges facing Iran and to the challenge Iran presents, with its current nuclear program underway, to the region and beyond. It ends with pointing to the impact of the new situation – inside Iran and in its region – on Europe and the challenges facing it from the Iranian-American differences.

Ideology, Interest and Nuclear Technology

In its first 25 years in power, though generally successful in consolidating its rule, the Islamic regime proved less effective in easing the mounting problems facing its people. Initially, carried on the wave of their dramatic victory, Ayatollah Khomeini's disciples sought to implement the revolutionary ideology to alleviate the general feeling of malaise in the country. In power, faced with the harsh realities of governance, ideology was gradually subordinated to interests and actual policy combined the ideological element with a healthy dose of regard for its national interests in most – but not all – fields. Although ideology and national interest formed into somewhat uncomfortable bedfellows since the revolution, the discussion of how to reform the regime, which areas to modify and the appropriate degree and rate of change, has met with a plethora of divergent opinions.

While the two main domestic camps – generally depicted as “reformist” and “conservative” – emanated from and are interwoven into the ruling system, their differences run deep. In a nutshell, this is a contest between the initial ideals of the 1979 revolution and the new spirit of the 1997 reform movement. It is equally a contest between the institutions of power and the emerging civil society; between the old guards and the new generation; between the elected and the nominated institutions of power. Their differences involve the major questions facing the country – religion and state, idealism versus pragmatism, and isolationism or globalization. While the reformists upheld greater political freedom, economic openness, social-change and improved ties with the outside world, the conservatives emphasized the centrality of values and the supremacy of the initial dogma of the revolution in formulating policy.

Khatami’s election elucidated best the growing disillusionment of the populace and the support for reform. Yet, the euphoria that followed his sweeping electoral victory (to presidency in 1997; municipalities, 1999; and to the Majlis [Parliament], in 2000), has over time been balanced by realism, and the reformists’ ambitions were trimmed by sobering realities. The reform movement has indeed made significant impact on the Iranian political landscape. Symbols that had hitherto held holy lost their haloes and fundamental taboos were broken. Yet, the movement has so far failed to lead Iran along the lines of its preferred scheme. By contrast, the conservatives – the “unelected few” in a favored terminology in Washington – enjoy disproportionately more power in the ruling institutions than in society: they speak in the name of faith, thus representing “true Islam”; have the support of the armed forces; enjoy the backing of the revolutionary institutions; and seem unwilling to concede power voluntarily. Moreover, issues of great concern to the outside world – i.e., national security – are under the authority of Supreme Leader Ayatollah ‘Ali Khamene’i, not the president. Moreover, in all major confrontations with the conservatives, Khatami was forced to retreat. Thus, the exact direction that the regime should take, the scope of change and the rhythm of transformation, are subject to severe disagreements. While the reform camp wishes to accelerate the path of change, the conservatives guard against far-reaching reforms. From the perspective of the conservatives, Khatami was advancing reform too quickly; for many reformists, he was too hesitant and slow and he set for himself only limited goals. The perimeters of change remained therefore significantly constricted and Iran’s policies continued to be divergent and often contradictory.

Similarly, Iran’s regional goals have been also based on a mixture of ideology and realism. An analysis of Iran’s politics around its borders demonstrates the degree to which the regime has distanced itself from the initial creed in favor of pragmatic policies. In fact, Iran has long shown maturity and realism in conducting foreign affairs, as the recent experiences – in Afghanistan and Iraq – also demonstrate. Yet, even after “toning down” dogma, Iran still lacked friendly relations on its frontiers. The realities in the Middle East are not what Iran had wished and the impact of its revolution remained mostly limited. Alternately, Iran did not develop into a major threatening presence. It responds to developments more than it initiates major policies; it feels threatened by external factors no less than it threatens others. Thus, in foreign relations, too, pragmatic policy went hand in hand with occasional outbursts of radical attitudes.

Upon this background, the wars in Afghanistan and Iraq faced Iran with additional dilemmas. America’s status as sole superpower and its inclusion of Iran in the “Axis of Evil,” posed a serious threat to Tehran. In fact, many of the objectives of the war in Iraq – elimination of WMD, suppression of state-supported terrorism, regime change through external intervention, democratization through military means – could easily be applied to Iran as well. Consequently, Iran persisted in its two-track diplomacy: vigorous criticism of the United States, coupled with pragmatic measures to safeguard its post-war interests. It labored to deepen dialogue with Europe, to tighten its ties with Russia, to reassure Washington of its peaceful intentions and at the same time to strengthen its influence abroad, particularly in Afghanistan and Iraq.

Iran has significant interests in Iraq, and while some of these overlap with U.S. interests, they are not necessarily identical. Both Iran and the U.S. had deep distaste for Saddam and the Ba’th regime, and both wished to see Iraq weakened. However, with the fall of Baghdad, the disparity in their interests became acute. While the U.S. wished for a swift and decisive victory, Iran preferred the war to turn into a long and protracted conflict; provoking a storm of anti-Americanism throughout the world; and Iran wished to see Europe more involved and Russia more active in balancing the U.S. influence in the region. On the other hand, the U.S. aimed to be the main power behind the war against terrorism and not the international community; and whereas the U.S. viewed the war in Iraq as another step in combating terrorism, Iran preferred it to be the last phase in this war against terrorism.

Similarly, their visions for “the day after the war” were mutually opposed: the U.S. seemed determined

to preserve its interests in Iraq and wished to play a central role in its rehabilitation, while Iran is apprehensive of prolonged American presence and the formation of a government under its control; Washington hoped to transform Iraq into a bridgehead for democracy in the region, while Iran was concerned with the spread of liberal ideas among its disaffected youth, particularly ideas disseminated by Iraq and backed by the U.S.; Iran wished to promote the pro-Iranian Shi'is in Iraq, while Washington hoped to turn Najaf into a center of an alternative – more moderate – political thought; Tehran opted for an Islamist regime in Iraq, while the last thing the U.S. wants is another Islamic Revolution; finally, one of the most important aims of the U.S. was to prevent new states in the region from attaining nuclear power; while Iran seemed to conclude that in order to save itself from the Iraqi fate, nuclear capabilities were imperative.

Although Iranian criticism of the U.S. was almost universal, reformers and conservatives adopted notably different tones. The latter used particularly crude language, attacking the United States for violating Iraqi sovereignty, and accusing it of plotting to reap the region of its oil. The reformists avoided ideological demagoguery and used milder language, laden with greater stress on the Iranian national interest. On 7 May 2003, over half of the Majlis members called for active diplomacy to restore relations with the U.S. in order to avoid exposing Iran to threats.¹ Khatami viewed the war as “a threat against humanity and global peace,” as it is based on a “horrible illusion” that its military might provide it the right to “impose its demands.”² But he was generally more restrained in censoring American policy. Finally, Iran hopes for further complications in the American plans in Iraq, namely increasing Iraqi resistance and European and UN pressure and rising tensions between Israel, the Palestinians and the Hizballah. Iran would most likely not stop short of investing its resources in gaining support for its policy in neighboring Iraq. Iran has thus remained the main opponent of American regional politics – in the Gulf, the Palestinian-Israeli arena, in Lebanon and Afghanistan.

In fact, over the last few years, Iran shared certain interests with the U.S. – in Kosovo, Afghanistan and Iraq – and resolving their differences could also serve Iran both economically and strategically. Iran's posture in the region has also benefited from important American “services.” In 1991, the U.S. broke the military power of Iraq – Iran's enemy to the west; and in 2002,

it destroyed the Taliban regime in Afghanistan – its enemy to the east; and again in 2003 it ousted Saddam from power. Yet, initiating a change in the Iranian stance toward America is a complex matter. Iran's anti-American position remained a major symbol of the revolution, and allowing it to falter would almost constitute an open admission that the revolutionary path had failed. In any case, this time Washington was unwilling to allow Iran to stand by and continue promoting policies contrary to its objectives. The U.S. swiftly sent Iran the message that American patience was dwindling and irritation mounting.

America's presence in Afghanistan and Iraq, its influence along Iran's other borders, its global stature, and the determination it has shown in the “war against terror” and against regional states' acquisition of nuclear power, do not augur well for Iran. Iranians are concerned that the American strategy may not stop at the gates of Baghdad. The U.S., in fact, has turned up the heat against Tehran, accusing it of harboring suspected al-Qaeda elements, meddling in Iraqi affairs, acting against American interests in the Arab-Israeli arena, and the main issue of contention – pursuing a (military) nuclear program.

There are significant reasons for Iran to strive for nuclear power. First, Islamic leadership “requires” membership in the prestigious “club.” Second, other countries in the region (Pakistan, India, Israel) possess such capabilities. Third, the perception of a threat to Iran emanating from countries in the region and beyond requires a deterring force. Finally, the main lesson of the war in Iraq for Iran was the importance of nuclear power, to “upgrade” it from the status of Iraq (member of the “axis of evil” with no nuclear option) to that of North Korea. Ironically, progressing toward nuclear attainment provokes the strongest and most direct American response and also puts Iran on a collision course with the EU.

Iran admittedly aspires to gain nuclear technology, but claims its intentions are purely peaceful. It maintains that it has the right to acquire such a power, and that no outside force should interfere in its internal matters. Khatami thus stated (9 February 2003) that Iran has the right for such technology and is determined to acquire nuclear energy for peaceful use: “That is our right,” this is what “our nation expects us to do.” This, he said, would enhance Iran's status in the international arena.³ Rafsanjani similarly stated: Iran wants nuclear technology “unconditionally” and has “the right to have it.” Iran, he said, “is open to whoe-

1 Islamic Republic's News Agency [IRNA], 7 May 2003.
2 IRNA, 21 March 2003.

3 Tehran TV, 9 February 2003 (BBC).

ver wants to see what's going on."⁴ There have also been some voices in Iran, suggesting that it "is a must" for Iran to acquire nuclear weapons, as part of its own "strategy of survival." The weapons would serve as a minimum deterrence for self-defense. Only by becoming a nuclear weapons state, the Iranian professor added, can Iran consolidate its social coherence and regain its "national identity and prestige."⁵

Rafsanjani also questioned the motivation of the West for blessing the Shah's nuclear program, whose legacy in this field the new regime is only advancing. Why was it essential for Iran to have nuclear power before 1979 and now it is regarded superfluous? This is the "imperialistic mode of reasoning," Rafsanjani maintained.⁶ If other neighboring countries possess nuclear weapon then Iran too must have access to such weaponry, to balance Israel's arsenal. If nuclear weapons are hazardous to the safety of the international community, another asked: "Why don't you protest against Israel's arsenal?" His colleague added: "The Americans say, in order to preserve the peace for my children, I should have nuclear weapons and you shouldn't have them." This is "a double standard," added another, going on to state uncharacteristically: "I hope we get our atomic weapons ... If Israel has it, we should have it. If India and Pakistan do, we should, too."⁷ Contrary to such comments, Iranians usually stressed that Iran is against WMD. A nuclear weapon, said Khatami, has "no place in our strategic and military policy." Islam forbids us to even "set fire to a farm," or to "kill an innocent child," how could it approve the "ruining of several cities with a bomb that leaves destructive consequences for several generations?"⁸ Khamene'i added: Iran does not agree "logically and principally" with WMD.⁹

Foreign countries, most notably the U.S. and Israel, argue strenuously against Iran's nuclear program. They maintain that it would be disastrous to allow a regime with such radical ideology to possess such a threatening weapon. The transformation from nuclear capabilities for peaceful purposes to military use, they argue, is relatively easy and unpreventable. Reza Khatami, the President's brother, admitted that such a transformation is almost "automatic."¹⁰ Iran's acquisition of nuclear power would change the rules of the game and threaten the strategic interests of the U.S. and its allies.

Moreover, on the issue of nuclear energy there is a limited division of opinions between Iranian reformists and hard-liners with almost unanimous approval of the nuclear program. Finally, the reasons given by Iran for this costly development program – energy-source diversification – make little sense for an oil-rich and cash-strapped country like Iran. White House Press Secretary Ari Fleischer, thus said: the U.S. has "great concerns" when a nation "that is as awash in natural resources" would "want to develop, as they claim, for peaceful, civilian purposes nuclear energy."¹¹ All these factors raised serious concern in the U.S., its regional and European allies.

The American Angry Attitude

Since gaining power, the Islamic regime has perceived the United States as the "Great Satan." Taking their cue from Khomeini's philosophy, the conservatives perceive U.S. policy as geared toward dismantling the Islamic regime and harming Iranians and Muslims worldwide. However, over time, the damage to Iran caused by this hostile approach toward the United States has led some to reconsider this entrenched attitude. Thus, the general worldview outlined by Khatami and upheld by the pro-reform camp indicated a possible relaxation in Iran's policy. His stress on dialogue between civilizations, his emphasis on expanding foreign ties and on mitigating domestic difficulties all displayed an inclination toward easing down on the U.S. as the chief enemy. Although there was so far no breakthrough, large segments of Iranian society were prepared for change and even supported dialogue with the U.S, a notion that was previously taboo. Yet, the hard-line statements of Khamene'i and like-minded conservatives overrode such pragmatic statements. Mutual mistrust and profound differences continue to hinder a meaningful breakthrough. The fact remains, that wherever Washington is engaged in the Middle East, it finds Iran confronting it: by supporting radical Palestinians (Hamas and Islamic Jihad), backing the Hizballah in Lebanon, acting against its interests in Iraq and Afghanistan, and in seeking WMD.

To some degree, volatile emotionally-driven reactions and misconceptions have also characterized the American approach. Khomeini's zealous anti-American stance, the hostage crisis (1979-1981), the experience of Americans held hostage by pro-Iranian groups in Lebanon (early 1980s) and the Iran-Contra affair (1985-1986), have deeply hurt American feelings – far

4 Radio Tehran, 13 Jun 2003 (BBC); see also IRNA, 19 May 2003.

5 Daily Star, 15 September 2003, from bitterlemons.org

6 Tehran TV, 23 December 2002 (BBC).

7 Washington Post, 11 March 2003.

8 Iranian TV, 7 August 2003 (BBC).

9 Radio Tehran, 6 August 2003. (BBC).

10 Al-Watan, 9 July 2003.

11 White House Report, 18 June 2003: <http://usinfo.state.gov>

more than the Iranians tend to believe. The wide political and cultural differences between the two countries also made it difficult for Washington to comprehend Iran's rhetoric and its blurred and inconsistent policies. On its part, the U.S. seemed to be also sending mixed signals to Tehran: from hostility upon the fall of the Shah to "dealings" over the Iran-Contra affair; from "dual containment" policy to the concurrent expansion of economic ties in the early 1990s.

Official U.S. statements usually combined mild words with tough conditions and uncompromising benchmarks. Washington insisted that Khatami's words must "be matched by deeds," and pledged to do all it can "to constrain" Iran in areas that threaten the interests of the U.S. and its allies. President George W. Bush gradually turned adamant in demanding actual change. Already before Khatami embarked on his second term (August 2001) the U.S. had extended the Iran-Libya Sanctions Act for another five years. In January 2002 President Bush included Iran in his list of "axis of evil." In July 2002, he attacked the "unelected people who are the real rulers of Iran." Still, unlike the military intervention in Iraq, in the case of Iran Washington seemed "to assign" to the Iranian people the task of leading the change.

The administration has grown especially anxious about Iranian efforts to acquire biological, chemical and nuclear weapons and long-range missile systems. In a way, Iranian conservatives are now confronted with the neo-conservatives in Washington, which insist on actual change in areas of their major concern – terrorism, WMD, attitudes to the Israeli-Palestinian conflict and Iran's policy vis-à-vis Iraq. "Iran's direct support of regional and global terrorism, and its aggressive efforts to acquire weapons of mass destruction belie any good intentions," noted typically National Security Adviser Condoleezza Rice (January 2002).¹² Assistant Secretary of State for Nonproliferation John Wolf stated (March 2003) that Iran presents a "proliferation problem." It "has a sizable, heretofore clandestine, effort to acquire capabilities that makes sense only as part of an effort to produce fissile material for weapons." The U.S., he said, is "determined to do what it takes to push back" such efforts.¹³

The discovery of the Natanz plant has further aggravated Washington. Ari Fleischer warned, that Iran "would be dangerous if they have a nuclear weapon." There is "near universal agreement" in the G8, he added, "that we all must work together to prevent

Iran from developing a nuclear weapon."¹⁴ There is also a growing agreement in the international community that Iran must sign the redefined non-proliferation act of the International Atomic Energy Agency, IAEA, to allow more penetrating inspections of its nuclear facilities (see below). There were also some reports of American officials advocating a massive action to overthrow the Iranian regime as the only way to halt the nuclear weapons program. Iran denied the accusations of interfering in Iraq, development of WMD, or giving safe haven to al-Qaeda operatives as "baseless." Yet, the U.S. continued to send harsh messages to Iran and pressured Europe to join ranks with Washington.

Frequent warnings notwithstanding, it remains unclear if, and what attractive military options are open to the U.S. Critics maintain that the administration lacks a coherent strategy toward Iran and that its fluctuating between engagement and regime change has accomplishing neither. In fact, while officials have stopped short of embracing "regime change," they seem to provide moral support to the "reform movement" in its struggle against the government, with the hope of changing the government. Yet, at the same time, the Bush administration agreed to a limited dialogue, focusing on specific areas such as Afghanistan or Iraq, but such talks were suspended in May 2003. Secretary of State Colin Powell said (4 August), that the Iranians were found "doing a number of things that we didn't know they were doing." The international community, he said, is asking Iran to sign the additional protocol. Whereas it used to be just the United States "crying alone in the wilderness," he said, in light of recent revelations, the world public now shares Washington's concern.¹⁵ In fact, IAEA Director General Mohamed ElBaradei told his Board of Governors (6 June 2003), that Iran failed to "meet its obligations" in reporting – what it was "obliged to have reported" – on "nuclear material, the subsequent processing and use of that material" and the "facilities where the material was stored and processed." While the IAEA found the quantity of nuclear material involved in Iran's undeclared projects to be small, they were "not insignificant" to nuclear development.¹⁶

Although Washington seems sufficiently aware of the intricacies of the Iranian situation, Israeli officials rush to alert against the "Iranian threat." In fact, one major area in which Iran's policy remains excessively uncompromising is its inherent hostility to Israel. In the

12 Washington Post, 4 February 2002.

13 State Department, <http://usinfo.state.gov>

14 White House Report, 18 June 2003: <http://usinfo.state.gov>.

15 U.S. Department of State: <http://usinfo.state.gov>

16 Report of the Director of the IAEA to the Board of Governors (GOV/2003/40), 6 June 2003; www.iaea.org.

view of the Islamic regime, Israel is the enemy of Iran and Islam, a threat to mankind and, therefore, "Israel should be eliminated." Israel, for its part, viewed Iran as its most adamant foe and consistently stressed the dangers it poses. Viewing Iran's nuclear and missile program as an existential threat, Israel was not content with simply stressing the danger, but occasionally directed warnings at Tehran and worked to stress to Washington, Europe and Russia the nature of the "threat." At a meeting with President Bush in July 2003, Prime Minister Ariel Sharon provided "grim warning" that Iran is much closer to producing nuclear weapons that intelligence services believed. He warned of a possible "nuclear holocaust."¹⁷ Defense Minister Shaul Mofaz cautioned of Iran's integrating nuclear capability with its newly developed long-range missile technology, now well within striking distance of Israel.¹⁸ Israel will not take the "Osirak option" (its 1981 attack on Iraq's nuclear facilities) off the table, said one of its officials.¹⁹ Asked about such threats, Rafsanjani responded: "If Israel committed such an error, we would give it a slap it would never forget (...) for all its history."²⁰ Israeli open warnings may have been designed to pressure Bush to move more forcefully on Iran rather than to advertise impending actions. In fact, Israel has serious reasons for concern. In January 2001 Rafsanjani went as far as to warn, that if Muslims would possess nuclear weapons, the Israeli global arrogance would have to change. He added that, "the use of even one nuclear bomb in Israel will destroy everything, whereas it will only harm the Islamic world."²¹ Such statements, it should be stressed, have not been raised publicly before and work to intensify the already rising concern when they are combined with Iran's advancing nuclear plans.

Although the U.S.-led coalition won a decisive military victory, the difficulties America is encountering in the aftermath of the war imply that "the battle for Baghdad" is far from over. The U.S. apprehends the gravity of the Iranian threat and is determined to prevent any unpleasant nuclear style surprises from developing in Iran. Currently the "Iranian threat" is high on the Washington agenda, however, how to "handle" the "Iranian file" remains a major question.

The American assessment of the current political, social and economic situation in Iran seems to be

based on several foundations: First, it recognizes that significant bodies of opinion in Iran favor sweeping reform, that although substantial differences among various schools of thought exist the youth are massively in favor of change, and that even among the senior clergy and other important sectors support of reform is observable. Second, America believes that unlike in Iraq, political change in Iran should come from within. The U.S. seems to recognize that it cannot impose change, as it tried to do in the past, but must encourage the Iranian public, which has acted to decide its own fate over the past century, to demand a more liberal government. Third, America recognizes that Khatami, though a symbol of the reform movement is more the product of the spirit of change than its leader, and that the movement is stronger than is the man himself. Fourth, American disappointment with Khatami, who has thus far failed to translate his inner desires into policy, has led to the recognition that, in the current reality, the "unelected" remain effectively in charge. Fifth, they believe, the continuing of the "dual-track" approach is best designed to intensify the domestic debate and accelerate the process of change in Iran. Finally, that if political pressures fail to motivate the Iranian regime to make the necessary alterations in its policies, the only option left is more aggressive action.

On the flip side of the coin the U.S. cannot ignore the obstacles strewn in the way of the changes it wants to see actualized. For one thing, Iran has its own distinctive interests in the region, and cannot be expected to compromise them. Equally significant, the type of political change Washington seeks in Iran is an inherently slow and unpredictable process that cannot be easily yoked to the American "war on terror" timetable. Lastly, that in spite of the fact that the conservatives may lack an electoral majority, they continue to control important segments of the government and dictate policy. As the struggle within Iran reaches new heights, it is important to view the changes in Iran in a long-term historical perspective. In such a perspective it becomes evident that the conservatives are swimming against the current of a rising tide. Although it is impossible to predict to what extent American policy will strengthen that current of change, or how the processes of change in Iran will affect the war on terror, it is unquestionable that both will be affected by the outcome.

Several major factors encourage Washington's hard-line policy towards Iran. Recent revelations suggest that there is a major nuclear program underway in Iran. Deputy Assistant Secretary of State Andrew Semmel expressed deep concern "about Iran's aggres-

17 Washington Post, 13 August 2003.

18 Agence France Presse [AFP], 30 July 2003. Similarly, AFP, 21 July 2003.

19 Time, 8 March 2003.

20 Interview in al-Jazirah, in AFP, 18 September 2003.

21 Radio Tehran, AFP, 14 December; Iran News and Kayhan, 15 December 2001.

sive pursuit of a full nuclear fuel cycle capability” and its secret program to build a centrifuge uranium enrichment plant and a heavy water production facility, which can be “critical to the production of fissile material for nuclear weapon.”²² Yet, there is apparently no reliable partner inside Iran, inclined to engage in a serious dialogue with Washington and with the authority to enact crucial decisions. Although the reformists seemed America’s best chance for achieving friendship with an Iranian political faction, and they indeed opted for defusing tension, they lack the power to advance their preferred policy. On the other hand the conservatives may have the resources at their disposal to promote change, but hitherto proved reluctant to do so.

There are also significant reasons for an accommodating approach toward Iran. Most importantly since no evidence was found in Iraq proving unequivocally that Iraq did in fact possess WMD, it would be difficult to mobilize international support for military action against Iran. Even if the failure to locate such facilities in Iraq does not prove their nonexistence in Iran, bridging transatlantic differences and even mobilizing support at home will be intricate. The impending elections in the U.S. present the Bush Administration with another dilemma. While it is true that under specific circumstances election time can be utilized by contenders for political office to divert public opinion to an outside foe, after the controversial history of American presidents handling Iranian issues (such as Carter and Reagan), using the Iran card to manipulate votes carries significant risks. No less significant, given all harsh rhetoric, it is not clear what attractive military options the U.S. or its allies have. From a political perspective, overt military action would be the least desirable option. In August Iran marked the 50-year anniversary of the American 1953 intervention to restore the Shah – which had caused so much of the anti-American sentiments since – repeating such a policy may poison the reservoir of pro-American goodwill among young Iranians, thereby complicating efforts to encourage political change. Yet, successful U.S. prevention would require exceptional intelligence; near flawless military execution; and deft post-strike diplomacy to mitigate anti-American backlash, deter retaliation and catalyze political change. Also, given the broad scope of the Iranian nuclear program, the United States would have to mount a comprehensive attack aimed at several key facilities in order to significantly stunt its progress – which is not easy at all.²³

The combination of a nuclear weapons program and an ongoing program to develop long-range ballistic missiles creates a dangerous combination. In Washington there is a growing sense that it would be intolerable if a regime like that of Tehran were to possess nuclear weapons. It would certainly be preferable to have the problem resolved peacefully through cooperation with the IAEA. But so far, there seems little to justify that hope. Europe, with its ties with Iran could help exert pressure on Iran to cooperate more effectively with the IAEA and, on the other hand, pressure the U.S. to avoid hasty moves. In fact, it is now caught between these two extremes.

Europe and the American-Iranian Discord: Challenges and Dilemmas

Washington must work with its allies to impede Iran’s efforts to create nuclear arsenals. An improved climate in transatlantic relations as the bitterness over Iraq recedes is therefore extremely significant. In fact, Washington had some success in mobilizing international opinion and the IAEA seems more willing to censure Iran for failing to report the processing of nuclear materials. Yet, many policymakers suspect this reliance will result in the same style of violations / inspection aversions that characterized Iraqi policy. Washington, therefore, exerts greater pressure on the European powers to check Iran’s nuclear program. Although there were some signs of progress in this realm, they did not yet lead to a major breakthrough.

Europe seems to share some of the American concerns with Iranian activities. Although Iran’s relations with Europe are less sensitive than those with the U.S., they nevertheless proved highly complex with noticeable highs and lows. Both Europe and Tehran had significant incentives to mitigate their tensions. For Europe, Iran is an important country (due to its large population, strategic location and rich natural resources) with which they have maintained close ties. For Iran, Europe is an important region for business, supply and technology, as well as for moral and political backing. Over the years, Europe adopted a more moderate attitude towards Iran. While the U.S. viewed Iran a “rogue state,” Europe regarded it as a regional power, instrumental to the Gulf stability and a profitable business partner. The European approach turned more critical following the Mykonos verdict (Spring 1997). “Critical dialogue” was then suspended, and the EU presidency instructed its members to recall their ambassadors for consultations. This was a show of an

22 U.S. State Department <http://www.state.gov>

23 PolicyWatch, nos. 760, 761 and 762, Washington Institute for Near East Politics [WINEP], 27-29 May 2003.

“unprecedented solidarity” by the EU,²⁴ with significant impact on public opinion in Iran. Iran’s poor Human rights record continues to hinder relations, as Europe could not be indifferent to the verdict against the British author Salman Rushdie, or to the jailing of intellectuals and banning newspapers.

The European countries are attempting to moderate American policy toward Iran and to restrain Iranian attitudes. Recently, Europe’s policy has become more keenly focused on the dangers posed by its nuclear plans and missile program. Europeans’ inclination to cooperate with the United States over the question of Iran has also much to do with a desire to mend their rift that surfaced following the war in Iraq. In fact, it was seen as a most appropriate issue for Europe to support: the threat of nuclear weapons in Iran, that if only for geographic proximity is more palpable in Europe. Iran’s Shahab-4 missile could in fact be upgraded to reach significant parts of Europe, American official reminded²⁵ – regardless of the low likelihood of such eventuality.

Unlike the war in Iraq, which caused a damaging split within the international community, the EU seems to share some of the U.S. concerns over Iran’s nuclear pretensions, even though it maintains dialogue with Tehran. European concern for terrorist activity aimed at their countries (or carried in their territory) is another European concern. That in many European countries there are cells of Islamist-radical movements constitutes another concern. Still, Europe is not feeling the threat as sharply as the U.S.; it also has diplomatic relations and growing trade with Iran. Unlike Washington, which wants to isolate and punish Iran, Brussels wants to keep open the channels of communications, to continue to engage Iran, not to isolate it.²⁶ Even Britain, the most incensed by Iranian activity, does not believe the risk is serious enough to instigate a military action.²⁷ Foreign Minister Straw thus said: “If you end up in a world where there is extensive proliferation of nuclear weapons systems, then everybody becomes more vulnerable.” Yet, asked whether there were any circumstances in which Britain would agree to an attack on Iran, he said: “I can conceive of no such circumstances.”²⁸

At the same time, while America does not want to alienate Russia, it must pressure Moscow to desist in

aiding Iran. Washington had long lobbied Russia to stop assisting Iran. That Russia has provided aid to Iran for the completion of its nuclear fuel cycle program “has been a matter of some dispute between the United States and Russia,” Fleischer said in May 2003. Still, “it remains an issue where the president is hopeful that we can effect a change in policy by Russia.”²⁹ State Department Spokesman Richard Boucher later said (20 August), that as a result of U.S. diplomatic efforts it is possible to see “quite a change in the Russian attitude towards nuclear developments in Iran.”³⁰ Yet, Russia eventually continued to provide aid to Iran. Therefore, the U.S. on 16 September imposed sanctions on a leading Russian arms manufacturer for selling laser-guided artillery shells to Iran, sending a clear signal that the Bush administration is prepared to use economic muscle to prevent the transfer of new weapons technology to the Iran.³¹ By inviting the European states to pressure Iran, Washington also wishes to keep Iran in a state of disequilibrium and constant guessing about the “imminent” attack against it thus adding to domestic turmoil in Iran.

In the mind of the Iranians, the American pressure does not have much to do with its nuclear capabilities. In fact, they believe, no matter what Iran will state or do, there will always be “fresh accusations” against it. Yet, on its part, Tehran must leave the door open for negotiations with international organizations (such as regarding the Additional Protocol and forms of inspection). Thus, Europe has emerged as an important player in the diplomacy underway with Tehran. But, what exactly it will accomplish and in what price, is still questionable. Past experience of “critical dialogue” and “constructive engagement,” does not leave room for great expectations.

How could future developments in Iran influence Europe’s standing? The answer depends on the nature and directions of future developments inside Iran, developments in the region (Iraq), and the American policy. With so many unknown elements in this puzzle, it would be difficult to predict. The following sketch, therefore, aims only to illustrate some of the scenarios and point to the complexity in drawing definitive conclusion or the future development and their possible influences.

1. *Continued domestic conflicts along similar lines of in the last two years*, i.e. with reformists continuing to head the “elected” institutions, but real power

24 Johannes Reissner, “Europe and Iran: Critical Dialogue,” in Richard Haass and Meghan O’Sullivan (eds.), *Honey and Vinegar: Incentive, Sanctions and Foreign Policy* (Washington DC: Brookings Institution, 2000), pp. 33-5, 38-9, 45.

25 Associated Press, 8 May 2002

26 Steven Everts, in *Financial Times*, 1 June 2003.

27 *The Guardian*, 16 July 2003.

28 AFP, 30 June 2003.

29 U.S. Department of State, International Information Programs, 27 May 2003.

30 U.S. Department of State. Web site: <http://usinfo.state.gov>.

31 LA Times, 17 September 2003.

resting with the “unelected” conservative centers of power (and with no hard evidence about the existence of nuclear weapons in Iran). This is, in fact, the continuation of the current situation, which benefits Iran best. Tehran would continue bargaining with the IAEA about the terms of the Additional Protocol and future inspection, thus gaining more precious time to continue – even if slowly – its nuclear plans. Under such circumstances, it would be difficult for Washington to mobilize European states – or even American public opinion – to join a significant punitive action against Iran. Yet, the Administration would not be able to retreat from its “war against terrorism” and a degree of tension in transatlantic relations will, therefore, be unavoidable. The degree of tension with Europe would depend on the available information regarding Iran’s nuclear program and the measure of American assertiveness to act.

2. *Growing of conservatives’ power in Tehran* could lead to harsher Iranian policy vis-à-vis the U.S., which would, in turn, force the neo-conservatives to adopt a more extremist attitude. At least initially, this might strengthen the clerical regime in Tehran, with other factions rallying around nationalistic-patriotic slogans in support of the government. In such a case, both Tehran and the U.S. may seek European support, with being Europe faced with a conflict between its interest to mediate and calm down tempers, its interest to maintain business with Iran and the need to avoid antagonizing Washington further.
3. *A moderate government, within the Islamic system.* In such an eventuality, with the elected-pragmatic forces dictating policy, a change in relations with the U.S. is possible. The United States would gradually penetrate Iranian markets (including oil industry). Still, given the past experience, the process may be slower than the Americans expect – and the European worry – and, given the history of relations between Europe and Iran, relations with Europe would remain firm (though Europe may lose some markets).
4. *Retreat from the Islamic revolutionary system.* In such a case, the main question is: what would the nature of the future regime be: based democratic-nationalistic forces? The military? One of the above with the (more moderate / less political) clergy? If this would lead Iran to a more pro-western and democratic realities, the U.S. will be the main beneficiary.
5. *American active hostility against Iran.* Europe is likely to gain significant benefits for the long term,

but will be under heavy American pressure in the short run. Iran would expect Europe not to join forces with the U.S., while Washington would expect anything but support for its policy. The main test for Europe would be to maintain a unified front. Much would depend on the real evidence the U.S. would be able to provide for Iran’s “malpractice,” and consequently, of course, on the result of such a confrontation. In any case, such a policy will be the very last resort for the U.S.

6. *American-Iranian rapprochement* (see 3 and 4): Europe will face significant challenges, as the U.S. would have an advantage in business.
7. *Iranian active hostility towards American and/or Western targets* (in Iraq, in Europe, the United States or its interests worldwide). This can be an open or, more likely, covert action. Depending on the nature of the Iranian act, it may force some European countries to get closer to the American, anti-Iranian line.

This short survey above, listing some of the possible scenarios would suffice to show how intricate and perplex the situation is. There are various variations in each of them, with the distinctive bearing of each on Europe. One point remains clear: Europe is deeply involved and will not be able to distance itself from the Iranian scene.

Conclusions

In its September meeting, the IAEA Board of Governors passed a resolution setting Iran an October 31 deadline to prove it had no secret nuclear weapons program. The resolution calls on Iran to “provide accelerated cooperation” with the agency efforts to clear up Tehran’s nuclear question marks, and urging it to suspend all further uranium enrichment-related activities.³² The IAEA “stopped short” of stating that Iran is developing nuclear weapons, but hinted at such a conclusion. Iran will find it extremely difficult to accede to the demands of the IAEA resolution or to reject them. It would be similarly hard to withdraw from the Nuclear Non-Proliferation Treaty (NPT). It could also avoid taking any formal action, thus “playing for time.”³³ Judged by its past practices and immediate reaction, this is likely to be their main line. Thus, for example, Iran’s representative in the IAEA ‘Ali Akbar Salehi alleged that since the

32 IRNA, 13 September 2003.

33 Tel Aviv Notes (Tel Aviv University), 18 September 2003, by Ephraim Asculai.

resolution was ratified without voting, and whereas the interpretation of 18 of the 35 members (15 Non-Aligned Movement countries, China, Russia and Brazil) is in line with Iran's, this interpretation constitutes "the final resolution."³⁴ This may be indicative of the future time-dragging debates and bargaining.

The U.S., on its part, believed "the facts already established by the Agency" would "fully justify an immediate finding of non-compliance by Iran with its safeguards obligations." Other members of the Board thought there should be "a last chance" to elicit Iran's full cooperation. Therefore, the United States has joined in support of the resolution sponsored by Australia, Canada and Japan. Ambassador Kenneth Brill, the U.S. permanent representative to the IAEA, said it was absolutely essential for Iran "to respond promptly and fully to the outstanding questions" of the Agency.³⁵ Yet, ElBarade'i report diplomatically praised Iran's co-operation with a succession of UN inspections, even if he did not disguise his concern: "Information and access were at times slow in coming and incremental, and some of the information was in contrast to that previously provided by Iran."³⁶ Therefore, in many ways, report was "a blow to American policy." It did not pave the way for the Board "to issue the kind of sharp condemnation of Iran that would enable the issue to be transferred to the UN Security Council." In fact, even the report "allows it to gain more time" and bring its nuclear program "close to the point of no return."³⁷

Still, Iran's representative to the IAEA 'Ali Akbar Salehi blamed "a number of extremist countries," including the United States, Britain, Germany and France who follow their political goals regardless of Iran's co-operation with the IAEA. Kamal Kharrazi similarly said the resolution was "immature" and "politically motivated." Nevertheless, even such a delicate issue has stimulated some debate in Iran. Member of Majlis Commission on National Security and Foreign Affairs Elaheh Kola'i said that signing the additional protocol ahead of the IAEA meeting would have deprived the nuclear states of an opportunity to orchestrate anti-Iran propaganda: "We should have taken the initiative away from them through a deterrent step of signing the additional protocol earlier." Member of the Energy Commission Ahmad 'Azimi said that since the protocol has envisaged the rights of the signatory states to opt out of the protocol, no reason remains to delay signing of the protocol and that signing the protocol will dem-

onstrate the emptiness of anti-Iran campaign.³⁸ Such statements, as many moderate views expressed in Iran in the last years, are more likely to delay decisions in the West that changing the policy in Iran.

Viewed from Tehran, the future attitude of the United States depends to a large degree on two sets of issues – neither of them under their control: First, whether or not a "smoking gun" will be found in Iraq. Iran feels much safer, as long as no such evidence is found there, believing it will limit U.S. maneuvering power against it. Second is the question, whether Washington would be willing and able to mobilize an anti-Iranian campaign under such international realities and with the approach of the presidential elections in the U.S.

Iran's conclusion from all the above is that they need to gain more time. In fact, until now the passing of time has worked to its advantage, allowing it to advance its missile technology and nuclear agenda in an atmosphere of international indecision on how best to confront Iran's nuclear program. In the final account, much depends on the future developments in Iran's domestic front. It thus seems that in Tehran two "trains" have already left "the station": one carrying the message of regime change (or a significant change in hierarchy of power within the existing system); the other carrying the message of nuclear weapon. It is the interest of the outside world that the latter will not get first to its "final destination." As long as there is no sign of significant change from within, a determined and combined transatlantic action will remain the main tool to reach such a goal.

34 Tehran TV, Network 1, 17 September 2003 (BBC).

35 U.S. Department of State. Web site: <http://usinfo.state.gov>

36 The Telegraph, 10 September 2003.

37 Ze'ev Schiff in Haaretz, 9 September 2003.

38 IRNA, 13 September 2003.